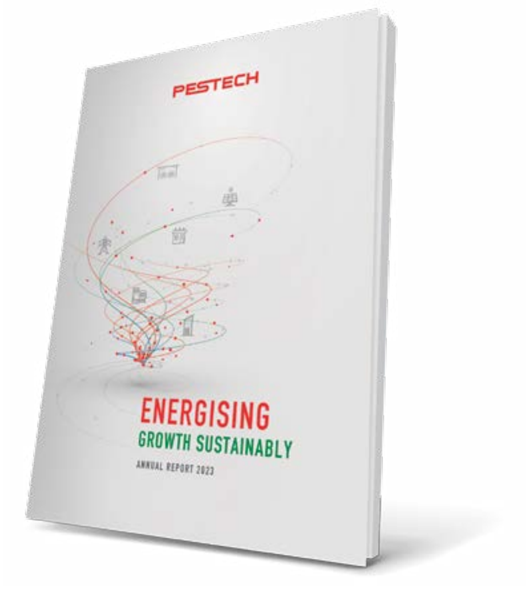
PESTECH

ENERGISING
GROWTH SUSTAINABLY

ANNUAL REPORT 2023



ENERGISING GROWTH SUSTAINABLY

This year's distinctive cover theme and design depicts spiralling digital lines Ascending upwards and expanding its reach, guided towards new horizons through icons of PESTECH's sustainable operational segments. This directly exemplifies the role of PESTECH's business segments in exploring sustainable futures ahead, delivering longevity and value through distinct capabilities and service excellence.

12th ANNUAL GENERAL MEETING

Broadcast Venue:

No. 26, Jalan Utarid U5/14,
Seksyen U5,
40150 Shah Alam,
Selangor Darul Ehsan

Tuesday,
26 March 2024
10.00 a.m.

ANNUAL REPORT 2023

STATEMENT & OTHERS

FEATURE IN THIS ANNUAL REPORT

As part of our sustainability initiatives, **PESTECH INTERNATIONAL BERHAD** is reducing the print run of all publication.

We encourage you to visit our website at www.pestech.international.com to download, retrieve and view the annual report at your convenience.

The printed copy of the Annual Report is also available upon request by filling the document Requisition Form form available at our website and returning it to us via post or fax.

WHAT'S INSIDE

CORPORATE SECTION

LEADERSHIP

PERSPECTIVES

FINANCIAL SECTION

ADDITIONAL INFORMATION

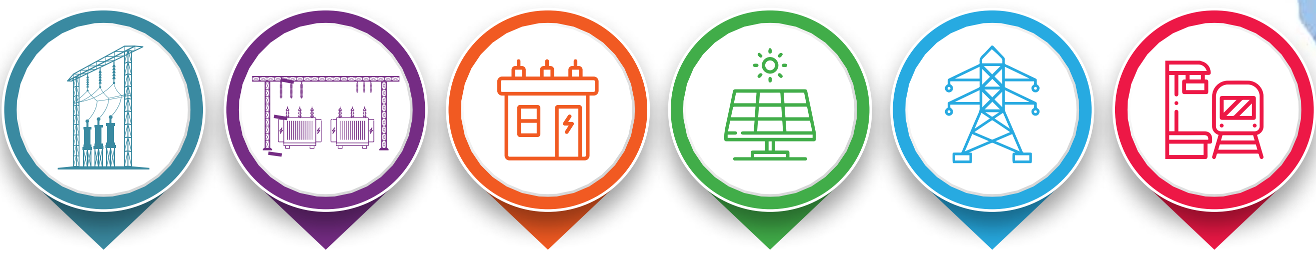
ABOUT PESTECH

PESTECH International Berhad ("PESTECH" or "the Company") is a Malaysian integrated electrical power technology company listed on the Main Market of Bursa Malaysia Securities Berhad (stock code: PESTECH 5219) since 2012.

PESTECH involves in project management, engineering, digitalisation, manufacturing, installation, testing and commissioning of electrical power infrastructures for power grid and rail network. To date, the Company has expanded its market reach into countries in the regions such as Cambodia, Philippines, Thailand, Myanmar and Papua New Guinea with growing number of other countries. Our commitment is to deliver the best to PESTECH clients by investing in talent development as well as state-of-the-art technology. We strive to build a culture of service excellence, create magic moments for our customers to get us noticed, remembered and referred. In PESTECH, we are committed to add value to our clients and shareholders.

Combining our proactive services and competitive products together with the strong uphold of the Company's vision, we are confident that PESTECH will continue to be a sustainable electrical infrastructure builder of choice.

The Company derived its name from "Power System Technology" and our core businesses are divided into six segments comprising of:



- HV and EHV Electrical System
- Infrastructure Asset Management
- Power Products and Smart Grid
- Power Generation
- Transmission Line and Power Cables
- Rail Electrification and Signalling

GLOBAL PRESENCE

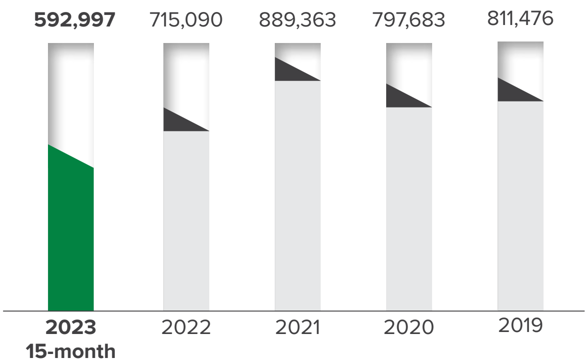
FINANCIAL HIGHLIGHTS

	15 months 30 Sep	30 June			
FYE/FPE	**2023***	**2022**	**2021**	**2020**	**2019**
PROFITABILITY					
Revenue (RM'000)	592,997	715,090	889,363	797,683	811,476
(Loss)/Profit before interest and tax (RM'000)	(329,742)	47,221	125,197	103,508	111,269
(Loss)/Profit before tax (RM'000)	(389,923)	41,674	113,650	84,186	98,181
(Loss)/Profit after tax (RM'000)	(398,254)	37,330	102,680	64,516	86,675
(Loss)/Profit for the period attributable to owners (RM'000)	(334,288)	9,982	64,846	51,451	78,972
FINANCIAL POSITION					
Total assets (RM'000)	2,501,289	3,030,744	2,704,332	2,452,581	2,087,545
Share capital (RM'000)	232,942	232,942	212,672	212,672	212,672
Shareholders' equity (RM'000)	474,508	927,483	761,712	606,131	560,889
Total bank borrowings (RM'000)	1,116,408	1,361,505	1,249,723	1,200,436	1,029,966
FINANCIAL RATIO					
Return on equity	(84%)	4%	13%	11%	15%
Return on total assets	(16%)	1%	4%	3%	4%
Gearing ratio	2.35	1.47	1.64	1.98	1.84
Interest cover	(3.04)	0.74	2.08	1.62	2.09
SHARE INFORMATION					
Total dividend payout (RM'000)	-	3,806	7,612	-	-
(Loss)/Earnings per share (sen) **	(33.95)	1.04	6.81	5.39	8.27
Net assets per share (sen)	48.20	94.20	79.99	63.52	58.71
Weighted average number of ordinary share in issue ('000) **	984,555	961,229	951,918	954,761	955,367
Number of Shares ('000)	984,555	984,555	952,246	954,204	955,367

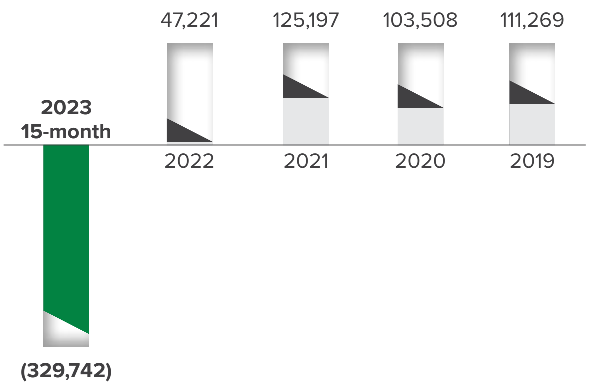
* The presentation of the 15-month financial period ended 30 September 2023 ("2023") follows a change in the Group's financial year end from 30 June to 30 September announced on 17 October 2023. The previous financial years presented (FYE2019-FYE2022) were for the financial years ended on 30 June.

** For comparison purposes, earnings per share, net assets per share and weighted average number of ordinary share in issue are restated to reflect the bonus issue on the basis of two new ordinary shares for every eight existing shares held which was completed on 16 December 2021.

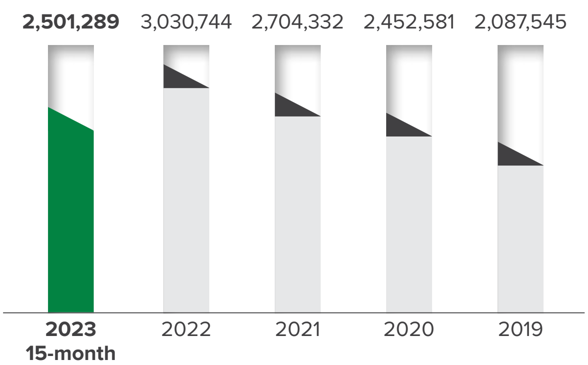
REVENUE (RM'000)



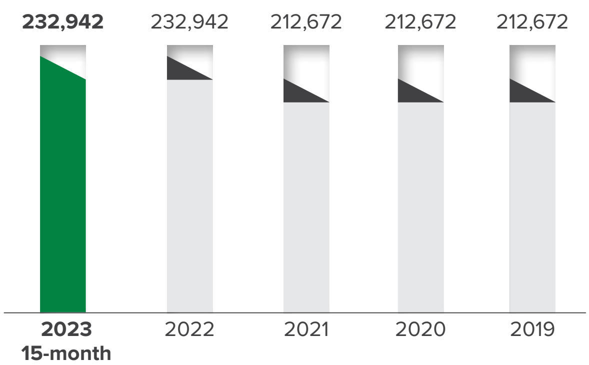
EBIT (RM'000)



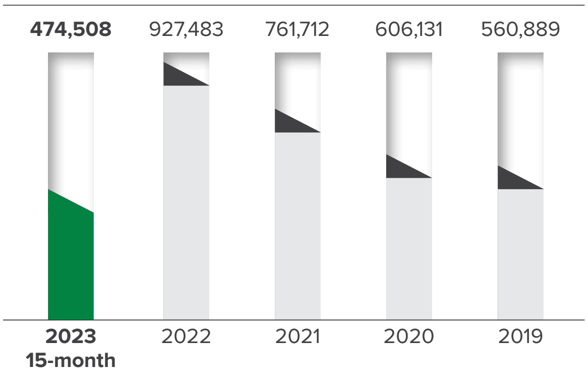
TOTAL ASSET (RM'000)



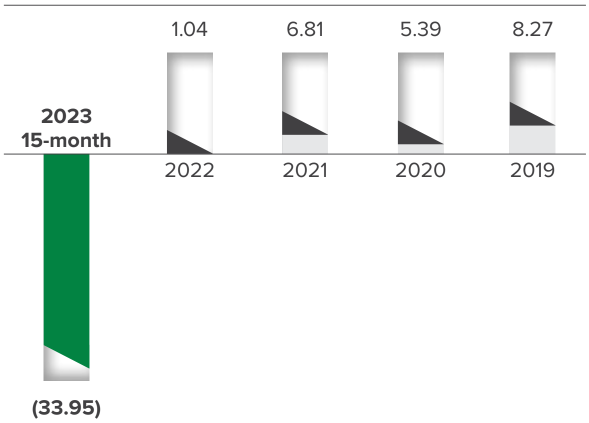
SHARE CAPITAL (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



(LOSS)/EARNINGS PER SHARE (sen)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Ah Hock
Executive Chairman

Paul Lim Pay Chuan
Managing Director and
Group Chief Executive Officer

Stanley Lim Peir Shenq
Executive Director

Ir. Amir Bin Yahya
Senior Independent Non-Executive
Director

Ng Chee Hoong
Independent
Non-Executive Director

Hoo Siew Lee
Independent
Non-Executive Director

Helen Tan Miang Kieng
Independent
Non-Executive Director

COMPANY SECRETARIES

Pan Seng Wee
(SSM PC No. 202008003688) (MAICSA 7034299)

Teh Bee Choo
(SSM PC No. 202008002493) (MIA 7562)

Chua Siew Chuan
(SSM PC No. 201908002648) (MAICSA 0777689)

AUDITORS

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA & AF0737)
(Member of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel. No : +603 2692 4022

REGISTERED OFFICE

No. 26, Jalan Utarid U5/14
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan
Tel. No : +603 7845 2186
Website : www.pestech-international.com

HEAD OFFICE

No. 26, Jalan Utarid U5/14
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan
Tel. No : +603 7845 2186
Website : www.pestech-international.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel. No : +603 2084 9000
Fax No : +603 2094 9940

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : PESTECH
Stock Code : 5219

AUDIT COMMITTEE

Ng Chee Hoong (Chairman)
Ir. Amir Bin Yahya
Hoo Siew Lee
Helen Tan Miang Kieng

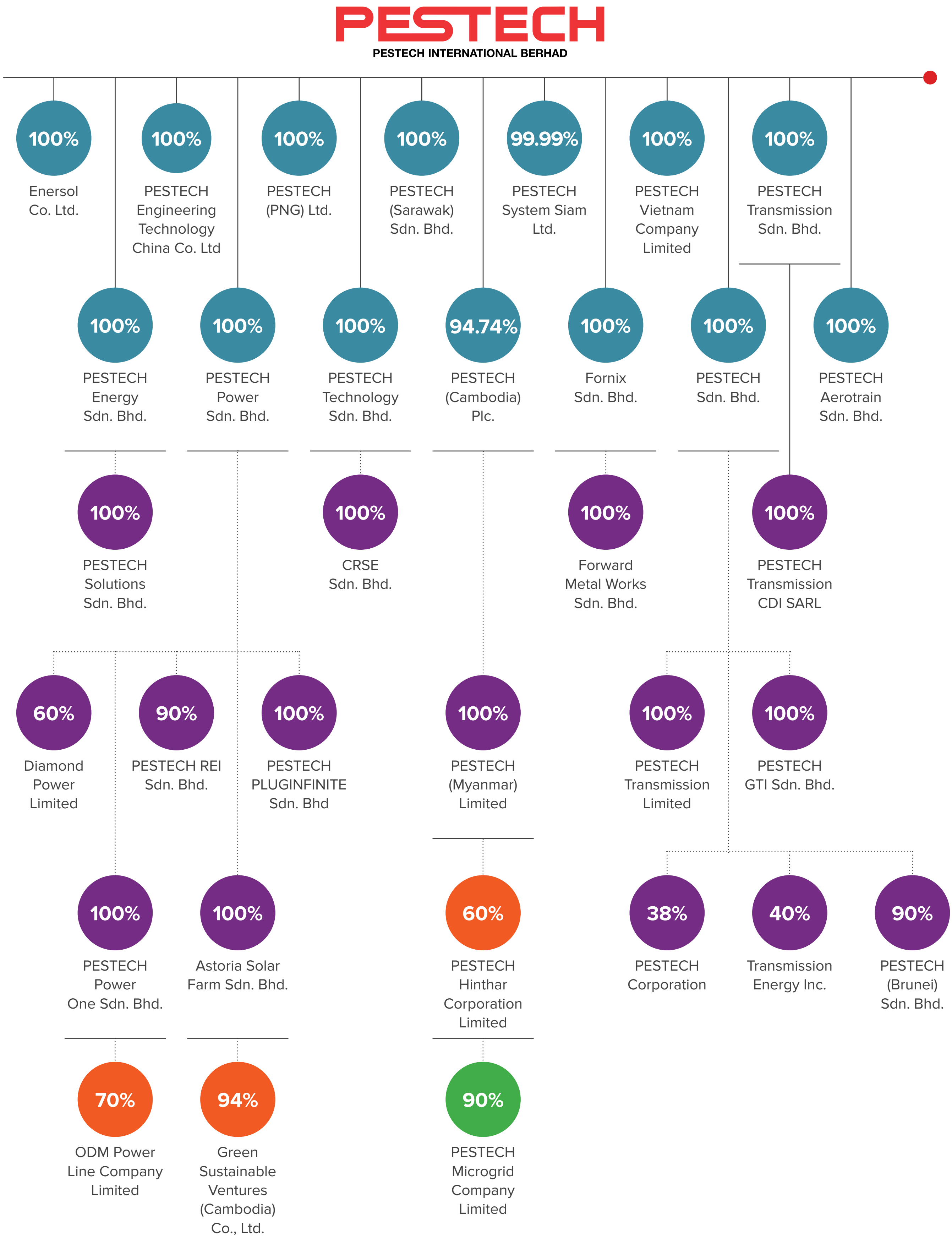
NOMINATION COMMITTEE

Ir. Amir Bin Yahya (Chairman)
Ng Chee Hoong
Hoo Siew Lee

REMUNERATION COMMITTEE

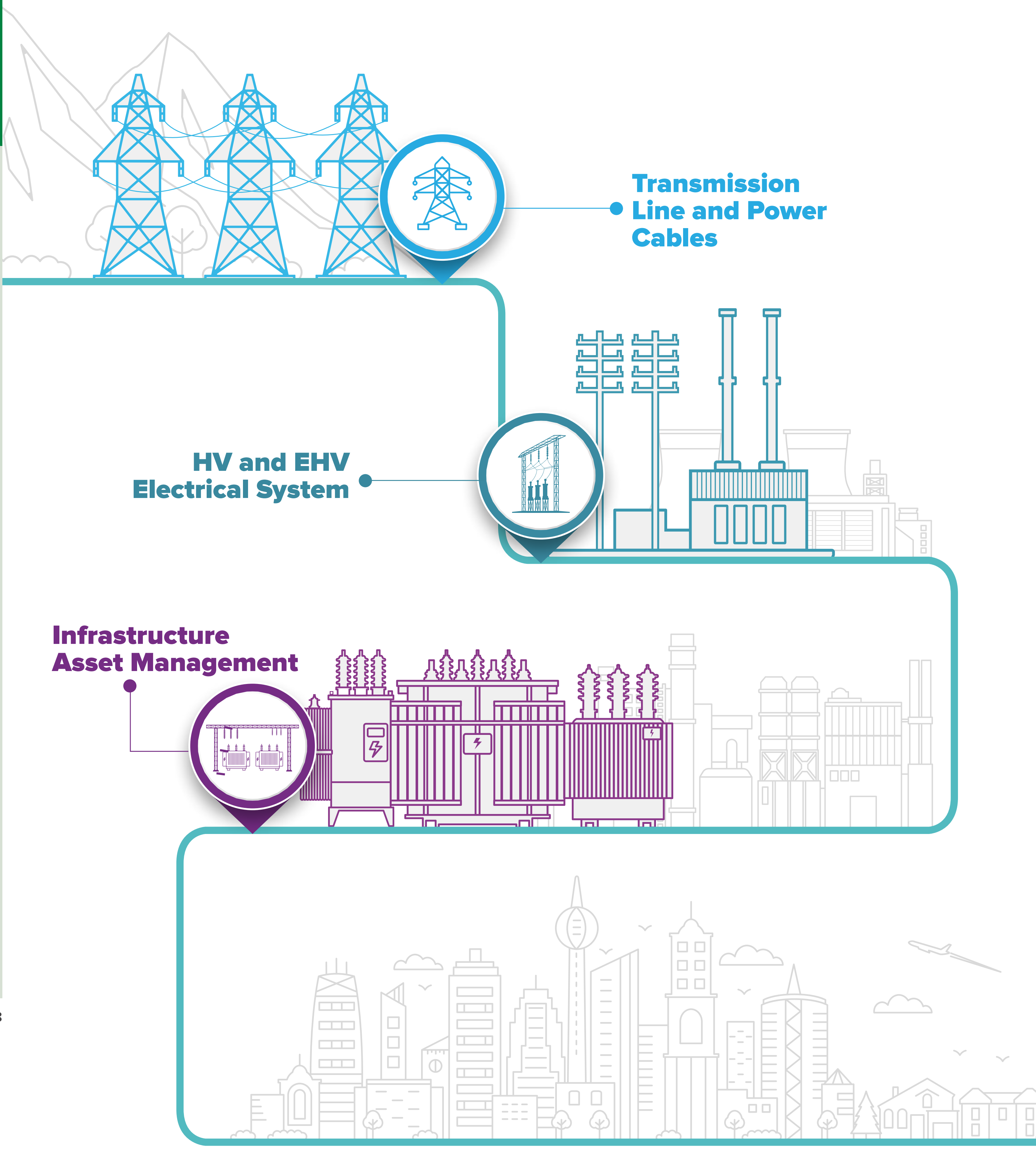
Hoo Siew Lee (Chairman)
Ir. Amir Bin Yahya
Helen Tan Miang Kieng

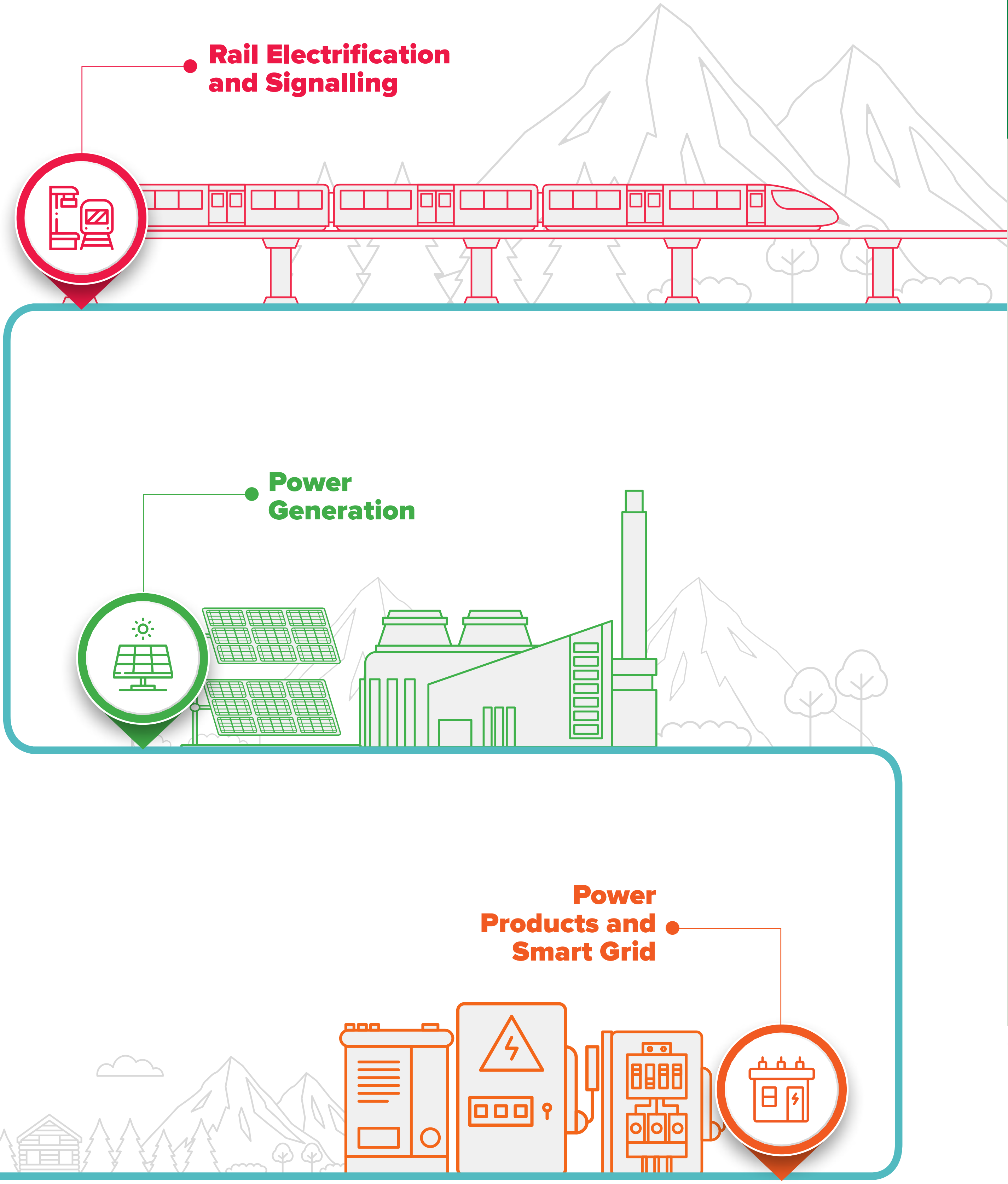
CORPORATE STRUCTURE



CORPORATE SECTION

MAIN BUSINESS SEGMENTS




Rail Electrification and Signalling
Power Generation
Power Products and Smart Grid

MAIN BUSINESS SEGMENTS

HV AND EHV ELECTRICAL SYSTEM

Established in 1991, PESTECH Sdn. Bhd. ("PSB") had positioned itself as a leading provider of comprehensive power system engineering and technical solutions. PSB's primary focus involves the design, procurement, and installation of high voltage ("HV") and Extra HV ("EHV") substations, catering to both local and international markets.

PSB achieved significant milestones in constructing Air Insulated Substations and Gas Insulated Substations, showcasing its expertise up to 500kV across various regions, including but not limited to Malaysia, Cambodia, Philippines, Sri Lanka, Papua New Guinea, Kyrgyzstan, Iraq, Ghana, and Ivory Coast. PSB had garnered a solid reputation by successfully delivering projects for both utilities and private owners in these locations.

Project execution is managed by PSB's in-house engineering, construction, and commissioning team, ensuring a comprehensive approach to meet and exceed customer requirements and expectations. The team's competencies encompass design optimisation, multidisciplinary engineering implementation, and adherence to relevant international standards and electrical safety requirements. The collective knowledge and skills of its employees play a pivotal role in the company's ongoing expansion within the power industry, both domestically and regionally.

In line with the global emphasis on business sustainability, PSB embraced the modular pre-cast method in its substation projects. This strategic shift aims to enhance work efficiency, minimise wastage during construction, and align with environmentally conscious practices. The deployment of the pre-cast construction method not only reduces material wastage but also contributes to minimising environmental impact and shortening construction times, ultimately leading to improve project delivery.

TRANSMISSION LINE AND POWER CABLES

From its humble beginnings as a private limited company in Phnom Penh, Cambodia, the Transmission Line and Power Cables division, prominently under PESTECH (Cambodia) Plc. ("PCL"), has undergone significant growth and transformation. It is now a publicly listed company on the Cambodia Securities Exchange since 2020, solidifying its position as a reliable Engineering, Procurement, Construction, and Commissioning ("EPCC") contractor for transmission lines and power cable systems.

With a focus on comprehensive services, including civil works and the provision of operation and maintenance services for electrical infrastructure assets, PCL has established itself both locally and overseas.

The division's strengths lie in its capabilities and competencies in design, engineering, installation, testing, and commissioning of power transmission lines and underground cables. Over the years, PCL has successfully commissioned a substantial number of electric transmission lines and cables, spanning capacities from 33kV to 500kV.

Starting with just 12 employees in 2010, PCL has grown significantly, currently employing a substantial workforce. As the Cambodian-subsidiary of PESTECH, it stands out as one of the most well-equipped EPCC providers in Cambodia, possessing the necessary tools and equipment for the construction of HV and EHV transmission lines and cables.

Expanding beyond Cambodia, the Transmission Line and Power Cables division has undertaken projects in Papua New Guinea and Ivory Coast in recent years. Leveraging its established presence, the division is poised to capitalise on greater market opportunities in the Mekong region and Western Africa.

PCL's journey, from a modest start to becoming a publicly listed entity, underscores its commitment to excellence and its capability to navigate and contribute to the evolving landscape of the power infrastructure industry in Cambodia and beyond.

MAIN BUSINESS SEGMENTS

INFRASTRUCTURE ASSET MANAGEMENT

Our Group has strategically built and cultivated a team of skilled engineers and technicians, dedicated to performing the critical asset management function for the comprehensive service of operation and maintenance ("O&M"). This service is not limited to internal sister companies holding infrastructure assets but extends to third-party asset owner companies seeking the expertise of a professional O&M solution provider for enhanced reliability and peace of mind. Our Group's O&M services is supported by established O&M standards and best practices, which are designed to address the unique operation and maintenance requirements of various assets.

Our Group is actively involved in delivering O&M services for several notable infrastructure projects, including:-

1. **500kV West Phnom Penh to Sihanoukville** Transmission System Project
2. **20MWac Solar Photovoltaic Power Plant** in Bavet City

Our commitment to O&M services is demonstrated by our engagement with these diverse infrastructure assets. The goal is not only to provide routine maintenance but also to enhance the overall performance, reliability and efficiency of the assets. This includes ensuring that the assets meet or exceed industry standards and adhere to best practices in O&M.

POWER PRODUCTS AND SMART GRID

PESTECH, leveraging its subsidiary PESTECH Energy Sdn. Bhd. ("PEN"), is at the forefront of the digitalisation business segment within the Group. PEN specialises in providing tailor-made solutions to achieve end-to-end Energy 4.0 capabilities. The diverse portfolio includes systems for monitoring substations, renewable energy solutions for powering microgrids, Electric Vehicle ("EV") charging solutions and Advanced Metering Infrastructure solutions that adhere to international standards such as IEC 61850 and OCPP v1.6. Importantly, these solutions are developed internally by PEN.

Since 2020, PEN has played a significant role in the modernisation of Tenaga Nasional Berhad's grid into a smart, automated, and digitally-enabled network. PEN, as one of the selected vendors, has successfully delivered 643,455 smart meters to Malaysian households, contributing to the realisation of a robust and intelligent grid that adapts readily to the nation's evolving needs.

PEN actively collaborates with technology partners to implement Distributed Energy Resources ("DER"). These small-scale electricity supplies interconnected to the electric grid include initiatives such as the Hydrogen Self-Recharging Fuel Cells ("SRFC") solution. The SRFC utilises a combination of solar systems, storage, and fuel-cell technology to provide clean and sustainable power for remote areas round-the-clock. Notably, the SRFC has been deployed in Tapah, Malaysia and New Ireland, Papua New Guinea.

In addition to its role in power transmission systems, PEN extends its services to distribution and transmission networks, offering design and engineering expertise for solutions such as protection and control systems, SCADA, and telecommunications equipment. Substantial investments in research and development have enhanced PEN's portfolio in distribution grids, encompassing air insulated switchgears, gas insulated switchgears, ring main units, and more, all of which are internationally accredited by independent laboratories.

Under the umbrella of EV development, PEN has introduced the PlugInfinite EV Charging Management Platform. This integrated platform manages the entire EV charging ecosystem. Looking ahead, PEN is committed to further enhancing and developing additional Energy 4.0 applications through collaboration and the transfer of technical knowledge with international partners, reinforcing its position as a leader in the evolving landscape of energy solutions.

MAIN BUSINESS SEGMENTS

POWER GENERATION

The Power Generation & Rail Electrification and Signalling segment is led by PESTECH Technology Sdn. Bhd. ("PTE"), established in 2013.

PTE initially focused on providing power plant electrification and automation services for various types of plants, including thermal, hydro, solar farms, and waste-to-energy facilities. The goal was to enhance the efficiency of power generation plants. Over time, PTE has expanded its services, covering power plant control and automation systems, electrification and optimisation, as well as turnkey and engineering, procurement, and commissioning ("EPC") services. The scope of offerings includes both conventional and renewable energy plants, such as hydro and Waste to Energy ("WTE") projects.

Recognising the global shift towards decarbonising electricity generation, PTE is actively enhancing its capabilities to seize opportunities in the WTE market. This includes exploring co-firing possibilities for conventional boilers with blue/green ammonia, biomass, Solid Recovered Fuel, and Refuse-Derived Fuel. Additionally, PTE is venturing into the development of mini or small hydro plant projects, providing full turnkey EPC services.

By adapting to industry trends and advancements, PTE positions itself as a key player in the transition towards more sustainable and environmentally friendly electricity generation methods. The strategic focus on both conventional and renewable energy solutions reflects PTE's commitment to meeting the evolving needs of the power generation industry and contributing to global efforts to reduce carbon emissions.

RAIL ELECTRIFICATION AND SIGNALLING

In the rail electrification and signalling segment, PESTECH Technology Sdn. Bhd. ("PTE")'s involvement in the railway sector spans EPC system works for signalling, electrification, and communication. The electrification projects cover overhead catenary systems (OCS), conductor rail and traction power systems (AC & DC), including maintenance works and emergency repairs.

PTE, equipped with a full fleet of plants and machineries for rail electrification, has expanded its portfolio to encompass a full spectrum of system works. PTE has also established power system modeling and simulation capabilities through collaboration with local higher learning institutes.

The rail electrification team initially engaged in repair works for damaged OCS equipment and supported railway operators in normalisation during emergencies and derailments.

Over the time, the team secured large-scale rail projects, including:

1. Mass Rapid Transit 2 ("MRT 2"): Design and build turnkey for power supply and distribution system covering **53km from Sungai Buloh to Putrajaya.**
2. **Klang Valley Double Track Electrification ("KDVT")** Rehabilitation Project
3. **Rapid Transit System ("RTS") Link** between Malaysia and Singapore: Design, manufacture, supply, delivery, installation, testing, commissioning, interfacing, warranty, and related works for the traction power supply of RTS link assets.
4. Overall system works for signaling, communication, and electrification for **Subang SkyPark.**
5. Development of an automated people mover **("APM")** aerotrain project and associated works in **Kuala Lumpur International Airport.**

The successful execution of some of these projects has significantly bolstered PTE's standing as an EPC contractor for components and subsystems in main rail, urban and intercity networks.

Given Malaysia's commitment to achieving carbon neutrality by 2050, there exists substantial growth potential in rail electrification. This encompasses initiatives such as the replacement of diesel trains with hydrogen-powered or battery-powered systems, the electrification of large-scale Bus Rapid Transit systems and advancements in signalling and communication systems.

BOARD OF DIRECTORS & COMPANY SECRETARY

LIM AH HOCK

Executive Chairman

Nationality
Malaysian

Age and Gender
71 / Male

Lim Ah Hock is the Executive Chairman ("EC") of PESTECH. He was appointed to the Board on 18 August 2011.

In 1978, he graduated from the University of Strathclyde in Glasgow, United Kingdom with a Bachelor of Science Degree majoring in Mechanical Engineering (First Class Honours). He is a Member of the Institution of Engineers, Malaysia ("IEM") since 1981.

He began his career in 1979 as a Lecturer in Ngee Ann Technical College in Singapore (renamed to Ngee Ann Polytechnic in 1982) lecturing in thermodynamics and fluid mechanics. In 1980, he joined Mechmar Kejuruteraan Sdn. Bhd. ("Mechmar") as a Service Engineer where he managed the service division and was involved in the provision of after-sales service and major boiler repairs. Subsequently, he left Mechmar in 1984 and joined Sing Mah Pressure Vessels Co. as a Branch Manager during the period of 1984 to 1989 where he was in charge of the Southern branch's overall sales to the oil palm refineries, food and timber industries as well as other existing industries in Southern Peninsular, Sabah and Sarawak. In 1989, he became a Director of VESTECH Engineering Sdn. Bhd., a position he holds until today.

He has attended **20** out of **21** Board of Directors' meetings held in the financial period from 1 July 2022 to 30 September 2023.

In 1991, he set up PESTECH Sdn. Bhd. in Johor Bahru. To-date, his responsibilities in the Group include charting major corporate development plans, steering macro business growth direction together with the stewardship of the Managing Director ("MD") and Group Chief Executive Officer ("GCEO"), monitor the overall financial well-being and activities of the Group which includes providing management guidance and direction.

He is the uncle to Mr. Paul Lim Pay Chuan, the MD and GCEO and major shareholder of the Company. He is also the father to Mr. Stanley Lim Peir Shenq, the Executive Director ("ED") of the Company. Apart from that, he has no family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with PESTECH except as disclosed in the financial statements and Share Buy-Back Statement dated 31 January 2024.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

PAUL LIM PAY CHUAN

Managing Director and
Group Chief Executive Officer

Nationality
Malaysian

Age and Gender
53 / Male

Paul Lim Pay Chuan is the MD and GCEO of PESTECH. He was appointed to the Board on 18 August 2011 and was re-designated to MD and GCEO on 8 October 2020.

He graduated from the University of Mississippi, USA with a Bachelor of Science in Electrical Engineering (Summa Cum Laude) in 1993. Subsequently, he obtained his Master of Engineering (Electrical) from Cornell University, USA in 1994. He is currently registered as a Fellow Member of the IEM and a Professional Engineer with the Board of Engineers Malaysia since 2007 in the field of electrical engineering. Since 2011, he is also a certified Project Management Professional® with the Project Management Institute, a global professional association that certifies project management expertise which is based in the US with regional offices worldwide. He is registered as an ASEAN Chartered Professional Engineer since 2016. In 2017, he was registered under The Asia Pacific Economic Co-Operation Register and The International Register of Professional Engineer and the ASEAN Engineering Register.

In 1994, he began his career with Motorola Malaysia Sdn. Bhd. as a Product Engineer. He then joined Toprank Corporation Sdn. Bhd. (now known as Toshiba Transmission & Distribution Systems Asia Sdn. Bhd.) in 1995 as a Project Engineer, where he was promoted to Project Manager in 1997, and subsequently promoted to Assistant General Manager in 1998, a position he held for two (2) years. In 2000, he joined the Group as a General Manager and was promoted to CEO in 2008.

He has been playing an instrumental role in the growth and development of PESTECH from a small player primarily involved in trading, to an established homegrown integrated electric power technology company in the power transmission and distribution business with operations locally and abroad.

In 2010, he was awarded the Outstanding Entrepreneurship Award 2010 by Enterprise Asia, for his dedication and leadership in guiding the Group to being an important player in the power transmission and distribution business locally and abroad.

He is the nephew of Mr. Lim Ah Hock, the EC and major shareholder of the Company. He is also the cousin of Mr. Stanley Lim Peir Shenq, the ED of the Company. Apart from that, he has no family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with PESTECH except as disclosed in the financial statements and Share Buy-Back Statement dated 31 January 2024.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

He has attended all **21** Board of Directors' meetings held in the financial period from 1 July 2022 to 30 September 2023.

BOARD OF DIRECTORS & COMPANY SECRETARY

STANLEY LIM PEIR SHENQ

Executive Director

Nationality
Malaysian

Age and Gender
38 / Male

Stanley Lim Peir Shenq is the ED of PESTECH. He was appointed to the Board on 8 October 2020.

He graduated from the Royal Melbourne Institute of Technology with a Bachelor of Engineering in Automotive Engineering (First Class Honours) in 2006. Subsequently, he took on the post-graduate program with the CFA Institute. He became a Chartered Financial Analyst (CFA) charterholder in 2013.

He started his financial career with a multi-family investment firm in Singapore in 2013 as an equity analyst. He moved on to join The Motley Fool Singapore when the US financial firm expanded into Singapore in 2014. He was a key equity analyst in the company and helped built the company to be one of the largest financial portals in Singapore. In his job, he helped research businesses across Asian markets.

He then took some time off to co-write an investment book, "Value Investing in Asia" published by Wiley, a major financial publisher, back in 2017. The book continues to be a key investment guide book for investors interested in the Asian markets.

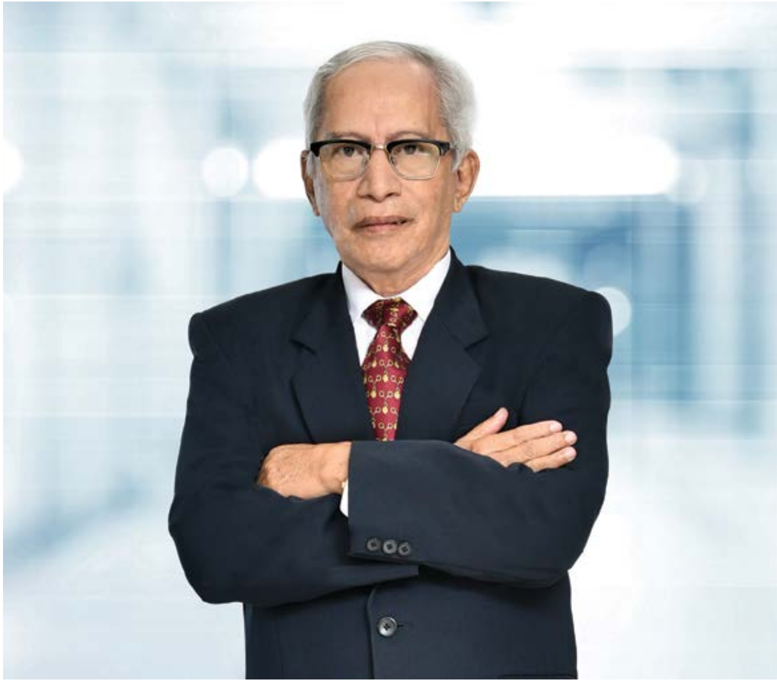
In 2017, he started his own financial publishing business in Singapore. Over the course of his career, he has published more than 2,000 articles online and interviewed many business leaders across Asia for his publication.

He is also a regular investment speaker in Singapore and Malaysia, having spoken for Bursa Malaysia, the Singapore Exchange and brokerages across the two countries. He has also been interviewed by public media outlets in Singapore like MoneyFM, CapitalFM and Channel News Asia.

He is the son of Mr. Lim Ah Hock, the EC and major shareholder of the Company. He is also the cousin of Mr. Paul Lim Pay Chuan, the MD and GCEO and major shareholder of the Company. Apart from that, he has no family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with PESTECH except as disclosed in the financial statements and Share Buy-Back Statement dated 31 January 2024.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

He has attended all **21** Board of Directors' meetings held in the financial period from 1 July 2022 to 30 September 2023.



IR. AMIR BIN YAHYA

Senior Independent Non-Executive Director

Nationality
Malaysian

Age and Gender
70 / Male

Ir. Amir Bin Yahya is the Independent Non-Executive Director ("INED") of PESTECH. He was appointed to the Board on 8 October 2020 and was redesignated to Senior Independent Non-Executive Director on 25 November 2021.

He is currently the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

In 1997, he graduated from Universiti Teknologi Malaysia with a Bachelor of Engineering majoring in Mechanical Engineering (Honours). Subsequently, he obtained his Master of Science (Non-Destructive Testing of Materials) from University of Brunel, Middlesex, United Kingdom in 1992. He is registered as a Professional Engineering with the IEM since 2000.

He is a professional technical consultant in occupational, safety and health with over 40 years of working experience in government departments, private sectors and institutions. In 1997, he began his career with The Factories & Machinery Department (now known as Department of Occupational Safety and Health ("DOSH") under the Ministry of Human Resource) as an Inspector.

He held various management positions in DOSH between 1978 to 2007. He then was seconded to the National Institute for Safety and Health as an ED before being transferred back to DOSH Selangor in 2009 as the Director. In 2011, he retired from civil service and joined the private sector and provides engineering lectures to various institutions.

He is currently a Technical Consultant in Kejuruteraan Jayagas Sdn. Bhd. and a member of the Panel of Interview for Professional Engineers of the Board of Engineers Malaysia. He is also one of the panel lecturers for the Steam Engineer and Internal Combustion Engine Courses in Institut Teknologi Petrolium Petronas Batu Rakit, Kuala Terengganu.

He has no family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with PESTECH.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

He has attended **19** out of **21** Board of Directors' meetings held in thefinancial period from 1 July 2022 to 30 September 2023.

BOARD OF DIRECTORS & COMPANY SECRETARY

NG CHEE HOONG

Independent Non-Executive Director

Nationality
Malaysian

Age and Gender
56 / Male

Ng Chee Hoong is the Independent Non-Executive Director of PESTECH. He was appointed to the Board on 1 April 2021.

He is currently the Chairman of the Audit Committee and a member of the Nomination Committee.

He is a Fellow Member of the Association of Chartered Certified Accountants, a Member of the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia.

Mr. Ng is a Chartered Accountant specialising in audit and assurance with over 30 years of working experience in audit firms and commercial organisation. He was a Partner in various mid-tier accounting firms from June 1990 to April 2020 except for the period from March 2017 to February 2019 where he joined an oil palm and rubber plantation company as the Chief Financial Officer.

Mr. Ng is currently a sole Partner of an accounting firm which provides auditing and taxation services. He also sits on the Board of Tan Chong Motor Holdings Berhad and Padini Holdings Berhad, both companies listed on the Main Market of Bursa Malaysia Securities Berhad and SSF Home Group Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with PESTECH.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

He has attended all **21** Board of Directors' meetings held in the financial period from 1 July 2022 to 30 September 2023.

HOO SIEW LEE

Independent Non-Executive Director

Nationality
Malaysian

Age and Gender
52 / Female

Hoo Siew Lee is the Independent Non-Executive Director of PESTECH. She was appointed to the Board on 26 August 2021.

She is currently the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Ms. Hoo graduated from University of Mississippi with a Bachelor of Business Administration majoring in Marketing in year 1993.

She has over 30 years of working experience in the Information and Communication Technology industry. From 1998 to 2001, she served as a Country Manager in VST Technology Sdn. Bhd., a subsidiary of VSTECS Holdings Limited, a listed company in Main Board of the Stock Exchange of Hong Kong Limited and was responsible on the overall operation, sales and marketing and profitability target in Malaysia. VST Technology achieved overwhelming profit under Ms. Hoo's leadership.

Before pursuing her career in entrepreneurship, she joined Avnet Technology Pte. Ltd., a company with deep expertise in large volume broad line distribution worldwide in year 2001 as a Regional Manager where she was assigned to manage the market business development in the Southeast Asia region.

In 2003, Ms. Hoo became the co-founder for All IT Hypermarket Sdn. Bhd., Malaysia's largest computer retail outlet offering a wide range of computer products both in store and online. At the same time, she also serves as a Managing Director at Adventure Multi Devices Sdn. Bhd., a leading IT distribution company for gaming PC components segment and display solutions. Adventure Multidevices is partnering with global brands such as AMD, ASUS, AOC, GIGABYTES, LG, MSI, SAMSUNG, RICOH, POWERCOLOR and PROMETHEAN.

In addition to the above, Ms. Hoo also served as a town-council member from year 2016 to 2018.

She has no family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with PESTECH.

She does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

She has attended all **21** Board of Directors' meetings held in the financial period from 1 July 2022 to 30 September 2023.

BOARD OF DIRECTORS & COMPANY SECRETARY

HELEN TAN MIANG KIENG

Independent Non-Executive Director

Nationality
Malaysian

Age and Gender
61 / Female

Helen Tan Miang Kieng is the Independent Non-Executive Director ("INED") of PESTECH. She was appointed to the Board on 25 November 2021.

She is currently a member of the Remuneration Committee and Audit Committee.

Ms. MK Tan graduated from University of Montana with a Bachelor of Science in Business Administration (Financial Management) in 1989. Subsequently, she obtained her Masters of Science in Business Administration (Financial Management) from Oregon State University in 1990.

She is the Regional Director of Equity Broking for Kenanga Investment Bank, a multi award-winning Bank, and which also commands the largest presence in East Malaysia.

Her career in the Equities Market spans over 30 years commencing from her college days, having interned and worked at D.A. Davidson and Company (now known as DADCo), the largest investment firm in the Pacific Northwest based in Montana, USA.

She returned to Malaysia in 1991 and pioneered at Sarawak Securities as one of the inception staff from pre-trading days, being instrumental in spearheading the growth of the company, recruited and trained a marketing force from 8 to 200 remisiers at their peak. She was also responsible for setting up companies and credit policies, and was promoted from Retail Manager to General Manager for both retail and Institutional Investments in the region.

During the course of her career at Kenanga Investment Bank, she is instrumental in initiating an internship program which has since nurtured over 90 students and continuing, playing a contributing role to their learning experience regarding the investing industry.

She has no family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with PESTECH.

She does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

She has attended **20** out of **21** Board of Directors' meetings held in the financial period from 1 July 2022 to 30 September 2023.

Save as disclosed above, none of the Directors have:
1. any other directorship in public companies and listed issuers;
2. any conviction for offences within the past five (5) years other than traffic offences, if any; and
3. any public sanction or penalty imported by the relevant regulatory bodies during the financial period

LYNDA PAN SENG WEE

Company Secretary

Nationality
Malaysian

Age and Gender
48 / Female

Lynda Pan Seng Wee is the Company Secretary for PESTECH International Berhad group of companies and also the Company Secretary of PESTECH (Cambodia) Plc., our listed subsidiary on the Cambodia Securities Exchange.

She graduated in 1999 after completed her study in the professional degree of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). MAICSA is a well-recognised professional body for Chartered Secretaries and Chartered Governance professionals in Malaysia. It is an affiliate body to The Chartered Governance Institute ("CGI"). CGI is the leading professional body for Chartered Secretaries and Chartered Governance Professionals in the United Kingdom and throughout the world. She was admitted as Fellow Member of MAICSA in year 2015.

She started her secretarial practice in I-Berhad from years 1999 to 2002 as Corporate Secretarial Executive and was tasked to assist on the in-house secretarial works. After four (4) years of services in I-Berhad, she decided to garner greater exposure in secretarial practice and joined Securities Services (Holdings) Sdn. Bhd. ("SS"), one of the leading corporate secretarial and share registration service provider in Malaysia, as Secretarial Senior in year 2002.

During her tenure of over 15 years in SS, she was exposed extensively to various corporate exercises which include initial public offering, bonus issue and shares consolidation, transfer of listing status to the Main Board of Bursa Malaysia Securities Berhad, de-listing exercises of listed companies, proposed private placement, transaction on collateralised loan obligations, restructuring exercise for multinational companies and many more. She also involved in the setting up of two (2) foreign international banks in Malaysia and was appointed as Company Secretary for the banks.

She joined PESTECH Group in year 2017 and is tasked to oversee the corporate secretarial function for the Group regionally, particularly monitoring of compliance to rules and regulation of the stock exchange in Malaysia and Cambodia, where PESTECH International Berhad and PESTECH (Cambodia) Plc. are listed, compliance to corporation laws of various countries where PESTECH is operating and partly support the legal, risk management, compliance and sustainability functions for the Group.

OUR MANAGEMENT TEAM

CHANG MEI LUN
Chief Operating Officer

Nationality
Malaysian

Age and Gender
52 / Female

Chang Mei Lun is the Chief Operating Officer of PESTECH. She graduated with a Diploma in Accounting from the London Chamber of Commerce and Industry in 1991. She also holds a Diploma in Business Administration from the Association of Business Executives, which she obtained in 1996.

She began her career with Dollarquest Sdn. Bhd. in 1992 as a Shipping Officer, where she dealt with the documentation and operational procedures for the import and export of goods. From 1995 to 1997 she joined Federal Furniture Holdings (M) Bhd. as a Purchasing Executive, procuring raw materials from local and overseas suppliers for use in the production process, with other job functions. Subsequently, she joined Toprank Corporation Sdn. Bhd. (now known as Toshiba Transmission & Distribution Systems Asia Sdn. Bhd.), as a Purchasing Executive until 2000, where she involved in the company's certification of ISO 9002. In 2003, she joined our Group as an Operations Manager, and was promoted to Chief Operating Officer in 2010.

She does not hold any directorship in any public companies and listed issuers.

Further, she does not have any family relationship with any Director and/or major shareholders nor have any conflict of interest with the Company. She has not been convicted of any offence within the last five (5) years other than traffic offenses, if any nor any public sanction or penalty imposed by the regulatory bodies during the financial period.

TEH BEE CHOO
Chief Financial Officer

Nationality
Malaysian

Age and Gender
60 / Female

Teh Bee Choo is the Chief Financial Officer of PESTECH. She graduated from Swinburne Institute of Technology in 1986 with a Bachelor of Business in Accounting with Data Processing. She is a member of the Malaysian Institute of Accountants since 1993.

She began her career in 1986 as a Junior Audit cum Tax Executive at Shrapnel Accountants & Advisory Pty. Ltd. in Australia, and was later promoted to Manager before leaving the firm in 1993 and joined Samsung Corning (Malaysia) Sdn. Bhd. as an Accountant. She then joined A&L Corporate Management Sdn. Bhd., a company secretarial and taxation company as Manager in the same year and left the company in 1995. Thereafter, she moved on to Toprank Corporation Sdn. Bhd. (now known as Toshiba Transmission & Distribution Systems Asia Sdn. Bhd.) as a Group Accountant, where she worked for eight (8) years. In 2003, she formed her own company, named BCT Advisory Sdn. Bhd., which offered corporate management services, which she managed for four (4) years. In 2007, she joined Multi Purpose Holding Bhd., as a Senior Manager of Finance. Subsequently, she joined our Group as Chief Financial Officer in 2008, a position she holds until to date.

Teh Bee Choo is an Independent Non-Executive Director of Econpile Holdings Berhad ("Econpile"). She is currently the Chairperson of Audit Committee and a member of the Risk Management Committee and Nomination Committee in Econpile.

Further, she does not have any family relationship with any Director and/or major shareholders nor have any conflict of interest with the Company. She has not been convicted of any offence within the last five (5) years other than traffic offences, if any nor any public sanction or penalty imposed by the regulatory bodies during the financial period.

PAISMANATHAN GOVINDASAMY

Head of Power Generation and Rail Electrification

Nationality
Malaysian

Age and Gender
53 / Male

Paismanathan Govindasamy is responsible for two (2) main sectors of PESTECH business segments, that are Power Generation and Rail Electrification, Signalling and Communication System.

He graduated from University of Malaya with a Bachelor Degree in Electrical and Electronics Engineering in 1994. He holds a Masters in Electrical Engineering from University of Bath, United Kingdom where his area of research is on small signal stability of grid systems. He is a Graduate Member of Board of Engineers Malaysia, Institution of Engineers, Malaysia and Member of Institute of Electrical and Electronics Engineers. Currently, he is an Industrial Advisory Panel board member for University of Malaya Electrical Department. He is also a Member of the Malaysian Rail Industry Consortium ("MARIC") that is responsible to promote the development of Malaysian companies in rail sector.

He started his career in ABB (A Swiss and Swedish Power & Automation Company) after graduating in 1994 and was the Vice President of ABB Malaysia before joining our Group. He gained diverse experience and international exposure through his various roles in ABB throughout the region that includes commissioning of thermal power plants, design and engineering management and project and construction management.

LEE KONG TEE

Head of HV and EHV Electrical System

Nationality
Malaysian

Age and Gender
51 / Male

Lee Kong Tee is pioneering the portfolio of HV and EHV electrical system segment for more than 18 years in the Company. He and his team provide engineering, procurement, construction and commissioning ("EPCC") solutions with the capability to design and manage multidisciplinary HV and EHV electrical transmission substations. He also plays an instrumental role in establishing solar power generation team in line with the Group's direction to undertake more renewable energy initiatives.

He graduated from Universiti Malaya in 1997 with a Bachelor of Engineering (First Class Honours). Subsequently, he advanced himself by obtaining a Master in Business Administration from the same university. He is Corporate Member of the Institution of Engineers, Malaysia since 2003 and a Professional Engineer with the Board of Engineers Malaysia in 2004. He is also a registered PMP with PMBOK and registered CCPM with CIDB. In 2022, he obtained credentials as GCPV Design Qualified Person.

He began his career in 1997 when he joined KTA Energy Sdn. Bhd. as an Electrical Engineer, where he gained experience in various electrical projects, and was promoted to Consultant in 2002. He then joined Modern Power Network Sdn. Bhd. the same year as a Project Manager. In 2004, he joined PESTECH Sdn. Bhd. as a Project Manager. Over the years, he has a demonstrated history of working in the EHV and Solar PV industries with proven track records locally and abroad.

LEADERSHIP

OUR MANAGEMENT TEAM

HAN FATT JUAN

Head of Transmission Line and Power Cables

Nationality
Malaysian

Age and Gender
58 / Male

The transmission line and power cables segment is led by Han Fatt Juan. He is the General Manager of PESTECH Transmission Sdn. Bhd. ("PTR") and the Chief Executive Officer of PESTECH (Cambodia) Plc. ("PCL"). He is responsible for the business growth and development of PTR and PCL. Together with his team, he is responsible for EPCC contracts, which cover project management process, procurement of materials and equipment, implementation of site construction and installation for power transmission lines and underground cables. He plays a pivotal role in the Group's penetration into the Indochina region and has successfully executed major transmission lines and substations projects in Cambodia.

He graduated with a Bachelor of Science in Civil Engineering degree from South Dakota State University, USA in 1990. He later obtained a Master of Science in Management degree in 1992 from the same university.

He began his career in 1984 with Metral Villar Sdn. Bhd. as a Site Supervisor where he was responsible for supervising and coordinating activities of workers engaged in transporting and mixing ingredients to make concrete. He left in 1988 to pursue his Master's degree at South Dakota State University, USA, where he concurrently held a Teaching Assistant post while furthering his studies. In 1992, he joined Zafas Sdn. Bhd. as a Site Engineer and stayed on for 17 years up to 2009, where he last held the position of Project Director. During his tenure, he was involved in various projects, including transmission line and underground cable installation works, across Malaysia as well as Brunei.

VIND SIDHU

Head of Power Products and Smart Grid

Nationality
Malaysian

Age and Gender
57 / Male

Vind Sidhu leads a young and dynamic team to drive Industry 4.0 implementation in the Malaysian and overseas energy markets. The team aims to introduce revolutionary technology for the power distribution side and engage in projects at the forefront of smart grid transformation. The team designs and delivers tailored electrical solutions to meet client requirements to internationally recognised standards.

Vind Sidhu graduated from Queen's University Belfast with a bachelor's degree in Electrical and Electronics Engineering in 1990. His career journey since then has taken him through various well known multinational companies where he gained experience both at the local and international level.

He spent more than 20 years with the Siemens group, where he progressed from Sales & Marketing Head in Malaysia to Sales Director of Business Development for Asia Pacific, in Nuremberg, Germany. He was then promoted to head the Technical Sales in Energy Automation in Nanjing, Republic of China. Prior to returning to Malaysia, he led and facilitated the integration of Reyrolle & Co located at Hepburn, UK into the Siemens group.

Upon his return to Malaysia, he was appointed Senior Vice President of Siemens Malaysia Sdn. Bhd. heading the Energy Distribution (i.e. Medium Voltage, Energy Automation Services) division for the ASEAN region.

After a year, his role was expanded to include Division Cluster Lead for Low and Medium voltage division and Smart Grid division (both part of Siemens Infrastructure and Cities Sector) for the ASEAN, Korean and Pacific region. From September 2012, his portfolio was expanded to include Division lead for Building Technology in Malaysia. This latter role enhanced the cross divisional synergies between the three divisions within Infrastructure and Cities Sector in Siemens.

In 2014, he was appointed the CEO of the Energy Management Division of Siemens Malaysia Sdn. Bhd. This portfolio consisted of seven (7) Business Units, i.e. Energy Automation, Smart Grid, Medium Voltage Systems, Transmission Solutions, Transformers, High Voltage products and Low Voltage products in the ASEAN region and South Korea.

In 2018, having spent many years with multinationals, he took up his current position as CEO of PESTECH Energy Sdn. Bhd. to further develop this home-grown energy solutions provider.

MANAGEMENT DISCUSSION & ANALYSIS
EXECUTIVE CHAIRMAN/MANAGING DIRECTOR AND GROUP CEO STATEMENT

Dear fellow Shareholders,

The Financial Period spanning from 1 July 2022 to 30 September 2023 ("Financial Period") proved to be a challenging chapter for the Group.

These formidable challenges were starkly reflected in our financial performance over the course of five (5) consecutive quarters, portraying results that are affected by loss from disposal of concession asset, impairments of intangible assets, receivables and property, plant and equipment. Despite the adversity, we remain optimistic about the corporate developments that unfolded at the conclusion of the Financial Period. These developments are poised to usher in a positive transformation, offering promising financial and operational support to fortify the Group's resilience.

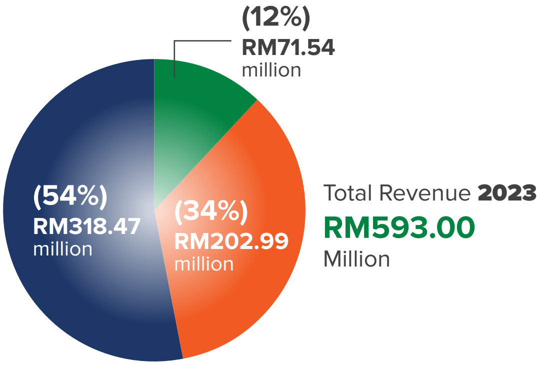
OVERVIEW

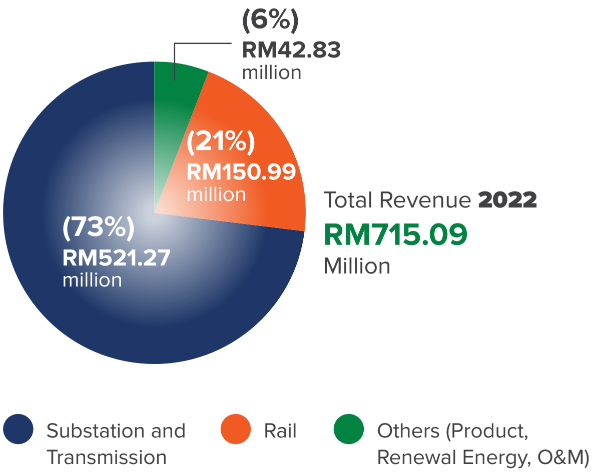
At the close of Financial Period, Revenue of our Group retreated to RM593.0 million from RM715.1 million in the past 15 months. Execution of projects during the Financial Period persisted at a sluggish pace, mainly due to overall liquidity issue and high cost of financing.

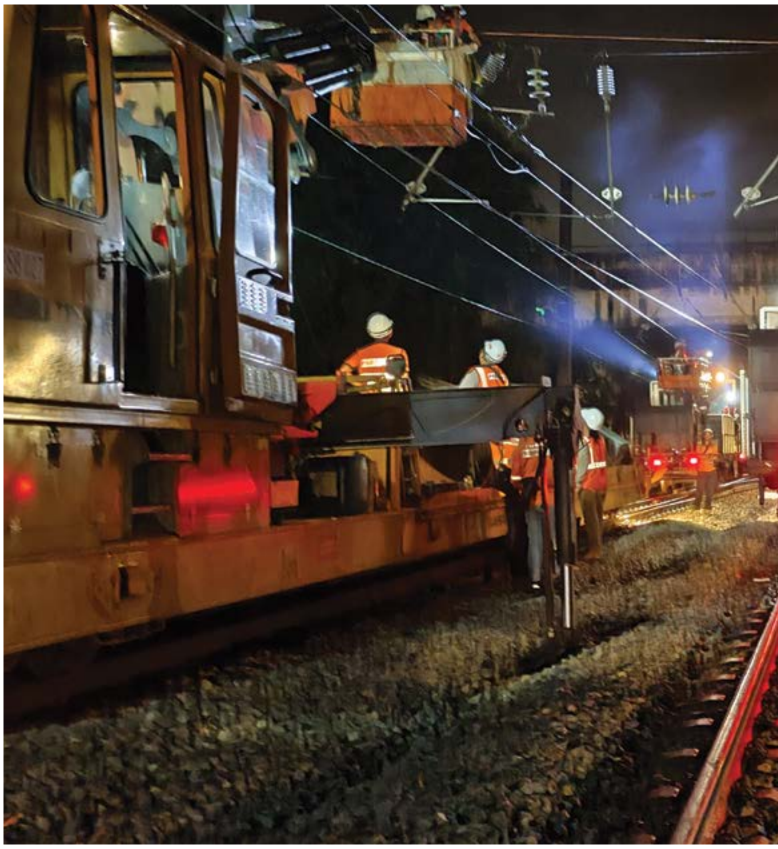
> Main emphasis of the Group in new financial year shall be the maintenance of continuous operation, sustenance of stability, and sourcing of fresh funding for revitalisation.
>
> **Paul Lim Pay Chuan**

The Group has been actively engaging in restructuring exercise including sourcing for new equity injection into the Company as well as focusing on procurement of new contracts. We are optimistic that with the support of our shareholders, the corporate exercise will bring PESTECH towards a next level of playing field with more confidence.

MANAGEMENT DISCUSSION & ANALYSIS EXECUTIVE CHAIRMAN/MANAGING DIRECTOR AND GROUP CEO STATEMENT







FINANCIAL PERFORMANCE

Revenue for the Financial Period declined 17.1% to RM593.0 million, weighed down by a 38.9% contraction from the Substation and Transmission Division, which recorded a RM318.5 million turnover relatively to a RM521.3 million in Financial Year Ended 30 June 2022 ("FYE 2022"). Nonetheless, both Rail and Others segments saw improvements of 34.4% and 67.0% respectively.

Overall Operating Expenses surged to 130.9% of Revenue as compared to 94.9% in the FYE 2022.

The resultant effect produced an operating loss of RM218.6 million, after inclusion of impairment of receivables, and other losses derived mainly from Realised, Unrealised Foreign Exchange Gain/ Loss, Impairment of Intangible Asset and certain projects, down from an Operating Profit of RM46.8 million in FYE 2022.

As a result of Loss From Disposal of Concession Asset, the Loss Before Interest and Tax was recorded at RM329.8 million in the Financial Period as compared with Profit Before Interest and Tax at RM47.2 million in FYE 2022.

Loss Before Tax ("LBT") of RM390.0 millon was mainly due to the substantial increase in Finance Costs. The Loss After Tax ("LAT") amounted to RM398.3 million, with the Tax Expense contributing an additional RM8.3 million to the LBT.

Finance Income had significantly reduced in the Financial Period as compared with that in FYE 2022 due to the completion of asset disposal in Diamond Power Limited ("DPL") ("Disposal"). Finance Costs had also increased mainly as a result of the escalation of borrowing rate imposed by the relevant financial institutions.

The decline in the weighted Earnings per Share was reflected in the current Financial Period, with 34.0 sen deficit against a 1.0 sen gain in FYE 2022.

Non-controlling Interests of RM69.9 million loss was 63.4% contributed by DPL arising from disposal of concession asset.

Engineering, procurement, manufacturing, construction, and commissioning ("EPMCC") segment of our business suffered in the Financial Period. It recorded a Segmental Loss After Tax of RM371.3 million. As explained above, the sluggish execution of project has proven to be unsustainable in shouldering the associated expenses within the EPMCC segment.

FPE 2023
Total Revenue
RM593.0
Million

FPE 2023
Total Equity
RM474.5
Million

In the realm of the Financial Position, the Group, while modestly reducing its debt subsequent to the Disposal of the DPL concession asset and associated loan repayment, faced an elevation in the Gearing Ratio. This shift was instigated by a decrease in Total Equity from RM927.5 million in FYE 2022 to RM474.5 million in the current Financial Period. The diminished Total Equity was influenced by the LAT attributable to the Owners of the Company, totaling RM334.3 million. Consequently, the Gearing Ratio rose to 2.35 in the Financial Period, compared to 1.47 in FYE 2022.

The Financial Period witnessed a significant impact on the Intangible Assets of the Group, with impairment and Disposal activities resulting in an approximate reduction of 96.6%. Notably, the major component of this reduction was associated with the Disposal, involving the concession asset transferred out from DPL.

Trade Debtors had been reduced almost a quarter partly due to slower business activities and the impairment of certain Trade Debtors during the Financial Period. Other Receivables surged to RM143.0 million, primarily made up of the retention sum arising from the Disposal. We anticipate outstanding items under the Disposal to be cleared by early 2024, which will eventually bring the Disposal to completion and release of the retention sum subsequently.

The Group's Interest Coverage Ratio and Debt Service Coverage Ratio both registered their first deficit at 3.0 and 0.2 respectively, directly impacted by the adverse financial results during the Financial Period. On the other hand, there was also immense impact felt from the heightening of cost of debt fueled by the substantial upward movement of effective lending rate from about 5.6% in FYE 2022 to the current 8.9% in the Financial Period.

On 24 July 2023, PESTECH proposed to undertake a restricted issue of 800,000,000 new ordinary shares ("Restricted Share") representing approximately 81.2% of the existing total number of issued shares of the Company to IJM Corporation Berhad at an issue price of RM0.155 per Restricted Share ("Proposed Restricted Issue").

The Proposed Restricted Issue, upon completion, will be able to raise about RM124.0 million in proceeds, which will strengthen the working capital reserve for the Group.

MANAGEMENT DISCUSSION & ANALYSIS EXECUTIVE CHAIRMAN/MANAGING DIRECTOR AND GROUP CEO STATEMENT

OPERATION PERFORMANCE

During the Financial Period under review, our wholly-owned subsidiary company, PESTECH Sdn Bhd ("PSB") had on 29 September 2022, accepted a Notice of Award from National Grid Corporation of the Philippines ("NGCP") for the contract in relation to the supply of parts, materials, special tool and technical expertise for the comprehensive maintenance of the existing Subic Substation (hereinafter referred to as the "Subic Project") at a total contract value of Offshore portion USD3.9 million and Onshore portion PHP181.0 million, inclusive of VAT.

Under the Subic Project, PSB shall be supplying parts and providing comprehensive maintenance to the Subic 230kV Outdoor Gas-Insulated Switchgear ("GIS") that was energised and commissioned on 19 October 2007. The Subic GIS Substation consists of two (2) numbers of 83MVA power transformers bays and two (2) numbers of transmission lines bays. This Subic Project aims to enhance the reliability of power transmission in Subic area and also the whole Luzon grid.

During the Financial Period, PSB had secured from Tenaga Nasional Berhad ("TNB"), a total of 199,800 units of Single Phase smart meter together with 19,950 units of Three Phase Radio Frequency smart meters in line with TNB's Advanced Metering Infrastructure implementation at a total contract amount of RM43,366,950.

Since 2019, the Group had secured a total of smart meter supply contract from TNB amounting to approximately RM135.89 million, which comprised 632,955 units of smart meters. The award of contracts signified the Group's capability in meeting the standard specifications and delivery performance as required by TNB. It enabled the Group to build track records to tap for more prospects in the smart metering for other phases in TNB as well as in the region.

PSB had on 3 April 2023, received contract from DT Global Asia Pacific Pty. Ltd., a company incorporated in Australia, for the PNG Power Limited Arawa Mini Grid, Autonomous Region of Bougainville, Papua New Guinea ("PPL") project, which was under the Economic and Social Infrastructure Program ("ESIP"). The total contract price for the PPL Project was determined at AUD2.7 million (equivalents to RM8.3 million). Under the PPL Project, PSB shall be engaged in the engineering, procurement and construction turnkey works for the hybrid diesel and photovoltaic generation system and associated works at PPL's existing facility in Arawa, Autonomous Region of Bougainville.

ESIP seeks to deliver increased efficiency, reliability and lower Green House Gas emission via this PPL Project. Over its service life, the completed system is expected to provide PPL and its consumers with a reliable source of energy that is easier and more cost effective to maintain.

PSB had also, on 19 April 2023, received a Letter of Acceptance from TNB for a contract on the Asset Replacement & Refurbishment for Primary and Combined Equipment including Autotransformer – PMU 275/132KV Cahaya Baru, Johor ("Johor Project") for a contract sum of RM34.8 million, exclusive of Sales and Service Tax.

The scope of this award was to supply, erect, testing and commissioning of the Johor Project completed with relevant protection, cable and all associated civil works.

We focused primarily on the replacement of new equipment such as busbar disconnectors, feeder disconnectors with earth switches, circuit breakers, current transformers, capacitor voltage transformers, surge arresters and marshalling kiosks, and digital relay panel, to name a few. The refurbished "*Pencawang Masuk Utama"* will enhance the reliability and efficiency of power supply to the Cahaya Baru area in Johor.

We closed the Financial Period with a notable win, where PSB through the unincorporated joint venture with China Energy Engineering Group, Tianjin Electric Power Construction Co., Ltd. ("TEPC") (hereinafter referred to as "TEPC PESTECH JV") had executed a Contract Agreement with the Ministry of Electricity of the Republic of Iraq for the execution and completion of the works known as Electricity Sector Reconstruction Project Phase (III), Lot 1-Construction of Four 132kV GIS Substations IFB No: IQP24-MOE-LOT1, Loan Agreement No.: IQ-P24 ("Iraq Project").

The lumpsum contract price of the Iraq Project was USD81.7 million and the scope was to design, manufacture, test, deliver, install, pre-commission and commission the Iraq Project, which includes four (4) 132/33/11kV, 3 x 63MVA, GIS substations in Baghdad.

As such, though overall project progress was not as expeditious as we hoped for, the Group had demonstrated that it has the capability in replenishing order book for a sustainable operation of the Group.

RISK FACTORS AND CHALLENGES

Liquidity remains the utmost critical aspect for the progress of the Group.

Throughout the Financial Period under review, the Group was plagued with peripheral issues that brought about unfavorable impact towards the accessibility of financial support. We are glad that since July 2023, the matters had been resolved, and the Group was able to gradually get back on track with various financiers for the making availability of working capital facilities to reinforce the progress of projects execution, and also to extend more confidence in the procurement of new projects.

Under the trying period for the Group in the Financial Period, we remained diligent in managing the human capital aspect of our operation, in order to ensure that retainment of capable staff force. During the Financial Period, the Group has proposed an employee share option scheme ("ESOS") to reward long serving employees, and also put across PESTECH's appreciation for the tenacity that was rendered by the team during this challenging time for the Group.

FUTURE PROSPECTS AND OPPORTUNITIES

Power infrastructure market remains robust, especially in the ASEAN region.

Our home turf in Malaysia under the Twelfth Malaysia Plan (2021 – 2025) ("12th MP"), provides a comprehensive development plan covering socioeconomic aspect that aims to transform Malaysia into a net-zero Green House Gases ("GHG") emission country by 2050. The 12th MP shall be implemented under four (4) guiding principles, including:

- Alignment of energy sector with the aspirations and commitments for sustainability development;
- Promoting a just, inclusive and cost-effective energy transition exercise;
- Focusing on need for effective governance and whole-of-nation approach; and
- Creating high-value employment for people and generating high-impact economic opportunities for small-medium enterprises.

(Source: National Energy Transition Roadmap, Ministry of Economy)

In supporting such a development, TNB had on 25 August 2023 revealed plans to deploy an additional RM35.0 billion capital expenditures between 2025 to 2030 towards upgrading Malaysia's power grid system, to ensure the infrastructure does not become an obstacle in the nation's energy transition endeavors.
(Source: TNB to invest additional RM35 bil over 2025-2030 to beef up grid for energy transition, TheEdgeMalaysia – 25 August 2023)

Accordingly, we expect to observe a robust propulsion of various power infrastructure opportunities in Malaysia, where the skill and services of PESTECH are ready and capable to be tapped upon.

Regionally, in Cambodia, the Royal Government of Cambodia had also issued its Power Development Masterplan (2022 – 2040) ("PDP") focusing on the overall power development in the Kingdom, covering the consideration for future demand of power in the country, the adequacy of reliable and affordable power supply, strengthening of energy security, and increase the share of clean energy, with a reduction in GHG emission.

It is estimated that under the PDP, a total of USD9.2 billion of investment is required to expand domestic generation capacity. Supplementing the power generation investment, the PDP's transmission development plan will require an estimated USD1.7 billion for the expansion of high voltage network infrastructure over 2022 – 2040, which will involve 230kV and 500kV transmission lines, transformers, reactive plants, series capacitors and resilience upgrades.
(Source: Power Development Masterplan 2022 – 2040, Ministry of Mines and Energy, Royal Government of Cambodia)

Based on the extracted potentials above, it is apparent that regional market for power infrastructure projects remain upbeat. Governments and authorities of the regional countries continue to commit much need capital expenditures to expand and improve power quality and accessibility to all sectors within their communities they serve.

We are positive on the overall prospects for the Group operating under this geographical area filled with vast prospects. We are hopeful that our stakeholders are also able to appreciate the potential market growth for the Group. We sought and also thankful for the continuous support and trust provided to PESTECH and commit towards growing the Group into a brighter future ahead.

Thank you.

SUSTAINABILITY STATEMENT

About this Report

This Sustainability Report ("**Report**") sets out PESTECH International Berhad ("PESTECH" or **the Company**") and its subsidiaries (the "**Group**") efforts and activities undertaken to continue engaging and collaborating with our stakeholders in the push for sustainability agenda forward in the communities we serve.

REPORTING PERIOD AND SCOPE

Our Sustainability Report for the financial period from 1 July 2022 to 30 September 2023 ("**FP 2023**") has been prepared in accordance with Appendix 9C Part A (29) and Practice Note 9 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad ("**Bursa Securities**"), Sustainability Reporting Guide and Toolkits issued by Bursa Securities and made reference to United Nations Sustainable Development Goals and Global Reporting Initiatives ("**GRI**").

OUR APPROACH

PESTECH's approach towards sustainability includes focusing on developing and creating sustainable energy generation for development and construction of electrical infrastructure for the global community, which resonates with its vision to be 'Consistently Dependable & Value Add as a Sustainable Electrical Infrastructure Builder'.

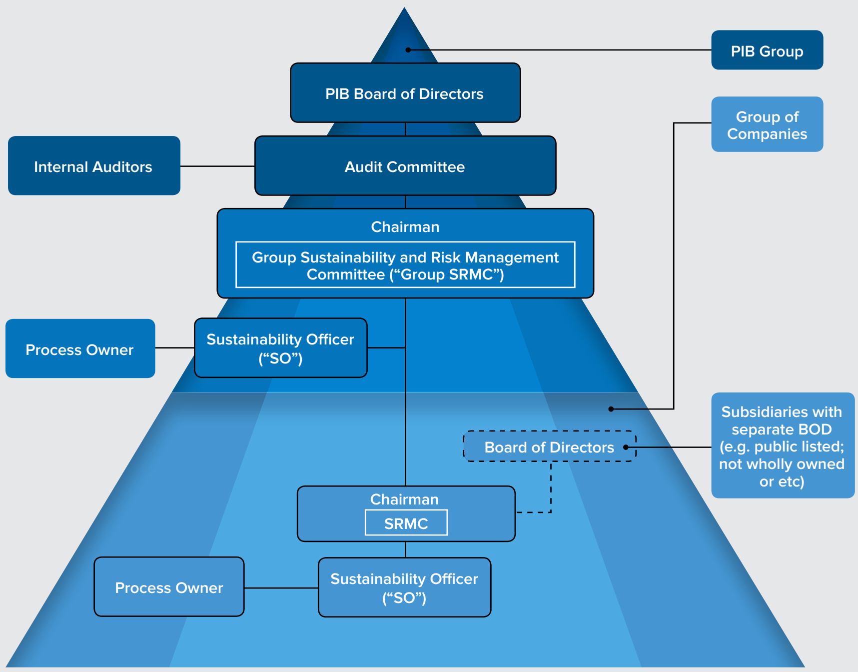
OUR COMMITMENT TO BUSINESS SUSTAINABILITY

PESTECH commits towards contributing to sustainability agenda within its operations by setting goals and adopting programs that work towards fulfilling sustainable economic development underpinned with strict governance and social responsibility. The resources and human capital development of the Group are skewed towards offering sustainable development of electrical infrastructure for the grid and transportation system.

REFORMATION OF THE SUSTAINABILITY GOVERNANCE STRUCTURE

During the financial period, year, the Company has established the Sustainability and Risk Management Committee ("**SRMC**") in replacement of the Business Sustainability Working Group. The reformed sustainability governance structure is as below:-

PESTECH International Berhad and Group of Companies Sustainability Governance Structure



Duties and Responsibilities

The Board is responsible for the overall sustainability agenda of PESTECH Group, where it provides the overall direction and oversight of sustainability reporting initiatives. It reviews and approves the Group's wide-integrated sustainability objectives and strategies. The Board also discusses and agrees on long term and short-term goals for the Group by identifying and setting the relevant sustainability goals under the GRI and/or Sustainable Developmeht Goals ("SDGs") standards or such other standards as may be developed and/or required by laws and regulations from time to time.

The Audit Committee ("AC") supports the Board by reviewing the implementation of sustainability matters for PESTECH. It receives and reviews the SRMC's report. The AC discusses problems and reservations arising from the sustainability matters reported by SRMC. It is also responsible for reviewing the adequacy of the scope, functions and resources required for an effective implementation of our sustainability objectives. Lastly, it monitors the Group's compliance with relevant laws and regulations relating to the sustainability matters.

The SRMC is tasked to determine and assesses the Environmental, Social and Governance ("ESG") risks, based on objectives set by the Board. It must also be responsible for stakeholders' management, evaluating materiality and keeping track of sustainability initiatives. The SRMC should assess the key sustainability matters and stakeholders involved or affected by these key sustainability matters.

The Sustainability Officer ("SO") of each subsidiary company is responsible for the day-to-day implementation of sustainability matters. That includes, having meetings, engagement sessions and workshops with process owners for identification of key sustainability matters. The SO must compiles and co-ordinates input of disclosure information, sustainability information and measurement initiatives, monitors and follows-up on implementation status of sustainability reporting initiative as well.

SUSTAINABILITY STATEMENT

REPORTING SCOPE

During the Financial Period, we identified the reporting scope for PESTECH International Berhad and the following four (4) main business segments which are operating their projects in Malaysia and Cambodia:

The above scope has largely covers material ESG issues that may arise from the principal business activities of these segments in the list of countries that we are operating. However, this report excludes subsidiary companies which are dormant, special purpose vehicles in nature and investment holding companies as any ESG related-risks will have been covered by the operating companies executing the projects and hence, are irrelevant to the aforementioned subsidiary companies.

The scope will be expanded in the future if there are any business operations and activities which can have a significant sustainability impacts.

MATERIALITY ASSESSMENT

During the Financial Period, we conducted and identified the material sustainability matters, based on information drawn from internal and external stakeholders to understand the material sustainability topics which are significant to our business and stakeholders. Our materiality assessment process is as below:

1 Identification of Key Stakeholders

Identification of key stakeholders by nature of industry for each business entity, degree of influence by the stakeholder group and interests or involvement of the stakeholder group.

2 Identification of Key Sustainability Matters and Stakeholder Engagement Analysis

Determining of materiality of sustainability matters mainly through the outcome of stakeholders' engagement, by taking into account our business model and strategy, products and services offered by each business entity, size of the organization, degree of influence by stakeholder group, geographical presence/ location of the business entity, risk impact (including financial and non-financial) and likelihood, and to ensure all these matters are aligned to PESTECH's Enterprise Risk Management methodology and risk appetite.

3 Data Collection Procedures

Mapping the identified key sustainability matters to the specific topic standards under the GRI and/or SDGs.

4 Measurement Methodology

Compare the performance over time and the baseline point data source must be verified and validated.

PERSPECTIVES

SUSTAINABILITY STATEMENT

IDENTIFICATION OF KEY STAKEHOLDERS AND STAKEHOLDERS ENGAGEMENT

Our key stakeholders are identified through issues which are material based on their impact on the Group's operations and the relevance to the business. In engaging with our stakeholders, we pursue various approaches to enable them to understand our business operations and seek their feedback and input on matters that are relevant to them.

	How did we engage?	Key topics covered
Shareholders/Investors	• Annual /extraordinary general meetings • Financial results briefings • Bursa Securities announcements • Corporate website • Social Media • Press releases	• Financial sustainability and returns • Business prospects • Investment plans • Corporate exercises
Customers	• Customer Satisfaction Survey • Meetings and briefings • Company's website • Site visits	• Products and services reliability / quality • New technologies • Customer support
Suppliers	• Engagement with suppliers • Factory visit and meetings	• Collaboration for business opportunities • Contract negotiation • Procurement processes • Fraud and bribery awareness • New business opportunities and future development • Regulatory and operational compliance
Local Authorities / Regulators / Government Agencies	• Meetings and briefings • Site visits • One-to-one engagements	• Changes in the regulatory framework and electricity industry • Environmental, health and safety management • Promotion of joint industry programs
Employees	• One-to-one engagements • Meetings and briefings • Newsletters • Social media • Sporting events and activities • Training sessions • Webinars • Employee performance appraisal	• Employee benefits • Well-being and workplace culture • Health and safety of employees • Talent and skills development • Employee satisfaction
Local Communities	• Participation in community projects and activities	• Contribution for victims suffered from natural disasters • Accessible and reliable supply of electricity • Contribution to community development

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

During the Financial Period, material assessments were carried out between SRMC and operating subsidiaries to determine the materiality sustainability matters that are relevant to our strategic direction and business operation as well as for meeting the compliance standards and reprting purposes.

The following table highlights our proritised material matters with the respective measurable targets determined by the Group:

Sustainability Matters	Sustainability Targets	Frequency of Data Collection
Economic		
Economic/Business	To achieve 95% project delivery within approved budget	
Customer Satisfaction	To achieve 95% customer satisfaction	
Environmental		
Energy Management	• To improve the energy efficiency of 2% energy annually • To install solar power for project sites and offices and minimise the dependent on generator set (fuel) or electrical from provider • To track the total net energy usage for all offices to project sites	
Pollution Prevention	• To achieve zero environmental accidents at office and project work site	
Greenhouse Gas ("GHG") Emissions	• To track carbon emission for Scope 1, 2 and 3 across the operations	
Waste Management	• To track the total scheduled waste generated with a breakdown of the following: - a) total waste diverted from disposal b) total waste directed to disposal • To achieve zero case of non-compliance to environmental regulations • To track the percentage of Implementation of recycle bins in project site and office	
Water Management	To track total volume of water used in offices and sites	
Social		
Health and Safety	• To achieve zero reportable accident in office and project work site • To achieve Five (5) star rating for office and project work site under internal or external audit • To track number of employees trained for Health and Safety Standards • To track the number of client penalty/corrective actions versus notice of improvement vs settled issue • Total accumulated man hour without lost time injury	

Yearly **Half-yearly** **Quarterly** **Monthly**

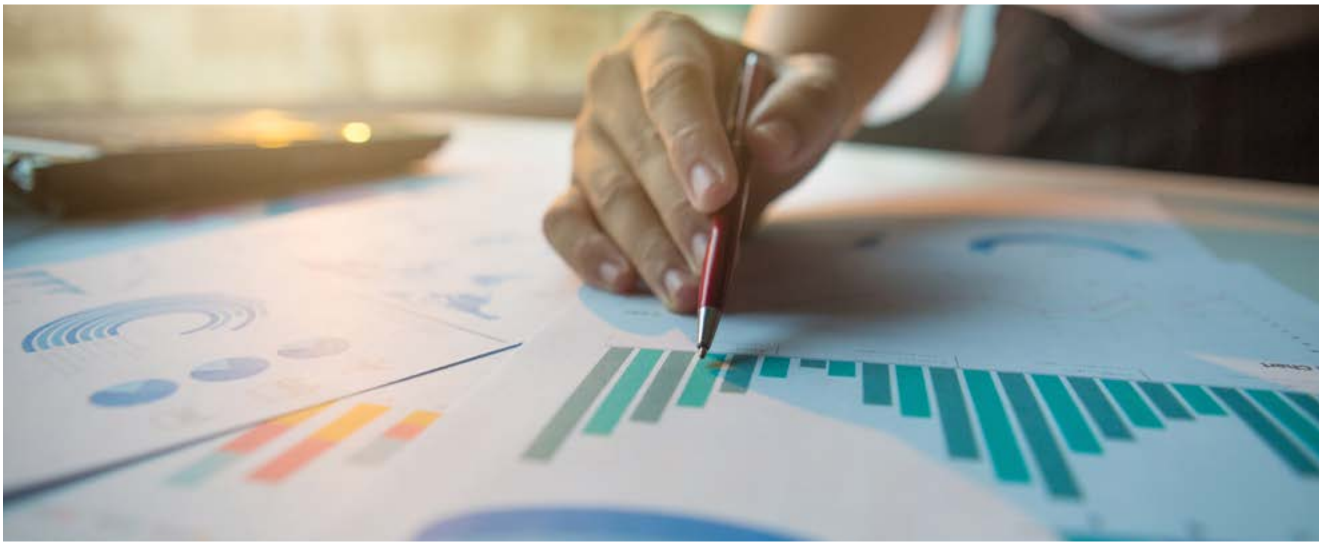
SUSTAINABILITY STATEMENT

Sustainability Matters	Sustainability Targets	Frequency of Data Collection
Social		
Diversity	• To promote diversity for the Group in terms of gender and age. • To achieve at least 30% female at Board level	Yearly Yearly
Labour Practice	• To ensure employees at sites are certified, trained and equipped with knowledge required by client and authority • To track the percentage of employees who are contractors or temporary staffs • To track the total number of Employee turnover by category • To track the number of substantiated complaints concerning human rights violations	Yearly Yearly Yearly Yearly
Supply Chain Management	• To track the percentage of acknowledgement on Integrity Pledge from Suppliers/Contractors • To track the proportion of spendings on local and overseas suppliers • Number of local suppliers vs total number of foreign suppliers	Yearly Yearly
Community/Society	• To track the total amount invested/time spent in the engagement of community activities • To track the number of complaints and concerns raised by local community at project sites • Total number of beneficiaries in the community or charitable programme	Yearly Monthly Yearly
Governance		
Anti-Bribery and Anti Corruption ("ABAC")	• To track number of complaints on bribery and corruption with the target of zero corruption case. • To track percentage of attendance in the ABAC Awareness Training	Yearly
Data Privacy and security	• To track the number of complaints concerning breaches of customer privacy and loss of customers data with the target of zero complaint. • To provide annual Security Awareness Training/Annual Testing - E-Form	Yearly Yearly
Tax transparency	• Tax tracker updated on a timely manner and to achieve on time submission and zero penalty	Yearly
Risk management	• To review Risk Register Reports for each business units annually • To track the percentage of assessement made for corruption-related risks by the operation teams	Half-yearly Yearly

Some targets set may not be applicable or relevant for all subsidiary companies.

● Yearly ● Half-yearly ● Quarterly ● Monthly

1. ECONOMIC



Guided by our unwavering vision to be a 'Consistently Dependable & Value-Adding Sustainable Electrical Infrastructure Builder,' we have dedicated the past decade to conscientiously expanding our footprint in the renewable market. Diligently mindful of the need to maintain our core values, we have pursued diversification with prudence, seeking opportunities that not only align with our expertise but also resonate economically. Over recent years, our substantial investments have predominantly flowed into the burgeoning solar industry, a testament to our strategic commitment to contribute meaningfully to the sustainable energy landscape.

Sunlight is available year-round in **MALAYSIA** and thus there is an upward potential of around 269 gigawatts of power for ground-mounted, rooftop and floating solar systems in the country. Large and small hydro plants also contribute to the mix with potential 13.6 gigawatts and 2.5 gigawatts respectively from the 189 rivers basin available in Malaysia, along with bioenergy of 3.6 gigawatts from agriculture, animal and municipal waste, while geothermal adds a further 229 Megawatts ("MW") annually.

Under the Malaysia Renewable Energy Roadmap (MyRER), the Government has set an ambitious target of renewable energy providing 31% (13 gigawatts) of the nation's energy needs by 2025 and 40% (18 gigawatts) by 2035. The Government has further committed to increase renewable energy capacity to 70% by 2050, to be in line with the national climate aspiration of achieving net zero GHG earliest by 2050. *(Source: https://www.reuters.com/plus/malaysias-renewable-energy-transition)*

In the other regions where we are operating, Electricite Du Cambodge of **CAMBODIA** plans a radical shift towards renewable energy before 2030, especially towards more solar power amounting to 3 Gigawatts ("GW") by 2040 and also with a big push in biomass. *(Source: https://www.vdb-loi.com/kh_publications/cambodia-releases-latest-power-development-plan/)*

THE **PHILIPPINES** has the largest renewable energy development pipeline in Southeast Asia, By 2030, it will add 17,809 MW of solar capacity and 7,856 MW of wind power (compared to with 1,766 MW combined solar and wind power generation as reported in March 2023) to emerge as the top green power producer in Southeast Asia. *(Source: https://www.reuters.com/markets/commodities/philippines-set-go-renewable-laggard-leader-se-asia-2023-03-14/)*

In **PAPUA NEW GUINEA** ("**PNG**"), given the geography and the highly disparate populations, it is very well suited to mini and micro grids. Another option for renewable energy in PNG is the production of green hydrogen. One kilogram of hydrogen requires 9 to 15 litres of water consumption. This makes green hydrogen is a sensible option for PNG due to its high annual rainfall. *(Source: https://www.businessadvantagepng.com/the-future-is-now-how-papua-new-guinea-can-harness-renewable-energies/)*

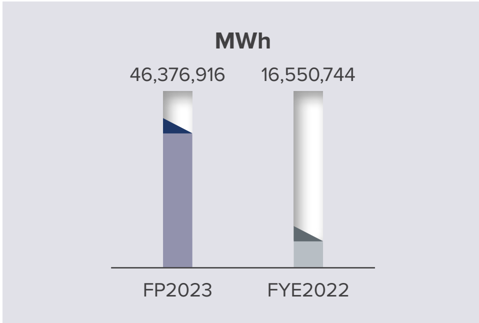
PESTECH will benefit from the vast opportunities in the countries where we already set our presence. Moreover, PESTECH also plan to seize for renewables opportunity in other regions. Resources will be allocated and human capital development will be emphasised to get ourselves ready to offer sustainable development of electrical infrastructure for power grid systems in the renewables space.

SUSTAINABILITY STATEMENT

SOLAR FARM

On the 20MW Solar Photovoltaic Power Plant executed by our Cambodian team at Bavet City, Svay Rieng, Cambodia, the total solar generated by the large scale solar farm for the following periods are as follows:

	FP 2023*1	FYE 2022*2
MWh	46,376,916	16,550,744



MICROGRID SOLUTION

The collaborative research initiative between PEN and Sarawak Energy Berhad has been pivotal in exploring the viability of hydrogen and super-capacitors to energize microgrids in remote areas, utilizing sustainable distributed energy resources. The accompanying photos showcase the solar photovoltaic (PV) installation at Rumah Bangau, Song, Sarawak.

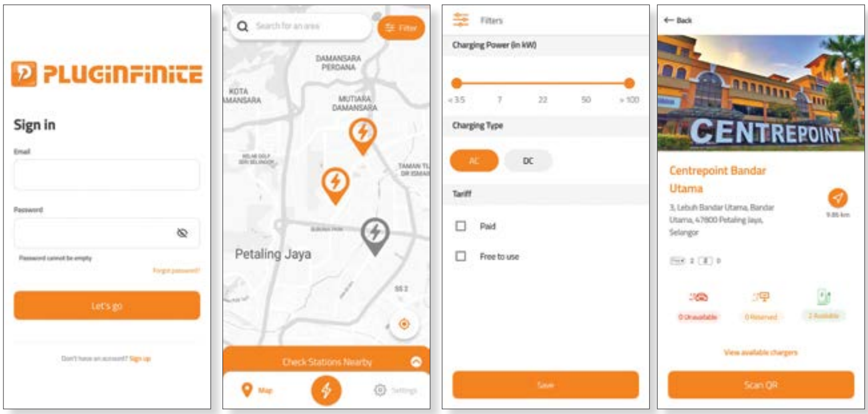
This microgrid solution has successfully brought electricity to off-grid communities, catalyzing a substantial enhancement in their quality of life. The generation of reliable, clean, and renewable energy has not only met their energy needs but has also preserved their eco-friendly environment, showcasing a harmonious blend of technological innovation and environmental sustainability.

EV CHARGING

As with many countries engaged in the Electric Vehicle ("EV") transition, the main concern of consumers in Malaysia is the availability of EV charging points.

On this front, the Government aims to have 10,000 EV charging stations nationwide by 2025, comprising 9,000 units of alternating current (AC) type and 1,000 units of direct current (DC) type. Currently, there are over 1,000 EV charging stations installed all over Malaysia.

With the need for a rapid build up in EV charging infrastructure, PESTECH has developed and launched the PlugInfinite OCPP EV Charging Management Platform. The Platform has features of :



- Remote access to EV Chargers for operation & management
- Register new EV Chargers onto the platform
- Assign different tariff plan rates for charging stations
- Independently configure each EV Charger connected in the network
- Display real-time status of EV Chargers in the network
- Provide analytic data
- Usage behaviour, Consumptions, Transactions

PEN has also developed its DC charger under the brand name of "**PESTECH**". The DC charger is tested with variety of brands of EV, supported with gobal standard, high protection and efficiency, low noise and supported with smart operation and maintenance reminders and over-the-air ("**OTA**") remote upgrades.

HP20 SERIES:	11KW/22KW
Mounting:	Wall / Floor Mouint
Output:	Type 2
Protection:	IP65

SMART EVO SERIES:	11KW/22KW
Mounting:	Wall / Floor Mouint
Output:	Type 2
Protection:	IP54

SMART METER

Smart meters enable better efficient energy management, accurate billing, and faster fault detection and resolution for the utilities. Consumers will be able to make informed decisions about their energy consumption with real-time information on their energy usage while contributing to a more sustainable and greener future.

PEN was selected as one of the vendors by Tenaga Nasional Berhad to deliver smart meters to Malaysian households since 2020. Tenaga Nasional Berhad has been modernising its existing grid into a smart, automated and digitally enabled network to build a grid that is robust, intelligent and readily adapts to the nation's needs. To that end, the cumulative quantity of smart meters delivered by PEN is as follows:

Smart Meter	FP 2023*1	FYE 2022	FYE 2019 - FYE 2021
Quantity delivered *(On cumulative basis)*	170,250	93,600	379,605

SUSTAINABILITY STATEMENT

CUSTOMERS' SATISFACTION

Customers' feedback is pertinent to us for continuous improvement of our services and deliverables. Through Customer Service Survey, we gather our customers' feedback and level of satisfaction towards the products, services and EPCC projects that we offered. Suggestions and comments from customers will be taken into consideration for further improvements in our future project undertakings. During the financial under review, PSB has improved the Customer Satisfaction level compared to the previous financial years, as below:

	FP 2023*1	FYE 2022*4	FYE 2021*4
Customer Satisfaction	82.90%*1a	73.21%	74.50%

2. Environment

PESTECH adopts energy efficiency measures within our offices, project sites, workshops and other premises in managing energy consumption to promote sustainable operations and efficient use of energy resources, such as the following:-

- Installation of energy saving Light-Emitting Diodes ("LEDs") bulbs for internal office lighting
- Plan the usage and movement of heavy machineries to generate savings on energy consumption
- Installation of motion sensors in the office common areas to reduce energy use and cost
- Switch off lights and other office equipment during lunch hour and before leaving the office
- Installation of solar lights for building perimeter lighting as well as at the project sites
- Unplug equipments that drains energy when they are not in use
- Maximise the entry of natural light in office building

In the meantime, we continue to explore alternative methods to conserve energy, reduce the carbon footprint and to be more energy efficient in our operations.

ENERGY CONSUMPTION

During the Financial Period, the net energy usage based on conventional energy source is 647.192 MWh, we had set a target to improve the energy efficiency by 2% (relative to the size and operations of the Group).

	FP 2023*1	Target FYE 2024
MWh	647.192*1	2% down

To demonstrate our commitment towards driving green initiatives sustainably, PESTECH initiated its own installation of PV system at its office and factory rooftop under the the Net Energy Metering 3.0. The 114kWp rooftop solar PV system installed at our head office in Shah Alam captures the light energy emitted by the sun and converts it into electrical energy producing clean, ecofriendly form of energy.

Head office

	FP 2023*1	FYE 2022	FYE 2021
Total mWh usage	227.003*1	199.374	228.541
% of solar generation	75.17*1	73.88	65.60

SUSTAINABILITY STATEMENT

The 189kWp rooftop solar installed at Bukit Beruntung's factory had generated green energy for the factory usage as below:

Bukit Beruntung

	FP 2023*1
Total MWh usage	487.116*1
% of solar generation	54.09%*1

GHG EMISSIONS

The emission of carbon dioxide (CO2) and other greenhouse gases are a primary driver of climate change. PESTECH acknowledges that our energy consumption and GHG emissions contribute to climate change impact and it is very important as a responsible corporate citizen to reduce carbon footprint. We embarked to track and monitor the emissions based on the following scopes:

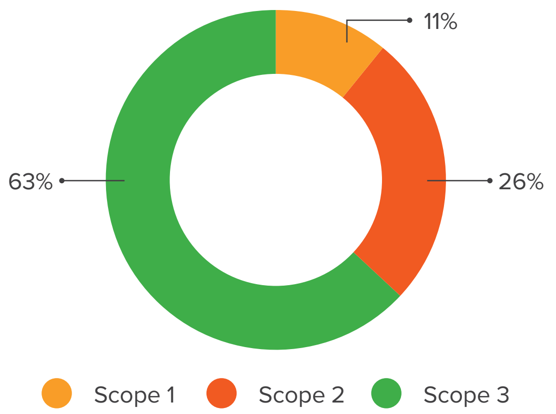
Scope 1 – Direct emissions (from the burning of fuel and fugitive emissions e.g., stationery combustion, mobile combustion and fugitive emissions)

Scope 2 – Indirect emissions (from the use of electricity e.g., purchased electricity)

Scope 3 – Other indirect emissions (sources not controlled by the company e.g., Cat 5 waste generated in operations, Cat 6 business travel (vehicle fuel, public transport – air and others.

During FP 2023, PESTECH has recorded a total of 1,149.47*1 tons of Carbon Dioxide equivalent ("tCO2e"), with the breakdown as follows:

Total Emissions by Category (tCO2e)



We aim to reduce our environment footprints by create awareness and sense of purpose in reducing emissions among employees since as it is one of the most effective ways to reduce carbon footprint.

Note:-

1. *Our calculation methodology is based on the Greenhouse Gas (GHG) Emissions Calculator version 01.3 published by UNFCCC secretariat in May 2021, and https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx*
2. *The GHG emissions data for Scope 1,2 & 3 has been internally reviewed. We will undertake independent assurance for all our GHG emissions data (Scope 1,2 &3) in the future.*

WATER SECURITY

We address water security in our operations and work towards promoting sustainable water usage, minimise operational water usage, protect water resources and avoid water contamination.

The water usage gathered from the several project sites and offices and compliance to environmental regulations are as follows:

	FP 2023*1
Water usage (m^3)	9,945.24*1
Environmental compliance	Complied

We monitor our water usage and security to ensure relevant processes and procedures are in place to prevent pollution and contamination of water in the environment we are operating.

WASTE MANAGEMENT

PESTECH implements waste management to increase awareness among employees on environment protection, prevention of pollution as well as comply with the relevant laws and regulations.

Scheduled Wastes

PESTECH practices proper management of scheduled wastes to prevent contamination of ground water, surface water and air pollution which could cause adverse effect on the environment and human health. In FP 2023, we have recorded a total handling of 1,007.30 kg scheduled wastes as registered in the Department of Environment website and collected by licensed scheduled waste collector. There are six types of scheduled wastes produced in our operation:

SW 110 – Waste from electrical and electronic assemblies

SW 305 – Spent lubricating oil

SW 306 – Spent hydraulic oil

SW 404 – Pathogenic wastes, clinical wastes or quarantined materials

SW 409 – Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes

SW 410 – Rags, plastic, papers or filters contaminated with scheduled wastes

[source: Environment Quality Act 1974, Environmental Quality (Scheduled wastes) Regulation 2005, First schedule: Regulation 2]

	FP 2023[*1b]	FYE 2022[*4]	FYE 2021[*4]
Scheduled wastes (kg)	1,007.30[*1b]	104.80	267.60

Recyclable Wastes

PESTECH practices three R's – reduce, reuse and recycling waste to help save landfill space through the effective use of resources and materials. In FP 2023, we have recorded a total of 2,086.50 kg wastes sent for recycling which included paper, plastic, metal, wires/cables and etc.

	FP 2023[*1]	FYE 2022[*5]	FYE 2021[*5]
Recyclable wastes (kg)	2,086.50[*1]	3,411	3,702

We ascribed the significant reduce of recyclable wastes in FP 2023 to the implementation of digital and electronic document management system.

ENVIRONMENTAL COMPLIANCE

PESTECH is committed to support the principles of environmental sustainability and we believe that sustainable environment is a successful factor to our business and the customer we serve. We always seek continual improvement throughout our business operations to lessen the impact on the local and global environment by meeting or exceeding the environmental regulatory requirements. Since 2014, the group main operating subsidiaries has adopted Environmental Management System in accordance with ISO 14001 and practice environmental protection through programs that are aimed at reducing the risks to the environment from contaminants such as hazardous materials and wastes.

In FP 2023, we continue to observe the compliance to the environmental regulatory requirements in areas which we operate, together with our sub-contractors and other vendors. Again, we have recorded zero case of non-compliance to environment regulation and zero case of environmental accidents in this year and we will continue to ensure the environmental risk is contained to acceptable levels, and applied to all aspects of our operation in a structured process.

	FP 2023[*1]	FYE 2022	FYE 2021
Non-compliance to environment regulation	0[*1d]	0	0
Environmental Accidents	0[*1c]	0	0

SUSTAINABILITY STATEMENT

3. SOCIAL

HEALTH AND SAFETY

Workplace health and safety is very important for the well-being of both employees and employers because human loss is immeasurable and intolerable. Since 2010, the Group main operating subsidiaries has adopted Occupational Health and Safety Management System in accordance to OHSAS 18001 and ISO 45001. We believe occupational health and safety is everyone's responsibility and the practice of it needs to grow as a value and become a habit in everyone's life to make sure we do not put ourselves, colleagues, contractors, customers or the public at unnecessary risk, so we can go home safe and well every day.

During the Financial Period, we continue to practice safety precaution such as prevention of work-related injury and ill-health and have achieved zero reportable accident in office and project work site, also recorded cumulative of 19,369,768 man-hours without Lost-Time Injury (LTI) group wide since 2020.

	FP 2023*1	FYE 2022	FYE 2021
Number of fatalities	0	0	0
Number of major accidents - accidents that cause employees to be on medical leave for more than 4 calendar days	0	0	0
Number of minor accidents - accidents that cause employees to be on medical leave for 4 calendar days and below or without any	1	0	1
Number of near miss - an unplanned accident that has the potential to cause but does not result in human injury, environmental or equipment damage, or an interruption to the Group's normal operations	0	11	10

PESTECH's Safety and Health departments together with Safety and Health committees continue to promote awareness and structured training at workplace to embed occupational health and safety considerations into business decision making at all levels. In FP 2023*1, a total of 444 employees were trained/re-trained in various training/ briefing for health and safety standard.

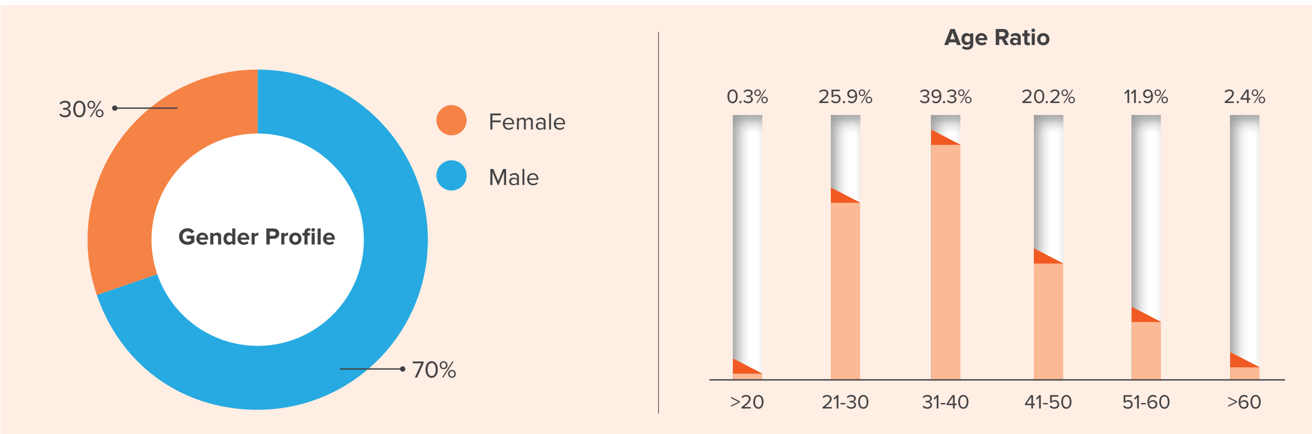
Training Program held In the Financial Period*[1]

1. Integrated Management System (QHSE) awareness training
2. QHSE awareness training (Monthly)
3. Conference on QHSE innovation for safer and healthier system and technology
4. First aider training
5. First aider internal training (Quarterly)
6. Emergency Response Plan & Preparedness training (with fire-fighting practical)
7. Emergency evacuation training
8. Fire extinguisher handling training
9. Forklift internal training
10. Overhead crane safety training

DIVERSITY AND EQUAL OPPORTUNITY

We embrace workforce diversity that will broaden our perspective and enable us to be more creative and have a better understanding of our customers' needs promotes a working culture that is characterised by appreciation, respect and equality in opportunity.

In FP 2023 *[1], we recorded a total workforce comprising 70% male and 30% female.



TRAINING AND DEVELOPMENT

We believe that continuous training and development is crucial for reskilling and upskilling our employees so that they are able to keep abreast with the latest developments and serve the new requurements in the market. Employee trainining needs are assessed through our semi-annually performance evaluation process, to identify the key areas for an employee to improve and grow further. Other than external trainings, in-house trainings in the respective areas relate to operation and employee well-being are conducted from time to time as a refresher training.

SUSTAINABILITY STATEMENT

The training hours attended by the employees of the Group are as follows:

	FP 2023*[1]	FYE 2022
Training hours	1,249.75	2,234

ENGAGEMENT WITH LOCAL COMMUNITIES

Under the principles of "CARE", i.e., Community, Advancement, Recuperation, and Environment, PESTECH is committed to contributing to the development and wellbeing- of the communities and pledge to contribute back to the community.

During the Financial Period, a total of USD48,753 donations as per table below were made to various bodies to fund further education opportunities and improve the living conditions of those underprivileged.

No.	Beneficiaries	Amount	Purpose of CSR
1	Cambodian Red Cross	USD10,000	Participation and provision of support to Cambodian Red Cross in supplying medical aids to community in rural areas.
2	Electricite Du Cambodge	USD32,000	Donation to Electricite Du Cambodge to assist the flood victims in Pursat Province.
3	Electricite Du Cambodge	USD5,895	Contribution and support for "2023 Free Medical Camp" held at Pursat province where free medical consultations and other medical aids are provided to the community in the province.
4	Cambodia Stock Exchange	USD858	Contribution to the mangrove planting activities in Trapang Sangkae Community and Angkoal Beach at Cambodia.
	Total	**USD48,753**	

PESTECH SCHOLARSHIP PROGRAM

At PESTECH, we believe that sustainable talent building is vital to thrive in a volatile and competitive business environment. The talent of our future leaders is critical to our future success. PESTECH CARE (**C**ommunity - **A**dvancement - **R**ecuperation - **E**nvironment). Undergraduate/postgraduate scholarship program since 2019 aim to create a vibrant and sustainable talent pipeline by providing education sponsorship, training and opportunities to new talents. This scholarship will be offered to qualified students with outstanding academic achievements and active involvement in extracurricular activities. PESTECH scholars will take on an internship and experience what it's like to be a part of PESTECH. On completion of studies, scholars will be required to avail themselves for employment at PESTECH for 3 to 5 years, depending on the evaluation and offer of the company. To-date, a total up to 9 scholars were sponsored under this program. The company has paid out a total of RM157,136.25 in FP 2023.

4. GOVERNANCE

CODE OF ETHICAL CONDUCT

PESTECH has a formalised Code of Ethical Conduct that sets out the fundamental principles and guidelines for all employees to uphold high ethical business standards and apply these values in all aspects of the Group's business and dealing with its stakeholders. All employees were made known of the core values in the Code of Ethical Conduct upon recruitment where they are required to sign-off their pledge for adherence to the Group's Code of Ethical Conduct. The Code of Ethical Conduct is published on our Company's website at www.pestech-international.com.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

PESTECH's Anti-Bribery and Anti-Corruption Policy, Guidelines and Procedures ("ABAC") aims to extend our commitment towards conducting our business ethically with utmost integrity for all its operations locally and overseas. The ABAC is accessible on our Company's website at www.pestech-international.com. PESTECH adopts a zero-tolerance position on all forms of bribery and corruption in all aspects of our business operations. The ABAC sets out the policy, guidelines and procedures concerning improper solicitation, bribery, and other corrupt activities that may potentially arise within the organisation. The ABAC outlined the do's, donts' and limitations when it comes to provision of entertainment and corporate hospitality, restricted gift, corporate contributions, political contributions, dealing with public officials and third parties, amongst others, the areas where bribery or corruption may potentially occurred.

Nonetheless, employees are reminded that the ABAC shall not be taken as exhaustive, should he/she encounters any kinds of situation that may potentially resulted him to be violated of the ABAC or alleged to be involved in any bribery or corruption activities, he must report to the Compliance Officer of the company as soon as possible. Mandatory online training and assessment on ABAC were provided to employees and refresher training will be conducted on annual basis.

The Company also provides all directors, management staff, employees, vendors of PESTECH and its subsidiaries as well as members of the public with mechanisms to confidentially and anonymously bring to the attention of the Board of Directors ("Board") any concerns related to matters relating to code of business conduct and ethics, legal issues and accounting or audit matters, through the dedicated whistleblowing channel.

There was zero case reported of proved bribery or corruption and whistle-blowing cases in relation to ethical business practices, or any suspicious corruption or unethical behaviour.

	FP 2023*[1]	FYE 2022	FYE 2021
Number of bribery or corruption cases	0	0	0
Number of whistle-blowing cases	0	0	0

SUSTAINABILITY STATEMENT

DATA SECURITY AND PROTECTION POLICY

Our Data Security and Protection Policy ("DSPP") outlines the importance of security and protection of all information-related assets of the Company. The DSPP established an integral framework for assurance and protection of information system protection against threats, errors, failures, disturbances, falsifications, sabotages, violations of confidentiality, interruptions of business operations, thefts and natural disasters.

During the FP 2023*1, the Company has adopted the following policies in the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

HUMAN RIGHTS POLICY

Our Human Rights Policy is the guiding principle for the Company to direct us on basic human and labour rights when operating our business. This is part of our Sustainability effort to ensure that the we can continue to thrive over the long term. We are determined to uphold the rights of its employees through mutual respect, comply with the relevant legal requirements and regulations and will operate in the most ethical and responsible way and ensure zero human rights violations in its operations.

NO CHILD LABOUR POLICY

The Company endeavours to provide a conducive working environment that is characterised by equality and mutual respect and will not tolerate the use of child or forced labour, nor exploitation of children in any of the operations in Malaysia and overseas.

NO ILLEGAL FOREIGN LABOUR POLICY

The Company is committed to ensuring all foreign labour are recruited ethically and professionally in line with the labour laws and regulations of the country and jurisdictions we operate in. We strictly prohibit the employment of illegal foreign labour. We ensure that all foreign labours possess valid and authorised work permits, visas, or other necessary documents as required by the country- governing laws in countries wherein we operate.

The Company has also recently shared the following existing policies that are now made available on our website at www.pestech-international.com:

i. **Quality Policy** – our commitment to provide high quality products and services and we shall build a culture of service excellence
ii. **Occupational Health and Safety (OHS) Policy** - we aim to practice safety precaution such as prevention of work-related injury and ill-health to achieve zero reportable accident
iii. **Environment Sustainability Policy** – we shall practice environmental conservation through responsible use of natural resources such as water; forests; fossil fuels and to practice environmental protection through programs that are aimed at reducing the risks to the environment from contaminants such as hazardous materials, and wastes.

Remark List

PIB	PESTECH International Berhad
PSB	PESTECH Sdn. Bhd.
PEN	PESTECH Energy Sdn. Bhd.
PTE	PESTECH Technology Sdn. Bhd.
PTR	PESTECH Transmission Sdn. Bhd.
PCL	PESTECH (Cambodia) PLC.

*1 *1 - FP 2023 covers 15 months starting from 1 July 2022 to 30 September 2023
*a - Data reported by PSB
*b - Data reported by PSB and PTE
*c - Data reported by PIB, PSB, PTE and PTR
*d - Data reported by PIB, PSB, PTE, PTR and PCL

*2 FYE 2022 covers period starting from 1 February 2022 to 30 June 2022

*3 FP 2023 covers period starting from 1 July 2023 to 30 September 2023

*4 Data reported by PSB only

*5 Data reported by PSB, PTE and PEN

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("**Board**") and management of PESTECH International Berhad ("**PESTECH**", "**PIB**" or "**Company**") recognise the importance of good corporate governance and are committed towards upholding high standards of corporate governance for long-term sustainable business and corporate development, and to continuously protect and enhance shareholders' value.

The Board presents this Corporate Governance Overview Statement ("**Statement**") to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board for the financial period of 15 months from 1 July 2022 to 30 September 2023 ("**Financial Period**"). The overview takes guidance from the key corporate governance principles as set out in the Malaysian Code on Corporate Governance ("**MCCG**").

The Board adopts and applies the principles necessary to ensure good corporate governance as set out in the MCCG and expounded in Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**MMLR**") and shall be read together with the Corporate Governance Report ("**CG Report**") of the Company which provides details on how the Company has applied each practice as set out in the MCCG. The CG Report can be downloaded from the Company's website at www.pestech-international.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

Board of Directors

The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations, the Board assumes responsibility in the following areas:

- retain full and effective control over the Company, and monitor management in implementing Board plans and strategies;
- ensure that a comprehensive system of policies and procedures is operative;
- identify and monitor non-financial aspects relevant to the business;
- ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and the Company's own governing documents and codes of conduct;
- strive to act above and beyond the minimum requirements and benchmark performance against international best practices;
- define levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions;
- act responsibly towards the Company's relevant stakeholders; and
- be aware of, and commit to, the underlying principles of good governance and that compliance with corporate governance principle.

The Board is responsible for the performance and affairs of the Company and its subsidiaries (collectively "**the Group**"). It also provides leadership and guidance for setting the strategic direction of the Group.

The Board has assigned the day-to-day affairs of the Group's businesses within the various divisions to the Management of the main operating companies, who are accountable for the conduct and performance of their businesses within the agreed business strategies.

The Managing Director and Group Chief Executive Officer ("**MD & GCEO**") together with the heads of the main operating companies are involved in leadership roles overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities. They represent the Company at the highest level and are decision makers on matters within their scope to drive the Group forward.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

All Board members take cognisance of their fiduciary duties and responsibilities for the overall corporate governance of PIB. To fulfil its roles, the Board delegates certain responsibilities to the Board Committees, operating within defined terms of reference, to assist the Board in the execution of its duties and responsibilities. These Committees report to the Board on their respective matters and make recommendations to the Board for final decision.

PIB's Board Committees include, Audit Committee ("**AC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**").

Sustainability

PESTECH's approach to sustainability includes a focus on developing and creating sustainable energy generation for the development and construction for electrical infrastructure in service to the community all over the world, which aligns with the Company's vision of being 'Consistently Dependable & Value Add as a Sustainable Electrical Infrastructure Builder'.

Recognising the need to transition to sustainable electric generation, the Board of Directors and management commit to driving change through innovation in order to reinforce sustainability in our operations and management.

During the year, the Board delegates the governance of sustainability to a newly formed committee, namely Sustainability and Risk Management Committee ("**SRMC**") in place of the Business Sustainability Working Group, where sustainability and risk management are now combined with the same governance structure for effective implementation across the Group. SRMC is tasked to drive the sustainability initiatives in line with the Sustainability Development Goals and Global Reporting Initiatives standards with strategic thrust from the Board by based upon the following principles:-

- To observe and comply with all relevant legislations, regulations and codes of practice.
- To consider sustainability issues and integrate these considerations into our business decisions.
- To promote and ensure that all employees are aware of, and are committed to, implementing and measuring sustainability activities by considering environmental, social and governance ("**ESG**") factors.
- To continuously strive to improve our sustainability performance.

Executive Chairman ("EC") and MD & GCEO

As per Practice 1.3 of the MCCG, the positions of the EC and MD & GCEO are held by two (2) different individuals. The distinct and separate roles of the EC and MD & GCEO with their clear division of responsibilities ensure that there is a balance of power and authority, such that no one has unfettered decision-making powers.

The EC represents the Board to the shareholders and potential investors, and provides Board leadership on policy formation, decision making and oversight of management. The EC monitors the activities of the management, charting direction along with the MD & GCEO and provide guidance, where necessary.

Company Secretaries

The Company Secretaries of the Company are Fellow members of the Malaysian Institute of Chartered Secretaries and Administrators and member of the Malaysian Institute of Accountants. They are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 ("**the Act**").

The Company Secretaries assist the Board and its Committees to function effectively and in accordance with their respective Terms of Reference and best practices and ensuring adherence to the existing Board's policies and procedures. The Company Secretaries are responsible to ensure the proper conduct of the meetings according to the rules and regulations as well as the Company's Constitution. They also ensure that the Board's deliberations at meetings are properly minuted. The Company Secretaries have always supported the Board and played an important role to facilitate the overall compliance with the Act, the MMLR of Bursa Securities and other relevant laws and regulations.

The Company Secretaries had attended the necessary training programmes, conferences, seminars and/or forums organised by the Companies Commission of Malaysia, MAICSA, the Securities Commission ("**SC**") and Bursa Securities to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and to provide the necessary advisory role to the Board.

Supply of Information

The Directors, whether as the entire Board or under their respective individual capacity, have full and unrestricted access to all information and documentations pertaining to the Group's business and affairs to enable them to discharge their duties effectively.

Notices of meetings and meeting papers are targeted to be circulated to the Board members seven (7) working days prior to the scheduled Board meetings to ensure sufficient time for all Board members to review and deliberate on such matters accordingly and, where required, to obtain further information and clarification to facilitate well-informed decision making during the meeting. For matters which require the Board's decision on an urgent basis outside of Board Meetings, board papers along with resolutions in writing will be circulated for the Board's consideration. All circular resolutions approved by the Board are tabled for notation at the next Board Meeting.

The Board is also regularly updated and advised on new regulations, guidelines or directives issued by Bursa Securities, SC and other relevant regulatory authorities.

The Board encourages the attendance of senior management as well as officers of the Group at its Board and Committees meetings to discuss pertinent issues arising from the Group's operations and the Board has unrestricted access to the management at any time.

The Board could conduct or direct any investigation to fulfil its responsibilities and could retain, at the Company's expense (where appropriate), any legal, accounting or other services that it considers necessary to perform its duties.

Board Charter

The Company has established and adopted a Board Charter which serves as a reference point for Board activities. In the Board Charter, the Board has established a formal schedule of matters reserved to the Board for its deliberation and decision in order to enhance the delineation of roles between the Board and Management, as well as to ensure the direction and control of the Group's operations are in the Board's hands. The Board Charter was reviewed on 28 November 2023 and is publicly available on the Company's website at www.pestech-international.com.

Directors' Code of Conduct

PIB's Directors' Code of Conduct is to provide guidance to the Board in upholding the confidence of shareholders and other stakeholders in the Company's integrity and to encourage high standards of honesty, probity, ethical and law-abiding behaviour expected of Directors. All Directors are expected to conduct with the highest degree of integrity and professionalism.

The Directors' Code of Conduct was reviewed on 28 November 2023 and is publicly available on the Company's website at www.pestech-international.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Code of Ethical Conduct

The Company sets high standards of behaviour and uses those values embedded in the Code of Ethical Conduct to build substance in the Company's character, credibility and reputation that are observable through individual behaviour, individually and collectively as a team and as a company.

In serving customers and in dealing with suppliers, vendors and subcontractors, the Company strives to put their interest ahead of other personal interests in order to uphold the Company's reputation and their confidence with PIB. The Company is committed to provide efficient, effective and excellent products and services in an impartial manner.

Whistle-Blowing Policy

The Whistle-Blowing Policy ("**Policy**") allows the management to take appropriate preventive and corrective actions within the Company without the negative effects that come with public disclosure, such as loss of the Company's image or reputation, financial distress, loss of investor confidence or drop in value of share prices.

This Policy is designed to facilitate any persons to disclose any improper conduct (misconduct or criminal offence) through internal channel. Such misconduct or criminal offences include the following:-

a) Fraud;

b) Bribery, illicit and corrupt practice;

c) Abuse of Power;

d) Sexual harassment;

e) Criminal breach of trust;

f) Theft or embezzlement;

g) Misappropriation of Company's assets and property;

h) Misuse of confidential information; or

i) Acts or omissions which are deemed to be against the interests of the Company, laws, regulations or policies.

The Policy is available on the Company's website at www.pestech-international.com.

As at the date of this Statement, the Company has not received any complaints under this procedure.

2. BOARD COMPOSITION

Composition and Board Balance

PIB's Board comprises individuals with sturdy integrity fostered with extensive knowledge and experience in their respective professional backgrounds, i.e., engineering, quality, health and safety, corporate finance, accounting, information communication technology as well as banking and investment.

The Board currently has seven (7) members comprising one (1) EC, one (1) MD and GCEO, one (1) Executive Director and four (4) Independent Directors. The composition of the Board complies with the requirements of Paragraph 15.02 of the MMLR.

Practice 4.1 of the MCCG states that at least half of the Board shall comprise Independent Directors. The Board currently comprises three (3) Executive Directors and four (4) Independent Non-Executive Directors, where more than 50% of the Board members are Independent Directors. The Board is of the view that the shareholders are best served by an EC who has great passion in building the Company coupled with an in-depth understanding of the industry that PIB is involved in. Thus, the EC would be able to safeguard the best interest of the shareholders as a whole.

The Group practices non-discrimination in any form whether based on age, gender, ethnicity nationality, political affiliation, religious affiliation, marital status, education background or physical ability throughout the organisation and this includes the selection of Board members. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company. Currently, the Company has appointed 2 women directors and has reached near to 30% women directors on the Board. The Company is committed to achieving at least 30% women directors on the Board as recommended by the MCCG.

In addition, our Senior Independent Non-Executive Director, Ir. Amir Bin Yahya serves as a sounding board for the EC, acts as intermediary for other directors and the point of contact for shareholders and other stakeholders. He provides an additional channel for Independent Directors to voice any opinions or concerns that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to raise in open forum.

Annual Assessment of Independence of Directors

The Board, with the assistance of the NC, is required to review the independence of the Company's Independent Non-Executive Directors on an annual basis. The Board adopts the definition of an 'Independent Non-Executive Director' as provided by the MMLR, and such definition is used as criteria for Directors' independence assessment, which has been carried out at the date of this Statement.

Practice 4.2 of the MCCG states that the tenure of an Independent Director should not exceed a cumulative of nine (9) years. Upon completion of the nine (9) years' term, an Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director or the Board to seek annual shareholders' approval with justification through a two-tier voting process if the Board intends to retain an Independent Non-Executive Director who is beyond nine (9) years' term.

In line with the above recommendation, the Board views that the objectivity of an Independent Director may no longer be remain independent due to the familiarity with the management and corporate affairs of the Company. As such, the Company does not have any Independent Non-Executive Director who has served more than nine (9) years as at the date of this Statement.

Board Diversity

The Company has adopted a Board Diversity Policy, which sets out the approach to diversity on the Board of Directors and the Senior Management level.

In approaching towards diversity on the Board of Directors, the Board does not discriminate on the basis of age, gender, ethnicity, nationality, political affiliation, religious affiliation, marital status, education background or physical ability nor does it have any in its process to recruit or retain its members or Senior Management. The Board Diversity Policy does not set any specific target on the composition in terms of gender, age or ethnic of its Board members or members of Senior Management. However, the Board is well represented by individuals drawn from distinctly diverse professional backgrounds who have distinguished themselves in the engineering, quality, health and safety, corporate finance, accounting, information communication technology, banking and investment. The Board is, thus, capable of manoeuvring the strategic direction of PIB by taking into account inputs from various perspectives and gather ideas from different expertise. Presently, PIB has two (2) women directors on the Board and the two (2) Key Senior Management of the Company are female.

Nomination Committee

The NC is entrusted to be responsible for the identification and recommendation of new appointments of Executive and Non-Executive Directors to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The capabilities and qualities of the candidates to be appointed as Board members as well as Board Committee members will be assessed accordingly taking into account the individual's skills, competencies, knowledge, experience, expertise, professionalism and integrity. The NC has a formal assessment mechanism in place to assess the Board, Board Committees and individual Directors on an annual basis. Such a formal assessment was conducted for the Financial Period, and was guided by the Corporate Governance Guide, taking into consideration the following key elements for assessment:

- appropriate size, composition, independence, mix of skills and experience within the Board and the Board Committees;
- clear definition of the Board and Board Committees' roles and responsibilities;
- effectiveness of the Board and Board Committees in carrying out their roles and responsibilities as stipulated in the Board Charter and/or Terms of Reference;
- sufficiency and relevance of knowledge and expertise of individual Directors in their respective capacity as members of the Board and Board Committees.

All assessments and evaluations carried out as well as comments made during the process are properly documented and minuted. The NC also oversees the succession planning of the Senior Management and diversity at Senior Management level is also taken into consideration.

The NC comprises exclusively of Independent Non-Executive Directors:-

Chairman : Ir. Amir Bin Yahya (*Senior Independent Non-Executive Director*)

Member : Mr. Ng Chee Hoong *(Independent Non-Executive Director)*
Ms. Hoo Siew Lee *(Independent Non-Executive Director)*

The NC shall meet as and when required, at least once a year. During the Financial Period, the NC held four (4) meetings and carried out the following activities:-

- reviewed on the AC members' Self/Peer Evaluation Form and AC Evaluation Form and evaluated on the AC members;
- conducted the annual assessment on the effectiveness of the Board as a whole and the committees and contribution and performance of each individual director;
- reviewed the renewal of terms of office of the directors;
- reviewed and recommended on the re-election and re-appointment of the directors who would be retiring at the Eleventh Annual General Meeting ("**AGM**") the upcoming Twelfth AGM; and
- conducted annual assessment on independence for the independent directors.

On 19 January 2024, the NC also reviewed and recommended on the re-election of the Directors who would be retiring at the Thirteenth AGM, which will be held on the same day as the Twelfth AGM.

In accordance with PIB's Board Charter and in line with its Constitution ("**Constitution**"), all Board members are subject to retirement by rotation and re-election by the shareholders at least once every three (3) years while any Director so appointed shall hold office only until the next following annual general meeting when he shall retire but shall then be eligible for re-election but he shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

At the Twelfth AGM, Mr. Lim Ah Hock and Ir. Amir Bin Yahya will retire by rotation pursuant to Article 118 of the Company's Constitution and being eligible, had offered themselves for re-election.

At the Thirteenth AGM, Mr. Ng Chee Hoong and Ms. Hoo Siew Lee will retire by rotation pursuant to Article 118 of the Company's Constitution and being eligible for re-election. Ms. Hoo Siew Lee has offered herself for re-election as Director at the Thirteenth AGM. However, Mr. Ng Chee Hoong has expressed his intention not to seek for re-election at the Thirteenth AGM due to his personal time commitment.

In line with Practice 6.1 of the MCCG 2021, the Board, through the NC, has conducted an assessment on the suitability of the directors who are seeking re-election at the Twelfth AGM and Thirteenth AGM of the Company and agreed that the aforesaid directors who are standing for re-election meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as directors.

Board Meetings

The Board meets at least once in every quarter and additional meetings are convened as and when necessary. There were 21 Board meetings held during the Financial Period and the attendance record of the Directors is as follows:

Directors	Meetings attended
Lim Ah Hock	20/21
Paul Lim Pay Chuan	21/21
Stanley Lim Peir Shenq	21/21
Ir. Amir Bin Yahya	19/21
Ng Chee Hoong	21/21
Hoo Siew Lee	21/21
Helen Tan Miang Kieng	20/21

All proceedings of the Board meetings are duly minuted and signed off by the Chairman of the meeting. All Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the MMLR.

Each Board member is expected to commit sufficient time to carry out his/her role as Director and/or member of the Board Committees which they are part of. While it is impossible to be specific about the actual or maximum time commitment, all Directors are expected to devote such time as is necessary to attend all Board and committee meetings, AGM/Extraordinary General Meeting, Directors' training, Company's events, meetings with various stakeholders and site visits.

A Director is expected to advise the Chairman of the Board, of his intention to join the Board of another public listed company outside the Group. In doing so, the Director is expected to indicate the time commitment with respect to the new appointment. If necessary, the Chairman will consult with the rest of the Board members as to whether the proposed new appointment is likely to impair his role as Director of the Company.

In any given circumstances, in accordance with the provision of the MMLR, members of the Board are expected to serve in not more than five (5) public listed companies.

The EC and MD & GCEO, do not serve as a director of other listed companies outside the Group.

The Directors and Committees are being assessed by the NC through the following annual assessments once every year:

(i) Board Performance Evaluation;

(ii) Self/Peer Performance Evaluation;

(iii) AC members' Self/Peer Evaluation; and

(iv) AC Evaluation.

Directors' Training

All Directors of PIB have attended the Mandatory Accreditation Program ("**MAP**") as prescribed by the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board members attended the following training programs and seminars to further broaden their perspective, skills, knowledge and to keep abreast with the relevant changes in pertinent rules, guidelines and regulations.

During the Financial Period, the continuous education programmes attended by Directors comprise the following:-

Name	Training	Date
Lim Ah Hock	1. Advocacy Sessions for Directors and CEOs of listed issuer 2. Big Reveal during Grand Webinar	17 August 2023 30 January 2023
Paul Lim Pay Chuan	1. OCBC - 2023 Economic Outlook 2. Malaysia Global Connect – Export & Green programme Webinar 3. FMM Sustainability Conference : Equipping Business for Sustainability Transition	11 January 2023 25 September 2023 27 September 2023
Stanley Lim Peir Shenq	A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs	14 April 2023
Ir. Amir Bin Yahya	Nil	Nil
Ng Chee Hoong	1. National Tax Conference 2022 2. Invest Malaysia – Strengthening Resilience and Sustaining Growth 3. Get ready for ISSB Sustainability Disclosure 4. 2023 Budget seminar 5. Sustainability Assurance: Current Landscape and Factors to be Considered in relation of Assurance on Sustainability Related Information 6. Understanding Tax Deductibility 7. National Tax Conference 2023 8. Complimentary Webinar on ISQM 1: Challenges Faced, Obstacles Overcame and Lessons Learnt	2 & 3 August 2022 8 March 2023 14 March 2023 6 April 2023 18 April 2023 15 May 2023 1 & 2 August 2023 3 August 2023
Hoo Siew Lee	A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs	14 April 2023
Helen Tan Miang Kieng	1. Technology Driving the Future of GIG Economy 2. The evolution of the internet – The Metaverse and Decentralised Finance 3. 12th Malaysia Plan – Challenges and Opportunities	17 August 2022 14 November 2022 18 July 2022

Ir. Amir Bin Yahya has not attended any training during the Financial Period due to his own personal commitment. The Directors will continue to participate in future training programs and seminars from time to time as necessary to enable them to discharge their duties and responsibilities more effectively.

3. REMUNERATION

Remuneration Committee

The RC comprises exclusively of Independent Non-Executive Directors:-

Chairman : Ms. Hoo Siew Lee *(Independent Non-Executive Director)*

Members : Ir. Amir Bin Yahya *(Senior Independent Non-Executive Director)*
Ms. Helen Tan Miang Kieng *(Independent Non-Executive Director)*

The Board has adopted a Remuneration Policy for Directors and Senior Management, which is clear and transparent, designed to support and drive business strategy and long-term objectives of PIB.

The Board determines the level of remuneration paid to Directors within the limitations imposed by the shareholders. The levels and make-up of the remuneration are designed to be such that it is sufficient to attract and retain experienced and knowledgeable Board members needed to run the Group successfully in order to deliver long-term value to its shareholders.

The remuneration of the Executive Directors is structured at such that it is linked to the corporate and individual performance. The Non-Executive Directors will receive remuneration packages which reflect the relevant experience, expertise and level of responsibilities undertaken by the respective Non-Executive Director. The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director will abstain from the Board's deliberation and decision on his own remuneration.

The RC shall meet as and when required, at least once a year. During the Financial Period, the RC held two (2) meeting and carried out the following activities:-

- reviewed and recommended the proposed remuneration packages of the EC and MD & GCEO for the financial years ended 30 June 2023 and 30 June 2024;
- reviewed and recommended the directors' fees for the financial years ended 30 June 2023 and 30 June 2024;
- reviewed on benefits payable to Directors under Section 230(1) of the Act 2016.

The details of remuneration of Directors who served during the Financial Period are as follows:-

	Salaries & other emoluments (RM)	Fees (RM)	Benefits (RM)	Meeting Allowance (RM)	Total (RM)
Company					
Lim Ah Hock	1,829,990	-	33,995	-	1,863,985
Lim Pay Chuan	1,700,819	-	43,973	-	1,744,792
Lim Peir Shenq	344,071	-	-	-	344,071
Ir. Amir Bin Yahya	-	60,000	-	54,000	114,000
Ng Chee Hoong	-	60,000	-	57,500	117,500
Hoo Siew Lee	-	60,000	-	57,000	117,000
Helen Tan Miang Kieng	-	60,000	-	46,500	106,500
Group					
Lim Ah Hock	2,819,201	-	33,995	-	2,853,196
Lim Pay Chuan	2,690,030	-	43,973	-	2,734,003
Lim Peir Shenq	344,071	-	-	-	344,071
Ir. Amir Bin Yahya	-	60,000	-	54,000	114,000
Ng Chee Hoong	-	60,000	-	57,500	117,500
Hoo Siew Lee	-	60,000	-	57,000	117,000
Helen Tan Miang Kieng	-	60,000	-	46,500	106,500

The numbers of key senior management whose total remuneration fall within the following bands:-

Range (RM)*	Number of Key Senior Management
400,001 – 450,000	1
450,001 – 500,000	1

* *Successive bands of RM400,000 and below are not shown entirely as they are not represented.*

The Board is of the opinion that the disclosure on the remuneration of the Key Senior Management on a named basis would not be in the best interest of the Group due to confidentiality and personal security concern. The Board will ensure that the remuneration of the Key Senior Management commensurate with their duties and responsibilities, the performance of the Company and on par with the market payouts.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

4. AUDIT COMMITTEE

The AC of the Company comprises exclusively Independent Non-Executive Director, which is in compliance with the MMLR of Bursa Securities. The details of activities carried out by the AC during the Financial Period are set out in the AC Report of this Annual Report.

All the members of the AC are financially literate and have necessary skills, financial experience and expertise to discharge their duties effectively. Other than overseeing the financial reporting and performance of the Group, the AC also ensure that there is a proper co-ordination between both of the internal and external auditors in order for the AC to be fully informed on any significant financial matter that may impact the Group.

Cooling period of a Former Key Audit Partner

The terms of reference of the AC stated that a cooling-off period of at least three (3) years to be observed before the appointment of a former key audit partner as a member of the AC.

None of the members of the Board were former key audit partner and the Board has no intention to appoint any former key audit partner as a member of the Board.

Financial Reporting

The Board is committed to ensure that the financial statements are prepared and presented in a balanced and fair manner in accordance with the Act and the applicable approved accounting standards in Malaysia in order to accurately reflect the Group's financial position and prospects.

The Group also releases unaudited quarterly financial results on a timely basis in addition to the Annual Report. These quarterly financial results are accessible via Bursa Securities and PIB's website at www.pestech-international.com.

Internal Control

The Board has the fiduciary responsibility for maintaining a sound system of internal controls, which provides a reasonable and sound assessment of the effectiveness and adequacy of the Group's internal controls, operations and compliance with rules and regulations. This is to ensure shareholders' investments, customers' interests and the Group's assets are well safeguarded.

The AC periodically reviews the effectiveness of the Group's internal control systems and works closely with the Internal Auditors to review audit recommendations and management's responses towards these recommendations.

Relationship with Auditors

The External Auditors are regularly invited to attend the AC meetings for discussion with the AC. The External Auditors would be able to highlight matters requiring the attention of the Board in terms of compliance with relevant accounting standards and other related regulatory requirements.

The Board and the AC emphasise greatly the objectivity and independence of PIB's External Auditors in providing relevant, professional and transparent reports to its shareholders. In assessing the independence of External Auditors, the AC obtains confirmation from the External Auditors, indicating that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants throughout the audit engagement in respect of the financial period under review.

The AC considers the reappointment, remuneration and terms of engagement of the External Auditors annually. The review procedures entail the use of the prescribed External Auditors Evaluation Form, with emphasis of evaluation on the independence and service level of the External Auditors, which amongst others, include reviewing the External Auditors' performance and quality of work, ability to meet deadlines, timeliness of service deliverables, non-audit services provided and the Engagement Partner's and the Partner's rotation.

The AC, after due deliberations had recommended the reappointment of Messrs. Grant Thornton Malaysia PLT as External Auditors for the Financial Period. The Board at its meeting held on 19 January 2024 approved the AC's recommendation. The appointment of Messrs. Grant Thornton Malaysia PLT will be presented for shareholders' approval at the forthcoming Twelfth AGM and Thirteenth AGM.

Provision of Non-Audit Services

The AC, which assists the Board in overseeing the financial reporting process of the Company, has formalised a Non-Audit Services Policy governing the types of non-audit services permitted to be provided by the External Auditors. The Non-Audit Services Policy provides for safeguards, which may be considered, including having an engagement team different from the external audit team to provide the non-audit services.

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management Framework

The Board regards risk management and internal controls as an integral part of the overall management processes. As such, the Board has established an Enterprise Risk Management ("ERM") framework to identify and manage significant risks faced in the Group's operations.

The Board acknowledges their overall and ultimate responsibility for overseeing the Group's risk management and internal control systems ("**RMIC Systems**") as well as reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investment and the Group's assets. The RMIC Systems cover, inter alia, the financial, operational and compliance controls of the Group. However, the RMIC Systems provide reasonable but not absolute assurance against material misstatement, loss and fraud that may hinder the Group from achieving its business objectives.

During the Financial Period, the Group's risk management function had combined with sustainability and are both under the purview of the SRMC. The governance structure established for implementing the Group's RMIC Systems and further details are stated in the Statement of Risk Management and Internal Control.

Internal Audit Function

The Board outsourced the internal audit function to Tricor Axcelasia Sdn. Bhd. ("Tricor" or "Internal Auditors"). The Internal Auditors reports directly to the AC on the adequacy and effectiveness of the system of internal controls in the operating units and the extent of compliance to the established processes, policies and procedures and applicable laws and regulations. The internal audit carried out by Tricor is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors.

The AC reviewed the Internal Audit Reports presented by Tricor during the AC meeting.

The Internal Auditors has adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the major business functions of the Group, and in accordance with the internal audit plan approved by the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

6. COMMUNICATION WITH STAKEHOLDERS

The Board has formalised Corporate Disclosure Policy aimed to assist the Board in furnishing information which is comprehensive and accurate and is made on a timely basis without any bias to selective disclosure.

The Company's corporate website at www.pestech-international.com serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests.

The Board has earmarked a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, terms of reference, policies and the Company's Annual Report may be accessed.

7. CONDUCT OF GENERAL MEETINGS

Annual General Meeting

The AGM is the main forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the annual report at least 28 days before the meeting. This allows shareholders sufficient time to make necessary arrangements to attend and participate in person or by proxies. Ample opportunity is given to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group and communicate relevant concerns and expectations. All Board members, senior management and the Group's External Auditors as well as the Company Secretaries are available to respond to shareholders' questions during the AGM as the case may be.

Poll Voting

The Company has been leveraging on technology for conduct of meeting with shareholders and deploying electronic poll voting and will continue the same in future general meetings. At the Eleventh AGM held on 25 November 2022, the meeting was conducted via fully virtual and live-streamed from the broadcast venue where remote participation and voting facilities were being deployed.

The Company will continue exploring the use of technology to allow voting in absentia or remote shareholders' participation. The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefit to the Company.

Dialogue between the Company and Shareholders/Investors

PIB believes that having effective and productive communication with its shareholders and investors is essential in ensuring good corporate governance and to improve disclosure and transparency.

Dissemination of information to PIB's shareholders, investors and the public is executed through timely announcements and disclosure via Bursa LINK, press releases, press conferences and media/ analyst briefings. PIB also maintains its own website at www.pestech-international.com to enable easy and convenient access of up-to-date information pertaining to the Group.

Key Focus Areas and Future Priorities

The Board will continue to strengthen the Company's existing corporate governance framework, policies and practices in order to safeguard the interest of all stakeholders.

AUDIT COMMITTEE **REPORT**

The Board of Directors ("the Board") is pleased to present the Audit Committee ("AC") Report for the financial period ended 30 September 2023 ("Financial Period").

A. COMPOSITION

As of the date of this AC Report, the AC comprises exclusively of Independent Non-Executive Directors:-

Chairman : Mr. Ng Chee Hoong *(Independent Non-Executive Director)*

Members : Ir. Amir Bin Yahya *(Senior Independent Non-Executive Director)*
Ms. Hoo Siew Lee *(Independent Non-Executive Director)*
Ms. Helen Tan Miang Kieng *(Independent Non-Executive Director)*

B. MEETINGS AND ATTENDANCE

During the Financial Period, the AC held a total of seven (7) meetings. The details of the attendance of the AC Members are as follows:-

Directors	Meetings attended
Mr. Ng Chee Hoong	7/7
Ir. Amir Bin Yahya	7/7
Ms. Hoo Siew Lee	7/7
Ms. Helen Tan Miang Kieng	7/7

C. TERMS OF REFERENCE

The full Terms of Reference of the AC, outlining the AC's composition, retirement and resignation, proceeding of meeting, authority, duties and responsibilities, is available in the Company's website at www.pestech-international.com.

D. SUMMARY OF WORK OF THE AC DURING THE FINANCIAL PERIOD

The works carried out by the AC for the Financial Period are summarised as follows:-

i. Financial reports

a) Reviewed of the quarterly financial statements pertaining thereto and made recommendations to the Board of Directors ("Board") for approval of the same as follows:-

Month	Review of Quarterly Financial Statements/Audited Financial Statements
August 2022	Unaudited Results for Fourth Quarter ended 30 June 2022
October 2022	Audited Financial Statements for the financial year ended 30 June 2022
November 2022	Unaudited Results for First Quarter ended 30 September 2022
February 2023	Unaudited Results for Second Quarter ended 31 December 2022
May 2023	Unaudited Results for Third Quarter ended 31 March 2023
August 2023	Unaudited Results for Fourth Quarter ended 30 June 2023

AUDIT COMMITTEE REPORT

The review was to ensure the Company's quarterly results were prepared in accordance with the:-

- Malaysian Financial Reporting Standards;
- Malaysian Financial Reporting Standards 134 - Interim Financial Reporting Standards
- Disclosure provisions of the Main Market Listing Requirements of Bursa Securities; and
- Companies Act 2016.

b) The AC noted and received the Audit Completion Report for the Financial Year Ended ("FYE") 30 June 2022 prepared by Grant Thornton Malaysia PLT ("GT Malaysia" or "External Auditors").

c) The AC reviewed and recommended to the Board for approval of the audited financial statements of the Company and the Group for the FYE 30 June 2022 to ensure that it presented a true and fair view of the Company and the Group's financial position and performance for the year and complied with all the regulatory requirements in all material respects.

d) In addition, the AC had reviewed GT Malaysia's Audit Planning Memorandum for FYE 2023 for the Group, which outlined the responsibilities and scope of work, anticipated key audit matters, and reporting timelines for the FYE 30 June 2023 and the external auditors' fees. On 17 October 2023, the Group had changed its financial year end from 30 June to 30 September. Nonetheless, the scope and coverage in the Audit Planning Memorandum for the FYE 2023 for the Group as presented by GT Malaysia remains unchanged except for extending the audit to cover another three (3) months' period.

ii. External Auditors

a) During the meetings with the External Auditors, the AC discussed with GT Malaysia and considered the significant accounting adjustment and auditing issues arising from interim audit as well as the final audit with GT Malaysia. The AC also had two (2) private discussions with GT Malaysia during the FYE 2023 without the presence of Management and Executive Directors. The private sessions allowed the AC to ask questions on matters that might not have been specifically addressed as part of the audit. The private sessions allowed the External Auditors to provide candid, confidential and comments to the AC on matters that require their attention.

b) GT Malaysia declared their independence and confirmed that they were not aware of any relationship between GT Malaysia and the Group that, in their professional judgement, might reasonably be thought to impair their independence.

c) Evaluated the performance of GT Malaysia based on criteria such as calibre, quality processes, independence, audit team, audit scope, audit communication and as well as the audit fees. The AC was satisfied that the External Auditors were able to meet the audit requirements and statutory obligations of the Company and their professional independence and objectivity as External Auditors of the Company. Following this evaluation, the AC recommended to the Board for approval, which the Board had accepted the AC's recommendation, for the re-appointment of the GT Malaysia as the Company's External Auditors at the forthcoming Annual General Meeting, subject to shareholders' approval.

iii. Internal Audit

The Company has outsourced its internal audit function to Tricor Axcelasia Sdn. Bhd., an independent professional services firm, to assist the AC in discharging its duties and responsibilities more effectively. The total cost incurred for the internal audit function in respect of the Financial Period was RM67,500.

During the Financial Period, the AC reviewed and discussed with the Internal Auditors, the Internal Audit Reports which covered the internal control review as follows:-

- Management of overseas subsidiaries operations;
- Recurrent related party transactions;
- Business Continuity Management; and
- Project Management Execution Stage.

The AC reviewed and accepted the Internal Audit Strategy Document for FYE 30 June 2024 ("IAS") as presented by the Internal Auditors. The internal audit plan was revised by including an additional cycle 5 arising from the change in the financial year end of the Group from 30 June to 30 September.

The AC also reviewed the significant audit findings and recommendations to improve any weakness or non-compliance, and the respective Management's responses thereto during the meetings.

The AC had also conducted two (2) private sessions with the Internal Auditors without the presence of Management and Executive Directors.

iv. Recurrent Related Party Transactions ("RRPTs")

On quarterly basis and as and when the need arises, the AC reviewed the RRPTs of the Group to determine if the transactions entered into by the Group were within the shareholders' mandate, in relation to the nature, terms and value limits of the transactions, including "arm's lengths" terms of trade as well as the Group's methodology in identifying, monitoring and disclosure of related party transactions within the Group.

v. Annual Report

The AC reviewed and recommended to the Board for approval, the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company.

vi. Circular to Shareholders

The AC reviewed and recommended to the Board for approval, the draft Circular to Shareholders in respect of the following proposals:-

- Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature; and
- Proposed Renewal of Share Buy-back authority of up to 10% of the total number of issued shares of the Company.

E. INTERNAL AUDIT FUNCTION

The AC takes cognisance that an independent and adequately resourced internal audit function is critical in ensuring the effectiveness of the Group's system of internal controls. The Internal Auditors report directly to the AC in its effort to maintain a sound system of internal control. The Internal Auditors are guided by its Audit Charter in its independent appraisal functions.

The main objectives of the internal audit function for the Group are to assess whether the procedures, systems and controls of the key business processes are adequate and effective to meet the requirements of compliance with relevant laws, regulations, policies and procedures, reliability and integrity of information and safeguarding of assets.

During the Financial Period , the Internal Auditors had performed internal control reviews based on the agreed internal audit plan. The outcome of those internal control reviews that were reported to the AC includes identification of risk and impact of any issues noted during the audit, Management's responses and agreed action plans to resolve them.

The AC also reviewed internal audit reports issued by the Internal Auditors and the effectiveness and adequacy of the corrective actions taken by Management on all major matters raised.

This AC Report is approved by the AC and Board on 19 January 2024.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

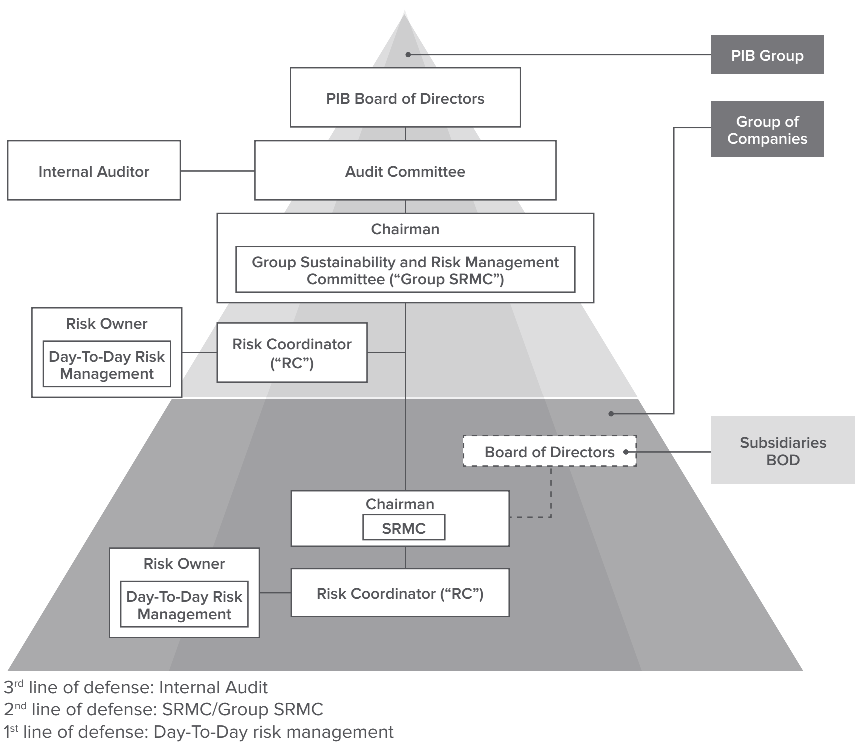
The Board of Directors ("the Board") is pleased to present the statement on risk management and internal control pursuant to Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"), which is made in line with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") issued by Bursa Malaysia Securities Berhad. This Statement outlines the nature and scope of the risk management and internal controls of the Group during the Financial Period from 1 July 2022 to 30 September 2023 ("Financial Period"), until the date of this Statement.

BOARD'S RESPONSIBILITY

The Board acknowledges their overall and ultimate responsibility for overseeing the Group's risk management and internal control systems ("RMIC Systems") as well as reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investment and the Group's assets. The RMIC Systems cover, inter alia, the financial, operational and compliance controls of the Group. However, the RMIC Systems provide reasonable but not absolute assurance against material misstatement, loss and fraud that may hinder the Group from achieving its business objectives.

During the Financial Period, the Sustainability and Risk Management Committee ("SRMC") was formed to report to the Audit Committee ("AC") and Board in reviewing the adequacy, integrity and effectiveness of the RMIC Systems. The governance structure was established for implementing the Group's RMIC Systems is as follows:-

PESTECH International Berhad and Group of Companies
Risk Management Governance Structure



The AC is also assisted by an outsourced Internal Auditors who carries out its functions independently with a risk-based approach and provides assessments as whether risks are being adequately evaluated, managed and controlled. It further evaluates the effectiveness of the governance, risk management and internal controls framework and facilitates enhancement, where appropriate.

RISK MANAGEMENT FRAMEWORK

Effective risk management is an essential part of good corporate governance that forms part of the Company's business management practice. The Group is highly committed in ensuring that it has an effective and efficient risk management framework to allow the Group to be able to identify, evaluate, monitor and manage those risks. This will assist the Group immensely in its quest to achieve its targeted business objectives within the defined and acceptable risk parameters.

The Risk Management framework ensures that pertinent roles, responsibilities and accountabilities on risk management are clearly defined and communicated at all levels.

The Risk Management Framework covers the six (6) key elements as below such that any key risk or significant control weaknesses could be identified, assessed, reported, monitored and duly rectified timely and effectively:-

- Risk Strategy & Appetite
- Risk Governance
- Risk Culture
- Risk Assessment & Measure
- Risk Management & Monitoring
- Risk Reporting & Insights

The Risk Management focuses on management of business risks which are segregated into the following segments:-

Type of Risks	Accountability
Strategic Business Risk Strategic business risks are primarily external events that significantly affect a company's strategic decisions and activities. These risks are influenced by factors like national/global economies, government policies, interest rates, and climate, making them hard to predict or monitor systematically. Due to their unpredictable nature, senior management plays a crucial role in identifying and monitoring these risks during strategic planning and reviews. The Board and the SRMC are accountable for managing these strategic business risks, and effectively handling them to help the Company forecasts and adapts to changing demands while reducing the likelihood of being caught off guard by unexpected external events.	Senior Management, Board and SRMC
Operational Risk Operational risks are inherent in the daily activities of the Group's divisions and can result from personnel performance, organizational structure, and reporting practices. Senior management requires ongoing assurance that these risks are identified and managed. If such risks have the potential to significantly impact the Group's continuity or strategic direction, they are considered strategic risks. Responsibility for managing operational risks primarily falls on the HODs. Efficiently managing these risks offers benefits such as maintaining high-quality standards, minimising surprises, early issue detection, readiness for emergencies, and earning shareholders' trust for effective risk management.	Head of Departments ("HODs")
Project Risk Project risks are uncertain events or conditions that can have positive or negative effects on a project's objectives. They often result from inadequate planning and organization, leading to potential cost and time overruns, and even project failure. Effective project planning involves defining goals and objectives related to scope, schedule, cost, and quality. Project Managers, who have overall accountability for the project, are responsible for achieving project deliverables and outcomes. However, specific project management risks are typically delegated to project managers for attention and action. Efficiently managing these risks involves timely identification and implementation of corrective measures to prevent cost and time overruns.	Project Managers

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The AC noted the summary of strategic business, operational, and project risks identified during the Financial Period:-

a) Strategic Business Risk

We have assessed strategic business risk from four (4) aspect, i.e., market, financial, reputational and legal.

Market risks are being assessed, including competitive risks, market changes, pricing risks, risks associated with entering new markets, recession risks, and commodity price risks.

The Group maintains its strategy to venture into new markets for better profit margins, taking into consideration factors such as price competitiveness and other barriers, including local Government preferences for maintaining local content. We have also identified key risks, particularly in commodities and inflation, that require focused attention. Currently, the Group is working on a tender risk assessment, which has been implemented by a subsidiary and will be rolled out across the Group in stages to ensure the mitigation of risks right from the tendering process. Additionally, the Group aims to foster more partnerships and alliances with suppliers to ensure stable pricing throughout the project cycle.

The macro environment is volatile and ever-changing. During the year, the Government of Malaysia announced the rollout of E-Invoicing for all businesses over the next few years. To ensure the Group is well-prepared for this market change, our IT department has been working with our current IT vendor and exploring alternative suppliers to find the best solution for complying with the upcoming E-Invoicing implementation.

Financial – The Group has consistently monitored and addressed risks related to liquidity, credit rating, interest rates, foreign exchange, and gearing in the course of our operations. To mitigate these risks, the Company has been vigilant in monitoring costs and collections, and has entered into hedging contracts. To fortify the Group's balance sheets amid a rising inflationary environment, the relevant teams have proactively negotiated better terms with our suppliers and have become more selective in the types of projects to undertake.

Reputation risks are being assessed, encompassing risks related to negative public perception, social media backlash, employee misconduct, and overall brand reputation. The Group acknowledges the potential impact on its brand reputation and the risk of negative public perception during the reporting period.

Legal – The Group has assessed risks associated with contract disputes, regulatory compliance practices such as Anti-Bribery and Anti-Corruption, recurrent related party transactions and adherence to listing guidelines and requirements. The Group is committed to ensuring that all directors and employees receive training and information on the company's policies, guidelines, and procedures.

b) Operational Risk

In operational risk management, the Group places a strong emphasis on minimising risks associated with cybersecurity, environmental concerns, and occupational health and safety. To address cybersecurity risks, the Group has implemented antivirus and defender systems to minimise the threat of malware. Moreover, the Group conducts regular toolbox briefings and impromptu audits to ensure that employees are consistently adhering to rules and regulations.

c) Project Risk

Project risks that are being monitored are those associated with cost, project completion deadline, variation orders, prolonged project duration, extension of time and etc. In mitigation, a pre-tender risk review has been introduced and implemented by a subsidiary and will be roll out across the Group on gradual basis. Under the risk review triggers, various criteria such as contract value, gross margin, liquidated damages and others will be evaluated prior to participation of tender and submission of proposal.

Risk Awareness Culture

We believe cultivation of risk awareness culture, with emphasis on strong corporate governance, organisational structure with clearly defined roles and responsibilities, effective communication and training, commitment to compliance with laws, regulations and internal controls, integrity in fiduciary responsibilities and clear policies, procedures and guidelines within the organisation helps in arriving to strategic decisions that are vital for the long-term benefits of the organisation, shareholders, employees and all stakeholders.

Risk Assessment

The day-to-day risk management resides with the respective divisions and departments.

The Risk Owners (HODs) are directly responsible for the day-to-day operations of their respective divisions and departments. They identify, assess and implement action plans to address risks arising from their operations.

The Risk Coordinators will compile information received from the respective divisions/departments and table the same to the SRMC for review, consideration and monitoring. The deliberations of SRMC will be tabled to the AC and Board thereafter.

During the Financial Period, all Risk Registers submitted by the various divisions/departments were collated and summarised by the Risk Coordinators and tabled to the SRMC, which in-turn is summarized and presented to the AC and Board.

INTERNAL CONTROL SYSTEM

The main components of the Group's internal control system are summarised as follows:-

- **Control Environment**

  The importance of a proper control environment is emphasised throughout the organisation. The focus of which is accentuated towards elevating the quality and capability of the employees of the Group. This is done by means of continuous education and training, which may be organised from time to time on need basis, both on technical hard skill sets and soft skill sets such as risk management, professionalism and integrity.

- **Control Structure**

  The Board and Management have established an organisation structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities of the Board committees and various management levels, including authorisation levels for all aspects of the business.

  The key elements of the Group's internal control structure cover series of documented Policy and Procedures ("PnP") to govern the Group's key business processes. These policies and procedures deal with, amongst others, anti-bribery and anti-corruption, whistleblowing, control issues for procurement, information technology, health and safety, human capital, safeguarding of assets, and communication with stakeholders. These PnP are being revamped/reviewed from time to time to meet the changing business/operational requirements as well as to further tighten our internal control processes and procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Internal Audit**

The Group has outsourced its internal audit function to Tricor Axcelasia Sdn. Bhd. ("Tricor" or "Internal Auditors"), an independent professional service provider which provides internal audit services independently with risk-based approach for the Group.

Any significant control lapses and/or deficiencies noted from the reviews will be documented and communicated to Management for review and corrective actions. The Internal Auditors report to the AC on all significant non-compliance, internal control weaknesses and actions taken by Management to resolve the audit issues identified.

The Internal Auditors are responsible for planning, implementing and reporting on the internal audit timeline and activities of the Group.

During the Financial Period under review, the Internal Auditors had:

- prepared the Internal Audit Strategy ("IAS") Document for the financial year ending 30 June 2024 and presented the proposed audit scope for AC's approval. The AC reviewed and accepted the IAS Document for the financial year ending 30 June 2024 as presented by the Internal Auditors. The internal audit plan was revised by including an additional cycle 5 arising from the change in the financial year end of the Group from 30 June to 30 September.
- carried out relevant activities to conduct internal audits in the following areas:-
  - Management of overseas subsidiaries
  - Recurrent related party transactions
  - Business Continuity Management
  - Project Management
- discussed with the auditees in the course of conducting audit on any significant control lapses and/or deficiencies noted from the reviews for their consideration and corrective actions.
- submitted reports to the AC for any significant non-compliance, internal control weaknesses and actions taken by Management to resolve the audit issues identified.
- have two (2) private sessions with the AC without the presence of Management and Executive Directors.

Based on the internal audit review conducted by the outsourced internal auditor, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties to the Group.

- **AC**

The AC reviews, monitors and evaluates the effectiveness and adequacy of the Group's internal controls, financial and risk management issues raised by the External and Internal Auditors, regulatory authorities and Management. The review includes reviewing written reports from the External and Internal Auditors to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial actions are taken by Management.

The AC also convenes meetings with the External Auditors without the presence of Management and Executive Directors. In addition, the AC also reviews and assesses the adequacy of the scope, functions and competency of the External and Internal Auditors.

REVIEW AND MONITOR OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, with the assistance of the AC confirms that there is an on-going process in reviewing and monitoring the effectiveness, adequacy and integrity of the system of risk management and internal control of the Group for the Financial Period. The process is in place for the Financial Period and up to the date of issuance of the Statement on Risk Management and Internal Control. The Board had taken note of the Management's representation that there have been no material losses incurred during Financial Period the financial year under review as a result of weaknesses in the risk management and internal control system.

The Board is of the view that the risk management and internal control system is sound and sufficient to provide reasonable assurance in safeguarding the interests of shareholder's investment and the Group's assets.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES

There were no major weaknesses in internal controls which resulted in material losses during the financial year under review during the Financial Period until the date of approval of this Statement.

ASSURANCE STATEMENT BY THE MANAGING DIRECTOR ("MD") AND GROUP CHIEF EXECUTIVE OFFICER ("GCEO") AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the MD & GCEO and Chief Financial Officer have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the Financial Period.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the Financial Period. Their review was performed in accordance with the Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants.

CONCLUSION

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements.

The Board is of the view that the RMIC Systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report. The Board continues to take appropriate measures to sustain and, where required, to improve the Group's RMIC Systems in meeting the Group's strategic objectives.

The statement is made in accordance with a resolution of the Board dated 19 January 2024.

DIRECTORS' RESPONSIBILITY **STATEMENT**
for the Audited Financial Statements

The Directors are required pursuant to the Companies Act 2016 ("**the Act**") to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the results and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have ensured that:-

- appropriate accounting policies and practices have been adopted and applied consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- a going-concern basis has been adopted unless it is inappropriate to presume that the Group will continue its business.

The Directors are also responsible for ensuring that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to be in compliance with the requirements of the Act and have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for taking the necessary steps as are reasonably open to them to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the Financial Period from 1 July 2022 to 30 September 2023.

ADDITIONAL COMPLIANCE **INFORMATION**

1. UTILISATION OF PROCEEDS

a) Private Placement of 10% of the issued shares in the Company

The Company had undertaken a private placement of up to 10% of the Company's total number of issued shares (excluding treasury shares) ("Private Placement"). The Private Placement had been undertaken in accordance with the general mandate granted by the Company's shareholders at the Tenth Annual General meeting, where the Board has been authorised to issue and allot new ordinary shares in PESTECH International Berhad ("PESTECH Shares") not exceeding 10% of PESTECH's total number of issued shares (excluding treasury shares).

Bursa Securities had approved the listing of and quotation for up to 105,051,200 new PESTECH Shares to be issued pursuant to the Private Placement.

Under the first tranche of the Private Placement, the Company had issued 36,854,600 new PESTECH Shares, representing 3.87% of PESTECH's total number of issued shares (excluding treasury shares) for listing and quotation on Bursa Malaysia Securities Berhad on 23 March 2022.

As of 30 September 2023, the utilisation of proceeds raised from the Private Placement is as follows:-

Proposed utilisation of proceeds	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilised RM'000
Working capital	Within 12 months from the receipts of placement funds	19,982	19,982	0
Estimated expenses relating to the Proposed Private Placement	Within 6 months from the receipts of placement funds	288	288	0
Total		**20,270**	**20,270**	**0**

b) On 20 October 2022 and 8 November 2022, the Company announced that Diamond Power Limited ("DPL"), a 60%-owned indirect subsidiary of PIB, had entered into a Business Transfer Agreement ("BTA") with Cambodian Transmission II Co., Ltd ("CTL II"), a wholly-owned subsidiary of Leader Transmission Limited, in respect of the Proposed Disposal by DPL of the 230 kilovolt Kampong Cham-Kratie Transmission System to CTL II for a total consideration of USD118.00 million ("Proposed Disposal").

The Proposed Disposal was approved at the Extraordinary General Meeting held on 28 December 2022 and was completed on 22 March 2023 in accordance with the BTA.

The status of utilisation of proceeds from the Proposed Disposal as of 30 September 2023 is as follows:-

Description	Proposed Utilisation USD'000	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilised/ (Over Utilised) RM'000
Repayment of bank borrowings	37,012	164,483	152,960	11,523
Settlement of advances from our Group	12,645	56,193	56,713	(520)*
Estimated capital gain tax for the Proposed Disposal	4,720	20,976	-	20,976
Working capital	1,803	8,014	3,418	4,596
Dividend distribution by DPL:				
- Attributable to PPW (60%)	37,092	164,836	114,119	50,717
- Attributable to DHCL (40%)	24,728	109,890	76,079	33,811
	118,000	**524,392**	**403,289**	**121,103**

* *Negative is mainly due to forex exchange.*

ADDITIONAL COMPLIANCE INFORMATION

2. AUDIT AND NON-AUDIT FEES

During the financial period from 1 July 2022 to 30 September 2023 ("Financial Period"), the amounts of audit and non-audit fees paid by the Company and the Group to the External Auditors are as follows:

	Company (RM'000)	Group (RM'000)
Audit Fees	68	727
Non-Audit Fees	125	157

3. MATERIAL CONTRACTS

There were no material contracts of the Company and subsidiaries involving Directors' and major shareholders' interest, either still subsisting at the end of the Financial Period or entered into since the end of the previous financial year ended 30 June 2022.

4. RECURRENT RELATED PARTY TRANSACTIONS

At the Eleventh Annual General Meeting of the Company held on 25 November 2022, the Company obtained a mandate from its shareholders for recurrent related party transactions ("RRPTs") of a revenue or trading in nature with related parties.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the Financial Period pursuant to the shareholders' mandate are set out below:-

Name of Company Involved	Name of Related Party	Nature of Transactions	*Estimated aggregate value from 25 November 2022 (date of Annual General Meeting ("AGM") to the next AGM in 2023 (RM'000)	Aggregate value of Transactions from 1 July 2022 to 30 September 2023 (RM'000)
PESTECH Sdn. Bhd. ("PSB")/Fornix Sdn. Bhd./PESTECH Transmission Sdn. Bhd. ("PTR")/ PESTECH Technology Sdn. Bhd.	Vestech Projects Sdn Bhd ("VPSB")	Civil works rendered by VPSB involving, but not limited to, construction of building to house the electrical control equipment, outdoor foundations for high voltage equipment, cable trenches, roads, perimeter fencing, within an electrical substation	30,000	3,292
PSB/PTR	Asiapac Builders Sdn. Bhd. ("ABSB")	Piling related works rendered by ABSB for civil construction including, but not limited to, earth works, civil construction machineries operation and maintenance, and supply of civil construction materials for works within an electrical substation	30,000	-

FINANCIAL SECTION

DIRECTORS' **REPORT**

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period from 1 July 2022 to 30 September 2023.

CHANGE OF FINANCIAL YEAR END

The Group and the Company changed its financial year end from 30 June 2023 to 30 September 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, general trading and provision of management services. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial period.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial period	(398,254)	1,600
Attributable to:		
Owners of the Company	(334,288)	
Perpetual SUKUK-holders	5,915	
Non-controlling interests	(69,881)	
	(398,254)	

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

DIRECTORS' REPORT

DIRECTORS

The Directors who held office during the financial period and up to the date of this report are as follows:

Lim Ah Hock (Executive Chairman)*
Lim Pay Chuan (Managing Director and Group Chief Executive Officer)*
Lim Peir Shenq (Executive Director)
Ir. Amir bin Yahya (Senior Independent Non-Executive Director)
Ng Chee Hoong (Independent Non-Executive Director)
Hoo Siew Lee (Independent Non-Executive Director)
Helen Tan Miang Kieng (Independent Non-Executive Director)

* *Directors of the Company and its subsidiaries*

The Directors of the subsidiaries who held office during the financial period and up to the date of this report, not including those Directors listed above are as follows:

Dav Ansan
Daw Kaung Mon San
Hairol Addy Nizam bin Hashim
Han Fatt Juan
Keith Iduhu
Oknha Vinh Huor
U Min Banyar San
Wing Kevin
Zhu ZiBing
Lawrence Pure
Martha Boafo (appointed on 12.7.2022)
Seth Kwasi Asante (resigned on 12.7.2022)
Oknha Hout Chantho (deceased on 27.9.2022)
Tan Pu Hooi (resigned on 28.3.2023)
Paismanathan A/L Govindasamy (resigned on 4.4.2023)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares and warrants of the Company and its related corporations of those who were Directors as at period end (including their spouses or children) are as follows:

		Number of ordinary shares		
	At 1.7.2022 '000	**Bought '000**	**Sold '000**	**At 30.9.2023 '000**
The Company				
Direct interests				
Lim Ah Hock	320,477	-	(20,383)	**300,094**
Lim Pay Chuan	189,887	335	-	**190,222**
Helen Tan Miang Kieng	559	-	-	**559**
Indirect interests				
Lim Ah Hock#	3,893	-	-	**3,893**
Lim Pay Chuan@	1,320	-	-	**1,320**
Lim Peir Shenq*	2,573	-	-	**2,573**

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares and warrants of the Company and its related corporations of those who were Directors as at period end (including their spouses or children) are as follows: (cont'd)

	Number of warrants (2021/2028)			
	At 1.7.2022 '000	Granted '000	Sold '000	At 30.9.2023 '000
The Company				
Direct interests				
Lim Ah Hock	31,876	-	-	**31,876**
Lim Pay Chuan	18,817	-	-	**18,817**
Helen Tan Miang Kieng	56	-	-	**56**
Indirect interests				
Lim Ah Hock#	389	-	-	**389**
Lim Pay Chuan@	132	-	-	**132**
Lim Peir Shenq*	257	-	-	**257**

(#) *deemed interest by virtue of his shareholdings in Vestech Projects Sdn. Bhd. and Kumpulan Liva Sdn. Bhd.*
(@) *deemed interest by virtue of his shareholdings in Vestech Projects Sdn. Bhd.*
(*) *deemed interest by virtue of his shareholdings in Kumpulan Liva Sdn. Bhd.*

By virtue of their interests in the ordinary shares of the Company, Mr. Lim Ah Hock, Mr. Lim Pay Chuan and Mr. Lim Peir Shenq are also deemed to be interested in the ordinary shares of the Company and its related corporations to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

Other than as stated above, none of the other directors in office at the end of the financial period had any interest in ordinary shares and warrants of the Company or its related corporations during the financial period.

DIRECTORS' FEES AND BENEFITS

During the financial period, the remuneration received by the Directors of the Company are as follows:

	Group 30.9.2023 RM'000	Company 30.9.2023 RM'000
Executive Directors:		
Salaries and other emoluments	**5,347**	**3,368**
Defined contribution plan	**409**	**409**
	5,756	**3,777**
Non-Executive Directors:		
Fees	**240**	**240**
Salaries and other emoluments	**215**	**215**
	455	**455**
Sub-total	**6,211**	**4,232**
Benefits-in-kind	**78**	**78**
Total	**6,289**	**4,310**

DIRECTORS' REPORT

DIRECTORS' FEES AND BENEFITS (CONT'D)

During and at the end of the financial period, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors for the Company and its related corporation as shown in the Directors' Report and the financial statements of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company or related corporation in which the Director has a substantial financial interest.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial period, Directors and Officers of the Company together with its subsidiaries are covered under the Director and Officer Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of insurance coverage and insurance premium paid for Directors and Officers of the Group were RM5 million and RM20,500 respectively.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial period.

WARRANTS 2021/2028

The Company had on 16 December 2021 allotted and issued 95,145,862 bonus warrants on the basis of one (1) warrant for every eight (8) existing ordinary shares. Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after 16 December 2024 to 15 December 2028, at the exercise price of RM0.65 in accordance with the provision of the deed poll. Any warrant not exercised by the date of maturity will lapse thereafter and cease to be valid for any purposes.

The ordinary shares issued from the exercise of warrants shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of warrants.

None of the Warrants 2021/2028 have been exercised since the date of issuance.

TREASURY SHARES

There was no repurchase of the Company's issued ordinary shares, no resale, cancellation or distribution of treasury shares during the financial period. As at 30 September 2023, the Company held 7,666,100 treasury shares out of its 992,221,471 issued and paid-up ordinary shares. Details of the treasury shares are set out in Note 17 to the Financial Statements.

EMPLOYEES' SHARE OPTION SCHEME

On 27 October 2023, the Company held an Extraordinary General Meeting to approve a proposal of employees' share of option scheme ("ESOS") up to 5% of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the Proposed ESOS for the eligible directors and employees of the Group ("Proposed ESOS").

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The Proposed ESOS would serve to align the interests of the Eligible Persons to the corporate goal of the Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and is established to achieve the following objectives:

(a) to recognise the contributions and/ or services of the Eligible Persons which are valuable and essential to the operations and growth of the Group;

(b) to reward the Eligible Persons for their past performance and motivate them towards better performance through greater productivity and loyalty;

(c) to stimulate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity stake of the Company; and

(d) to provide an incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future prospects of the Group.

The granting of the ESOS Options to the non-executive Directors of the Group, if any, is to recognise their contribution to the Group and to enable them to participate in the future growth of the Group.

As at reporting date, the Proposed ESOS is yet to be effective.

* "Eligible Person(s)": An Employee who is employed by and on the payroll of any company within the Group, and whose service has been confirmed and who has not served a notice of resignation or received a notice of termination and/or a Director (excluding dormant subsidiaries within the Group), who fulfils the conditions of eligibility stipulated in the ESOS By-Laws.

OTHER STATUTORY INFORMATION

Before the Financial Statements of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:

(a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature, other than the following:

   (i) Diamond Power Limited, a 60% indirect-owned subsidiary of the Company had on 20 October 2022 entered into a Business Transfer Agreement ("BTA") with a third party to dispose its concession asset for a total consideration of USD118 million (approximately of RM534 million) subject to such terms and conditions in the BTA. The disposal was completed on 22 March 2023. The disposal of the concession asset had resulted in an increase in the Group's loss for the financial period by RM110.8 million (as detailed in Notes 6 and 10(a) to the Financial Statements);

   (ii) CRSE Sdn. Bhd. ("CRSE"), a wholly owned subsidiary of the Group had entered into a Settlement Agreement with Transgrid Ventures Sdn. Bhd. ("TGV") on 1 March 2023. Based on the Settlement Agreement, a consideration sum of RM20 million was paid by CRSE to TGV, TGV had agreed to withdraw its appeal which is to be heard in the Court of Appeal (as detailed in Note 32(c) to the Financial Statements) subject to the terms and conditions in the Settlement Agreement;

   (iii) Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd. had on 10 May 2023 terminated PESTECH Technology Sdn. Bhd.'s RM399 million sub-contract for the double-track project, particularly for the turnkey EPCC relating to the electrification system. The High Court had dismissed its injunction application (as detailed in Note 32(d) to the Financial Statements) hence a provision of performance bond amounting to RM39.9 million were made; and

   (iv) Impairment of intangible assets and property, plant and equipment related to solar power plant amounted to RM15.5 million and RM30.0 million respectively which resulted from lower recoverable amount (as detailed in Notes 5 and 6 to the Financial Statements).

(c) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial period in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND AFTER THE REPORTING DATE

The significant events during the financial period and after the reporting date are disclosed in Note 38 to the Financial Statements.

DIRECTORS' REPORT

AUDITORS

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

The total amount of audit and other fees paid or payable to the Auditors by the Group and the Company for the financial period ended 30 September 2023 amounted to RM538,000 and RM193,000 respectively. Further details are disclosed in Note 26 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial period.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

....)
LIM AH HOCK)
)
)
) DIRECTORS
)
)
)
....)
LIM PAY CHUAN

26 January 2024

STATEMENT BY **DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 91 to 182 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2023 and of their financial performance and cash flows for the financial period from 1 July 2022 to 30 September 2023.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

LIM AH HOCK

LIM PAY CHUAN

26 January 2024

STATUTORY **DECLARATION**

I, Teh Bee Choo, being the Officer primarily responsible for the financial management of PESTECH International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 91 to 182 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
26 January 2024)

TEH BEE CHOO
(MIA No.: 7562)
CHARTERED ACCOUNTANT

Before me:

No: W671
RAMATHILAGAM A/P T RAMASAMY

Commissioner for Oaths

INDEPENDENT **AUDITORS' REPORT**

to the members of PESTECH International Berhad
(Incorporated in Malaysia)
Registration No: 201101019901 (948035 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PESTECH International Berhad, which comprise the statements of financial position as at 30 September 2023 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 July 2022 to 30 September 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 91 to 182.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2023, and of their financial performance and cash flows for the financial period from 1 July 2022 to 30 September 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

to the members of PESTECH International Berhad

(Incorporated in Malaysia)
Registration No: 201101019901 (948035 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Group

Revenue and cost recognition for construction contracts and concession arrangement

The risk –
The revenue and cost recognition for construction contracts and concession arrangement are recognised in accordance to the accounting policies as detailed in Notes 3.6.1, 4.13, 4.14, 25 and 29 to the Financial Statements.

We focus on this area as significant management's judgement and estimates are involved in determining the following:

(i) transaction price for construction contracts which include significant financing component;

(ii) relative fair values of the services delivered and allocation of the consideration received or receivable of each performance obligation;

(iii) stage of completion using the output method which is based on the level of completion of the development phase of the projects which is certified by professional engineers or consultants;

(iv) extent of contract cost incurred to-date;

(v) total construction contract cost and cost to completion; and

(vi) provision for liquidated ascertained damages.

Our response –
In addressing this area of focus, we have performed, amongst others, the following procedures:

- perused terms and conditions stipulated in the agreements with customers and subcontractors/suppliers for individually significant contract and assessed their relationship to the revenue and costs recognised;
- assessed total construction contract revenue by examining evidences such as construction contracts, approved variation orders and correspondences with customers and verified the progress billings. In instances where projects have been delayed, assessed the necessity of the provision for liquidated ascertained damages based on the management's estimates and reviewed the supporting documentation such as correspondences with customers or consultants, extension of time approvals and work progress reports indicating reasons for delays;
- evaluated the appropriateness and the consistency of key assumptions used by the management to determine the transaction price for construction contracts which include significant financing component, fair value of the services to be delivered and the basis of the allocation of the consideration received and/or receivable to each service;
- evaluated the competence, capabilities and objectivity of independent qualified engineers or in-house engineers;
- checked the stage of completion of construction contracts on a sample basis to internal progress reports certified by professional engineers or consultants;
- assessed basis used in determining the budgeted contract cost;
- assessed actual costs incurred and accrued costs by examining evidences such as contractors' progress claims and suppliers' invoices issued during the financial period/year and/or subsequent to the financial year; and
- interviewed management's project team on the achievability of the forecasted costs to completion of the individually significant projects.

INDEPENDENT AUDITORS' REPORT

to the members of PESTECH International Berhad

(Incorporated in Malaysia)
Registration No: 201101019901 (948035 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Group (cont'd)

Recoverability of trade receivables and contract assets

The risk –
As at 30 September 2023, the Group's total trade receivables and contract assets represented about 78% of the total assets of the Group.

We focused on this area as significant management judgement is required to assess the recoverability of trade receivables and contract assets. Management performed a detailed analysis taking into account customer's ageing profile, credit history and historical payment pattern and the forward-looking information for the estimation of expected credit losses ("ECLs") on its trade receivables and contract assets. The accounting policies, accounting judgements and estimates and disclosures for the impairment of trade receivables and contract assets are included in Notes 3.6.1, 4.7.1, 10, 12 and 34.2(a) to the Financial Statements.

Our response –
In addressing this area of focus, we have performed, amongst others, the following procedures:

- obtained an understanding on how the Group identifies and assesses ECL for trade receivables and contract assets;
- reviewed the key data sources and assumptions for data used in the determination of default rate and the current and forward-looking adjustment factor;
- considered the age of the debts as well as the trend of collections to identify the collection risks;
- obtained debtors confirmation and review collectability by way of obtaining evidence of receipts from the debtors on a sampling basis subsequent to period end;
- discussed with management and the Board of Directors on the recoverability of long outstanding debts, analysed the Group's trend of collections for long outstanding trade debtors and review legal case files; and
- obtained legal confirmations from the Group's external legal counsel and compare the opinion provided by the Group's external legal counsel against management's assessment on the recoverability of long outstanding debts.

Impairment assessment of property, plant and equipment

The risk –
We identified the carrying amount of the property, plant and equipment as a key audit matter because of the significance of the carrying amount of such asset to the consolidated financial statements and because the discounted cash flow projection used for the purpose of impairment assessments involves identifying assets which are unlikely to be deployed in economic service in the future, and estimating future cash flows, growth rates and discount rates, which are subject to a significant degree of judgement and could be subject to management bias.

The Group's disclosures regarding the impairment of property, plant and equipment are included in Notes 3.6.1, 4.2, 4.8 and 5 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT

to the members of PESTECH International Berhad

(Incorporated in Malaysia)
Registration No: 201101019901 (948035 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Group (Cont'd)

Impairment assessment of property, plant and equipment (cont'd)

Our response –
In addressing this area of focus, we have performed, amongst others, the following procedures:

- discussed indicators of impairment of property, plant and equipment with management, and for cash-generating units where such indicators were identified, assessed whether management had performed impairment testing in accordance with the requirements of the prevailing accounting standards;
- evaluated the assumptions adopted in the preparation of the discounted cash flow projection, including projected future growth rates for income and expenses and discount rates with reference to our understanding of the business, historical trends and available industry information and market data; and
- performed sensitivity analyses on the key assumption, including projected profitability, expected growth rates and discount rates adopted in the discounted cash flow projection and assessed whether there were any indicators of management bias in the selection of these assumptions.

Going concern

The risk –
The financial statements of the Group have been prepared on a going concern basis. During the financial period, the Group has incurred a net loss of RM398.3 million and generated negative operating cash flows of RM96 million. These conditions may cast significant doubt on the ability of the Group to continue as a going concern and to meet their obligation as and when they fall due.

This is considered to be a key audit matter because the evaluation of events and conditions, including the actions taken by the Directors in addressing them involve judgement. The judgement is in respect of the key assumptions used in their assessment and management's plan for future action and on the feasibility of those plans. Note 2 to the Financial Statements discloses the Directors' assessment on the ability of the Group to continue as a going concern to meet their obligation as and when fall due.

Our response –
In addressing this area of focus, we have performed, amongst others, the following procedures:

- evaluated management's future plan in improving the operating cash flow of the Group in the next 12 months, which includes evaluating the cash flow forecast for the next 12 months;
- challenged management on the key assumptions underpinning the cash flow forecast to evaluate whether they are reasonably made in the circumstance. In challenging the assumptions, we had taken into account actual results, external data and market conditions;
- assessed the reasonableness of management's assessment that the Group has the ability to meet its debt repayment obligations, taking into consideration sources of funding currently available to the Group to meet its obligations as and when they fall due;
- assessed the Group's compliance with its debt covenants of bank borrowings; and
- assessed the adequacy and appropriateness of disclosures made in the Group's financial statements in respect of events and conditions identified that may cast a significant doubt on the Group's to continue as a going concern and to meet their obligation as and when fall due as disclosed in Note 2 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT

to the members of PESTECH International Berhad

(Incorporated in Malaysia)
Registration No: 201101019901 (948035 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Company

Investment in subsidiaries and amount due from subsidiaries

The risk –
Significant judgements are required by the Directors in assessing the impairment and the recoverability of the investment in subsidiaries and amount due from subsidiaries. This is based on the value-in-use, using cash flow projections, covering a five-year period for each CGU. The assumptions with the most significant judgement on the cash flow projections are growth rates and profit margins.

The Company's disclosures about investment in subsidiaries and amount due from subsidiaries are included in Notes 7 and 14 to the Financial Statements.

Our response –
In addressing this area of focus, we have performed, amongst others, the following procedures:

- discussed indicators of impairment with management, and for cash-generating units where such indicators were identified, assessed whether management had performed impairment testing in accordance with the requirements of the prevailing accounting standards;
- evaluated the assumptions adopted in the preparation of the discounted cash flow projection, including projected future growth rates for income and expenses and discount rates with reference to our understanding of the business, historical trends and available industry information and market data; and
- performed sensitivity analyses on the key assumption, including projected profitability, expected growth rates and discount rates adopted in the discounted cash flow projection and assessed whether there were any indicators of management bias in the selection of these assumptions.

Information other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

to the members of PESTECH International Berhad

(Incorporated in Malaysia)
Registration No: 201101019901 (948035 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

to the members of PESTECH International Berhad

(Incorporated in Malaysia)
Registration No: 201101019901 (948035 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the Financial Statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

HOOI KOK MUN
(NO: 02207/01/2026 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
26 January 2024

STATEMENTS OF **FINANCIAL POSITION**
as at 30 September 2023

	Note	Group 30.9.2023 RM'000	Group 30.6.2022 RM'000	Company 30.9.2023 RM'000	Company 30.6.2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**213,973**	248,988	**559**	1,143
Intangible assets	6	**715**	92,799	**-**	-
Investment in subsidiaries	7	**-**	-	**218,945**	217,929
Investment in associates	8	**898**	1,230	**-**	-
Derivative financial assets	9	**2,530**	2,975	**-**	-
Contract assets	10	**804,792**	956,942	**-**	-
Amount due from related companies	14	**-**	-	**206,054**	-
Total non-current assets		**1,022,908**	1,302,934	**425,558**	219,072
Current assets					
Contract assets	10	**957,648**	1,190,822	**-**	-
Inventories	11	**29,052**	28,570	**-**	-
Trade receivables	12	**182,693**	222,174	**-**	-
Other receivables	13	**142,960**	108,870	**281**	483
Amount due from related companies	14	**-**	-	**160,519**	392,513
Amount due from associate	14	**3,513**	2,833	**-**	-
Tax recoverable		**5,149**	5,561	**70**	1,309
Cash and short-term deposits	15	**157,366**	168,980	**30,619**	28,066
Total current assets		**1,478,381**	1,727,810	**191,489**	422,371
Total assets		**2,501,289**	3,030,744	**617,047**	641,443
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	**232,942**	232,942	**232,942**	232,942
Treasury shares	17	**(4,183)**	(4,183)	**(4,183)**	(4,183)
Reserves	18	**18,971**	(1,084)	**-**	-
Retained earnings		**91,178**	425,466	**8,478**	12,793
Equity attributable to owners of the Company		**338,908**	653,141	**237,237**	241,552
Perpetual SUKUK	19	**100,000**	100,000	**100,000**	100,000
Non-controlling interests	7	**35,600**	174,342	**-**	-
Total equity		**474,508**	927,483	**337,237**	341,552

STATEMENTS OF FINANCIAL POSITION
as at 30 September 2023

	Note	Group 30.9.2023 RM'000	Group 30.6.2022 RM'000	Company 30.9.2023 RM'000	Company 30.6.2022 RM'000
LIABILITIES					
Non-current liabilities					
Derivative financial liabilities	9	**3,191**	6,264	**-**	-
Lease liabilities	20	**10,414**	10,579	**-**	35
Loans and borrowings	21	**650,012**	780,147	**-**	-
Deferred tax liabilities	22	**6,556**	4,693	**-**	-
Trade payables	23	**5,816**	21,722	**-**	-
Total non-current liabilities		**675,989**	823,405	**-**	35
Current liabilities					
Contract liabilities	10	**10,959**	2,377	**-**	-
Trade payables	23	**685,092**	572,431	**-**	-
Other payables	24	**181,633**	117,661	**16,923**	743
Amount due to related companies	14	**-**	-	**139,157**	217,994
Lease liabilities	20	**1,342**	2,256	**27**	137
Loans and borrowings	21	**466,396**	581,358	**123,703**	80,982
Derivative financial liabilities	9	**1,722**	535	**-**	-
Tax payable		**3,648**	3,238	**-**	-
Total current liabilities		**1,350,792**	1,279,856	**279,810**	299,856
Total liabilities		**2,026,781**	2,103,261	**279,810**	299,891
Total equity and liabilities		**2,501,289**	3,030,744	**617,047**	641,443

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the Financial Period from 1 July 2022 to 30 September 2023

	Note	Group		Company	
		1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 30.9.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Revenue	25	**592,997**	715,090	**25,041**	34,265
Operating expenses	26	**(776,409)**	(678,648)	**(19,810)**	(19,237)
Other operating income	27	**1,160**	1,636	**3**	-
Impairment of receivables		**(13,435)**	-	**-**	-
Other (losses) and gains	28	**(22,877)**	8,799	**(7,840)**	(4,381)
Operating (loss)/profit		**(218,564)**	46,877	**(2,606)**	10,647
Loss from disposal of concession asset		**(110,846)**	-	**-**	-
Share of (loss)/profit of equity-accounted associate	8	**(332)**	344	**-**	-
(Loss)/Profit before interest and tax		**(329,742)**	47,221	**(2,606)**	10,647
Finance income	29	**48,148**	58,539	**24,459**	12,788
Finance costs	29	**(108,329)**	(64,086)	**(17,424)**	(9,376)
(Loss)/Profit before tax		**(389,923)**	41,674	**4,429**	14,059
Tax (expense)/income	30	**(8,331)**	(4,344)	**(2,829)**	69
(Loss)/Profit for the financial period/year		**(398,254)**	37,330	**1,600**	14,128
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss					
- Exchange translation differences		**25,570**	35,764	**-**	-
- Fair value gain on cash flows hedge		**1,703**	28,343	**-**	-
Total comprehensive (loss)/income for the financial period/year		**(370,981)**	101,437	**1,600**	14,128
(Loss)/Profit for financial period/year attributable to:					
Owners of the Company		**(334,288)**	9,982		
Perpetual SUKUK-holders		**5,915**	3,744		
Non-controlling interests		**(69,881)**	23,604		
		(398,254)	37,330		
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(314,233)**	56,964		
Perpetual SUKUK-holders		**5,915**	3,744		
Non-controlling interests		**(62,663)**	40,729		
		(370,981)	101,437		
(Loss)/Earnings per share attributable to the owners of the Company:					
Basic (loss)/earnings per share (RM)	31	**(0.34)**	0.01		
Diluted (loss)/earnings per share (RM)	31	**(0.34)**	0.01		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Period from 1 July 2022 to 30 September 2023

	Attributable to owners of the Company										
		Non-distributable					Distributable				
	Share capital RM'000	Treasury shares RM'000	Fair value reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000	Perpetual SUKUK RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
At 1 July 2021	212,672	(2,345)	(24,033)	570	8,534	(33,137)	419,290	581,551	48,550	131,611	761,712
Profit for the financial year, as per previously reported	-	-	-	-	-	-	13,726	13,726	-	23,604	37,330
Prior year adjustment (Note 39)	-	-	-	-	-	-	(3,744)	(3,744)	3,744	-	-
Other comprehensive income for the financial year	-	-	22,697	24,285	-	-	-	46,982	-	17,125	64,107
Total comprehensive income for the financial year, restated	-	-	22,697	24,285	-	-	9,982	56,964	3,744	40,729	101,437
Transactions with owners:											
Treasury shares acquired	-	(1,838)	-	-	-	-	-	(1,838)	-	-	(1,838)
Issuance of shares pursuant to private placement	20,270	-	-	-	-	-	-	20,270	-	-	20,270
Issuance of Perpetual SUKUK	-	-	-	-	-	-	-	-	51,450	-	51,450
Dividend paid to ordinary shareholders	-	-	-	-	-	-	(3,806)	(3,806)	-	(113)	(3,919)
Distribution to Perpetual SUKUK-holders	-	-	-	-	-	-	-	-	(3,744)	-	(3,744)
Derecognition of interest in a subsidiary	-	-	-	-	-	-	-	-	-	2,115	2,115
At 30 June 2022, restated	232,942	(4,183)	(1,336)	24,855	8,534	(33,137)	425,466	653,141	100,000	174,342	927,483
(Loss)/Profit for the financial period	-	-	-	-	-	-	(334,288)	(334,288)	5,915	(69,881)	(398,254)
Other comprehensive income for the financial period	-	-	2,575	17,480	-	-	-	20,055	-	7,218	27,273
Total comprehensive income/(loss) for the financial period	-	-	2,575	17,480	-	-	(334,288)	(314,233)	5,915	(62,663)	(370,981)
Transactions with owners:											
Dividend paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	(76,079)	(76,079)
Distribution to Perpetual SUKUK-holders	-	-	-	-	-	-	-	-	(5,915)	-	(5,915)
At 30 September 2023	**232,942**	**(4,183)**	**1,239**	**42,335**	**8,534**	**(33,137)**	**91,178**	**338,908**	**100,000**	**35,600**	**474,508**

STATEMENTS OF CHANGES IN EQUITY
for the Financial Period from 1 July 2022 to 30 September 2023

	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Perpetual SUKUK RM'000	Total RM'000
Company					
At 1 July 2021	212,672	(2,345)	6,215	48,550	265,092
Total comprehensive income for the financial year, as per previously reported	-	-	14,128	-	14,128
Prior year adjustment (Note 39)	-	-	(3,744)	3,744	-
Total comprehensive income for the financial year, as restated	-	-	10,384	3,744	14,128
Transactions with owners:					
Treasury shares acquired	-	(1,838)	-	-	(1,838)
Issuance of shares pursuant to private placement	20,270	-	-	-	20,270
Issuance of Perpertual SUKUK	-	-	-	51,450	51,450
Dividend paid to ordinary shareholders	-	-	(3,806)	-	(3,806)
Distribution to Perpetual SUKUK-holders	-	-	-	(3,744)	(3,744)
At 30 June 2022, restated	232,942	(4,183)	12,793	100,000	341,552
Total comprehensive (loss)/income for the financial period	-	-	(4,315)	5,915	1,600
Transaction with owners:					
Distribution to Perpetual SUKUK-holders	-	-	-	(5,915)	(5,915)
At 30 September 2023	**232,942**	**(4,183)**	**8,478**	**100,000**	**337,237**

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF **CASH FLOWS**

for the Financial Period from 1 July 2022 to 30 September 2023

	Note	Group		Company	
		1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
OPERATING ACTIVITIES					
(Loss)/Profit before tax		**(389,923)**	41,674	**4,429**	14,059
Adjustments for:					
Loss from disposal of concession asset		**110,846**	-	**-**	-
Fair value loss on derivative financial instruments		**107**	4,484	**-**	-
Intangible assets - amortisation		**4,408**	4,075	**-**	-
Intangible assets - impairment		**18,099**	-	**-**	-
Impairment of receivables		**13,435**	-	**-**	-
Gain on lease termination		**(70)**	(58)	**-**	-
Loss on winding up of a subsidiary		**-**	8	**-**	-
Interest expense		**108,329**	64,086	**17,424**	9,376
Interest income		**(6,815)**	(890)	**(24,459)**	(12,788)
Interest income arising from contract with customers		**(41,333)**	(57,649)	**-**	-
Property, plant and equipment - depreciation		**21,298**	14,430	**585**	701
Property, plant and equipment - gain on disposal		**(369)**	(177)	**-**	(158)
Property, plant and equipment - impairment		**30,005**	-	**-**	-
Property, plant and equipment - written off		**7**	50	**-**	-
Provision of performance bond		**39,900**	-	**-**	-
Share of loss/(profit) of equity-accounted associate		**332**	(344)	**-**	-
Unrealised (gain)/loss on foreign exchange		**(19,980)**	(12,703)	**7,795**	4,492
Operating (loss)/profit before working capital changes		**(111,724)**	56,986	**5,774**	15,682
Changes in working capital:					
Inventories		**511**	(6,033)	**-**	-
Receivables		**58,290**	(42,533)	**236**	101
Payables		**82,502**	33,987	**16,145**	(17)
Contract customers		**(16,000)**	(79,287)	**-**	-
Associates		**(680)**	(2,683)	**-**	-
Cash generated from/(used in) operations		**12,899**	(39,563)	**22,155**	15,766
Interest received		**2,300**	890	**24,459**	12,788
Interest paid		**(105,029)**	(62,427)	**(17,424)**	(9,376)
Tax refunded		**106**	7,799	**13**	-
Tax paid		**(6,253)**	(15,070)	**(1,604)**	(1,805)
Net cash (used in)/from operating activities		**(95,977)**	(108,371)	**27,599**	17,373
INVESTING ACTIVITIES					
Subscription of shares in subsidiaries		**-**	-	**(1,016)**	(24)
Repayment from/(advances to) subsidiaries		**-**	-	**22,408**	(81,655)
Purchase of property, plant and equipment	A	**(4,760)**	(52,205)	**(1)**	(89)
Proceeds from disposal of property, plant and equipment		**426**	202	**-**	158
Proceeds from disposal of concession asset (excluding retention sum of USD14.2 million, approximately of RM66.4 million)		**467,558**	-	**-**	-
Net cash from/(used in) investing activities		**463,224**	(52,003)	**21,391**	(81,610)

STATEMENTS OF CASH FLOWS
for the Financial Period from 1 July 2022 to 30 September 2023

	Note	Group 1.7.2022 to 30.9.2023 RM'000	Group 1.7.2021 to 30.6.2022 RM'000	Company 1.7.2022 to 30.9.2023 RM'000	Company 1.7.2021 to 30.6.2022 RM'000
FINANCING ACTIVITIES					
Dividend paid to ordinary shareholders		-	(3,806)	-	(3,806)
Dividend paid to non-controlling interests of a subsidiary		**(76,079)**	(113)	-	-
Distribution to Perpetual SUKUK-holders		**(5,915)**	(3,744)	**(5,915)**	(3,744)
Treasury shares acquired		-	(1,838)	-	(1,838)
Repayments to related companies	B	-	-	**(78,837)**	(8,174)
Net (repayments)/drawdown of short-term borrowings	B	**(129,377)**	48,025	**2,775**	30,257
Withdrawal/(placement) of fixed deposits and debt service reserve accounts with licensed institutions		**15,007**	(39,500)	**(6,465)**	(24,004)
Proceeds from issuance of share capital		-	20,270	-	20,270
Proceeds from issuance of Perpetual SUKUK		-	51,450	-	51,450
Drawdown from term loans	B	**104,869**	109,865	**35,000**	-
Repayments of term loans	B	**(273,167)**	(112,919)	-	-
Repayments of lease liabilities	B	**(2,603)**	(2,500)	**(145)**	(431)
Net cash (used in)/from financing activities		**(367,265)**	65,190	**(53,587)**	59,980
CASH AND CASH EQUIVALENTS					
Net changes		**(18)**	(95,184)	**(4,597)**	(4,257)
Brought forward		**3,929**	95,117	**3,717**	7,980
Effects of translation differences		**2,277**	3,996	-	(6)
Carried forward	C	**6,188**	3,929	**(880)**	3,717

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 30.9.2023 RM'000	Group 30.6.2022 RM'000	Company 30.9.2023 RM'000	Company 30.6.2022 RM'000
Aggregate cost of property, plant and equipment acquired	**6,567**	54,649	**1**	89
Financed via lease liabilities arrangements	**(1,807)**	(2,444)	-	-
Total cash acquisition	**4,760**	52,205	**1**	89

STATEMENTS OF CASH FLOWS
for the Financial Period from 1 July 2022 to 30 September 2023

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At beginning of financial period/year RM'000	Cash flows RM'000	Others RM'000	At end of financial period/year RM'000
30.9.2023				
Group				
Borrowings	**415,932**	**(129,377)**	**5,324** [a]	**291,879**
Term loans	**899,606**	**(168,298)** [c]	**46,120** [a]	**777,428**
Lease liabilities	**12,835**	**(2,603)**	**1,524** [b]	**11,756**
Company				
Amount due to related companies	**217,994**	**(78,837)**	**-**	**139,157**
Borrowings	**80,666**	**2,775**	**4,261** [a]	**87,702**
Term loan	**-**	**35,000**	**-**	**35,000**
Lease liabilities	**172**	**(145)**	**-**	**27**
30.6.2022				
Group				
Borrowings	366,105	48,025	1,802 [a]	415,932
Term loans	855,989	(3,054) [c]	46,671 [a]	899,606
Lease liabilities	12,997	(2,500)	2,338 [b]	12,835
Company				
Amount due to related companies	215,462	(8,174)	10,706 [a]	217,994
Borrowings	49,985	30,257	424 [a]	80,666
Lease liabilities	603	(431)	-	172

[a] Being exchange translation differences and unrealised foreign exchange.

[b] Being acquisition of property, plant and equipment by means of lease liabilities arrangement, lease termination and translation reserve (as disclosed in Note 20 to the Financial Statements).

[c] The amount are net of drawndown and repayment during the financial period/year.

STATEMENTS OF CASH FLOWS
for the Financial Period from 1 July 2022 to 30 September 2023

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Cash and bank balances	**99,638**	118,622	**121**	4,033
Fixed deposits with licensed institutions	**57,728**	50,358	**30,498**	24,033
Bank overdrafts (Note 21)	**(47,101)**	(45,967)	**(1,001)**	(316)
	110,265	123,013	**29,618**	27,750
Less:				
- Fixed deposits pledged to licensed institutions	**(57,728)**	(50,358)	**(30,498)**	(24,033)
- Debt service reserve accounts, included in cash and bank balances	**(46,349)**	(68,726)	**-**	-
	6,188	3,929	**(880)**	3,717

D. CASH OUTFLOWS FROM LEASES AS A LESSEE

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 30.9.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Included in net cash (used in)/from operating activities:				
- Interest paid in related to lease liabilities	**1,240**	949	**3**	17
- Payment of short-term leases	**3,885**	4,122	**930**	745
Included in net cash (used in)/from financing activities:				
- Payment of lease liabilities	**2,603**	2,500	**145**	431
	7,728	7,571	**1,078**	1,193

The accompanying notes form an integral part of the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

30 September 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company is located at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in the business of investment holding, general trading and provision of management services. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

The Group and the Company changed its financial year end from 30 June 2023 to 30 September 2023.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 January 2024.

2. GOING CONCERN

During the financial period, the Group had incurred a net loss of RM398.3 million and generated negative operating cash flows of RM96 million. These conditions indicate material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

The Directors are of the opinion that the ability of the Group to continue as a going concern is dependent on the following:

(i) continuing financial support provided by financial institutions and other creditors (including Directors); and

(ii) the continued successful operation in line with management expectation and the effectiveness on working capital management.

The validity of the Group's going concern assumption is dependent on the ability of the Group to rationalise the plans above. If these are not forthcoming, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

As disclosed in Note 38(d) to the Financial Statements, the Company has also undertaken Proposed Restricted issue of 800 million new ordinary shares for a total consideration of RM124 million.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group be not appropriate.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

3.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group has established control framework in respect to the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The management regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM'000 except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

3. BASIS OF PREPARATION (CONT'D)

3.4 Adoption of amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 4 to all period/year presented in these financial statements.

At the beginning of the current financial period, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

Initial application of the amendments/improvements to the standards did not have a material impact on the financial statements of the Group and of the Company.

3.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

MFRSs and amendments to MFRSs effective 1 January 2023:

MFRS 17*# and Amendments to MFRS 17*#	Insurance Contracts
Amendments to MFRS 17*#	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	Income Taxes – International Tax Reform: Pillar Two Model Rules

MFRS and Amendments to MFRSs effective 1 January 2024:

Amendments to MFRS 7	Financial Instruments: Disclosures – Supplier Finance Arrangements
Amendments to MFRS 16*	Leases – Lease liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements – Non- current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
Amendments to MFRS 107	Statement of Cash Flows – Supplier Finance Arrangements

MFRS and Amendments to MFRSs effective 1 January 2025:

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

Amendments to MFRSs effective date deferred indefinitely:

Amendments to MFRS 10 and 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *Not applicable to the Company's operation*

\# *Not applicable to the Group's operations*

The Group and the Company intend to adopt these new and amended standards, if applicable, when they became effective. The initial application of the above standards and amendments are not expected to have any financial impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

3. BASIS OF PREPARATION (CONT'D)

3.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

3.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 3 to 96 years and reviews the useful lives of depreciable assets at end of each of the reporting period.

At 30 September 2023, the management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to changes in the expected level of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets. The carrying amount of the Group's and the Company's property, plant and equipment at the end of the reporting year is disclosed in Note 5 to the Financial Statements.

A 1% (30.6.2022: 1%) difference in the expected useful lives of the property, plant and equipment from the management's estimates would result in approximately 1% (30.6.2022: 5%) variance in the Group's (loss)/profit for the financial period/year.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the cash-generating units to which the property, plant and equipment, intangible asset and investment in subsidiaries are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Further details of the carrying values, key assumptions applied in the impairment assessment of non-financial assets and sensitivity analysis to changes in the assumptions, if any, are disclosed in the respective notes to the financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

3. BASIS OF PREPARATION (CONT'D)

3.6 Significant accounting estimates and judgements (cont'd)

3.6.1 Estimation uncertainty (cont'd)

Income tax/Deferred tax liabilities

The Group and the Company are exposed to income taxes. Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Revenue and cost recognised from construction contracts

Revenue is recognised when or as the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the stage of completion method. The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional engineers or consultants.

Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

Provision for expected credit losses ("ECLs") of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the power distribution and transmission and rail electrification sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 34.2(a) to the Financial Statements.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period/year.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

3. BASIS OF PREPARATION (CONT'D)

3.6 Significant accounting estimates and judgements (cont'd)

3.6.1 Estimation uncertainty (cont'd)

Leases – Estimating the incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and the Company estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3.6.2 Significant management judgement

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the amount and timing of revenue from contracts with customers:

Consideration of significant financing component in a contract

The Group provides construction services for which the construction lead time after signing the contract ranging from 1 to 5 years. The Group concluded that there is a significant financing component for those contracts where the customer pays in arrears considering the length of time between the customer's payment and the completion of the construction works to the customer.

In determining the amount of consideration for a significant financing component, the Group uses the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception by considering the credit characteristics of the customer receiving financing in the contract, and any collateral or security provided by the customer or the entity, including assets transferred in the contract.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all period/year presented in the financial statements.

4.1 Consolidation

4.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Consolidation (cont'd)

4.1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries and entities controlled by the Company (including structured entities) made up to the end of the financial period/year.

The Company controls an investee if and only if the Company has all the following:

(i) power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive. The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee. The consolidated financial statements are prepared using uniform accounting policies in accordance with the Group's accounting policies for like transactions and other events in similar circumstances.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries and a jointly-controlled entity are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transaction are eliminated in full. Where unrealised losses on intra-group assets sales are reversed on consolidation, the underlying assets are also tested for impairment from a group perspective.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes of interests in subsidiaries

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

4.1.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Consolidation (cont'd)

4.1.3 Business combinations (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Common control business combination

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The acquisition resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been affected throughout the current period and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in equity.

4.1.4 Loss of control

When the Company loses control of a subsidiary:

(i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.

(ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.

(iii) It recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Consolidation (cont'd)

4.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting period/year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

4.1.6 Associate

Associate is an entity in which the Group has significant influence, but no control, over their financial and operating policies. The Group's investments in its associate are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statements of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

The financial statements of the associate are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Consolidation (cont'd)

4.1.6 Associate (cont'd)

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investment in an associate is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

4.1.7 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period/year. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in exchange translation reserve in equity.

4.2 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for their intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Property, plant and equipment (cont'd)

Depreciation is recognised on the straight-line method in order to write off the cost. Freehold land with an infinite life is not depreciated. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long term leasehold land	96 years
Buildings	50 years
Solar power plant	20 years
Renovation	10 years
Tools and equipment	5 – 25 years
Motor vehicles	5 years
Office equipment	3 – 10 years

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amounts of the assets and are recognised in profit or loss.

4.3 Intangible assets - rights

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired through a contractual agreement or a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any impairment losses.

The useful life of intangible assets is assessed to be finite and are amortised on straight-line basis over the estimated economic useful life or based on percentage of completion over the construction period and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial period/year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by charging the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss.

4.4 Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that form part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Foreign currencies (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

4.5 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.5.1 As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Land and buildings	2 – 22 years
Motor vehicles	5 years
Tools and equipment	5 – 10 years

If ownership of the lease asset transfers to the Group and the Company at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as detailed in Note 4.8 to the Financial Statements.

Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Leases (cont'd)

4.5.1 As lessee (cont'd)

Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Group and the Company apply the short-term leases recognition exemption to its short-term leases. Lease payments on short-term leases are recognised as expenses on a straight-line basis over the lease term.

4.6 Inventories

Inventories comprising work-in-progress and general stocks are stated at the lower of cost and net realisable value after adequate specific allowance has been made by Directors for deteriorated, obsolete and slow-moving inventories.

Cost of general stocks is determined on a first-in-first-out method. The cost of general stocks comprises the original purchase price plus the costs incurred in bringing the inventories to their present location and condition.

The cost of work-in-progress comprises the cost of raw materials, direct labour and a proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.7.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

4.7.1 Financial assets (cont'd)

Initial recognition and measurement (cont'd)

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

At the reporting date, the Group and the Company carry financial assets at amortised cost on their statements of financial position.

<u>Financial assets at amortised cost</u>

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade and most of the other receivables, amount due from related companies and associate, fixed deposits with licensed institutions and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

4.7.1 Financial assets (cont'd)

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and cash equivalents for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

4.7.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at FVTPL

<u>Financial liabilities at amortised cost</u>

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

The Group's and the Company's financial liabilities at amortised cost include amount due to related companies, loans and borrowings, trade and most of the other payables.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

4.7.2 Financial liabilities (cont'd)

Subsequent measurement (cont'd)

Financial liabilities at FVTPL

Financial liabilities at FVTPL include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9.

Gains or losses are recognised in the profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

4.7.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.7.4 Derivative financial instruments

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statements of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the fair value reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in the future periods.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short term demand deposits, bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Bank overdrafts are shown as current liabilities in the statements of financial position.

4.10 Equity, reserves and dividend payments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares and Perpetual SUKUK are classified as equity instruments.

Dividends on ordinary shares and distribution on Perpetual SUKUK are recognised in equity in the period in which they are declared.

Retained earnings include all current period's loss/profit and prior years' retained profits.

All transactions with the owners of the Company are recorded separately within equity.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchase shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

4.12 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.13 Concession assets

The Group capitalises revenue from the construction and upgrading of infrastructure project under build-operate-transfer agreement ("BOT") in accordance with the accounting policy for construction contracts set out in Note 4.14 to the Financial Statements.

The Group capitalises the consideration receivable as a concession asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Concession assets are accounted for in accordance with the accounting policy of a financial asset set out in Note 4.7 to the Financial Statements.

Capital expenditures necessary to support the Group's operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 4.2 to the Financial Statements. Cost and expenditures related to the building of power transmission system are recognised as construction cost in profit or loss in the financial year it incurred.

When the Group has contractual obligations that it must fulfil as a condition of its BOT agreement to maintain the infrastructure to a specified standard or to restore the infrastructure when the infrastructure has deteriorated below a specified condition, it capitalises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 4.12 to the Financial Statements.

Repairs and maintenance and other expenses that are routine in nature are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Revenue

4.14.1 Revenue from contract customer

Revenue from contract customer is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Construction contracts

The Group's contract revenue is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use. Hence, it is accounted for as a single performance obligation.

Revenue is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, net of discount. The Group's contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Variation claim gives rise to a variable consideration which are estimated at either the expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not be reversed.

For contracts with deferred payment scheme, the Group adjusts the promised consideration for the effects of the significant financing component using the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception. The significant financing component is recognised as finance income in the profit or loss over the credit period using the effective interest rate applicable at the inception date.

Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group's revenue and profits for construction contracts are recognised over time arising from the fulfillment of the following criteria:

- The customer of the construction contracts simultaneously receives and consumes the benefits provided as the construction service progress.
- The construction service relates to the creation or enhancement of an asset or a combination of assets which the customer controls.
- The construction service does not create an asset with an alternative use to the Group and the Company and it has an enforceable right to payment for performance completed to date.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional engineers or consultants.

Where the outcome of a contract cannot be reasonably estimated, revenue is recognised to the extent of construction contract costs incurred that is probable will be recoverable, and the contract costs shall be recognised as an expense in the year in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether construction work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated construction contracts.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Revenue (cont'd)

4.14.1 Revenue from contract customer (cont'd)

Construction contracts (cont'd)

The excess of revenue recognised in the profit or loss over the billings to contracts customers is recognised as contract asset. The contract asset related to on-going construction contracts which is expected to be completed within the normal operating cycle is classified as current asset. The contract asset related to completed contracts with deferred payment scheme is classified as non-current asset.

The excess of billings to contracts customers over revenue recognised in the profit or loss is recognised as contract liability.

Sale of manufactured goods and construction materials

Sales are recognised based on the transaction prices specified in the contracts, which are at a point in time upon delivery of products and customer acceptance, and performance of after-sales services, if any, net of tax and discounts. There is no element of financing present as the Group's sales of goods are on credit terms which is consistent with the market practice.

Revenue from concession arrangement

Under the concession agreement, the Group is engaged to construct the infrastructure project and provide asset management services, which are separate performance obligations. The fair value of revenue, which is based on fixed price under the agreement have been allocated based on relative stand-alone selling price of the considerations for each of the separate performance obligations. The Group recognised construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for the performance completed to date.

Revenue from operation and maintenance services

Operation and maintenance service income is recognised in the accounting period in which the services are rendered.

4.14.2 Other revenue

Other revenue earned by the Group and the Company are recognised on the following bases:

- Management fee income is recognised when services are rendered.
- Dividend income is recognised when the Company's right to receive payment is established.
- Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

4.15 Employees benefits

4.15.1 Short-term employees benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial period/year, in which the associated services are rendered by the employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Employees benefits (cont'd)

4.15.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

4.15.3 Share-based compensation

The Group's Share Grant Plan ("SGP") (implemented on 8 March 2012), an equity-settled, share-based compensation plan, allows eligible employees of the Group to be entitled for ordinary shares of the Group. The total fair value of shares granted to employees is recognised as an employee cost with a corresponding increase in the share capital upon allotment of shares. The fair value of shares is measured at grant date.

In its separate financial statements of the Company, the grant by the Company of its equity instruments to the employees of subsidiaries is treated as a capital contribution to the subsidiary. The fair value of shares granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the year in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

4.17 Tax expenses

Tax expenses comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

4.17.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period/year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Tax expenses (cont'd)

4.17.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the Statements of Financial Position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.18 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4.19 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Solar power plant RM'000	Renovation RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Capital work- in-progress RM'000	Right-of-use assets RM'000	Total RM'000
Cost											
At 1 July 2021	3,999	3,937	48,088	-	5,013	76,041	3,844	15,480	60,933	30,724	248,059
Additions/(reversal)	6,972	-	-	40,287	(136)	1,335	1,511	1,613	-	3,067	54,649
Reclassification	-	-	-	60,459	-	7,280	-	-	(60,459)	(7,280)	-
Disposals	-	-	-	-	(15)	-	(320)	(21)	-	(44)	(400)
Lease termination	-	-	-	-	-	-	-	-	-	(898)	(898)
Written off	-	-	-	-	-	-	-	-	-	(1,378)	(1,378)
Translation differences	-	-	-	4,847	18	4,318	140	54	(474)	713	9,616
At 30 June 2022	10,971	3,937	48,088	105,593	4,880	88,974	5,175	17,126	-	24,904	309,648
Additions	-	-	-	3,331	24	1,102	-	300	-	1,810	6,567
Disposals	-	-	-	-	-	(698)	(397)	(72)	-	-	(1,167)
Lease termination	-	-	-	-	-	-	-	-	-	(1,476)	(1,476)
Written off	-	-	-	-	(13)	-	-	(47)	-	-	(60)
Translation differences	-	-	-	6,817	22	4,683	244	108	-	856	12,730
At 30 September 2023	**10,971**	**3,937**	**48,088**	**115,741**	**4,913**	**94,061**	**5,022**	**17,415**	**-**	**26,094**	**326,242**
Accumulated impairment											
At 1 July 2021/30 June 2022	-	-	-	-	-	-	-	-	-	-	-
Impairment for the financial period	-	-	-	26,698	-	522	-	470	-	2,315	30,005
At 30 September 2023	**-**	**-**	**-**	**26,698**	**-**	**522**	**-**	**470**	**-**	**2,315**	**30,005**
Accumulated depreciation											
At 1 July 2021	-	469	3,673	-	1,228	17,755	2,985	9,791	-	11,025	46,926
Charge for the financial year	-	59	961	2,175	436	4,295	493	2,079	-	3,932	14,430
Reclassification	-	-	-	-	-	3,640	-	-	-	(3,640)	-
Disposals	-	-	-	-	(4)	-	(320)	(7)	-	(44)	(375)
Lease termination	-	-	-	-	-	-	-	-	-	(291)	(291)
Written off	-	-	-	-	-	-	-	-	-	(1,328)	(1,328)
Translation differences	-	-	-	89	2	965	126	28	-	88	1,298
At 30 June 2022	-	528	4,634	2,264	1,662	26,655	3,284	11,891	-	9,742	60,660
Charge for the financial period	-	263	1,016	6,872	203	6,428	598	2,720	-	3,198	21,298
Disposals	-	-	-	-	-	(680)	(397)	(33)	-	-	(1,110)
Lease termination	-	-	-	-	-	-	-	-	-	(595)	(595)
Written off	-	-	-	-	(7)	-	-	(46)	-	-	(53)
Translation differences	-	-	-	397	3	1,266	174	70	-	154	2,064
At 30 September 2023	**-**	**791**	**5,650**	**9,533**	**1,861**	**33,669**	**3,659**	**14,602**	**-**	**12,499**	**82,264**
Carrying amount											
At 30 September 2023	**10,971**	**3,146**	**42,438**	**79,510**	**3,052**	**59,870**	**1,363**	**2,343**	**-**	**11,280**	**213,973**
At 30 June 2022	10,971	3,409	43,454	103,329	3,218	62,319	1,891	5,235	-	15,162	248,988

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Renovation RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Right-of-use assets RM'000	Total RM'000
Company						
Cost						
At 1 July 2021	175	3	320	2,171	2,122	4,791
Additions	-	-	-	89	-	89
Disposals	-	-	(320)	-	-	(320)
At 30 June 2022	175	3	-	2,260	2,122	4,560
Additions	-	-	-	1	-	1
At 30 September 2023	**175**	**3**	**-**	**2,261**	**2,122**	**4,561**
Accumulated depreciation						
At 1 July 2021	47	1	310	1,381	1,297	3,036
Charge for the financial year	18	1	10	246	426	701
Disposals	-	-	(320)	-	-	(320)
At 30 June 2022	65	2	-	1,627	1,723	3,417
Charge for the financial period	22	-	-	190	373	585
At 30 September 2023	**87**	**2**	**-**	**1,817**	**2,096**	**4,002**
Carrying amount						
At 30 September 2023	**88**	**1**	**-**	**444**	**26**	**559**
At 30 June 2022	110	1	-	633	399	1,143

Carrying amounts of property, plant and equipment pledged as securities for the term loans facilities granted to subsidiaries are:

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Freehold land	**10,971**	10,971
Leasehold land	**1,351**	1,373
Buildings	**40,692**	41,849
Solar power plant	**79,510**	103,329
	132,524	157,522

During the financial period, the impairment loss of RM26.7 million represented the write-down of the solar power plant to the recoverable amount as a result of increases in market interest rate. The recoverable amount of RM79.51 million as at 30 September 2023 was based on value-in-use of the asset. In determining value-in-use for the asset, the cash flows were discounted at a rate of 11.72% on value-in-use.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in property, plant and equipment are right-of-use assets defined under MFRS 16 Leases as set out below:

	Land and buildings RM'000	Motor vehicles RM'000	Tools and equipment RM'000	Total RM'000
Group				
At 1 July 2021	9,881	3,039	6,779	19,699
Lease termination	(607)	-	-	(607)
Additions	2,950	117	-	3,067
Written off	-	(50)	-	(50)
Depreciation	(1,520)	(1,218)	(1,194)	(3,932)
Reclassification	-	-	(3,640)	(3,640)
Translation differences	625	-	-	625
At 30 June 2022	11,329	1,888	1,945	15,162
Lease termination	(881)	-	-	(881)
Additions	1,810	-	-	1,810
Depreciation	(1,500)	(1,306)	(392)	(3,198)
Impairment	(2,303)	(12)	-	(2,315)
Translation differences	702	-	-	702
At 30 September 2023	**9,157**	**570**	**1,553**	**11,280**
Company				
At 1 July 2021	-	825	-	825
Depreciation	-	(426)	-	(426)
At 30 June 2022	-	399	-	399
Depreciation	-	(373)	-	(373)
At 30 September 2023	**-**	**26**	**-**	**26**

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments.

The Group leases a number of land, warehouse and factory facilities that run between 2 years and 22 years, with an option to renew the lease after the expiry date.

NOTES TO THE FINANCIAL STATEMENTS
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6. INTANGIBLE ASSETS

	Rights RM'000	Goodwill RM'000	Total RM'000
Group			
Cost			
At 1 July 2021	109,593	3,304	112,897
Translation differences	5,120	-	5,120
At 30 June 2022	114,713	3,304	118,017
Disposal	(90,508)	-	(90,508)
Translation differences	2,348	-	2,348
At 30 September 2023	**26,553**	**3,304**	**29,857**
Accumulated impairment			
At 1 July 2021/30 June 2022	-	-	-
Impairment for the financial period	15,510	2,589	18,099
At 30 September 2023	**15,510**	**2,589**	**18,099**
Accumulated amortisation			
At 1 July 2021	20,305	-	20,305
Amortisation during the financial year	4,075	-	4,075
Translation differences	838	-	838
At 30 June 2022	25,218	-	25,218
Amortisation during the financial period	4,408	-	4,408
Disposal	(19,007)	-	(19,007)
Translation differences	424	-	424
At 30 September 2023	**11,043**	**-**	**11,043**
Carrying amount			
30 September 2023	**-**	**715**	**715**
30 June 2022	89,495	3,304	92,799

	Group 30.9.2023 RM'000	Group 30.6.2022 RM'000
Rights:		
- Cambodia's concession asset	-	72,292
- MRT2 project	-	283
- Solar power plant	-	16,920
	-	89,495

i. Cambodia's concession asset

The right was acquired by the Group through a contractual agreement to construct, maintain and service a transmission system in Cambodia for a period of 25 years starting from the commencement of the operation of the transmission system.

The construction works for the development of the transmission system was completed on 30 November 2017 and the operation phase started on 1 January 2018. Thus, the right is amortised over a period of 25 years starting from 1 January 2018.

The concession asset was disposed of and completed on 22 March 2023.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

6. INTANGIBLE ASSETS (CONT'D)

Rights (cont'd)

ii. Mass Rapid Transit 2 ("MRT2") project

The right was acquired through a business combination to provide engineering, procurement, construction, testing and commissioning of power supply and distribution system of MRT2 Project.

The MRT2 Project was completed on 16 March 2023. The right is fully amortised based on the stage of completion over the construction period.

iii. Solar power plant

The right was acquired through a business combination to develop a 20 years concession (with additional one year of construction period) of a large-scale solar power plant in Cambodia via long-term Power Purchase Agreements with Electricite du Cambodge under the Built, Own and Operate model. The solar power plant is completed in January 2022 and the operation started on 1 February 2022. Thus, the right is amortised over a period of 20 years starting from 1 February 2022.

During the financial period, the impairment loss of RM15.5 million represented the write-down of the solar power plant to the recoverable amount as a result of increase in market interest rate. The recoverable amount was based on value-in-use of the asset. In determining value-in-use for the asset, the cash flows were discounted at a rate of 11.72% on a pre-tax basis.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest cash-generating unit level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each unit are as follows:

	Group	
	30.9.2023	**30.6.2022**
	RM'000	**RM'000**
Rail electrification and signalling	**-**	2,589
Others	**715**	715
	715	3,304

The recoverable amount for the above was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and a 5-year business plans.
- Revenue was projected at anticipated annual revenue growth of approximately 8% (30.6.2022: 1% to 8%) per annum.
- Expenses were projected at annual increase of approximately 5% (30.6.2022: 1% to 10%) per annum.
- A pre-tax discount rate of 7% (30.6.2022: 7% to 10%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the Group plus a reasonable risk premium.

With regards to the assessments of value-in-use of these CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amount of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTMENT IN SUBSIDIARIES

	Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Unquoted shares, at cost	**215,818**	214,802
Contributions to subsidiaries - Share Grant Plan	**3,127**	3,127
	218,945	217,929

7.1 Details of the subsidiaries are as follows:

Name of company	Principal place of business	Effective interest 30.9.2023 %	Effective interest 30.6.2022 %	Principal activities
ENERSOL Co. Ltd. ("ENR")	Malaysia (Labuan)	**100**	100	Investment holding, provision of comprehensive power system engineering and technical solution for procurement, and installation of substations, transmission lines and underground cables for electric power transmission and distribution.
Fornix Sdn. Bhd. ("FNX")	Malaysia	**100**	100	Investment holding company.
PESTECH (Cambodia) PLC ("PCL") [(a)]	Cambodia	**94.7**	94.7	Construction of electrical substation and transmission line.
PESTECH (PNG) Ltd. ("PNG") [(c)]	Papua New Guinea	**100**	100	Provision of project management, electrical substations and transmission line erection and installation, supervision of testing and commissioning and civil works.
PESTECH (Sarawak) Sdn. Bhd. ("PSW")	Malaysia	**100**	100	Provision of electrical mechanical and civil engineering, subcontracting and engineering services and its related products.
PESTECH Energy Sdn. Bhd. ("PEN")	Malaysia	**100**	100	Provision of design and supply of remote-control systems and data communication products and its related services.
PESTECH Engineering Technology China Co. Limited ("PCN") [(c)]	People's Republic of China	**100**	100	Provision of project management, electrical substations and transmission line erection and installation, supervision of testing and commissioning and civil works.
PESTECH Power Sdn. Bhd. ("PPW")	Malaysia	**100**	100	Investment holding and provision of establishing electric power transmission concessions.
PESTECH Aerotrain Sdn. Bhd. ("PAS")	Malaysia	**100**	100	Investment holding company.

NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.1 Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business	Effective interest 30.9.2023 %	Effective interest 30.6.2022 %	Principal activities
PESTECH Sdn. Bhd. ("PSB")	Malaysia	**100**	100	Provision of comprehensive power system engineering and technical solutions for design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution. It is also an investment holding company.
PESTECH System Siam Ltd. ("PSS") [(b)]	Thailand	**99.99**	99.99	Inactive.
PESTECH Technology Sdn. Bhd. ("PTE")	Malaysia	**100**	100	Provision of design, engineering, supply and commissioning of plant systems for power plants and rail electrification projects.
PESTECH Transmission Sdn. Bhd. ("PTR")	Malaysia	**100**	100	Provision of comprehensive power system engineering and technical solutions for design, procurement, construction, commissioning of High Voltage ("HV") and Extra High Voltage ("EHV") substations.
PESTECH Vietnam Company Limited ("PVN") [(b)]	Vietnam	**100**	100	Inactive.
Subsidiary of FNX:				
Forward Metal Works Sdn. Bhd. ("FMW")	Malaysia	**100**	100	Investment holding company.
Subsidiary of PCL:				
PESTECH (Myanmar) Limited ("PML") [(c)]	Myanmar	**94.7**	94.7	Provision of project management, electrical substations, transmission line erection and installation, supervision of testing and commission and civil works.
Subsidiary of PML:				
PESTECH Hinthar Corporation Limited ("PHC") [(c)]	Myanmar	**56.8**	56.8	Establish infrastructure for power sector and promote the power segments such as power generation, power transmission and power distribution.
Subsidiary of PHC:				
PESTECH Microgrid Company Limited ("PMG") [(c)]	Myanmar	**51.1**	51.1	Provision of microgrid system and other power infrastructure to the rural areas in Myanmar.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.1 Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business	Effective interest 30.9.2023 %	Effective interest 30.6.2022 %	Principal activities
Subsidiaries of PEN:				
PESTECH Solutions Sdn. Bhd. ("PSN")	Malaysia	**100**	100	Marketing and trading of meters, HVDC electrical power transmission system and any other ancillary peripherals and/or products.
Subsidiaries of PPW:				
Diamond Power Ltd. ("DPL") (a)#	Cambodia	**60**	60	Supplying, installing, maintaining, repairing and operating power substation and power transmission (Inactive after the disposal of concession asset).
PESTECH Power One Sdn. Bhd. ("PP1")	Malaysia	**100**	100	Investment holding company.
Astoria Solar Farm Sdn. Bhd. ("ASF")	Malaysia	**100**	100	Investment holding company.
PESTECH REI Sdn. Bhd. ("REI")	Malaysia	**90**	90	Inactive.
PESTECH Pluginfinite Sdn. Bhd. ("PLUG")	Malaysia	**100**	100	Investment holding and provision of electric vehicles ("EV") charging facilities, green renewable energy services and other ancillary services.
Subsidiary of PP1:				
ODM Power Line Company Limited ("OPL") (a)#	Cambodia	**70**	70	Construction of electrical substation and transmission line.
Subsidiary of ASF:				
Green Sustainable Ventures (Cambodia) Co. Ltd. ("GSV") (a)	Cambodia	**94**	94	Establish infrastructure for power sector such as electric power generation, power transmission, power distribution and operation in Cambodia.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.1 Details of the subsidiaries are as follows: (cont'd)

Name of company	**Principal place of business**	**Effective interest 30.9.2023 %**	**Effective interest 30.6.2022 %**	**Principal activities**
Subsidiaries of PSB:				
PESTECH (Brunei) Sdn. Bhd.("PBR") [c]	Brunei	**90**	90	Inactive.
PESTECH Transmission Limited ("PTL") [c]	Ghana	**100**	100	Inactive.
PESETCH GTI Sdn. Bhd. ("GTI")	Malaysia	**100**	100	Inactive.
Subsidiary of PTE:				
CRSE Sdn. Bhd. ("CRSE")	Malaysia	**100**	100	Provision of project management, engineering, design, procurement, construction and related support services in relation to railway electrical and mechanical projects.
Subsidiary of PTR:				
PESTECH Transmission CDI SARL ("PTCS") [c]	Africa	**100**	100	Construction services.

[a] Subsidiary audited by a member firm of Grant Thornton International Ltd.
[b] Subsidiary not audited by a member firm of Grant Thornton International Ltd.
[c] Companies not required to be audited in their countries of incorporation. The financial statements have been audited by Grant Thornton Malaysia PLT for consolidation purpose.
[#] Pledged as security for term loan facility granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.2 Non-controlling interests ("NCI") in subsidiaries

The information of NCI are as follows:

	OPL RM'000	DPL RM'000	PCL RM'000	Others RM'000	Total RM'000
30.9.2023					
Percentage of ownership interest and voting interest	**30%**	**40%**	**5.3%**		
Carrying amount of NCI	**28,747**	**6,100**	**4,817**	**(4,064)**	**35,600**
Loss allocated to NCI	**(11,320)**	**(53,483)**	**(2,059)**	**(3,019)**	**(69,881)**
Total comprehensive loss allocated to NCI	**(9,286)**	**(48,808)**	**(1,478)**	**(3,091)**	**(62,663)**
30.6.2022					
Percentage of ownership interest and voting interest	30%	40%	5.3%		
Carrying amount of NCI	38,033	130,988	6,297	(976)	174,342
Profit/(Loss) allocated to NCI	9,349	14,571	27	(343)	23,604
Total comprehensive income/(loss) allocated to NCI	11,375	28,558	1,236	(440)	40,729

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material NCI are as below:

	OPL RM'000	DPL RM'000	PCL RM'000
Financial position as at 30 September 2023			
Non-current assets	**411,216**	**133**	**454,821**
Current assets	**220,607**	**122,288**	**869,103**
Non-current liabilities	**(189,275)**	**(84,825)**	**(623,432)**
Current liabilities	**(346,725)**	**(22,344)**	**(608,915)**
Net assets	**95,823**	**15,252**	**91,577**
Summary of financial performance for the financial period from 1 July 2022 to 30 September 2023			
Loss for the financial period	**(37,733)**	**(133,708)**	**(39,144)**
Other comprehensive income	**6,779**	**11,687**	**11,000**
Total comprehensive loss	**(30,954)**	**(122,021)**	**(28,144)**
Included in total comprehensive income is:			
Revenue	**7,127**	**12,087**	**97,068**
Summary of cash flows for the financial period from 1 July 2022 to 30 September 2023			
Net cash (used in)/from operating activities	**(29,033)**	**460,215**	**63,315**
Net cash from investing activities	**-**	**-**	**235**
Net cash from/(used in) financing activities	**29,108**	**(442,872)**	**(68,890)**
Net cash inflow/(outflow)	**75**	**17,343**	**(5,340)**
Other information			
Dividends paid to non-controlling interests	**-**	**(76,079)**	**-**

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.2 Non-controlling interests ("NCI") in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material NCI are as below (cont'd):

	OPL RM'000	DPL RM'000	PCL RM'000
Financial position as at 30 June 2022			
Non-current assets	161	551,150	541,415
Current assets	586,632	127,508	761,262
Non-current liabilities	(192,163)	(218,015)	(369,122)
Current liabilities	(267,855)	(133,173)	(813,833)
Net assets	126,775	327,470	119,722
Summary of financial performance for the financial year ended 30 June 2022			
Profit for the year	31,162	36,428	517
Other comprehensive income	6,754	34,967	22,992
Total comprehensive income	37,916	71,395	23,509
Included in total comprehensive income is:			
Revenue	110,526	22,533	225,295
Summary of cash flows for the financial year ended 30 June 2022			
Net cash (used in)/from operating activities	(71,390)	72,277	4,752
Net cash used in investing activities	-	-	(1,190)
Net cash from/(used in) financing activities	70,662	(65,226)	(60,116)
Net cash (outflow)/inflow	(728)	7,051	(56,554)
Other information			
Dividends paid to non-controlling interests	-	-	(113)

7.3 Addition/disposal of subsidiaries

30.9.2023

There was no addition or disposal of subsidiaries during the current financial period.

30.6.2022

(a) On 2 August 2021, PSB incorporated a wholly-owned subsidiary, GTI with paid-up capital of RM1 comprising 1 share.

(b) On 10 November 2021, the ownership of PAS was transferred from PPW to PTE with paid-up capital of RM1 comprising 1 share. Subsequently, PAS ownership was transferred from PTE to the Company on 12 April 2022 with same consideration and number of shares.

(c) On 15 December 2021, PTR incorporated a wholly-owned subsidiary, PTCS with paid up capital of XOF1,000,000, which is equivalent to RM7,273.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.3 Addition/disposal of subsidiaries (cont'd)

30.6.2022 (cont'd)

(d) On 2 March 2022, SEN, a 51%-owned Australian subsidiary of the Company is successfully wound-up and de-registered by the Australian Securities & Investments Commission.

The effect of the winding up of SEN on the financial position of the Group as at the date of derecognised was as follows:

	RM'000
Other payables/net liabilities	2,107
Non-controlling interests	(2,115)
Loss on winding up of a subsidiary	(8)

(e) On 31 March 2022, PPW incorporated a wholly-owned subsidiary, PLUG with paid up capital of RM1 comprising 1 share.

(f) On 1 April 2022, the Company paid up the capital contribution of 300,000 Baht (equivalent to RM24,657) of PSS.

(g) On 30 June 2022, ASF subscribed for additional 935,300 shares of USD1 each of GSV by way of capitalisation of USD935,000 (equivalent to RM4.121 million) from amount due from GSV.

8. INVESTMENT IN ASSOCIATES

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Unquoted shares, at cost	**137**	137
Share of post-acquisition reserve	**761**	1,093
	898	1,230

The particulars of the associates are as follows:

Name of company	Principal place of business	Effective interest 30.9.2023 %	Effective interest 30.6.2022 %	Principal activities
Pestech Corporation	Philippines	**38**	38	Provision of consultancy, testing, commissioning and construction.
Transmission Energy Inc.	Philippines	**40**	40	Provision of comprehensive power system and technical solutions for the procurement and installation of substations and transmission lines.

The Group's associates are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group. Therefore, the summarised financial information of the associates is not presented.

There is no restriction on the ability of associates to transfer funds to the Group in the form of dividend.

There are no contingent liabilities that are incurred jointly with other investors and those that arise because the investor is severally liable for all or part of the liabilities of the associates.

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9. DERIVATIVE FINANCIAL INSTRUMENTS

	30.9.2023		30.6.2022	
	Contract/ notional amount RM'000	**Assets/ (Liabilities) RM'000**	**Contract/ notional amount RM'000**	**Assets/ (Liabilities) RM'000**
Group				
FVTPL:				
Forward currency contracts				
- Non-current	**161,027**	**(3,191)**	186,051	(4,271)
- Current	**26,022**	**(1,722)**	17,039	(535)
		(4,913)		(4,806)
Hedging derivative:				
Interest rate swap contracts				
- Non-current	**188,501**	**2,530**	185,576	(1,993)
- Non-current	**-**	**-**	192,243	2,975
		2,530		982
		(2,383)		(3,824)

Fair value through profit or loss ("FVTPL")

These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with current transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

The Group uses forward currency contracts to manage some of the transaction exposure. The full fair value of a derivative is classified as non-current asset or liability if the remaining maturity is more than 12 months and, as a current asset or liability, if the maturity is less than 12 months.

The Group recognised a loss of RM107,076 (30.6.2022: loss of RM4,483,612) arising from fair value changes of forward currency contracts. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 34.3 to the Financial Statements.

Cash flow hedges

The Group had entered into interest rate swap to hedge at least 50% of its long term borrowing at fixed rate, using floating-to-fixed interest rate swaps to achieve this when necessary. Generally, the Group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. During the period/year 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in US dollars.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group hedged at least 50% of its long-term borrowings, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

9. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Interest rate swaps currently in place cover approximately 17% (30.6.2022: 28%) of the variable long term borrowings principal outstanding. The fixed interest rates of the swaps range between 5.45% and 7.31% (30.6.2022: 4.5% and 5.76%) per annum.

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	30.9.2023 RM'000	**30.6.2022 RM'000**
Carrying amount (Assets)	**2,530**	982
Notional amount	**188,501**	377,819
Maturity date	**2027 – 2030**	2026 – 2027
Hedge ratio	**1:1**	1:1
Weighted average hedged rate for the year	**5.41%**	4.77%

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

There was no recognised ineffectiveness during the period/year 2023 or 2022 in relation to the interest rate swaps.

The Group recognised a gain of RM1,703,408 (30.6.2022: RM28,342,534) arising from fair value changes of derivative financial instruments in other comprehensive income.

10. CONTRACT ASSETS/CONTRACT LIABILITIES

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Contract assets		
Contract assets from a customer on concession arrangement [(a)]	**-**	555,979
Contract assets from customers on construction contracts [(b)]	**1,762,440**	1,591,785
	1,762,440	2,147,764
Presented by:		
Non-current	**804,792**	956,942
Current	**957,648**	1,190,822
	1,762,440	2,147,764
Contract liabilities - current		
Contract liabilities from customers on construction contracts [(b)]	**10,959**	2,377

NOTES TO THE FINANCIAL STATEMENTS
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10. CONTRACT ASSETS/CONTRACT LIABILITIES (CONT'D)

(a) Concession arrangement

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
At the beginning of financial period/year	**555,979**	532,455
Revenue recognised during the financial period/year	**12,087**	22,533
Interest income arising from contract with customers	**23,998**	45,665
Progress billings issued during the financial period/year	**(41,360)**	(64,507)
Derecognised upon disposal of concession right	**(565,510)**	-
Translation differences	**14,806**	19,833
At the end of financial period/year	**-**	555,979
Presented by:		
Non-current	**-**	475,683
Current	**-**	80,296
	-	555,979

Concession assets from customer on concession arrangement represent revenue recognised from concession agreement entered by PPW, which was subsequently novated to DPL on 6 April 2015, for the development of Kampong Cham - Kratie 230 kV Transmission System (KTS) in the Kingdom of Cambodia. The project is undertaken on a build - operate - transfer ("BOT") basis.

The terms of the arrangement allow DPL to operate the transmission system for up to a period of 25 years ("Concession Period") after the completion of construction. DPL will receive a certain sum from Electricite du Cambodge ("EDC") over the operation period of 25 years in exchange for the service performed. DPL has completed the construction in November 2017 and the operation of the transmission system had commenced on 1 January 2018. Upon expiry of the concession arrangement, the transmission system is to be transferred back to EDC.

On 20 October 2022, the Group entered into a business transfer agreement to dispose the concession right for a total consideration of USD118 million (approximately RM534 million). The disposal was completed on 22 March 2023.

(b) Construction contracts

The Group issued progress billings to the customers when the billings milestones are attained while the revenue recognised when the performance obligation is satisfied.

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Contract assets	**1,762,440**	1,591,785
Contract liabilities	**(10,959)**	(2,377)
	1,751,481	1,589,408

NOTES TO THE FINANCIAL STATEMENTS
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10. CONTRACT ASSETS/CONTRACT LIABILITIES (CONT'D)

(b) Construction contracts (cont'd)

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
At the beginning of financial period/year	**1,589,408**	1,355,674
Revenue recognised during the financial period/year	**536,129**	679,245
Progress billings issued during the financial period/year	**(490,941)**	(553,029)
Finance income recognised	**17,335**	11,984
Translation differences	**99,550**	95,534
At the end of financial period/year	**1,751,481**	1,589,408
Presented by:		
Non-current	**804,792**	481,259
Current	**946,689**	1,108,149
	1,751,481	1,589,408

The unsatisfied performance obligation at the end of the reporting period/year are expected to be recognised within 1 year.

11. INVENTORIES

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Work-in-progress	**15,851**	12,364
General stocks	**13,201**	16,206
	29,052	28,570

The inventories recognised as cost of sales in profit or loss for the financial period is RM455,940,636 (30.6.2022: RM502,141,932).

12. TRADE RECEIVABLES

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Trade receivables	**66,458**	82,405
Less: Impairment loss during the financial period/year/at end of financial period/year	**(12,300)**	-
	54,158	82,405
Retention sums on contracts	**129,650**	139,769
Less: Impairment loss during the financial period/year/at end of financial period/year	**(1,115)**	-
	128,535	139,769
	182,693	222,174

Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranging from 30 to 60 days (30.6.2022: 30 to 60 days).

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13. OTHER RECEIVABLES

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Other receivables	**68,313**	9,371	**36**	52
Less: Impairment loss during the financial period/year/at end of financial period/year	**(20)**	-	**-**	-
	68,293	9,371	**36**	52
Advance payments to suppliers	**23,428**	48,501	**-**	-
Deposits	**2,711**	3,145	**6**	207
Prepayments	**20,909**	25,078	**239**	224
GST/VAT receivable	**27,619**	22,775	**-**	-
	142,960	108,870	**281**	483

Included in other receivables is retention sum from disposal of concession asset amounted to RM66,438,720.

14. AMOUNT DUE FROM/TO ASSOCIATE/RELATED COMPANIES

		Group		Company	
		30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
(a)	Subsidiaries (Non trade):				
	Amount due from	**-**	-	**366,573**	392,513
	Amount due to	**-**	-	**(139,157)**	(217,994)
		-	-	**227,416**	174,519
	Presented by:				
	Non-current	**-**	-	**206,054**	-
	Current	**-**	-	**21,362**	174,519
		-	-	**227,416**	174,519
(b)	Associate (Trade):				
	Amount due from	**3,513**	2,833	**-**	-

In prior year, included in amount due from subsidiaries is dividend receivable from subsidiaries amounted to RM1,900,723.

The amount due from associate are unsecured, receivable on demand and interest free.

The amount due from/to subsidiaries are unsecured, receivable/repayable on demand and subject to interest rate ranging from 4.44% to 6.18% (30.6.2022: 3.78% to 4.36%) per annum except for RM81,362 are interest free.

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15. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Fixed deposits with licensed institutions	**57,728**	50,358	**30,498**	24,033
Cash and bank balances	**99,638**	118,622	**121**	4,033
	157,366	168,980	**30,619**	28,066

The effective interest rates of fixed deposits with licensed institutions ranging from 1.92% to 4.75% (30.6.2022: 1.63% to 4.25%) per annum. The maturity periods of the fixed deposits ranging from 1 to 365 days (30.6.2022: 1 to 365 days).

The Group has maintained debt service reserve balances amounting to RM46,349,014 (30.6.2022: RM68,725,870) under cash and bank balances, as security for banking facilities granted to respective subsidiaries. The Group's fixed deposits are pledged to licensed banks for banking facilities granted to respective subsidiaries and the Company's fixed deposits are pledged to licensed banks for sinking fund.

16. SHARE CAPITAL

Group and Company

	Number of shares		Amount	
	2023 Unit'000	**2022 Unit'000**	**2023 RM'000**	**2022 RM'000**
Issued and fully paid with no par value:				
At the beginning of financial period/year	**992,221**	764,294	**232,942**	212,672
Bonus issue	**-**	191,073	**-**	-
Private placement	**-**	36,854	**-**	20,270
At the end of financial period/year	**992,221**	992,221	**232,942**	232,942

In prior year, the Company issued:

(i) 191,073,299 new ordinary shares through a bonus issue on the basis of two (2) new ordinary shares for every eight (8) existing ordinary shares held in the Company, which was completed on 16 December 2021; and

(ii) 36,854,600 new ordinary shares at an issue price of RM0.55 each pursuant to first tranche of the private placement exercise, which was completed on 22 March 2022.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

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17. TREASURY SHARES

Group and Company

	Number of shares		Amount	
	2023 Unit'000	**2022 Unit'000**	**2023 RM'000**	**2022 RM'000**
At the beginning of financial period/year	**7,666**	3,121	**4,183**	2,345
Repurchase	**-**	3,765	**-**	1,838
Bonus issue	**-**	780	**-**	-
At the end of financial period/year	**7,666**	7,666	**4,183**	4,183

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 27 June 2013, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy-Back). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 25 November 2022. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The Company did not repurchase of its ordinary shares. In prior year, the Company repurchased 3,764,600 of its ordinary shares from the open market at an average price of RM0.49 (including transaction costs) per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

Treasury shares have no rights to vote, dividends and participation in other distribution.

18. RESERVES

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Non-distributable reserve:		
Merger deficit	**(33,137)**	(33,137)
Exchange translation reserve	**42,335**	24,855
Capital reserve	**8,534**	8,534
Fair value reserve	**1,239**	(1,336)
	18,971	(1,084)

Merger deficit

The merger deficit represents the effect arising from the merger of subsidiaries by the Company.

Exchange translation reserve

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Capital reserve

A subsidiary has increased the share capital from capitalisation of post-acquisition retained earnings, in effect, a permanent freezing of the portion of the subsidiary's post-acquisition retained earnings is recognised by a transfer from Group's retained earnings to the Group's capital reserve.

Fair value reserve

The fair value reserve represents the effective portion of changes in the fair value of the derivative financial instruments that are designation and qualified as cash flow hedge.

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19. PERPETUAL SUKUK

	Group and Company	
	30.9.2023	**30.6.2022**
	RM'000	**RM'000**
Nominal value	**100,000**	100,000

On 16 October 2020, the Group entered into a Perpetual Islamic Notes Issuance Programme under the Shariah Principle of Musharakah for issuance of RM1,000,000,000 Perpetual Islamic Notes. The Perpetual SUKUK is accounted as an equity.

The Perpetual SUKUK was issued with a tenure of perpetual non-callable of 3 years, where first call date is 16 October 2023, with an initial periodic distribution rate of 6% per annum. On 30 June 2023, a notice of Sinking Fund Event had been issued by Malaysian Trustees Berhad and the periodic distribution rate had been increased to 15% per annum. On 9 November 2023, the Company partially redeemed RM18 million of the Perpetual SUKUK.

The salient features of the Perpetual SUKUK are as follows:

(a) The Perpetual SUKUK is issued under the Islamic Principle of Musharakah;

(b) The Perpetual SUKUK is a perpetual non-callable 3 years with no fixed tenure and carries a fixed initial periodic distribution rate of 6% (per annum, payable semi-annually) up to the 4th year anniversary of the issue date, after which and on the 4th anniversary of the issue date until the redemption the periodic distribution rate will be reset. The periodic distribution rate will be reset to the Initial Periodic Distribution Rate + Step-Up Margin applicable on each Stepped-Up Date. As at 30 September 2023, a periodic distribution for Perpetual SUKUK was paid amounting to RM5,914,767 (30.6.2022: RM3,744,210);

(c) Deferred periodic distribution, if any, will be cumulative and accrued at the prevailing periodic distribution rate. The Group, at its discretion, has the option to defer the periodic distribution in perpetuity;

(d) The Perpetual SUKUK has no fixed redemption date;

(e) The Group has the option to redeem the Perpetual SUKUK in whole under the following circumstances:

  (i) Optional Redemption;

  (ii) Accounting Event Redemption;

  (iii) Tax Event Redemption;

  (iv) Privatisation Event Redemption; and

  (v) Sinking Fund Event Redemption

(f) Payment obligations on the Perpetual SUKUK will at all times, rank in priority to other share capital instruments for the time being outstanding, but junior to the claims of present and future creditors of the Group and the Company; and

(g) The Perpetual SUKUK is secured by relevant Tranche Security.

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20. LEASE LIABILITIES

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
At the beginning of financial period/year	**12,835**	12,997	**172**	603
Additions	**1,807**	2,444	**-**	-
Accretion of interest	**1,240**	949	**3**	17
Lease termination	**(951)**	(665)	**-**	-
Payments:				
- Principal	**(2,603)**	(2,500)	**(145)**	(431)
- Interests	**(1,240)**	(949)	**(3)**	(17)
Translation reserve	**668**	559	**-**	-
At the end of financial period/year	**11,756**	12,835	**27**	172
Presented as:				
Current	**1,342**	2,256	**27**	137
Non-current				
- between 2 to 5 years	**2,406**	3,731	**-**	35
- more than 5 years	**8,008**	6,848	**-**	-
	10,414	10,579	**-**	35
	11,756	12,835	**27**	172

The Group's and the Company's leases bear interest at rates ranging from 2.26% to 7.20% and 2.26% to 2.35% (30.6.2022: 2.25% to 7.00% and 2.26% to 2.35%) per annum respectively.

21. LOANS AND BORROWINGS (SECURED)

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Non-current				
- Term loans	**650,012**	780,147	**-**	-
Current				
- Bank overdrafts	**47,101**	45,967	**1,001**	316
- Bankers' acceptances	**11,039**	24,653	**-**	-
- Term loans	**127,416**	119,459	**35,000**	-
- Trust receipts	**100,798**	129,596	**-**	-
- Revolving credits	**180,042**	261,683	**87,702**	80,666
	466,396	581,358	**123,703**	80,982
	1,116,408	1,361,505	**123,703**	80,982

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

21. LOANS AND BORROWINGS (SECURED) (CONT'D)

The particulars of term loans are as follows:

		Group	
		30.9.2023 RM'000	**30.6.2022 RM'000**
(a)	A 9-year term loan of RM37.7 million which is repayable by 107 equal monthly installments of RM350,000 and a final installment of RM5.4 million commencing on 1 June 2018.	**18,998**	22,892
(b)	A 20-year term loan of RM6.75 million which is repayable by 120 equal monthly installments of RM20,617 and RM21,915 until full settlement of the Facility, commencing 1 month after full drawdown on 1 November 2016.	**4,826**	5,215
(c)	A 7-year term loan of USD63 million (equivalent to RM295 million) with the first installment payable on 2 September 2019. The installments ranging from USD5.3 million (equivalent to RM24.9 million) to USD11 million (equivalent to RM51.6 million) per year. The loan is early settled in April 2023.	**-**	192,244
(d)	A 9-year term loan of USD50 million (equivalent to RM234.6 million) which is repayable by 72 monthly installments commencing 3rd year after first drawdown in June 2018. The term loan period has been extended to another 2 years and the repayment date has been revised to three months after scheduled commercial operation date or 64 months after the first utilisation date, whichever is earlier. The installments ranging from USD400,000 (equivalent to RM1.9 million) to USD2.36 million (equivalent to RM11.1 million) per month.	**220,130**	208,569
(e)	A 9-year term loan of USD50 million (equivalent to RM234.6 million) which is repayable by 16 semi-annual installments commencing 18 months after first drawdown in April 2019. The repayment timing changed from semi-annual to monthly repayment starting from July 2021. The installments ranging from USD0.4 million (equivalent to RM1.88 million) to USD0.5 million (equivalent to RM2.35 million) per month.	**144,279**	171,912
(f)	A 5-year term loan of USD9.5 million (equivalent to RM44.6 million) and KHR10.31 billion (equivalent to RM11 million) which are repayable by 48 installments commencing 12 months after first drawdown in November 2019. The installments are amounting to USD197,917 (equivalent to RM928,627) and KHR214 million (equivalent to RM235,400) respectively.	**7,031**	23,162
(g)	A 13-year term loan of USD16 million (equivalent to RM75.1 million) which is repayable by 144 installments commencing 12 months after first drawdown in June 2021. The monthly installments is USD162,416 (equivalent to RM762,056). The monthly installment amount was increased to USD170,179,57 (equivalent to RM798,482.68) starting from October 2023.	**68,558**	69,323
(h)	A 8-year term loan of USD45.5 million (equivalent to RM213.5 million) which is repayable by 144 installments commencing 23 months after the first drawdown date in March 2021 or 7 months after the scheduled commercial operation date, whichever is earlier. The principal repayment memorandum period has been extended to 35 months after the first drawdown date. The installments are amounting to USD300,000 (equivalent to RM1.41 million) for moratorium date and USD600,000 (equivalent to RM2.82 million).	**211,319**	192,047
(i)	A term loan of RM49.6 million which is repayable by 24 months commencing in February 2021. The loan is fully settled in February 2023.	**-**	10,333

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21. LOANS AND BORROWINGS (SECURED) (CONT'D)

The particulars of term loans are as follows: (cont'd)

		Group	
		30.9.2023 RM'000	**30.6.2022 RM'000**
(j)	A 12-year term loan of RM6.4 million which is repayable by 144 monthly principal installments of RM44,445 and final monthly principal installment of RM44,365 to be commenced on 1 July 2025.	**4,621**	3,909
(k)	A term loan limit of RM345 million with utilisation of RM58 million which is repayable by 66 months commencing 43 months from the first disbursement date i.e. November 2022 or 5 months after the date of completion of the project.	**58,076**	-
(l)	A term loan of USD1 million (equivalent to RM4.6 million) which is repayable by 48 months. The installments are amounting of USD24,530 (equivalent to RM115,095).	**4,590**	-
(m)	A term loan of RM35 million which is repayable 6 months from the date of first drawdown (first drawdown date is on September 2023) or upon receipt of the proceeds from the Corporate Exercise as stated in Note 38(d) to the Financial Statements, whichever is earlier.	**35,000**	-
		777,428	899,606

Term loans (a) and (b) are secured by:
(i) Letter of offers;
(ii) Master facility agreements;
(iii) Asset sale agreements over shariah compliant commodities;
(iv) Deeds of assignment of the sale and purchase agreement with power attorney to transfer or otherwise deal with the land and buildings of the subsidiary; and subsequently, upon issuance of the individual title, a legal charge over the land and buildings of the subsidiary;
(v) A first party fixed charge over the landed properties;
(vi) Facility agreement together with profit, commission and all other charges thereon;
(vii) A third limited debenture ranks pari passu to the existing debenture limited to the land; and
(viii) Corporate guarantee from the Company.

Term loan (c) is secured by:
(i) Assignment of rights and benefits under the Power Transmission Agreement;
(ii) Assignment of rights and benefits under the Implementation Agreement;
(iii) Assignment of rights and benefits under the Operation and Maintenance Agreement;
(iv) Assignment of rights and benefits under contract, agreements and insurances in relation to the project;
(v) Assignment of revenue proceeds of the project from EDC;
(vi) Pledge over shares of DPL;
(vii) Assignment of designated accounts; and
(viii) Debentures over the subsidiary.

Term loan (d) is secured by:
(i) Assignment and charge over accounts, assignment of project documents, assignment of takaful insurances and letter of undertaking;
(ii) Insurance premium covered during the construction of the project; and
(iii) Corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS
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21. LOANS AND BORROWINGS (SECURED) (CONT'D)

The particulars of term loans are as follows: (cont'd)

Term loan (e) is secured by:
(i) Granting certain direct rights to the Direct Agreement;
(ii) Pledge of bank account opened by the subsidiary;
(iii) Insurance premium covered during and after the construction of the project; and
(iv) Corporate guarantee from the Company.

Term loan (f) is secured by:
(i) Corporate guarantee from the Company;
(ii) Legal assignment/power of attorney over the rights and interest to the proceeds under the contract; and
(iii) Notice of assignment or irrevocable payment instruction to notify EDC on the assignment.

Term loan (g) is secured by:
(i) New facility agreement for USD16 million;
(ii) Hypothec Agreement over a parcel of vacant land to be erected with solar photovoltaic power plant;
(iii) Corporate guarantee from the Company and ASF;
(iv) Debenture for USD16 million incorporating first fixed and floating charge over present and future assets;
(v) Letter of undertaking from the Company and GSV;
(vi) Legal assignment over the rights and interest to the proceeds from the sale of electricity to EDC;
(vii) Assignment of rights and interest under the solar farm project arrangements; and
(viii) Assignment of designated accounts.

Term loan (h) is secured by:
(i) Assignment of rights and benefits under the Build Transfer Agreement;
(ii) Assignment of rights and benefits under the Implementation Agreement;
(iii) Assignment of rights and benefits under the Government Guarantee;
(iv) Assignment of rights and benefits under the Construction Agreement;
(v) Assignment of rights and benefits under contract, agreements and insurances in relation to the Company;
(vi) Pledge over shares of OPL;
(vii) Assignment of revenue proceeds of the project;
(viii) Corporate guarantee from the Company;
(ix) Pledge over the future immovable assets; and
(x) Debenture over moveable assets of the subsidiary.

Term loan (i) are obtained by way of corporate guarantee by the Company.

Term loan (j) is secured by:
(i) Assignment over the rights, title and interest of the land; and
(ii) Corporate guarantee from the Company.

Term loan (k) is secured by:
(i) Debenture over fixed and floating assets, present and future;
(ii) Assignment by way of security over designated accounts;
(iii) Assignment by way of security over the intercompany financing agreement in relation to the channelling of the disbursement proceeds of the Term Financing to part finance the project of a related company;
(iv) Corporate guarantee from a related company; and
(v) Corporate guarantee from the holding company.

Term loan (l) is secured by corporate guarantee from the Company.

Term loan (m) is secured by:
(i) Memorandum of charge over the Escrow Account maintained with the bank;
(ii) Deed of assignment over all proceeds to be credited into the Escrow Account maintained with the bank; and
(iii) Joint and several guarantee by certain Directors of the Company.

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21. LOANS AND BORROWINGS (SECURED) (CONT'D)

The particulars of term loans are as follows: (cont'd)

Other than term loans, other borrowings of the Group are secured by:
(i) Master facility agreement;
(ii) Corporate guarantee by the Company;
(iii) Blanket counter indemnity from a subsidiary;
(iv) Letter of undertaking from a subsidiary;
(v) Deed of legal assignment over proceeds of MRT2 Project with notice of assignment duly acknowledged by project principal/awarder;
(vi) Debenture over the fixed and floating assets, present and future;
(vii) Letter of undertaking from the Company to cover for costs overrun, if any;
(viii) Letter of negative pledge;
(ix) Irrevocable instruction letter to project principal/awarder, duly acknowledged by the same, to channel all project proceeds to designated Project Escrow Account;
(x) Marginal deposit to be built by way of sinking fund by debit of up to 5% of each progress claim, up to RM25,000,000;
(xi) Letter of set-off on the marginal deposit, so long the specific project financing line - MRT2 Project limits subsist;
(xii) Irrevocable instruction letter to authorise the banks to operate designated escrow account;
(xiii) Securities acceptable to the Bank as may be advised by the Bank's panel solicitors;
(xiv) Overdraft undertaking;
(xv) Bankers' acceptance undertaking and indemnity;
(xvi) Facility agreement as principal instrument; and
(xvii) An open monies third party legal charge over a property.

The borrowings of the Company are secured by corporate guarantee by a subsidiary of the Company and an open monies third party legal charge over a property.

The effective annual interest rates are as follows:

	Group		Company	
	30.9.2023	**30.6.2022**	**30.9.2023**	**30.6.2022**
	%	%	%	%
Term loans	**4.85 - 7.92**	3.00 - 7.50	**-**	-
Bank overdrafts	**6.75 - 8.62**	6.45 - 8.50	**6.85**	6.60
Bankers' acceptances	**6.15 - 7.12**	3.97 - 5.11	**-**	-
Trust receipts	**5.41 - 8.13**	1.16 - 5.03	**-**	-
Revolving credit	**4.06 - 8.53**	3.27 - 5.05	**4.06 - 5.80**	3.85 - 3.95

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

22. DEFERRED TAX LIABILITIES

The deferred tax liabilities as at the end of the reporting period/year are made up of the temporary differences arising from:

	Property, plant and equipment RM'000	Unutilised industrial building allowances RM'000	Total RM'000
Group			
At 1 July 2021	3,678	(105)	3,573
Recognised in profit or loss (Note 30)	1,416	(531)	885
Translation reserve	235	-	235
At 30 June 2022	5,329	(636)	4,693
Recognised in profit or loss (Note 30)	879	(64)	815
Translation reserve	1,048	-	1,048
At 30 September 2023	**7,256**	**(700)**	**6,556**

23. TRADE PAYABLES

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Non-current		
Trade payables	**5,816**	21,722
Current		
Trade payables (included accrued contract costs)	**660,082**	549,849
Retention sums on contracts	**25,010**	22,582
	685,092	572,431
	690,908	594,153

Included in trade payables of the Group is an amount due to related parties by virtue of common Directors amounting to RM120,181 (30.6.2022: RM98,181) which is unsecured, non-interest bearing and the normal credit term granted by the related parties is 90 days (30.6.2022: 90 days).

Trade payables are non-interest bearing and the normal credit terms granted by the trade payables to the Group ranging from 14 days to 2 years (30.6.2022: 14 days to 2 years).

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

24. OTHER PAYABLES

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Amount due to Directors	**14,600**	-	**14,600**	-
Other payables and accruals	**59,325**	24,583	**2,323**	743
Deposits received	**63,631**	92,261	**-**	-
Sales and Services Tax payable	**4,177**	817	**-**	-
Provision of performance bond	**39,900**	-	**-**	-
	181,633	117,661	**16,923**	743

Provision for performance bond during the financial period is resulted from the termination of contract by one of its customers, and the High Court has dismissed its injunction application filed against the customer, the details are disclosed in Note 32 to the Financial Statements.

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
At the beginning of the financial period/year	**-**	-	**-**	-
Recognised during the financial period/year	**39,900**	-	**-**	-
At end of the financial period/year	**39,900**	-	**-**	-

Included in other payables and accruals of the Group are:

(i) an amount of RM3,193,102 (30.6.2022: RM2,999,828) arising from the land compensation for a project carry out by a subsidiary.

(ii) an amount of Nil (30.6.2022: RM150,000) due to a Director in a subsidiary.

(iii) an outstanding amount of RM1,779,483 (30.6.2022: RM2,491,276) in relation to the purchase of a freehold land.

(iv) an amount of RM5,131,692 (30.6.2022: Nil) owing to a customer which bears interest at 3% per month.

(v) an amount of RM22,146,240 (30.6.2022: Nil) payable in relation to capital gain tax of disposal of concession asset in Cambodia.

(vi) an amount of RM3,132,675 (30.6.2022: Nil) owing to a third party which bears interest at 10% per annum.

(vii) amount due to Directors which are unsecured, repayable on demand and bears interest ranging from 8.40% to 12.00% (30.6.2022: Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

25. REVENUE

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Revenue from contract with customers:				
Sales of products	**15,289**	7,617	**-**	-
Rendering of services under construction contracts	**536,129**	679,245	**-**	-
Operation and maintenance services	**29,492**	5,695	**-**	-
Concession revenue	**12,087**	22,533	**-**	-
Management fee income	**-**	-	**16,041**	10,433
	592,997	715,090	**16,041**	10,433
Revenue from other source:				
Dividend income	**-**	-	**9,000**	23,832
	592,997	715,090	**25,041**	34,265
Timing of recognition				
- Satisfied over time	**577,708**	707,473	**16,041**	10,433
- Satisfied at a point in time	**15,289**	7,617	**-**	-
	592,997	715,090	**16,041**	10,433

26. OPERATING EXPENSES

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Direct costs				
- Raw materials and consumables	**455,941**	502,142	**-**	-
- Production overheads	**63,504**	51,584	**-**	-
- Performance bond	**39,900**	-	**-**	-
- Compensation cost	**20,000**	-	**-**	-
	579,345	553,726	**-**	-
Employee benefit expenses				
- Directors' remuneration	**7,789**	6,416	**3,992**	3,307
- Salaries, wages, bonuses and other emoluments	**63,963**	59,444	**7,989**	6,510
- Defined contribution plan	**6,729**	5,786	**934**	791
- Social security contributions	**949**	435	**71**	53
- Other benefits	**4,144**	5,055	**229**	573
	83,574	77,136	**13,215**	11,234
Directors' fee	**240**	166	**240**	166

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

26. OPERATING EXPENSES (CONT'D)

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
(Cont'd)				
Depreciation and amortisation				
- Property, plant and equipment	**21,298**	14,430	**585**	701
- Intangible assets	**4,408**	4,075	**-**	-
	25,706	18,505	**585**	701
Short-term leases				
- Rental of premises	**3,823**	3,335	**930**	745
- Rental of motor vehicles	**62**	787	**-**	-
	3,885	4,122	**930**	745
Others				
Auditors' remuneration:				
- Grant Thornton Malaysia PLT				
- Audit services	**381**	280	**68**	53
- Other services	**157**	60	**125**	14
- Other auditors				
- Member firm of Grant Thornton International Ltd.	**330**	224	-	-
- Others	**16**	13	-	-
Other expenses	**82,775**	24,416	**4,647**	6,324
	776,409	678,648	**19,810**	19,237

27. OTHER OPERATING INCOME

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Sundry income	**1,090**	1,578	**3**	-
Gain on lease termination	**70**	58	**-**	-
	1,160	1,636	**3**	-

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

28. OTHER (LOSSES) AND GAINS

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Fair value loss on derivative financial instruments	**(107)**	(4,484)	**-**	-
Loss on winding up of a subsidiary	**-**	(8)	**-**	-
Gain on disposal of property, plant and equipment	**369**	177	**-**	158
Impairment of:				
- intangible asset	**(18,099)**	-	**-**	-
- property, plant and equipment	**(30,005)**	-	**-**	-
Property, plant and equipment written off	**(7)**	(50)	**-**	-
Realised gain/(loss) on foreign exchange	**4,992**	461	**(45)**	(47)
Unrealised gain/(loss) on foreign exchange	**19,980**	12,703	**(7,795)**	(4,492)
	(22,877)	8,799	**(7,840)**	(4,381)

29. FINANCE INCOME/COSTS

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000	1.7.2022 to 30.9.2023 RM'000	1.7.2021 to 30.6.2022 RM'000
Finance income				
Interest income	**2,300**	890	**1,212**	193
Interest income charged to subsidiaries	**-**	-	**23,247**	12,595
Interest income arising from contracts with customers	**41,333**	57,649	**-**	-
Unwinding discount of financial liabilities	**4,515**	-	**-**	-
	48,148	58,539	**24,459**	12,788
Finance costs				
Bank overdrafts	**4,934**	1,764	**58**	1,504
Lease liabilities	**1,240**	949	**3**	17
Interest expense charged by subsidiaries	**-**	-	**10,392**	7,855
Short-term borrowings	**29,696**	9,707	**6,861**	-
Term loans	**69,159**	50,007	**110**	-
Amortisation of unwinding discount of financial liabilities	**3,300**	1,659	**-**	-
	108,329	64,086	**17,424**	9,376

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

30. TAX EXPENSE/(INCOME)

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 30.9.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Current year:				
- current tax	**6,284**	6,118	**2,661**	33
- deferred tax (Note 22)	**815**	885	**-**	-
	7,099	7,003	**2,661**	33
Prior years:				
- current tax	**1,232**	(2,659)	**168**	(102)
	8,331	4,344	**2,829**	(69)

Malaysian income tax is calculated at the statutory rate of 24% (30.6.2022: 24%) of the estimated taxable profits for the financial period.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to (loss)/profit before tax of the applicable statutory tax rate to income tax expense of the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 30.9.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
(Loss)/Profit before tax	**(389,923)**	41,674	**4,429**	14,059
At Malaysian statutory tax rate of 24% (30.6.2022: 24%)	**(93,582)**	10,002	**1,063**	3,374
Effects of different tax rates in overseas subsidiaries	**1,473**	(259)	**-**	-
Tax effects in respect of:				
- expenses not deductible for tax purposes	**70,210**	7,965	**7,023**	4,275
- income not subject to tax	**(8,582)**	(8,678)	**(5,425)**	(7,667)
- movement of deferred tax assets not recognised during the financial period/year	**37,580**	6,716	**-**	51
- exemption under qualified investment project in foreign subsidiary	**-**	(8,743)	**-**	-
- Under/(over) provision in prior years	**1,232**	(2,659)	**168**	(102)
	8,331	4,344	**2,829**	(69)

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

30. TAX EXPENSE/(INCOME) (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Property, plant and equipment	**1,276**	2,518	**163**	183
Unabsorbed tax losses	**(226,011)**	(74,054)	**(10,328)**	(10,328)
Unutilised capital allowances	**(5,500)**	(4,463)	**-**	-
Others	**(3,343)**	(996)	**(185)**	(205)
	(233,578)	(76,995)	**(10,350)**	(10,350)

The unabsorbed tax losses and unutilised capital allowances are available to offset against future taxable profits of the Group and the Company respectively in which those items arose. Deferred tax assets have not been recognised in respect of these items as they are not foreseen to be realised in the near future.

The expiry of the unabsorbed tax losses is as follows:

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Carry forward up to:				
Year of assessment 2028	**5,303**	5,303	**4,991**	4,991
Year of assessment 2029	**3,744**	3,744	**1,208**	1,208
Year of assessment 2030	**41,620**	39,474	**4,129**	4,129
Year of assessment 2031	**2,955**	2,908	**-**	-
Year of assessment 2032	**21,680**	22,625	**-**	-
Year of assessment 2033	**150,709**	-	**-**	-
	226,011	74,054	**10,328**	10,328

31. (LOSS)/EARNINGS PER SHARE

Basic/diluted (loss)/earnings per share

Basic/diluted (loss)/earnings per share is calculated by dividing consolidated (loss)/profit for the financial period/year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue, after adjusting for movement in treasury shares during the financial period/year.

	Group	
	1.7.2022 to 30.9.2023	**1.7.2021 to 30.6.2022**
(Loss)/Profit attributable to owners of the Company (RM'000), as per previously reported	**(334,288)**	13,726
Prior year adjustment (Note 39)	**-**	(3,744)
(Loss)/Profit attributable to owners of the Company (RM'000), restated	**(334,288)**	9,982
Weighted average number of ordinary shares in issue (Number of shares '000)	**984,555**	961,229
Basic/diluted (loss)/earnings per share (RM)	**(0.34)**	0.01

Diluted earnings per share

The diluted (loss)/earnings per share of the Group is similar to the basic (loss)/earnings per share as the effect of include the convertible investments are anti-dilutive for the period/year presented.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES

(a) In the matter of the adjudication proceedings between PTE and Lion Pacific Sdn. Bhd. ("LPSB")

On 30 October 2019, PTE, a wholly-owned subsidiary of the Company, obtained an adjudication decision in its favour as a result of the adjudication proceedings initiated by PTE against LPSB under the Construction Industry Payment & Adjudication Act 2012 for non-payment of works done pursuant to the sub-contract with LPSB, whereby LPSB appointed PTE as a sub-contractor to complete the systems package works ("Works") in the project known as "Extension of the Rail Link from the Subang Commuter Station to Subang Skypark Phase 1" ("Project").

The adjudicator found in favour of PTE and that LPSB shall pay a total sum of approximately RM12,522,732.71 plus interests to PTE ("PTE Adjudication Decision").

On 19 February 2020, LPSB filed applications in the High Court to set aside/stay the PTE Adjudication Decision ("LPSB's Setting Aside / Stay Application").

On 23 July 2020, PTE filed an application to enforce the PTE Adjudication Decision ("PTE's Enforcement Application").

On 29 September 2020, the High Court dismissed LPSB's Setting Aside / Stay Application and allowed PTE's Enforcement Application.

Being dissatisfied with the High Court's decision given on 29 September 2020, LPSB filed appeals to the Court of Appeal against the said High Court's decision ("LPSB's Appeals").

The hearing for LPSB's Appeals came up on 27 October 2021. The Court of Appeal allowed LPSB's Appeals and the PTE Adjudication Decision was effectively set aside.

Being dissatisfied with the Court of Appeal's decision given on 27 October 2021, PTE filed applications for leave to appeal to the Federal Court on 23 November 2021 ("PTE's Leave for Appeal").

The hearing before the Federal Court for the PTE's Leave for Appeal was fixed on 1 November 2022. The Federal Court had allowed PTE's Leave for Appeal, i.e., PTE may appeal to the Federal Court against the Court of Appeal's decision.

Accordingly, PTE filed its appeals to the Federal Court against the Court of Appeal's decision on 14 November 2022.

However, before PTE's appeals were heard before the Federal Court, PTE and LPSB had entered into the Consent Orders dated 17 May 2023, wherein parties have agreed to settle the matter. The Consent Orders dated 17 May 2023 were recorded before the panel of the Federal Court during the hearing of PTE's Appeals fixed for 17 May 2023.

As at 31 July 2023, LPSB has made a total payment in the sum of RM4 million.

(b) In the matter of the High Court proceedings between PTE and LPSB

On 2 March 2021, LPSB initiated a further suit in the High Court against PTE, raising new allegations arising out of the Works under the Project ("New High Court Suit").

PTE in turn filed an application to stay the New High Court Suit pending arbitration pursuant to Section 10 of the Arbitration Act 2005 ("PTE's Stay Application").

On 20 October 2021, the High Court allowed the PTE's Stay Application.

Being dissatisfied with the High Court's decision given on 20 October 2021, LPSB filed an appeal to the Court of Appeal against the said decision of the High Court ("LPSB's Stay Appeal").

However, before the LPSB's Stay Appeal was heard before the Court of Appeal, PTE and LPSB have entered into a Consent Judgement, wherein parties have agreed to proceed with the New High Court Suit at the High Court.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES (CONT'D)

(b) In the matter of the High Court proceedings between PTE and LPSB (cont'd)

During the case management on 9 August 2023, the parties are required to comply with Pre-Trial Case Management Directions ("PTCM") (filing of the Statement of Agreed Facts, Statement of Issues to be Tried and Common Bundle of Documents). The Judicial Commissioner also fixed the matter for further case management on 26 September 2023.

The matter in the High Court is fixed for further case management before the Judge on 16 January 2024. On 16 January 2024, the Judge has fixed the matter for further case management on 15 February 2024 for parties to update the Court on the status of settlement negotiations between parties. In the meantime, parties are required to comply with the Pre-Trial Case Management Directions issued by the Court.

(c) In the matter of the arbitration proceedings between Transgrid Ventures Sdn. Bhd. ("TGV") and CRSE

On 18 December 2017, TGV commenced arbitration proceedings against CRSE, a wholly-owned subsidiary of PTE, for an alleged outstanding sum of RM29,362,000 under the sub-contract entered into between the parties vide a letter of award dated 10 January 2017 ("Impugned LOA") ("Original Claims").

On 31 October 2019, CRSE obtained the arbitration award with costs totalling approximately RM383,415 granted in their favour ("CRSE Arbitration Award").

However, TGV commenced 2 applications in the High Court to claim for the Original Claims ("Section 42 Application") and to vary and set aside the CRSE Arbitration Award ("Section 37 Application"). Concurrently, CRSE filed an application to the High Court to enforce and recognise the CRSE Arbitration Award against TGV ("CRSE Enforcement Application").

In respect of the Section 42 Application, the High Court dismissed TGV's application on 6 October 2020, and TGV filed an appeal to the Court of Appeal on 2 November 2020 ("TGV COA Appeal 1").

In respect of the Section 37 Application, the High Court dismissed TGV's application on 11 January 2021, and TGV filed an appeal to the Court of Appeal on 8 February 2021 ("TGV COA Appeal 2").

In respect of the CRSE Enforcement Application, the High Court allowed CRSE's application on 11 January 2021 ("CRSE High Court Order"). On 8 February 2021, TGV filed an appeal to the Court of Appeal being dissatisfied with the CRSE High Court Order ("TGV COA Appeal 3").

The TGV COA Appeal 1, TGV COA Appeal 2 and TGV COA Appeal 3 were fixed for case managements on 12 January 2023, 25 January 2023 and 22 February 2023 respectively. During the case management on 22 February 2023, the Court of Appeal fixed the TGV COA Appeal 1, TGV COA Appeal 2 and TGV COA Appeal 3 for hearing on 27 October 2023.

The case management in relation to TGV's Appeals that took place on 25 January 2023, before the learned Registrar (after the case management previously fixed for 12 January 2023 was adjourned by the Court of Appeal).

During the said case management, TGV's solicitors had informed the Court of Appeal that the Supplementary Record of Appeals containing the Grounds of Decision in relation to the proceedings at the High Court has been filed as per the Court of Appeal's direction.

The Court of Appeal then directed as follows:-

a. The hearing of the appeals is fixed on 29 September 2023;

b. Parties to file its written submissions by 1 September 2023;

c. Parties to file its written submissions in reply (if any) by 14 September 2023;

d. Further case management fixed on 15 September 2023.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES (CONT'D)

(c) In the matter of the arbitration proceedings between TGV and CRSE (cont'd)

Subsequently, the hearing fixed on 29 September 2023 has been adjourned and now rescheduled to 27 October 2023.

A case management has also been fixed by the Court of Appeal on 22 February 2023 for the Court of Appeal to give its new directions on the filing of the written submissions.

During the said case management on 22 February 2023, the learned Registrar of the Court of Appeal gave the following directions:

a. Hearing of the Appeal is fixed on 27 October 2023;

b. Parties are to file their respective Written Submissions on or before 28 September 2023;

c. Parties are to file their respective Submissions in Reply, Executive Summary and the Common Core Bundle on or before 12 October 2023; and

d. Case Management (e-Review) is fixed on 13 October 2023 to update the Court of Appeal on the status of filing of the aforesaid documents.

A Settlement Agreement dated 1 March 2023 was entered between TGV and CRSE. Based on the Settlement Agreement, in consideration for the sum of RM20,000,000 to be paid by CRSE to TGV, TGV has agreed to withdraw Court of Appeal Civil Appeal Nos. W-02(C)(A)-278-01 and W-02(C)(A)-279-02/2021 subject to the terms and conditions in the Settlement Agreement.

The Settlement Sum was fully paid by CRSE to TGV on 7 August 2023. Parties were taking the necessary steps to withdraw the 3 aforementioned appeals by way of a consent order that is to be recorded before the Court of Appeal.

The Consent Order was sealed on 27 October 2023.

(d) Pestech Technology Sdn Bhd ("PTE") v Maybank Islamic Berhad ("Maybank") and Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("YTL") [Kuala Lumpur High Court Originating Summons No. WA-24C-92-06/2023 and Court of Appeal Civil Appeals No. W-02(C)(A)-1962-11/2023 & W-02(IM)(C)-1963-11/2023]

(1) OS and Ex-Parte Notice of Application

On 10 June 2023, PTE filed an originating summons at the Kuala Lumpur High Court ("OS") together with an Ex-Parte Notice of Application ("Application") against Maybank and SPYTL to (i) injunct Maybank from making payment of RM39,900,000 under the Performance Bond dated 24 October 2018 and (ii) to injunct SPYTL from receiving and/or utilising any monies that may have been received by SPYTL from Maybank under the Performance Bond.

On 13 June 2023, PTE obtained an ex-parte injunction order and subsequently obtained an ad interim injunction order on 23 June 2023 which will continue until the disposal of the OS and Application.

The hearing was originally fixed on 23 August 2023 but was adjourned to 25 August 2023. On 25 August 2023, the hearing was adjourned to 6 September 2023.

The hearing on 6 September 2023 was part heard and was fixed for continued hearing on 27 September 2023 and 3 October 2023, then fixed for continued hearing on 5 October 2023.

Both parties' oral submissions concluded on 5 October 2023 and the matter was fixed for decision (or clarification, if required) on 20 November 2023.

On 20 November 2023, the High Court Judge dismissed PTE's OS and Application with costs of RM80,000 payable to SPYTL and RM25,000 to Maybank ("High Court Decisions").

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES (CONT'D)

(d) Pestech Technology Sdn Bhd ("PTE") v Maybank Islamic Berhad ("Maybank") and Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("YTL") [Kuala Lumpur High Court Originating Summons No. WA-24C-92-06/2023 and Court of Appeal Civil Appeals No. W-02(C)(A)-1962-11/2023 & W-02(IM)(C)-1963-11/2023] (cont'd)

(2) Erinford Injunction

Following the High Court Decisions, Counsel for PTE then made an oral application for an ad interim Erinford Injunction pending the filing of the formal Erinford Injunction Application by PTE. The High Court Judge allowed the ad interim Erinford Injunction to preserve the status quo pending the determination of the Erinford Injunction Application.

The Erinford Application was fixed for hearing on 11 December 2023, and upon hearing Counsels' submissions, the High Court Judge reserved his decision for the Erinford Application to 15 December 2023 and allowed the ad Interim Erinford Injunction granted by the High Court Judge on 20 November 2023 to continue to maintain status quo until the delivery of the decision on 15 December 2023.

On 15 December 2023, PTE's Erinford Injunction Application (Enclosure 79) was dismissed with costs of RM15,000 awarded to Maybank and RM30,000 to SPYTL, on the condition that SPYTL gives an undertaking by 18 December 2023, to refund any amount that may have been received by SPYTL under the performance bond to PTE within 7 working days if the Appeals are decided in PTE's favour. SPYTL complied with the High Court order and furnished the undertaking by way of a letter dated 18 December 2023.

The High Court Judge further granted a conditional interim order to maintain the status quo pending the filing of the applications under Section 44 of the Courts of Judicature Act 1964 ("s44 Applications") to the Court of Appeal, on two conditions ("Conditional Interim Stay Order"):

a. The s44 Applications must be filed by 15 December 2023; and

b. A hearing date for the s44 Applications be procured by 15 January 2024 (but the hearing of the s44 Applications need not be heard on or before 15 January 2024).

PTE has complied with both conditions under the Conditional Interim Stay Order.

(3) PTE's Appeals

On 22 November 2023, PTE appealed the High Court Decisions to the Court of Appeal vide two Notices of Appeal dated 22 November 2023 ("Appeals"). On 28 November 2023, PTE had written to the Court of Appeal seeking for an early hearing date for both the Appeals. The Court of Appeal has fixed 4 December 2023 for case management. The Registrar of the Court of Appeal had on 4 December 2023, fixed the next case management of this matter on 20 December 2023 for parties to update the Court on the status of filing of the Record of Appeal, and to fix the hearing dates in relation to the Appeals.

On 19 December 2023, PTE's counsels filed and served the Records of Appeal on SPYTL and Maybank's solicitors.

On 20 December 2023, the Court of Appeal Registrar had directed that the hearing for the Appeals will only be fixed after the High Court Grounds of Judgement ("GOJ") has been obtained. Another case management is fixed on 19 January 2024 to fix hearing date, subject to the filing of the GOJ via a supplemental record of appeal.

PTE's solicitors obtained the GOJ on 15 January 2024.

NOTES TO THE FINANCIAL STATEMENTS
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32. CONTINGENCIES (CONT'D)

(d) Pestech Technology Sdn Bhd ("PTE") v Maybank Islamic Berhad ("Maybank") and Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("YTL") [Kuala Lumpur High Court Originating Summons No. WA-24C-92-06/2023 and Court of Appeal Civil Appeals No. W-02(C)(A)-1962-11/2023 & W-02(IM)(C)-1963-11/2023] (cont'd)

(3) PTE's Appeals (cont'd)

During the case management on 19 January 2024, the following directions were given by the Court of Appeal in respect of the Appeals:

a. Hearing for the Appeals is fixed on 29 April 2024;

b. Parties are to file the written submissions by 1 April 2024, and reply submissions (if any) by 14 April 2024; and

c. Next case management is fixed on 15 April 2024.

(4) s44 Applications

On 15 December 2023, PTE filed the Notices of Motions to the Court of Appeal pursuant to the High Court's Conditional Interim Stay Order for interim relief pending the disposal of the Appeals. Pursuant to the s44 Applications, PTE prayed for interim relief to (i) injunct Maybank from making payment of RM39,900,000.00 under the Performance Bond dated 24 October 2018 and (ii) injunct SPYTL from receiving and/or utilising any monies that may have been received by SPYTL from Maybank under the Performance Bond.

On 21 December 2023, parties attended a case management before the Registrar for directions on the exchange of affidavits and written submissions. The following directions were given by the Court of Appeal on 21 December 2023:

a. Maybank and SPYTL to file affidavit in reply on 29 December 2023, and PTE to file further affidavit on 12 January 2024;

b. Parties to file written submissions on 29 January 2024, and reply submissions on 12 February 2024 (if any);

c. Next case management is fixed on 13 February 2024; and

d. Hearing of the s44 Applications is fixed on 27 February 2024.

In view of the above, both the conditions imposed by the High Court Judge in respect of the Conditional Interim Stay Order made on 15 December 2023 have been complied with by PTE. PTE obtained interim stay order for the matter to maintain status quo pending the hearing of the s44 Applications.

(e) In the matter of an AIAC arbitration between Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd (Claimant) ("SPYTL") and Pestech Technology Sdn Bhd ("PTE") & Pestech International Berhad ("PIB") (Respondents) [Ref: AIAC/D/AD-1225-2023]

On 11 September 2023, SPYTL issued a Notice of Arbitration to commence arbitration against PTE ("PTE Arbitration") for amongst others, a declaration that the Notice of Termination for Default dated 10 May 2023 is valid and for damages to be assessed in respect of alleged breaches of the Sub-Contract.

The arbitration is deemed commenced on 18 September 2023 pursuant to Rule 2(2) of the AIAC Arbitration Rules 2023.

PTE issued their Response to the Notice of Arbitration on 5 October 2023.

On 18 October 2023, SPYTL issued a Notice of Arbitration to commence arbitration against PIB ("PIB Arbitration") for amongst others, relief under the Parent Company Guarantee dated 18 December 2018. PIB served its Response to Notice of Arbitration on 10 November 2023.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES (CONT'D)

(e) In the matter of an AIAC arbitration between Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd (Claimant) ("SPYTL") and Pestech Technology Sdn Bhd ("PTE") & Pestech International Berhad ("PIB") (Respondents) [Ref: AIAC/D/AD-1225-2023] (cont'd)

Both the PTE and PIB Arbitrations were consolidated on 6 December 2023 by parties' agreement pursuant to Rule 10.1 of the AIAC Arbitration Rules 2023.

On 10 January 2024, the Arbitral Tribunal was fully constituted.

The first case management meeting before the Arbitral Tribunal is fixed for 5 February 2024.

(f) In the court proceedings between Pestech Sdn Bhd ("PSB") and Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("SPYTL") [Kuala Lumpur High Court Civil Suit No. WA-22C-44-06/2023 and Court of Appeal Civil Appeal No. W-02(IM)(C)-1192-07/2023]

On 20 June 2023, PSB filed a writ at the Kuala Lumpur High Court ("Writ") together with an Ex-Parte Notice of Application ("Application") against SPYTL to (i) restrain SPYTL from trespassing, utilising and/or otherwise tampering with machineries belonging to PSB until the disposal of PSB's Writ and (ii) to injunct SPYTL to return and/or deliver the machineries to PSB.

(1) Main Suit in respect of the Writ

During the case management on 4 December 2023 before the Judge, the Court directed for (i) parties to sort out the outstanding pre-trial documents by the next case management date; and (ii) YTL is to file their application for stay of proceedings and application for discovery by the next case management date. In this regard, the Court fixed the next case management date on 10 January 2024.

During the case management on 10 January 2024, YTL informed the Court that they have filed the application for stay of proceedings ("Stay Application") on 8 January 2024. In view that the Stay Application has been filed, the Court directed that all other pre-trial case management directions be suspended pending disposal of the Stay Application. In this regard, the Court gave the following directions in relation to the Stay Application:-

(i) YTL to file and serve the Affidavit in Support by 23 January 2024;

(ii) PSB to file and serve the Affidavit in Reply by 9 February 2024;

(iii) YTL to file and serve the Affidavit in Reply (if any) by 16 February 2024;

(iv) Parties to file Written Submissions by 28 February 2024; and

(v) Hearing for the Stay Application is fixed on 1 March 2024.

(2) Ex-Parte Injunction ("Enclosure 7")

In respect of the Application, on 27 June 2023, PSB obtained an ex-parte injunction order to restrain SPYTL from trespassing, utilising and/or otherwise tampering with machineries belonging to PSB until the disposal of the Writ. PSB also subsequently obtained an ad interim injunction order on 6 July 2023 to allow the ex-parte injunction order to have effect until the disposal of the Application.

The hearing for the Application was fixed on 14 July 2023 and the decision for the Application was fixed on 20 July 2023.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES (CONT'D)

(f) In the court proceedings between Pestech Sdn Bhd ("PSB") and Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("SPYTL") [Kuala Lumpur High Court Civil Suit No. WA-22C-44-06/2023 and Court of Appeal Civil Appeal No. W-02(IM)(C)-1192-07/2023] (cont'd)

(2) Ex-Parte Injunction ("Enclosure 7") (cont'd)

On 20 July 2023, the Court dismissed PSB's Application with costs in the cause subject to the express undertaking to be provided by SPYTL within 48 hours from 20 July 2023 that:-

(a) SPYTL is not to transfer, sell and/or dispose of the machines/equipments; and/or

(b) SPYTL will not move the said machines from the Project Site in anyway whatsoever until the case before the Court is disposed off; and/or

(c) SPYTL will reasonably maintain the machines/equipments, fair wear and tear accepted, and that the same are to be safely kept and stored in a reasonable manner until the case before the Court is disposed off.

SPYTL has duly complied with the terms above vide a Letter of Undertaking dated 20 July 2023.

(3) Erinford Injunction

Following the dismissal of PSB's Application, on 31 July 2023, PSB filed an application for an Erinford Injunction for, among others, PSB's Machineries to be delivered to sites which are sufficiently secure to retain the Machineries until final disposal of the Appeal, and that except for the purpose of complying with the aforementioned delivery of the Machineries, the Defendant be restrained from trespassing, using and/or tampering with the Machineries until the final disposal of the Appeal.

On 25 August 2023 and 6 September 2023, parties appeared before the High Court for the hearing of the Erinford Injunction Application. After hearing submissions from the counsels for the Plaintiff and the Defendant on 6 September 2023, the Court dismissed PSB's Erinford Injunction with costs in the cause.

(4) Appeal on Application

In light of the dismissal of PSB's Application, on 26 July 2023, PSB has filed an appeal against the decision of the Court ("Appeal") vide Civil Appeal No. W-02(IM)(C)-1192-07/2023. The Appellant has filed the Record of Appeal on 27 September 2023.

Parties have complied with the case management directions given on 24 October 2023.

On 27 November 2023, PSB filed a Notice of Motion to adduce further evidence vide the Supplementary Record of Appeal ("Motion to Adduce Further Evidence"). The Registrar of the Court of Appeal had on 1 December 2023 directed the exchange of affidavits and written submissions by the parties and fixed the matter to be heard on 5 January 2024.

On 5 January 2024, the Court of Appeal proceeded to hear parties in regard to PSB's Motion to Adduce Further Evidence. After hearing parties' submissions, the Court allowed the further evidence to be adduced into the Appeal, with each party bearing its own costs, on the following conditions:-

(i) PSB is given 21 days from 5 January 2024 to file and serve an affidavit to explain the relevancy and the impact of the new documents; and

(ii) Upon receiving PSB's abovementioned affidavit, SPYTL is given 21 days to file an affidavit in response explaining their position on the new documents adduced, and to file SPYTL's relevant documents as exhibits in their affidavit in response.

In this respect, the hearing of the substantive Appeal has been postponed pending the exchange of affidavits between parties, and the date of the hearing shall be fixed during the case management to be held on 23 February 2024.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES (CONT'D)

(f) In the court proceedings between Pestech Sdn Bhd ("PSB") and Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("SPYTL") [Kuala Lumpur High Court Civil Suit No. WA-22C-44-06/2023 and Court of Appeal Civil Appeal No. W-02(IM)(C)-1192-07/2023] (cont'd)

(5) Section 44 Application

On 15 September 2023, PSB filed a Notice of Motion pursuant to Section 44 of the Courts of Judicature Act 1964 ("Motion") to the Court of Appeal for interim relief pending disposal of the Appeal.

On 24 October 2023, parties appeared before the Court of Appeal for the hearing and decision of the Motion and the Court of Appeal ordered that:

(a) the undertaking given by the Respondent in the High Court covers an undertaking as to damages that the Appellant may be able to prove as per their Amended Statement of Claim;

(b) by consent, the Respondent gives the Appellant not exceeding two (2) hours to inspect each of the machineries as stated in the Schedule 1 to the Motion on the dates and time to be mutually agreed, and the Appellant shall be at liberty to take photos of the condition of the machineries during such inspection;

(c) liberty to apply; and

(d) costs in the appeal.

(g) Kuala Lumpur High Court Civil Suit No. WA-22C-89- 12/2022 between Cu-bera Jaya Sdn. Bhd. ("Cubera"), Pembinaan Tajri Sdn. Bhd. ("Tajri") and CRSE

On 30 December 2022, Cubera served its Statement of Claim dated 16 December 2022, claiming for damages arising from alleged unlawful interference and inducement, for the sum of RM3,235,587 in the Kuala Lumpur High Court against CRSE (i.e. the 2nd Defendant).

CRSE had filed its Memorandum of Appearance dated 10 January 2023, its Statement of Defence & Counterclaim dated 10 February 2023 and Reply to Plaintiff's Amended Reply to 2nd Defendant's Defence & 2nd Defendant's Counterclaim dated 25 April 2023.

During the Case Management fixed on 26 September 2023, the High Court Judge fixed the matter for further case management on 17 November 2023, for parties to comply with the PTCM directions and to update the court on the status of mediation between the parties.

The mediation between parties was conducted before a separate Judge of the Kuala Lumpur High Court on 9 November 2023 ("Mediation").

During the Mediation, parties were able to arrive at a settlement, wherein, amongst others, it was agreed that: -

(i) Tajri and CRSE will make payment of the settlement sum of RM700,000 as full and final settlement of the claims against both Tajri and CRSE and with no order as to costs ("Settlement Sum"). The Settlement Sum is to be paid to Cubera on or before 10 December 2023; and

(ii) Within 7 days upon payment of the Settlement Sum being made, a Notice of Discontinuance in the aforesaid action will be filed in respect of Cubera's claim and Tajri's and CRSE's respective counterclaims, with no order as to costs and with no liberty to file afresh.

On 20 December 2023, RM700,000 has been paid.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES (CONT'D)

(h) Originating Summons served on CRSE by Universal Cable (M) Berhad (Joint and Several Interim Liquidators appointed)

CRSE had on 23 October 2023, issued demands to Bangkok Bank Berhad ("BBB" or "2nd Defendant") ("the Demand") on both the Performance Bond in the sum of RM9,500,013.78 and the Retention Bond in the sum of RM4,750,006.89 (collectively referred to as "the Bonds"). The Bonds were issued in favour of CRSE pursuant to a Sub-Supply Contract entered into between Pembinaan Tajri Sdn. Bhd. and Universal Cable (M) Berhad ("UC") dated 15 May 2018 ("Sub-Supply Contract").

The Demand was made on the ground that UC had breached its obligations under the Sub-Supply Contract.

CRSE had on 31 October 2023 received an Originating Summons No. BA-24NCC-133-10/2023 in the High Court of Malaya at Shah Alam dated 26 October 2023 filed by UC against CRSE as the 1st Defendant and BBB as the 2nd Defendant.

UC by way of the Originating Summons is seeking for the following orders and reliefs ("the Originating Summons") against CRSE:-

a. A declaration that the Demand on the Performance Bond and Retention Bond are null and void;
b. An injunction that CRSE and/or its employees, servants, agents and nominees or otherwise howsoever be restrained from calling on the Performance Bond and/or the Retention Bond or receiving any monies thereunder from BBB;
c. General damages to be assessed; and
d. The cost to be borne by CRSE; and
e. Any such further or other orders deemed fit and appropriate by the Honourable Court.

Simultaneously, UC also filed an Ex-parte Injunction Application to:

1) Restrain CRSE from calling on the Performance Bond and/or the Retention Bond and/or receiving any monies from the 2nd Defendant pending determination of the Originating Summons;
2) That the 2nd Defendant be restrained from releasing any monies under the Performance Bond and/or the Retention Bond.
3) The cost to be borne by CRSE; and
4) Any such further or other orders deemed fit and appropriate by the Honourable Court.

On 30 October 2023, the High Court allowed the Ex-Parte Injunction Application and the inter-parte hearing was fixed on 14 November 2023 ("the Ex-Parte Injunction Order").

On 14 November 2023, the hearing was converted to a case management. The Court has directed that parties are to file and exchange affidavits and fixed the matter for further case management on 7 December 2023. In the meantime, an ad-interim injunction has been granted by Court so that the Ex-parte Injunction Order will remain in effect pending the disposal of the inter-partes Injunction Application.

On 27 November 2023, CRSE has filed the Affidavit in Reply with a Counterclaim against UC for, amongst others, the following reliefs:-

- A declaration that the Ex-parte Injunction Order dated 30 October 2023 ("Ex-parte Injunction Order") was wrongfully and unlawfully obtained by UC;
- A declaration that the Ex-parte Injunction Order be set aside;
- A declaration that the Originating Summons was wrongfully and unlawfully filed;
- An order for damages to be assessed;
- Aggravated and exemplary damages to be paid; and
- Interest and costs.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

32. CONTINGENCIES (CONT'D)

(h) Originating Summons served on CRSE by Universal Cable (M) Berhad (Joint and Several Interim Liquidators appointed) (cont'd)

CRSE has also filed a Notice of Application to set aside the Ex-parte Injunction Order and UC will be filing their Affidavit in Reply by 5 January 2024.

Parties were ordered to exhaust affidavits before the next case management date which is fixed on 5 March 2024.

A hearing date will only be fixed by the Court after Parties has exhausted the filing and exchange of the affidavits.

In respect of UC's action against BBB, all Parties have consented to the withdrawal of BBB as a party to the present action, pending a formal consent order to be recorded in Court during the next case management of this matter.

The solicitors representing the Group are not in the position to determine the financial outcome at the present stage of the proceedings. However, the Directors do not expect the outcome of the action to have a material effect on the Group's financial position.

In the opinion of the Directors, disclosure of any further information would be prejudicial to the interests of the Group.

33. RELATED PARTY DISCLOSURES

33.1 Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 30.9.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Advances from Directors	**14,600**	-	**14,600**	-
Interest expense charged by Directors	**249**	-	**249**	-
Subsidiaries:				
Management fee income	**-**	-	**16,041**	10,433
Dividend income	**-**	-	**9,000**	23,832
Rental expense	**-**	-	**629**	503
Interest expense	**-**	-	**10,392**	7,855
Interest income	**-**	-	**23,247**	12,595
Payment on behalf from	**-**	-	**(24,067)**	(11,378)
Related parties by virtue of common shareholders and/or key management personnel:				
Sales of products	**-**	162	**-**	-
Purchase of materials and services received	**3,292**	7,705	**-**	-
Rental expense	**363**	569	**363**	-

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

33. RELATED PARTY DISCLOSURES (CONT'D)

33.2 Compensation of key management personnel

Included in the employee benefit expense of the Group and of the Company are Directors' remuneration as follows:

	Group		Company	
	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**1.7.2022 to 30.9.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Executive Directors of the Company:				
Salaries and other emoluments	**5,344**	4,384	**3,365**	2,868
Defined contribution plan	**409**	341	**409**	341
Social security contributions	**3**	2	**3**	2
	5,756	4,727	**3,777**	3,211
Non-Executive Directors of the Company:				
Directors' other emoluments	**215**	96	**215**	96
Directors of subsidiaries:				
Salaries and other emoluments	**1,818**	1,593	**-**	-
	7,789	6,416	**3,992**	3,307
Non-Executive Directors of the Company:				
Directors' fee	**240**	166	**240**	166

The estimated monetary value of benefit-in-kind received and receivable by the Executive Directors of the Group and of the Company otherwise than in cash amounted to RM77,968 (30.6.2022: RM71,350).

Other key management personnel compensation is as follows:

	Group and Company	
	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**
Other key management personnel:		
- Salaries, bonuses and other emoluments	**1,079**	874
- Defined contribution plan	**108**	105
- Social security contributions	**3**	2
	1,190	981

Other key management personnel comprise staff of the Group and of the Company having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly.

33.3 Related party balances

Outstanding balances arising from related party transactions with related parties are disclosed in Notes 14, 23 and 24 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	30.9.2023			30.6.2022		
	Amortised cost RM'000	**FVTPL RM'000**	**Derivatives - used for hedging RM'000**	**Amortised cost RM'000**	**FVTPL RM'000**	**Derivatives - used for hedging RM'000**
Group						
Financial assets						
Derivative financial assets	**-**	**-**	**2,530**	-	-	2,975
Trade and other receivables	**253,697**	**-**	**-**	234,690	-	-
Cash and short-term deposits	**157,366**	**-**	**-**	168,980	-	-
Amount due from associate	**3,513**	**-**	**-**	2,833	-	-
	414,576	**-**	**2,530**	406,503	-	2,975
Financial liabilities						
Derivative financial liabilities	**-**	**4,913**	**-**	-	4,806	1,993
Trade and other payables	**828,464**	**-**	**-**	710,997	-	-
Loans and borrowings	**1,116,408**	**-**	**-**	1,361,505	-	-
	1,944,872	**4,913**	**-**	2,072,502	4,806	1,993

	Amortised cost	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Company		
Financial assets		
Other receivables	**42**	259
Amount due from related companies	**366,573**	392,513
Cash and short-term deposits	**30,619**	28,066
	397,234	420,838
Financial liabilities		
Other payables	**16,923**	743
Amount due to related companies	**139,157**	217,994
Loans and borrowings	**123,703**	80,982
	279,783	299,719

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increase credit risk exposure. The Group extends credit only to recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Following are the areas where the Group are exposed to credit risk:

Trade receivables and contract assets

Maximum exposure of the Group to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:

	Group	
	30.9.2023 RM'000	**30.6.2022 RM'000**
Trade receivables	**182,693**	222,174
Contract assets	**1,762,440**	2,147,764
	1,945,133	2,369,938

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. At each reporting date, the Group assesses whether any of the trade receivables are credit impaired. The Group considers any receivables having financial difficulty or with significant outstanding balances for more than twelve months, are deemed credit impaired. This gross carrying amounts of credit impaired debtors are written off (either partially or full) when there is no realistic prospect of recovery.

In managing the credit risk of trade receivables, the Group will initiate appropriate debt recovery procedures on past due balances. Where necessary, the Group will also commence legal proceeding against the customers.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(a) Credit risk (cont'd)

Following are the areas where the Group are exposed to credit risk: (cont'd)

Trade receivables and contract assets (cont'd)

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their historical collection trend from customer and external credit ratings, where applicable. All of these customers have low risk of default.

The Group uses an allowance matrix to measure ECL of trade receivables. There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the reporting period and historical collection trend from these customers.

In respect of trade receivables, the Group has significant exposure to several customers and as such a concentration of credit risks who are of high creditworthiness and of international repute.

	Group			
	30.9.2023		30.6.2022	
	RM'000	% of trade receivables	RM'000	% of trade receivables
Top 4 (30.6.2022: 4) customers	**108,757**	**60**	131,652	59

The credit risk concentration profile of the total trade receivables of the Group as at the reporting date is as follows:

	Group			
	30.9.2023		30.6.2022	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	**142,600**	**78.05**	163,841	73.74
Cambodia	**17,767**	**9.73**	13,727	6.18
Philippines	**11,506**	**6.30**	23,753	10.69
Papua New Guinea	**10,053**	**5.50**	589	0.27
Others	**767**	**0.42**	20,264	9.12
	182,693	**100.00**	222,174	100.00

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(a) Credit risk (cont'd)

Following are the areas where the Group are exposed to credit risk: (cont'd)

Trade receivables and contract assets (cont'd)

	Gross carrying amount RM'000	**Loss allowance RM'000**	**Net carrying amount RM'000**
30.9.2023			
Group			
Not past due	**166,263**	**-**	**166,263**
Past due for 1-30 days	**6,291**	**-**	**6,291**
Past due for 31-60 days	**637**	**-**	**637**
Past due for 61-90 days	**3,954**	**-**	**3,954**
Past due for 91-120 days	**1,064**	**-**	**1,064**
Past due for more than 120 days	**4,484**	**-**	**4,484**
	182,693	**-**	**182,693**
Credit impaired	**13,415**	**(13,415)**	**-**
Trade receivables	**196,108**	**(13,415)**	**182,693**
Contract assets	**1,762,440**	**-**	**1,762,440**
30.6.2022			
Group			
Not past due	190,736	-	190,736
Past due for 1-30 days	4,889	-	4,889
Past due for 31-60 days	1,029	-	1,029
Past due for 61-90 days	538	-	538
Past due for 91-120 days	596	-	596
Past due for more than 120 days	24,386	-	24,386
Trade receivables	222,174	-	222,174
Contract assets	2,147,764	-	2,147,764

At 30 June 2022, the Group assesses its credit losses on trade receivables and contract assets to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(a) Credit risk (cont'd)

Following are the areas where the Group are exposed to credit risk: (cont'd)

Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period/year, there was no indication that the advances to the related companies are not recoverable.

Other receivables

Credit risks on other receivables are mainly arising from advanced payments and deposits to the suppliers of the Group and the Company in their normal course of business. The Group and the Company consider the other receivables to have low credit risk.

The Group and the Company are not exposed to any significant credit risk exposure to any single counterparty.

Financial guarantee

The maximum exposure of the Company to credit risk amounted to RM992,705,020 (30.6.2022: RM1,280,522,723), representing the outstanding banking facilities and lease facilities of the subsidiaries as at the end of the reporting period/year.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period/year, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:

			Maturity		
	Carrying amount RM'000	Contractual cash flows RM'000	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000
Group					
30.9.2023					
Derivative financial liabilities					
Forward currency contracts – gross outflow	**4,913**	**189,145**	**27,205**	**109,039**	**52,901**
Forward currency contracts – gross inflow	**-**	**(187,049)**	**(26,022)**	**(107,904)**	**(53,123)**
	4,913	**2,096**	**1,183**	**1,135**	**(222)**
Non-derivative financial liabilities					
Lease liabilities	**11,756**	**17,919**	**1,685**	**5,006**	**11,228**
Loans and borrowings	**1,116,408**	**1,374,207**	**570,209**	**475,948**	**328,050**
Trade and other payables	**828,464**	**830,929**	**822,648**	**8,281**	**-**
	1,956,628	**2,223,055**	**1,394,542**	**489,235**	**339,278**
	1,961,541	**2,225,151**	**1,395,725**	**490,370**	**339,056**
30.6.2022					
Derivative financial liabilities					
Forward currency contracts – gross outflow	4,806	204,972	17,632	105,792	81,548
Forward currency contracts – gross inflow	-	(203,090)	(17,039)	(105,173)	(80,878)
	4,806	1,882	593	619	670
Interest rate swap contracts	1,993	1,993	-	1,993	-
	6,799	3,875	593	2,612	670
Non-derivative financial liabilities					
Lease liabilities	12,835	19,303	2,487	6,252	10,564
Loans and borrowings	1,361,505	1,495,148	632,602	600,800	261,746
Trade and other payables	710,997	710,997	689,275	21,722	-
	2,085,337	2,225,448	1,324,364	628,774	272,310
	2,092,136	2,229,323	1,324,957	631,386	272,980

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below: (cont'd)

	Carrying amount RM'000	Contractual cash flows RM'000	Maturity Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000
Company					
30.9.2023					
Non-derivative financial liabilities					
Lease liabilities	**27**	**27**	**27**	**-**	**-**
Loans and borrowings	**123,703**	**123,703**	**123,703**	**-**	**-**
Other payables	**16,923**	**16,923**	**16,923**	**-**	**-**
Amount due to related companies	**139,157**	**139,157**	**139,157**	**-**	**-**
	279,810	**279,810**	**279,810**	**-**	**-**
Financial guarantee to subsidiaries	**-**	**1,127,304**	**392,090**	**684,876**	**50,338**
30.6.2022					
Non-derivative financial liabilities					
Lease liabilities	172	177	140	37	-
Loans and borrowings	80,982	80,982	80,982	-	-
Other payables	743	743	743	-	-
Amount due to related companies	217,994	217,994	217,994	-	-
	299,891	299,896	299,859	37	-
Financial guarantee to subsidiaries	-	1,414,166	551,620	600,800	261,746

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS
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34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the companies within the Group. The currencies giving rise to this risk are primarily United States Dollar (USD), Euro (EURO), Chinese Yuan (CNY) and Philippine Peso (PHP).

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period/year was:

	Trade receivables RM'000	Cash and bank balances RM'000	Trade payables RM'000	Other payables RM'000	Loans and borrowings RM'000	Total RM'000
30.9.2023						
Denominated in:						
USD	**34,482**	**8,288**	**(11,483)**	**(3,175)**	**(103,807)**	**(75,695)**
EURO	**-**	**2**	**(1,255)**	**-**	**-**	**(1,253)**
CNY	**-**	**2**	**(3,175)**	**-**	**-**	**(3,173)**
PHP	**1,348**	**13**	**(283)**	**-**	**-**	**1,078**
Others	**-**	**1**	**(58)**	**-**	**-**	**(57)**
30.6.2022						
Denominated in:						
USD	23,344	17,043	(4,638)	(3,000)	(28,846)	3,903
EURO	-	2	(1,972)	-	(240)	(2,210)
CNY	-	2	(1,708)	-	(12,485)	(14,191)
PHP	6,605	7	(273)	-	-	6,339
Others	2,677	-	(429)	(1)	-	2,247

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(c) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's net loss/profit/equity for the financial period to a +/-5% (30.6.2022: +/-5%) change in the USD, EURO, CNY and PHP exchange rates at the reporting period against the respective functional currency of the companies within the Group, with all variables held constant.

	Group Increase/(decrease) Net loss/profit equity for the financial period/year	
	30.9.2023 RM'000	**30.6.2022 RM'000**
USD/RM		
- Strengthened	**3,785**	195
- Weakened	**(3,785)**	(195)
EURO/RM		
- Strengthened	**63**	(111)
- Weakened	**(63)**	111
CNY/RM		
- Strengthened	**159**	(710)
- Weakened	**(159)**	710
PHP/RM		
- Strengthened	**(54)**	317
- Weakened	**54**	(317)

Exposures to foreign exchange rates vary during the financial period/year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's and the Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company target a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(d) Interest rate risk (cont'd)

The Group has entered into interest rate swap in order to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at end of the reporting period/year were:

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Fixed rate instruments:				
Fixed deposits with licensed institutions	**57,728**	50,358	**30,498**	24,033
Lease liabilities	**(11,756)**	(12,835)	**(27)**	(172)
Loans and borrowings	**(198,914)**	(412,680)	**-**	-
Other payables	**(22,865)**	-	**(14,600)**	-
	(175,807)	(375,157)	**15,871**	23,861
Floating rate instruments:				
Amount due from related companies	**-**	-	**366,492**	392,513
Amount due to related companies	**-**	-	**(139,157)**	(217,994)
Loans and borrowings	**(917,494)**	(948,825)	**(123,073)**	(80,982)
	(917,494)	(948,825)	**104,262**	93,537

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period/year would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows: (cont'd)

(d) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change in 50 basis point (bp) in interest rates at the end of the reporting period/year would have increased/(decreased) net loss/profit/equity for the financial period/year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Net loss/profit/equity for the financial period/year			
	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Floating rate instruments:				
+ 50 bp	**4,587**	(4,744)	**521**	468
- 50 bp	**(4,587)**	4,744	**(521)**	(468)

34.3 Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings (except for lease liabilities), are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the Statements of Financial Position.

	30.9.2023		30.6.2022	
	Carrying amounts RM'000	Fair value at Level 2 RM'000	Carrying amounts RM'000	Fair value at Level 2 RM'000
Group				
Derivative financial assets/(liabilities):				
Interest rate swap contracts	**2,530**	**2,530**	982	982
Forward exchange contracts	**(4,913)**	**(4,913)**	(4,806)	(4,806)

There were no transfers between Level 1 and Level 2 during the financial period (30.6.2022: no transfer in either direction).

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 Fair value of financial instruments (cont'd)

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(i) Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the current contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps which is calculated as the present value of the estimated future cash flows based on observable yield curves.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

35. OPERATING SEGMENT

35.1 Business segments

For the management purposes, the Group is organised into business units based on their products and services, which comprises the following:

(a) Investment – Investment and property holding.

(b) EPMCC – Engineering, procurement, manufacturing, construction and commissioning of power substations, transmission lines and rail electrifications.

(c) Product – Provision of design and supply of remote control system and data communication products.

Management monitors the operating results to its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explain in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

35. OPERATING SEGMENT (CONT'D)

35.1 Business segments (cont'd)

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Note	Investment RM'000	EPMCC RM'000	Product RM'000	Adjustments and Eliminations RM'000	Total RM'000
30.9.2023						
Revenue						
External customers		-	577,708	15,289	-	592,997
Inter-segment	i	27,516	93,274	25,200	(145,990)	-
Total revenue		27,516	670,982	40,489	(145,990)	592,997
Results						
Finance income		51,591	80,410	2	(83,855)	48,148
Finance costs		(42,637)	(149,637)	(2,085)	86,030	(108,329)
Depreciation and amortisation		(1,385)	(20,570)	(1,915)	(1,836)	(25,706)
Non-cash items other than depreciation	ii	2,831	(39,591)	(8)	(5,167)	(41,935)
Tax expense		(4,002)	(4,329)	-	-	(8,331)
Segment profit	iii	101,326	(371,298)	(11,249)	(117,033)	(398,254)
Assets						
Segment assets		233,210	3,298,912	21,347	(1,052,180)	2,501,289
Investment in associates		-	1,048	-	(150)	898
Additions to non-current assets (other than financial instruments)	iv	18	5,503	681	365	6,567
Liabilities						
Segment liabilities		731,601	3,079,175	51,205	(1,835,200)	2,026,781

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

35. OPERATING SEGMENT (CONT'D)

35.1 Business segments (cont'd)

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd)

	Note	Investment RM'000	EPMCC RM'000	Product RM'000	Adjustments and Eliminations RM'000	Total RM'000
30.6.2022						
Revenue						
External customers		-	707,473	7,617	-	715,090
Inter-segment	i	12,412	254,709	46,058	(313,179)	-
Total revenue		12,412	962,182	53,675	(313,179)	715,090
Results						
Finance income		25,681	78,767	82	(45,991)	58,539
Finance costs		(25,523)	(81,555)	(1,222)	44,214	(64,086)
Depreciation and amortisation		(1,292)	(14,920)	(1,592)	(701)	(18,505)
Non-cash items other than depreciation	ii	6,055	7,192	(20)	(4,664)	8,563
Tax expense		(677)	(4,032)	-	365	(4,344)
Segment profit	iii	20,819	63,316	(9,848)	(36,957)	37,330
Assets						
Segment assets		112,364	3,143,752	16,076	(241,448)	3,030,744
Investment in associates		-	137	-	1,093	1,230
Additions to non-current assets (other than financial instruments)	iv	6,851	94,453	553	(47,208)	54,649
Liabilities						
Segment liabilities		120,952	1,979,889	231,399	(228,979)	2,103,261

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(i) Inter-segment revenues are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

35. OPERATING SEGMENT (CONT'D)

35.1 Business segments (cont'd)

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd)

(ii) Non-cash items consist of the following items as presented in the respective notes to the financial statements:

	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**
Fair value loss on derivative financial instruments	**(107)**	(4,484)
Unrealised gain on foreign exchange	**19,980**	12,703
Gain on lease termination	**70**	58
Impairment of:		
- Intangible assets	**(18,099)**	-
- Receivables	**(13,435)**	-
- Property, plant and equipment	**(30,005)**	-
Loss on winding up of a subsidiary	**-**	(8)
Share of (loss)/profit of equity-accounted associate	**(332)**	344
Property, plant and equipment written off	**(7)**	(50)
	(41,935)	8,563

(iii) The following items are added to/(deducted from) segment profit to arrive at "(Loss)/profit after tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**
Consolidated (loss)/profit before interest and tax	**(329,742)**	47,221
Finance income	**48,148**	58,539
Finance costs	**(108,329)**	(64,086)
Tax expense	**(8,331)**	(4,344)
Segment (loss)/profit	**(398,254)**	37,330

(iv) Additions to non-current assets consists of:

	30.9.2023 RM'000	**30.6.2022 RM'000**
Property, plant and equipment	**6,567**	54,649

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

35. OPERATING SEGMENT (CONT'D)

35.2 Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	1.7.2022 to 30.9.2023 RM'000	**1.7.2021 to 30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Group				
Malaysia	**303,304**	376,893	**65,735**	96,489
Cambodia	**139,155**	289,268	**149,734**	245,132
Papua New Guinea	**32,249**	14,447	**-**	15
Philippines	**67,691**	122	**-**	1,231
China	**3,493**	-	**47**	62
South Africa	**10,194**	34,360	**70**	88
Iraq	**36,911**	-	**-**	-
	592,997	715,090	**215,586**	343,017

Non-current assets are referring to property, plant and equipment, intangible assets and investment in associates.

35.3 Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Segment	**1.7.2022 to 30.9.2023 RM'000**	**1.7.2021 to 30.6.2022 RM'000**
Customer A	EPMCC	**164,710**	133,059
Customer B	EPMCC	**70,768**	104,719
Customer C	EPMCC	**67,691**	75,480

36. CAPITAL COMMITMENT

	Group		Company	
	30.9.2023 RM'000	**30.6.2022 RM'000**	**30.9.2023 RM'000**	**30.6.2022 RM'000**
Capital expenditure				
Authorised and contracted for:				
- Acquisition of a motor vehicle	**-**	2,406	**-**	2,406

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

37. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base safeguard the Group's ability to continue as going concern, so as to maintain shareholders, creditors and market confidence and to sustain future growth and development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio and ensure that the Group complies with debt covenants imposed by bankers.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the financial period/year.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND AFTER THE REPORTING DATE

(a) On 20 October 2022, the Group entered into a Business Transfer Agreement to dispose the concession rights for a total consideration of USD118 million. The transfer was completed on 22 March 2023 as details in Note 10(a) to the Financial Statements.

(b) On 1 March 2023, CRSE Sdn. Bhd., a wholly owned subsidiary of the Group had entered into a Settlement Agreement with Transgrid Ventures Sdn. Bhd. ("TGV"). Based on the Settlement Agreement, a consideration sum of RM20 million was paid by CRSE to TGV, TGV had agreed to withdraw its appeal which is to be heard in the Court of Appeal (as detailed in Note 32(c) to the Financial Statements) subject to the terms and conditions in the Settlement Agreement;

(c) On 10 May 2023, PTE received a Notice of Termination for Default from SPYTL terminating PTE as the Sub-Contractor for Project for purported and baseless allegations of Insolvency Event, Repudiation by Sub-Contractor and Breach of Representations, Warranties or Undertakings. PTE strenuously disputes the Notice as being unlawful, baseless and amounting to SPYTL's repudiation of the Sub-Contract with PTE. PTE reserves the right to claim for damages, losses and expenses following SPYTL's repudiation.

(d) On 24 July 2023, the Company proposes to undertake a restricted issue of 800 million new ordinary shares in PESTECH representing approximately 81.25% of the existing total number of issued shares of the Company to IJM Corporation Berhad at an issue price of RM0.155 per Restricted Share for a total consideration of RM124 million. On 22 November 2023, both parties had mutually agreed to extend the fulfilment of conditions precedent pursuant to the Subscription Agreement to a period not later than 23 February 2024 in view that PESTECH requires more time to fulfill the said conditions precedent.

(e) On 16 August 2023, PTE has received the Termination Notice from Malaysia Airports (Sepang) Sdn. Bhd. ("MASSB") terminating PTE as the Contractor for the design, supply, installation, testing and commissioning for automated people mover and associated works at KL International Airport including financing, operation and maintenance until 11 February 2034. On 16 January 2024, PTE accepted the letter of award from MASSB for the works in relation to design, supply, install, testing and commissioning for the automated people mover and all associated works at KL International Airport ("KLIA") awarded to Alstom Transport Systems (Malaysia) Sdn. Bhd. and an unincorporated joint venture formed between IJM Construction Sdn. Bhd. ("IJMC") and PTE ("IJMC-PESTECH JV"). The contract sum for IJMC-PESTECH JV is RM175,648,006.90. The participating interest of IJMC-PESTECH JV in the portion of the works for the Project is 60% (IJMC) and 40% (PTE), respectively.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2023

39. COMPARATIVE INFORMATION

(a) The comparative figures are for the financial period from 1 July 2021 to 30 June 2022 as the Group and the Company had changed their financial year end from 30 June 2023 to 30 September 2023. Consequently, the comparative figure for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not comparable.

(b) Reclassification of accounts

The following comparative figures have been restated as below:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
At 30 June 2022			
Group			
Profit for financial year attributable to:			
- Owners of the Company	13,726	(3,744)	9,982
- Perpetual SUKUK-holders	-	3,744	3,744

The profit distribution to perpetual SUKUK-holders is not distributable to ordinary equity shareholders, therefore the profit distribution to perpetual SUKUK-holders is to disclose separately.

The above reclassifications did not have material effect on the statements of financial position of the Company as at 1 July 2021, and accordingly, the statements were not presented.

ANALYSIS OF **SHAREHOLDINGS**
as at 29 December 2023

Class of shares	:	Ordinary Shares
Total number of shares issued	:	992,221,471 (including 7,666,100 shares bought back and held as treasury shares)
Voting rights	:	One vote for each share held

BREAKDOWN OF SHAREHOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of shares	Percentage of Issued Capital
1 — 99	737	7.50	32,096	0.00
100 — 1,000	675	6.87	322,371	0.03
1,001 — 10,000	4,341	44.17	22,185,816	2.25
10,001 — 100,000	3,478	35.39	108,418,375	11.01
100,001 — 49,227,767*	592	6.02	538,226,818	54.67
49,227,768 and above**	4	0.04	315,369,895	32.03
	9,827	**100.00**	**984,555,371**	**100.00**

Remarks:
* Less than 5 % of the issued holdings
** 5% and above of the issued holdings

SUBSTANTIAL SHAREHOLDERS
(as shown in the Register of Substantial Shareholdings)

Name of Substantial Shareholder	Direct Interest	%*	Indirect Interest	%*
1. Lim Ah Hock	260,093,855	26.42	(1) 3,892,830	0.40
2. Lim Pay Chuan	150,221,870	15.26	(2) 1,320,080	0.13

Note:
(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 ("**the Act**") by virtue of his substantial shareholdings in Kumpulan Liva Sdn. Bhd. and VESTECH Projects Sdn. Bhd.
(2) Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in VESTECH Projects Sdn. Bhd.

* The percentage holding is based on the total number of issued shares of 984,555,371 ordinary shares excluding treasury shares of 7,666,100 ordinary shares.

ANALYSIS OF SHAREHOLDINGS
as at 29 December 2023

DIRECTORS' SHAREHOLDINGS
(as shown in the Register of Directors' Shareholdings)

Name of Director	Number of Shares			
	Direct Interest	%*	Indirect Interest	%*
1. Lim Ah Hock	260,093,855	26.42	[1] 3,892,830	0.40
2. Lim Pay Chuan	150,221,870	15.26	[2] 1,320,080	0.13
3. Lim Peir Shenq	-	-	[3] 2,572,750	0.26
4. Ir. Amir Bin Yahya	-	-	-	-
5. Ng Chee Hoong	-	-	-	-
6. Hoo Siew Lee	-	-	-	-
7. Helen Tan Miang Kieng	558,750	0.06	-	-

Note:
[1] Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Kumpulan Liva Sdn. Bhd. and VESTECH Projects Sdn. Bhd.
[2] Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in VESTECH Projects Sdn. Bhd.
[3] Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Kumpulan Liva Sdn. Bhd.

* The percentage holding is based on the total number of issued shares of 984,555,371 ordinary shares excluding treasury shares of 7,666,100 ordinary shares.

THIRTY LARGEST REGISTERED HOLDERS

	Name	No. of Shares	%
1.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB for Lim Ah Hock (PB)*	118,854,605	12.07
2.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Pay Chuan*	86,515,290	8.79
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Ah Hock (Third Party)*	55,000,000	5.59
4.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Ah Hock*	55,000,000	5.59
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Pay Chuan*	44,231,580	4.49
6.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Ah Hock (504021612634)*	31,239,250	3.17
7.	Maybank Nominees (Tempatan) Sdn. Bhd. *Maybank Private Wealth Management for Seow Voon Ping (PW-M0 0400) (410083)*	20,000,000	2.03
8.	Citigroup Nominees (Asing) Sdn. Bhd. *Exempt An for UBS AG SINGAPORE (Foreign)*	19,547,900	1.99
9.	HSBC Nominees (Tempatan) Sdn. Bhd. *HBAP for Lim Pay Chuan (PB-SGDIV)*	18,750,000	1.90

THIRTY LARGEST REGISTERED HOLDERS (Cont'd)

	Name	No. of Shares	%
10.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)*	18,572,900	1.89
11.	CARTABAN Nominees (Tempatan) Sdn. Bhd. *CN CIMB Commerce Trustee Berhad for Kenanga Growth Fund Series 2*	16,355,100	1.66
12.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. *CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund*	13,113,800	1.33
13.	Jauhari Arif bin Ibrahim	10,323,665	1.05
14.	HLB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Yeoh Poh Choo*	9,120,000	0.93
15.	Joanna binti Ibrahim	8,934,750	0.91
16.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *CIMB Commerce Trustee Berhad – Kenanga Malaysian INC Fund*	8,685,400	0.88
17.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)*	8,354,800	0.85
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	7,646,525	0.78
19.	Lim Ee Chong	7,400,000	0.75
20.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board (KENANGAESG)*	6,837,600	0.69
21.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Kong Yew*	5,706,100	0.58
22.	Tan Peng Chung	5,400,000	0.55
23.	Han Fatt Juan	5,097,250	0.52
24.	Chan Kong Yew	4,510,900	0.46
25.	Lim Chin Hwa	4,243,700	0.43
26.	Lim Hon Seng	3,799,000	0.39
27.	Hong Lai Keng	3,600,000	0.37
28.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chang Mei Lun*	3,585,290	0.36
29.	Maybank Nominees (Tempatan) Sdn. Bhd. *Maybank Trustees Berhad for Dana Makmur PHEIM (211901)*	3,553,950	0.36
30.	Yee Wai Yin	3,368,125	0.34
	Total	**607,347,480**	**61.69**

ANALYSIS OF **WARRANTHOLDINGS**
as at 29 December 2023

Class of warrants : Warrants A
Total number of warrants issued : 95,145,862

BREAKDOWN OF WARRANTHOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of shares	Percentage of Issued Warrants
1 — 99	1,401	20.59	57,832	0.06
100 — 1,000	3,164	46.50	1,354,291	1.42
1,001 — 10,000	1,753	25.76	4,942,554	5.19
10,001 — 100,000	406	5.97	13,543,408	14.23
100,001 — 4,757,292*	79	1.16	36,294,098	38.15
4,757,293 and above**	2	0.03	38,953,679	40.94
	6,805	**100.00**	**95,145,862**	**100.00**

Remarks:
* Less than 5 % of the issued holdings
** 5% and above of the issued holdings

WARRANTHOLDERS HOLDING 5% OR MORE OF THE TOTAL NUMBER OF WARRANTS ISSUED
(as shown in the Register of Substantial Warrantholdings)

Name of Warrantholders	Direct Interest	%	Indirect Interest	%
1. Lim Ah Hock	31,876,075	33.50	(1) 389,283	0.41
2. Lim Pay Chuan	18,816,887	19.78	(2) 132,008	0.14

Note:
(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 (“**the Act**”) by virtue of his substantial shareholdings in Kumpulan Liva Sdn. Bhd. and VESTECH Projects Sdn. Bhd.
(2) Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in VESTECH Projects Sdn. Bhd.

DIRECTORS' WARRANTHOLDINGS

(as shown in the Register of Directors' Warrantholdings)

Name of Director	Number of Warrants			
	Direct Interest	%	Indirect Interest	%
1. Lim Ah Hock	31,876,075	33.50	[(1)] 389,283	0.41
2. Lim Pay Chuan	18,816,887	19.78	[(2)] 132,008	0.14
3. Lim Peir Shenq	-	-	[(3)] 257,275	0.27
4. Ir. Amir Bin Yahya	-	-	-	-
5. Ng Chee Hoong	-	-	-	-
6. Hoo Siew Lee	-	-	-	-
7. Helen Tan Miang Kieng	55,875	0.06	-	-

Note:

[(1)] Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Kumpulan Liva Sdn. Bhd. and VESTECH Projects Sdn. Bhd.

[(2)] Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in VESTECH Projects Sdn. Bhd.

[(3)] Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Kumpulan Liva Sdn. Bhd.

THIRTY LARGEST REGISTERED HOLDERS (WARRANTS)

	Name	No. of Warrants	%
1.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB for Lim Ah Hock (PB)*	28,752,150	30.22
2.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Pay Chuan*	10,201,529	10.72
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Pay Chuan*	3,703,158	3.89
4.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Ah Hock (504021612634)*	3,123,925	3.28
5.	Lim Pay Chuan	2,887,200	3.03
6.	HSBC Nominees (Tempatan) Sdn. Bhd. *HBAP for Lim Pay Chuan (PB-SGDIV)*	2,025,000	2.13
7.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Sze Hong (7001191)*	1,550,000	1.63
8.	Chan Tai Chuan	1,500,000	1.58
9.	Ty Sereirith	1,295,662	1.36
10.	Lim Wai Heng	1,224,400	1.29

ANALYSIS OF WARRANTHOLDINGS
as at 29 December 2023

THIRTY LARGEST REGISTERED HOLDERS (WARRANTS) (Cont'd)

	Name	No. of Warrants	%
11.	Jauhari Arif bin Ibrahim	1,032,366	1.09
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	924,012	0.97
13.	Joanna binti Ibrahim	893,475	0.94
14.	Lim Chin Hwa	674,900	0.71
15.	Lim Hon Seng	669,000	0.70
16.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Gan Ti Wooi (E-SPT/WMU)*	626,900	0.66
17.	Chew Fong Lian	543,700	0.57
18.	Han Fatt Juan	509,725	0.54
19.	Lee Chong Chai	500,000	0.53
20.	Tan Kee Siew	400,000	0.42
21.	Chua Eng Kiat	391,231	0.41
22.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chang Mei Lun*	358,529	0.38
23.	Lim Hon Seng	342,800	0.36
24.	Ter Leong Swe	340,650	0.36
25.	How Chek Wah	339,500	0.36
26.	Chew Fong Lian	318,000	0.33
27.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Exempt An for UOB Kay Hian Pte. Ltd. (A/C Clients)	305,281	0.32
28.	Phang Sun Wah	300,000	0.32
29.	Tan Oui Keang	300,000	0.32
30.	Maybank Nominees (Tempatan) Sdn Bhd. *Maybank Trustees Berhad for Dana Makmur Pheim (211901)*	288,812	0.30
	Total	**66,321,905**	**69.71**

LIST OF **PROPERTIES**

Registered and Beneficial Owner	Property Address/Title Details	Description and Existing Use	Category of Land Use/ Tenure of Property	Land Area/ Gross Built-Up Area	Carrying Amount @ 30 Sep 2023 (RM'000)	Date of Acquisition	Age of Building
Fornix Sdn. Bhd.	No. 26, Jalan Utarid U5/14 Seksyen U5 40150 Shah Alam Selangor Darul Ehsan. Lot No. 69874 Title No. PN 11423 Mukim of Sungai Buloh District of Petaling Selangor Darul Ehsan.	Single-storey detached factory with an annexed three-storey office building (office) and other ancillary buildings, currently being used as our Group's corporate office, factory and warehouse	Industry/ Leasehold of 99 years, expiring on 10 Jan 2102	4,027.0 Square meters/ 2,896.7 square meters	5,534	11 January 2003	16 years
Fornix Sdn. Bhd.	No. 5, Jalan Jasmine 5 Seksyen BB10 Bandar Bukit Beruntung 48300 Bukit Beruntung Selangor Darul Ehsan. Lot No. 9366 Title No. GRN 207566 Mukim Bandar Serendah District Ulu Selangor Selangor Darul Ehsan.	Factory complex comprises 3 storey office annexed to 3 storey warehouse with a level of basement car park	Industry/ Freehold	8,575 Square meters	33,241	2 April 2013	5 years
Fornix Sdn. Bhd.	B2-1001 & 1002 Meritus Tower Oasis Corporate Park 43701 Ara Damansara Selangor Darul Ehsan. Lot No. 92087 Title No. GRN 317343 Mukim Damansara Daerah Petaling Selangor Darul Ehsan.	Commercial office lots	Commercial/ Freehold	1,080 Square meters	7,266	26 March 2015	7 years
Forward Metal Works Sdn. Bhd.	Lot 1264, Block 8 Muara Tebas Land District Demak Laut Industrial Estate, Phase IIA Off Jalan Bako 93050 Kuching, Sarawak.	A 2-storey detached factory with a 2-storey office section at the front and a single-storey factory at the rear	Industry/ Leasehold of 60 years, expiring on 16 September 2069	5,260 Square meters	3,542	10 February 2016	11 years
Fornix Sdn. Bhd.	Lot D16 Geran 51665 Lot 1593 Mukim Jeram Daerah Kuala Selangor Selangor Darul Ehsan.	Medium industry land	Freehold	12,023 Square meters	6,972	8 December 2021	N/A

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that Twelfth Annual General Meeting ("**12th AGM**") of PESTECH International Berhad ("**PESTECH**" or "**the Company**") will be conducted virtually via remote participation and voting at the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 26 March 2024 at 10:00 a.m. or at any adjournment thereof, to transact the following business:-

AGENDA

1. To receive the Audited Financial Statements for the financial period from 1 July 2022 to 30 September 2023 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note (i)]**

2. To approve the payment of shortfall in the Directors' benefits of RM77,000/- to the Non-Executive Directors for the period commencing from the Eleventh Annual General Meeting up to the date of the 12th AGM. **Ordinary Resolution 1**

3. To re-elect the following Directors who retire in accordance with Article 118 of the Company's Constitution, and being eligible, have offered themselves for re-election:

   (i) Mr. Lim Ah Hock **Ordinary Resolution 2**

   (ii) Ir. Amir Bin Yahya **Ordinary Resolution 3**

4. To re-appoint Grant Thornton Malaysia PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 4**

5. To transact any other business for which due notice shall have been given.

By Order of the Board

PAN SENG WEE (SSM PC No. 202008003688) (MAICSA 7034299)
TEH BEE CHOO (SSM PC No. 202008002493) (MIA 7562)
CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)
Company Secretaries

Shah Alam
31 January 2024

NOTES:

1. **The Company has changed its financial year end from 30 June to 30 September and an announcement has been made to Bursa Malaysia Securities Berhad on 17 October 2023 on the change of financial year end. Section 340(1) of the Companies Act 2016 states that an AGM must be held once in every calendar year. The Companies Commission of Malaysia had granted its approval for an extension of time until 31 March 2024 for the Company to hold its AGM in respect of the calendar year 2023. The Company did not hold any AGM in the calendar year 2023. Hence, the 12th AGM will be held to table the 15-months' Audited Financial Statements made up from 1 July 2022 to 30 September 2023 as well as other ordinary businesses, and this Meeting shall be deemed to be held for the calendar year 2023.**
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 March 2024 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.
3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. A member of the Company may appoint more than one (1) proxy to attend the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Securities Account.
7. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
8. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
9. The resolutions set out in this Notice of Annual General Meeting ("**AGM**") will be put to vote by poll.
10. The AGM will be conducted virtually at the Broadcast Venue. Members are advised to refer to the Administrative Guide on the registration and voting process for the AGM.
11. Explanatory Notes on Ordinary and Special Business

    (i) Item 1 of the Agenda

    This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

    (ii) Ordinary Resolution 1 - Approval for the payment of the shortfall in Directors' benefits of RM77,000 to the Non-Executive Directors for the period commencing from the Eleventh Annual General Meeting up to the date of the 12th AGM.

    The shortfall of RM77,000 in the Directors' benefits for the period commencing on the date immediately after the Eleventh Annual General Meeting to the date of the 12th AGM was mainly due to change in financial year end as well as the increase in the number of Board and Board Committee meetings held during that period, which was higher than anticipated.

NOTICE OF ANNUAL GENERAL MEETING

(iii) Ordinary Resolutions 2 and 3 – Re-election of Directors

The Directors who are subject for re-election at the 12th AGM of the Company, are as follows:-

Article 118

a) Mr. Lim Ah Hock

b) Ir. Amir Bin Yahya

(collectively referred to as "**Retiring Directors**")

Article 118 of the Company's Constitution provides that one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being, shall retire from office in every subsequent AGM and shall then be eligible for re-election.

In line with Practice 6.1 of the Malaysian Code on Corporate Governance 2021, the Board, through the Nomination Committee ("**NC**"), has conducted an assessment on the suitability of the directors who are seeking re-election at the 12th AGM of the Company and agreed that the aforesaid directors who are standing for re-election meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as directors.

The profiles of the Retiring Directors are set out in Directors' Profile of the Annual Report 2023. Based on the annual assessment conducted for the financial year ended 30 June 2023, the NC is satisfied with the performance and contribution of the Retiring Directors. The Retiring Directors meet the criteria prescribed under Paragraph 2.20A of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

Save as disclosed, none of the Retiring Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Group. The NC has also assessed the Retiring Directors in accordance with the Guidelines on Fit and Proper Person of the Company and found them to have met the criteria for a fit and proper person as outlined in the said guidelines. The Retiring Directors, who are the Executive Chairman and Senior Independent Non-Executive Director, have a wealth of experience and deep understanding of the Group's operations and strategies and are able to provide valuable insights to the Board. Furthermore, their presence ensure continuity and stability to the operations of the Group.

The Board (save for the Retiring Directors who have abstained from deliberation on discussions relating to their own re-election at the NC and Board meetings) supports the re-election of the Retiring Directors.

(iv) Ordinary Resolution 4 - Re-appointment of Grant Thornton Malaysia PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration

The Board, through the Audit Committee, having considered the External Auditors' performance and quality of work, ability to meet deadlines, timeliness of service deliverables, non-audit services provided and the Engagement Partner's period of service, had recommended the re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company at the 12th AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF **ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at the date of this notice, there was no Director standing for election (excluding the above Directors who are standing for re-election) at the forthcoming 12th AGM.

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PESTECH

[Registration No. 201101019901 (948035-U)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	Number of ordinary shares

I/We ____ NRIC No./Passport No./Company No. ____________________

of ____

being a member/members of **PESTECH International Berhad** hereby appoint:-

Full Name (in Block)	NRIC/Passport No.
Address:	

*and/or *delete if inapplicable

Full Name (in Block)	NRIC/Passport No.
Address:	

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twelfth Annual General Meeting of the Company to be held fully virtual via remote participation and voting at the Broadcast Venue at No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 26 March 2024 at 10:00 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below:

	Resolutions	For	Against
1.	To approve the payment of shortfall in the Directors' benefits of RM77,000/- to the Non-Executive Directors for the period commencing from the Eleventh Annual General Meeting up to the date of the 12th AGM.		
2.	To re-elect Mr. Lim Ah Hock who retires in accordance with Article 118 of the Company's Constitution, and being eligible, had offered himself for re-election.		
3.	To re-elect Ir. Amir Bin Yahya who retires in accordance with Article 118 of the Company's Constitution, and being eligible, had offered himself for re-election.		
4.	To re-appoint Grant Thornton Malaysia PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		

Please indicate with an "X" in the appropriate spaces how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.

____

*Signature of Shareholder/Common Seal

Date :

Contact No :

* Delete if inapplicable

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Fold This Flap For Sealing

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 March 2024 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.
2. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
4. A member of the Company may appoint more than one (1) proxy to attend the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Securities Account.
6. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

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PESTECH INTERNATIONAL BERHAD [201101019901 (948035-U)]
c/o Securities Services (Holdings) Sdn. Bhd.
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