

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30 Sep 2017 RM'000	Preceding year corresponding quarter 30 Sep 2016 RM'000 (restated)	Current period 30 Sep 2017 RM'000	Preceding year corresponding period 30 Sep 2016 RM'000 (restated)
Revenue	184,878	102,827	184,878	102,827
Cost of sales	(150,381)	(78,792)	(150,381)	(78,792)
Gross profit	34,497	24,035	34,497	24,035
Other income	10,797	5,503	10,797	5,503
Administration expenses	(17,670)	(7,099)	(17,670)	(7,099)
Profit from operations	27,624	22,439	27,624	22,439
Finance costs	(7,154)	(2,658)	(7,154)	(2,658)
Profit before tax	20,470	19,781	20,470	19,781
Income tax expense	(2,273)	(737)	(2,273)	(737)
Profit for the period	18,197	19,044	18,197	19,044
Other comprehensive expense:				
Exchange translation differences	(4,571)	(4,882)	(4,571)	(4,882)
Total comprehensive income for the period	13,626	14,162	13,626	14,162
Profit for the period attributable to:				
Owners of the Company	11,100	11,941	11,100	11,941
Non-controlling interests	7,097	7,103	7,097	7,103
	18,197	19,044	18,197	19,044
Total comprehensive income attributable to:				
Owners of the Company	7,696	7,729	7,696	7,729
Non-controlling interests	5,930	6,433	5,930	6,433
	13,626	14,162	13,626	14,162
EBITDA	28,851	23,516	28,851	23,516
Earnings per share (Sen)				
- Basic (Sen)	1.45	1.60	1.45	1.60

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2017.

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Unaudited as at 30 Sep 2017 RM'000	Audited as at 30 Jun 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	73,319	70,247
Intangible asset	85,164	86,595
Derivative financial instruments	-	4,570
Concession assets	434,941	416,174
Total non-current assets	593,424	577,586
Current assets		
Amount due from contract customers	439,712	342,643
Concession assets	38,790	26,301
Inventories	51,172	39,517
Trade receivables	85,538	95,794
Other receivables, deposits and prepayments	25,529	53,615
Amount due from related companies	39	39
Tax recoverable	15,101	14,465
Cash and bank balances	18,137	22,150
Total current assets	674,018	594,524
Total assets	1,267,442	1,172,110

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

(CONT'D)

	Unaudited as at 30 Sep 2017 RM'000	Audited as at 30 Jun 2017 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	211,265	211,265
Reserves	204,430	196,734
	415,695	407,999
Non-controlling interests	62,297	56,367
Total equity	477,992	464,366
Liabilities		
Non-current liabilities		
Finance lease liabilities	433	654
Loans and borrowings	274,606	274,362
Trade payables	30,902	31,275
Derivatives financial instruments	1,106	-
Deferred tax liabilities	241	241
Total non-current liabilities	307,288	306,532
Current liabilities		
Amount due to contract customers	-	2,456
Trade payables	202,004	130,746
Other payables and accruals	14,236	27,211
Amount due to Directors	-	626
Finance lease liabilities	1,129	1,267
Loans and borrowings	256,185	231,166
Tax payable	8,608	7,740
Total current liabilities	482,162	401,212
Total liabilities	789,450	707,744
Total equity and liabilities	1,267,442	1,172,110
Net assets per share (Sen)	62.62	60.83

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2017.

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017

	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Exchange translation reserve RM'000	Merger reserve RM'000	Retained earnings RM'000			
As at 30 June 2017	211,265	(186)	(33,137)	230,057	407,999	56,367	464,366
Profit for the financial period	-	-	-	11,100	11,100	7,097	18,197
Other comprehensive expense for the financial period	-	(3,404)	-	-	(3,404)	(1,167)	(4,571)
Total comprehensive income for the financial period	-	(3,404)	-	11,100	7,696	5,930	13,626
As at 30 September 2017	211,265	(3,590)	(33,137)	241,157	415,695	62,297	477,922

*As at 30 September 2017, the share premium recorded at RM20,420,059.

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PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017 (CONT'D)

	← Attributable to owners of the Company →						Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	← Non-distributable →		Distributable			
				Exchange translation reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	
As at 30 June 2016	93,297	89,379	4,979	(33,137)	161,533	316,051	26,097	342,148
Profit for the financial period	-	-	-	-	11,941	11,941	7,103	19,044
Other comprehensive expense for the financial period	-	-	(4,212)	-	-	(4,212)	(670)	(4,882)
Total comprehensive income for the financial period	-	-	(4,212)	-	11,941	7,729	6,433	14,162
Transactions with Owners:								
Issue of share capital	93,297	(89,379)	-	-	(3,918)	-	-	-
As at 30 September 2016	186,594	-	767	(33,137)	169,556	323,780	32,530	356,310

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2017.

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	30 Sep 2017 RM'000	30 Sep 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	20,470	19,781
Adjustments for:		
Depreciation of property, plant and equipment	1,227	1,077
Fair value loss on derivative financial instruments	5,676	-
Gain on disposal of property, plant and equipment	(30)	-
Interest expense	7,154	2,658
Interest income	(18)	(199)
Interest income arising from concession assets	(10,212)	-
Issuance of share expense	-	3,917
Unwinding discount of financial liability	373	-
Unrealised loss/(gain) on foreign exchange	1,101	(5,064)
Operating profit before working capital changes	25,741	22,170
Changes in working capital:		
Inventories	(11,655)	(12,148)
Receivables	38,341	(47,157)
Payables	56,092	160,770
Concession assets	(21,042)	-
Contract customers	(99,182)	(51,429)
Cash (used in)/generated from operations	(11,705)	72,206
Tax paid	(2,041)	(5,903)
Net cash (used in)/from operating activities	(13,746)	66,303
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	18	199
Proceeds from disposal of property, plant and equipment	30	-
Purchase of property, plant and equipment	(4,321)	(7,555)
Acquisition of concession assets	-	(61,343)
Acquisition of intangible assets	-	(1,383)
Bank balance realised from financial institution	-	(355)
Net cash used in investing activities	(4,273)	(70,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to Directors	(626)	-
Interest paid	(7,154)	(2,658)
Drawdown from borrowings	109,430	110,334
Repayment of borrowings	(90,528)	(88,839)
Net cash from financing activities	11,122	18,837

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (CONT'D)

	30 Sep 2017	30 Sep 2016
	RM'000	RM'000
CASH AND CASH EQUIVALENTS		
Net changes	(6,897)	14,703
Cash and cash equivalents at beginning of the period	15,298	9,964
Effect of foreign exchange translation	(3,118)	(12,771)
Cash and cash equivalents at end of the period	5,283	11,896

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 30 June 2017.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Accounting policies and basis of preparation

The condensed financial report is unaudited and has been prepared in accordance with MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed financial report should be read in conjunction with the audited financial statements presented in Annual Report for the financial year ended 30 June 2017.

The explanatory notes attached to the condensed financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company, its subsidiaries and jointly-controlled entity since the financial year ended 30 June 2017.

The accounting policies and methods of computation adopted by the Company in this condensed financial report are consistent with those adopted in the most recent annual financial report for the year ended 30 June 2017, except for the adoption of the following amendments to MFRS:

Amendments to MFRS effective for financial periods beginning on or after 1 January 2017:

Amendments to MFRS 107	Statement of Cash Flows: Disclosure Initiatives
Amendments to MFRS 112	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12*#	Disclosure of Interests in Other Entities (under Annual Improvements to MFRS Standards 2014-2016 Cycle)

The adoption of the above amendments to MFRS does not have material impact on the financial statements of the Group.

New MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective

At the date of authorisation of the condensed financial report, the following new MFRS, amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

New MFRS, Amendments to MFRS and IC Interpretation effective for financial periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments IFRS 9 Issued by International Accounting Standards Board (“IASB”) in July 2014
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Revenue from Contracts with Customers: Clarifications to MFRS 15
Amendments to MFRS 2	Share-based Payment: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4*#	Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7	Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures
Amendments to MFRS 140*#	Investment Property: Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS Standards 2014 – 2016 Cycle (except for amendments to MFRS 12 Disclosures of Interests in Other Entities)*	

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Accounting policies and basis of preparation (Cont’d)

New MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective (Cont’d)

MFRS effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
IC Interpretation 23*	Uncertainty over Income Tax Treatments

MFRS effective for financial periods beginning on or after 1 January 2021:

MFRS 17*#	Insurance Contracts
IC Interpretation 23*	Uncertainty over Income Tax Treatments

Amendments to MFRSs (deferred effective date to be announced by the MASB)

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Group’s operations

Not applicable to the Company’s operation

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new “expected credit loss model” under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group’s investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently examining the financial impact of adopting MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transaction Involving Advertising Services*. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standards on the required effective date.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Accounting policies and basis of preparation (Cont’d)

New MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective (Cont’d)

MFRS 16 Leases

MFRS 16 replaces MFRS 117 *Leases*. MFRS 16 eliminates the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position by recognising a “right-of-use” asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statement of financial position are expected to be different compared with the current position.

The Group and the Company are currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

A2. Seasonal or cyclical factors

The Group’s operations are not subjected to seasonal or cyclical factors.

A3. Items of unusual nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter ended 30 September 2017.

A4. Material changes in estimates

There were no changes in estimates of amounts reported in prior financial year that have had a material effect for the current financial quarter ended 30 September 2017.

A5. Changes in debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayments of debt and equity securities during the current financial quarter ended 30 September 2017.

A6. Dividend paid

There was no dividend paid during the current financial quarter ended 30 September 2017.

A7. Changes in composition of the Group

There were no changes in the composition of the Group for the current financial quarter ended 30 September 2017.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A8. Valuation of property, plant and equipment

There is no valuation of property, plant and equipment for the current financial quarter ended 30 September 2017.

A9. Segmental information

The Group is organised into business units based on their products and services, which comprises the following:

	←————— Results for the quarter ended 30 September 2017 —————→				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
External customers	-	180,909	3,969	-	184,878
Inter-segment	860	15,693	478	(17,031)	-
Total revenue	<u>860</u>	<u>196,602</u>	<u>4,447</u>	<u>(17,031)</u>	<u>184,878</u>
Interest income	-	10,229	1	-	10,230
Finance costs	-	(7,154)	-	-	(7,154)
Net finance income	<u>-</u>	<u>3,075</u>	<u>1</u>	<u>-</u>	<u>3,076</u>
Segment profit before tax	<u>(1,923)</u>	<u>29,074</u>	<u>315</u>	<u>(6,996)</u>	<u>20,470</u>
Segment profit after tax	<u>(1,923)</u>	<u>26,960</u>	<u>241</u>	<u>(7,081)</u>	<u>18,197</u>

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A9. Segmental information (Cont’d)

The Group is organised into business units based on their products and services, which comprises the following:

	←————— Results for the quarter ended 30 September 2016 —————→				
	Investment RM’000	Project RM’000	Product RM’000	Elimination RM’000	Total RM’000
Revenue					
External customers	-	101,548	1,279	-	102,827
Inter-segment	141	38,341	32	(38,514)	-
Total revenue	<u>141</u>	<u>139,889</u>	<u>1,311</u>	<u>(38,514)</u>	<u>102,827</u>
Interest income	-	199	-	-	199
Finance costs	-	(2,658)	-	-	(2,658)
Net finance income/ (expense)	<u>-</u>	<u>(2,459)</u>	<u>-</u>	<u>-</u>	<u>(2,459)</u>
Segment profit before tax	<u>(213)</u>	<u>45,196</u>	<u>228</u>	<u>(25,430)</u>	<u>19,781</u>
Segment profit after tax	<u>(213)</u>	<u>41,521</u>	<u>210</u>	<u>(22,474)</u>	<u>19,044</u>

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A9. Segmental information (Cont’d)

The Group is organised into business units based on their products and services, which comprises the following:

	←————— Results for the period ended 30 September 2017 —————→				
	Investment RM’000	Project RM’000	Product RM’000	Elimination RM’000	Total RM’000
Revenue					
External customers	-	180,909	3,969	-	184,878
Inter-segment	860	15,693	478	(17,031)	-
Total revenue	860	196,602	4,447	(17,031)	184,878
Interest income	-	10,229	1	-	10,230
Finance costs	-	(7,154)	-	-	(7,154)
Net finance income	-	3,075	1	-	3,076
Segment profit before tax	(1,923)	29,074	315	(6,996)	20,470
Segment profit after tax	(1,923)	26,960	241	(7,081)	18,197

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A9. Segmental information (Cont’d)

The Group is organised into business units based on their products and services, which comprises the following:

	←————— Results for the period ended 30 September 2016 —————→				
	Investment RM’000	Project RM’000	Product RM’000	Elimination RM’000	Total RM’000
Revenue					
External customers	-	101,548	1,279	-	102,827
Inter-segment	141	38,341	32	(38,514)	-
Total revenue	<u>141</u>	<u>139,889</u>	<u>1,311</u>	<u>(38,514)</u>	<u>102,827</u>
Interest income	-	199	-	-	199
Finance costs	-	(2,658)	-	-	(2,658)
Net finance income/ (expense)	<u>-</u>	<u>(2,459)</u>	<u>-</u>	<u>-</u>	<u>(2,459)</u>
Segment profit before tax	<u>(213)</u>	<u>45,196</u>	<u>228</u>	<u>(25,430)</u>	<u>19,781</u>
Segment profit after tax	<u>(213)</u>	<u>41,521</u>	<u>210</u>	<u>(22,474)</u>	<u>19,044</u>

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A10. Income tax expense

	Current year quarter ended 30 Sep 2017 RM'000	Preceding year corresponding quarter 30 Sep 2016 RM'000	Current year to date 30 Sep 2017 RM'000	Preceding year corresponding period 30 Sep 2016 RM'000
Current year tax expenses	(2,273)	(737)	(2,273)	(737)

Income tax is calculated at Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the period.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A11. Earnings per share

A11.1 Basic earnings per share

The calculation of basic earnings per share for the financial period is based on the net profit attributable to owners of the Company and divided by the weighted average number of ordinary shares outstanding during the financial period.

	Current year quarter ended 30 Sep 2017	Preceding year corresponding quarter 30 Sep 2016 (restated)	Current year to date 30 Sep 2017	Preceding year corresponding period 30 Sep 2016 (restated)
Profit attributable to owners of the Company (RM'000)	11,100	11,941	11,100	11,941
Weighted average number of ordinary shares in issue ('000)*	763,380	746,373	763,380	746,373
Basic earnings per share (Sen)	1.45	1.60	1.45	1.60

* The share split and bonus issue were without consideration and therefore the number of ordinary shares arising from share split and bonus issue are treated as if they had occurred before the beginning of 1 January 2012.

A11.2 Diluted earnings per share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue as at the end of the financial period under review.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A12. Property, plant and equipment

During the current financial quarter ended 30 September 2017, the Group acquired assets at a cost of RM4.32 million.

A13. Trade receivables

The trade receivables of the Group were as follows:

	Unaudited as at 30 Sep 2017 RM'000	Audited as at 30 Jun 2017 RM'000
Trade receivables	44,118	58,991
Retention sums on contracts	41,420	36,803
	85,538	95,794

A14. Cash and bank balances

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprising the following:

	Unaudited as at 30 Sep 2017 RM'000	Preceding year to date 30 Sep 2016 RM'000
Cash and bank balances	18,137	27,694
Short-term deposits with licensed institutions	-	355
Bank overdrafts	(12,854)	(16,153)
	5,283	11,896

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A15. Borrowings and debts securities

Total borrowings of the Group were as follows:

	Unaudited as at 30 Sep 2017 RM'000	Audited as at 30 Jun 2017 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	433	654
Term loans	274,606	274,362
	275,039	275,016
Current liabilities		
Secured:		
Finance lease liabilities	1,129	1,267
Term loans	25,881	4,768
Bank overdrafts	12,854	6,852
Banker acceptances	31,980	24,736
Trust receipts	86,338	92,766
Revolving credit	99,132	99,509
Foreign currency trade finance	-	2,535
	257,314	232,433
	532,353	507,449

The currencies exposure profile of borrowings of the Group was as follows:

	Unaudited as at 30 Sep 2017 RM'000	Audited as at 30 Jun 2017 RM'000
Ringgit Malaysia	223,331	452,234
United States Dollar	301,558	53,230
Euro	5,069	1,871
Australian Dollar	2,395	-
Chinese Yuan Renminbi	-	114
	532,353	507,449

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A16. Material event subsequent to the end of financial period reported

- a) On 4 October 2017, PESTECH Sdn. Bhd., a wholly-owned subsidiary of the Company, has received a Notification of Award for the contract in relation to the Calamba 230kV Substation project – design, supply, installation, testing and commissioning of secondary devices including construction/ erection/ integration of NGCP supplied high voltage equipment at a contract value of USD5.36 million and PHP332.1 million for offshore portion and onshore portion respectively.
- b) On 24 October 2017 and 25 October 2017, PESTECH Technology Sdn. Bhd. (“PTECH”), a wholly-owned subsidiary of the Company, has entered into Agreements for the sale and purchase of 100% of the issued share capital of Colas Rail System Engineering Sdn. Bhd. (“CRSE”) at a total purchase consideration of RM10.4 million. Following the acquisition, CRSE shall become a wholly-owned subsidiary of PTECH, and an indirect wholly-owned subsidiary of the Company.

A17. Contingent assets and liabilities

Corporate guarantees extended by the Company to financial institutions for credit facilities granted to subsidiaries as at the end of the reporting period were as follows:

	Unaudited as at 30 Sep 2017 RM'000	Audited as at 30 Jun 2017 RM'000
Secured outstanding as at:		
Finance lease liabilities of subsidiaries	1,562	1,921
Loan and borrowings of subsidiaries	530,791	505,528

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to banks, financial institutions and suppliers requiring parent guarantees as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of “at market” terms and hence the fair value of the credit facilities is equal to the credit facilities amount received by the subsidiaries. As such, there is no value on corporate guarantee to be recognised in the financial statements.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A17. Contingent assets and liabilities (Cont’d)

Details of contingent liabilities of the Group were as follows:

	Unaudited as at 30 Sep 2017 RM’000	As at 30 Jun 2017 RM’000
Bank guarantees given to customers/suppliers and potential customers are for:		
Advance payment bonds	29,104	29,373
Performance bonds	88,866	68,975
Tender bonds	16,779	33,541
	134,749	131,889

A18. Capital commitments

The outstanding capital commitments at the end of the financial quarter were as follows:

	Unaudited as at 30 Sep 2017 RM’000	Audited as at 30 Jun 2017 RM’000
Amount authorised but contracted for property, plant and equipment	11,078	14,207

A19. Significant related party transactions

The Group had the following transactions during the financial period under review with the related parties in which certain directors of the Company have substantial financial interest:

	Unaudited as at 30 Sep 2017 RM’000	Audited as at 30 Jun 2017 RM’000
Related companies by virtue of common shareholders: Purchased of material and services rendered	2,633	25,264

**PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

B1. Review of performance

The Group achieved RM184.9 million in revenue and RM18.2 million in profit after tax for the current financial quarter under review. Revenue contributed by Projects and Products segment accounted for RM180.9 million or 97.8% and RM4.0 million or 2.2% respectively.

The Group recorded a gross profit margin of 18.6% for the financial quarter under review as compared to 23.3% for the preceding year quarter. The lower gross profit margin in current financial quarter under review is mainly due to current projects phases. In addition, the financial elements of the concession asset amounting to RM10.2 million is recognised as other income instead of revenue in accordance to IC Interpretation 12 *Service Concession Arrangements*.

During the current financial quarter, revenue for Project segment had increased from RM101.5 million in preceding year corresponding financial quarter to RM180.9 million, representing an increase of RM79.4 million or 78.2% mainly due to higher progressive construction revenue recognised from domestic and oversea projects which were derived from newly secured orders.

The Products segment recorded revenue of RM4.0 million during the current financial quarter representing an increase of RM2.7 million from RM1.3 million recorded in the preceding year corresponding financial quarter. This was mainly due to demand from new customers.

The profit after tax recorded RM18.2 million for the current period as compared to preceding year corresponding period of RM19.0 million. The lower profit after tax was contributed by fair value loss on derivative financial instruments of RM5.67 million, where the Group uses forward contracts to manage some of the transaction exposure which will mature more than 12 months. As at 30 September 2017, the market foreign currency is lower than forward currency contracted with an average of RM4.49/USD.

PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B2. Profit before tax

Included in the profit before tax are the following items:

	Current year quarter 30 Sep 2017 RM'000	Preceding year corresponding quarter 30 Sep 2016 RM'000	Current period 30 Sep 2017 RM'000	Preceding year corresponding period 30 Sep 2016 RM'000
Depreciation of property, plant and equipment	1,227	1,077	1,227	1,077
Fair value loss on derivative financial instruments	5,676	-	5,676	-
Gain on disposal of property, plant and equipment	(30)	-	(30)	-
Interest expense	7,154	2,658	7,154	2,658
Interest income	(18)	(199)	(18)	(199)
Interest income arising from concession assets	(10,212)	-	(10,212)	-
Unwinding discount of financial liability	373	-	373	-
Unrealised loss/(gain) on foreign exchange	1,101	(5,064)	1,101	(5,064)

Save as disclosed above, the other items required under Appendix 9B, Part A(16) of the Listing Requirements of Bursa Securities are not applicable.

B3. Variation of results against preceding year corresponding quarter

	Current year quarter 30 Sep 2017 RM'000	Preceding year corresponding quarter 30 Sep 2016 RM'000	Changes	
			RM'000	%
Revenue	184,878	102,827	82,051	79.80%
Profit before tax	20,470	19,781	689	3.48%
Profit after tax	18,197	19,044	(847)	-4.44%

For the current financial quarter under review, the Group recorded revenue of RM184.9 million representing increase of RM82.1 million or 79.8% as compared to RM102.8 million in the preceding year corresponding financial quarter.

**PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

B4. Prospects

The Group started this new financial year with the award of a contract from Tenaga Nasional Berhad for the supply, erection and commissioning of 2X1050 MVA Autotransformers, 500kV Switchgears, 275kV Switchgears and ancillary equipment with associated civil works for PMU 500/275kV Olak Lempit, Selangor for a contract value of RM79,500,000. That was followed by the receipt of a notification of award for the contract in relation to the Calamba 230kV Substation project – design, supply, installation, testing and commissioning of secondary devices including construction/erection/integration of National Grid Corporation of the Philippines (“NGCP”) to supply high voltage equipment for USD5,358,600 and PHP332,136,000 respectively.

And more recently, we announced that PESTECH Technology Sdn. Bhd. (“PTECH”), our 100% owned subsidiary acquired 100% of the issued share capital of Colas Rail System Engineering Sdn. Bhd. to accelerate the growth of PTECH in the rail electrification business and enhance PESTECH Group’s future earnings potential. It is foreseen that the Group is able to make more inroads into the rail electrification industry, and it is hopeful that this segment of business will contribute positively towards the growth of the Group in the future.

The power transmission infrastructure market in the ASEAN region is expected to continue with its strong growth. The order book of the Group as of 30 September 2017 is at RM1.414 billion with a major tender book to-date of RM2.543 billion. It is reported that “USD 27 billion of annual investment in ASEAN (1% of the region’s GDP) or USD 290 billion in total by 2025” is required for the power infrastructure industry in ASEAN. (What is the Status of Energy Infrastructure in ASEAN Power Sector? March 7, 2017 | by Aloysius Damar Pranadi). Backed by such abundance of demand, PESTECH needs to continuously improve itself, both technically and fundamentally, to stand in the forefront of the competitive edge to effectively serve this growing market.

As such, the Group will continue to be active in the region and strive towards building a regional brand that is reliable and outstanding.

B5. Profit forecast and profit guarantee

There were no profit forecast or profit guarantee in any public document by the Group.

B6. Material litigation

There was no material litigation as at the date of issuance of this quarterly report.

B7. Dividend

No dividends have been declared during the current financial quarter under review.

**PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

B8. Auditors' report

There were no qualifications to the audited financial statements of PESTECH Group for previous financial year ended 30 June 2017.

B9. Realised and unrealised profits/(losses)

The breakdowns of retained earnings has been prepared in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010 are as follows:

	Unaudited as at 30 Sep 2017 RM'000	Audited as at 30 Jun 2017 RM'000
Realised	302,698	281,252
Unrealised	3,194	14,678
	305,892	295,930
Consolidation adjustments	(64,735)	(65,873)
	241,157	230,057

B10. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 23 November 2017.