

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2017**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31-Dec-17 RM'000	Preceding year corresponding quarter 31-Dec-16 RM'000 (restated)	Current period 31-Dec-17 RM'000	Preceding year corresponding period 31-Dec-16 RM'000 (restated)
Revenue	277,960	119,941	462,838	222,768
Cost of sales	(224,693)	(81,100)	(375,074)	(159,892)
Gross profit	53,267	38,841	87,764	62,876
Other income	13,057	(2,664)	23,854	2,839
Administration expenses	(23,010)	(9,701)	(40,680)	(16,800)
Profit from operations	43,314	26,476	70,938	48,915
Finance costs	(6,492)	(2,562)	(13,646)	(5,220)
Profit before tax	36,822	23,914	57,292	43,695
Income tax expense	(8,326)	(1,685)	(10,599)	(2,422)
Profit for the period	28,496	22,229	46,693	41,273
Other comprehensive expense:				
Exchange translation differences	(11,225)	14,764	(15,796)	9,882
Total comprehensive income for the period	17,271	36,993	30,897	51,155
Profit for the period attributable to:				
Owners of the Company	22,170	13,159	33,270	25,100
Non-controlling interests	6,326	9,070	13,423	16,173
	28,496	22,229	46,693	41,273
Total comprehensive income attributable to:				
Owners of the Company	13,793	24,295	21,489	32,024
Non-controlling interests	3,478	12,698	9,408	19,131
	17,271	36,993	30,897	51,155
EBITDA	44,524	27,729	73,375	51,245
Earnings per share				
- Basic (Sen)	2.90	1.76	4.36	3.36

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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 DECEMBER 2017**

	Unaudited as at 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	76,053	70,247
Intangible asset	93,896	86,595
Derivative financial instruments	-	4,570
Concession assets	432,285	416,174
Total non-current assets	602,234	577,586
Current assets		
Amount due from contract customers	556,470	342,643
Concession assets	51,719	26,301
Inventories	76,723	39,517
Trade receivables	103,979	95,794
Other receivables, deposits and prepayments	39,895	53,615
Amount due from related companies	39	39
Tax recoverable	15,360	14,465
Cash and bank balances	28,691	22,150
Total current assets	872,876	594,524
Total assets	1,475,110	1,172,110

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2017 (CONT'D)**

	Unaudited as at 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	212,670	211,265
Reserves	218,223	196,734
	430,893	407,999
Non-controlling interests	65,775	56,367
Total equity	496,668	464,366
Liabilities		
Non-current liabilities		
Finance lease liabilities	381	654
Loans and borrowings	282,485	274,362
Trade payables	30,175	31,275
Derivatives financial instruments	10,906	-
Deferred tax liabilities	241	241
Total non-current liabilities	324,188	306,532
Current liabilities		
Amount due to contract customers	-	2,456
Trade payables	299,031	130,746
Other payables and accruals	52,193	27,211
Amount due to Directors	-	626
Finance lease liabilities	1,349	1,267
Loans and borrowings	286,581	231,166
Tax payable	15,100	7,740
Total current liabilities	654,254	401,212
Total liabilities	978,442	707,744
Total equity and liabilities	1,475,110	1,172,110
Net assets per share (Sen)	64.98	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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 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 1 July 2017	211,265	(186)	(33,137)	230,057	407,999	56,367	464,366
Profit for the financial period	-	-	-	33,270	33,270	13,423	46,693
Other comprehensive expense for the financial period	-	(11,781)	-	-	(11,781)	(4,015)	(15,796)
Total comprehensive income for the financial period	-	(11,781)	-	33,270	21,489	9,408	30,897
Transactions with owners:							
Issue of share capital	1,405	-	-	-	1,405	-	1,405
As at 31 December 2017	212,670	(11,967)	(33,137)	263,327	430,893	65,775	496,668

*As at 31 December 2017, the share premium recorded at RM20,418,443.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2017 (CONT'D)

	← Attributable to owners of the Company →					Total RM'000	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				
As at 1 July 2016	93,297	89,379	4,979	(33,137)	161,533	316,051	26,097	342,148
Profit for the financial period	-	-	-	-	25,100	25,100	16,173	41,273
Other comprehensive income for the financial period	-	-	6,924	-	-	6,924	2,958	9,882
Total comprehensive income for the financial period	-	-	6,924	-	25,100	32,024	19,131	51,155
Transactions with owners:								
Issue of share capital	93,953	(85,675)	-	-	(3,918)	4,360	-	4,360
As at 31 December 2016	187,250	3,704	11,903	(33,137)	182,715	352,435	45,228	397,663

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017

	6-months ended	
	31-Dec-17 RM'000	31-Dec-16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	57,292	43,695
Adjustments for:		
Corporate exercise expense	-	3,918
Depreciation of property, plant and equipment	2,437	2,330
Fair value loss on derivative financial instruments	15,476	-
Gain on disposal of property, plant and equipment	(80)	(33)
Interest expense	13,646	5,220
Interest income	(36)	(34)
Interest income arising from concession assets	(21,906)	-
Share grant expenses	1,405	4,360
Unwinding discount of financial liability	734	-
Unrealised loss/(gain) on foreign exchange	3,733	(2,519)
Operating profit before working capital changes	72,701	56,937
Changes in working capital:		
Inventories	(37,206)	(1,199)
Receivables	5,597	6,610
Payables	188,332	146,858
Concession assets	(45,022)	(152,130)
Contract customers	(216,283)	(73,565)
Cash used in operations	(31,881)	(16,489)
Tax paid	(4,296)	(7,121)
Net cash used in operating activities	(36,177)	(23,610)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	36	34
Proceeds from disposal of property, plant and equipment	80	33
Purchase of property, plant and equipment	(8,336)	(19,085)
Acquisition of intangible assets	-	(1,383)
Bank balance realised from financial institution	-	(209)
Net cash used in investing activities	(8,220)	(20,610)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to Directors	(626)	-
Interest paid	(13,646)	(5,220)
Drawdown from borrowings	240,785	297,040
Repayment of borrowings	(188,252)	(196,290)
Net cash from financing activities	38,261	95,530

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONT'D)

	6-months ended	
	31-Dec-17 RM'000	31-Dec-16 RM'000
CASH AND CASH EQUIVALENTS		
Net changes	(6,136)	51,310
Cash and cash equivalents at beginning of the period	15,298	9,964
Effect of foreign exchange translation	2,897	(53,337)
Cash and cash equivalents at end of the period	12,059	7,937

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

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

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 effective for financial periods beginning on or after 1 January 2018 (continued):

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)*

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

MFRS 16	Leases
Amendments to MFRS 128	Long-terms Interest in Associates and Joint Ventures.
Investments in Associates and Joint Ventures	
IC Interpretation 23*	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle	

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

MFRS 17*#	Insurance Contracts
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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.

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)

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.

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 31 December 2017.

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

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 31 December 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 31 December 2017.

A6. Dividend paid

There was no dividend paid during the current financial quarter ended 31 December 2017.

A7. Changes in composition of the Group

There were no changes in the composition of the Group for the current financial quarter ended 31 December 2017 except for the following:

On 30 October 2017, a subsidiary of the Company, PESTECH Technology Sdn. Bhd. ("PTECH") acquired 100% of the issued share capital of Colas Rail System Engineering Sdn. Bhd. ("CRSE") for a cash consideration of RM10,382,500. As a result, CRSE become a wholly-owned subsidiary of PTECH and an indirect wholly-owned subsidiary of the Company.

On 20 December 2017, the Company received the Certificate of Incorporation and Form of Permit from the Directorate of Investment and Company Administration of the Ministry of Planning and Finance, Myanmar on the incorporation of a subsidiary in Myanmar, namely PESTECH (Myanmar) Limited ("PML"). PML is a 99.99% owned subsidiary of PESTECH (Cambodia) Ltd ("PCL"). PCL is a wholly-owned subsidiary of PESTECH Sdn. Bhd., a wholly-owned subsidiary of the Company. Henceforth, PML is an indirect subsidiary of the Company.

A8. Valuation of property, plant and equipment

There is no valuation of property, plant and equipment for the current financial quarter ended 31 December 2017.

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

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 31 December 2017 →				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	265,420	12,540	-	277,960
Inter-segment	531	47,909	1,355	(49,795)	-
Total revenue	531	313,329	13,895	(49,795)	277,960
Interest income	-	11,712	-	-	11,712
Finance costs	-	(6,465)	(27)	-	(6,492)
Net finance income	-	5,247	(27)	-	5,220
Segment profit/ (loss) before tax	(4,054)	89,472	141	(48,737)	36,822
Segment profit/ (loss) after tax	(4,054)	80,987	41	(48,478)	28,496

	← Results for the quarter ended 31 December 2016 →				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	117,448	2,493	-	119,941
Inter-segment	141	62,362	824	(63,327)	-
Total revenue	141	179,810	3,317	(63,327)	119,941
Interest income	-	-	-	-	-
Finance costs	-	(2,555)	(7)	-	(2,562)
Net finance income	-	(2,555)	(7)	-	(2,562)
Segment profit/ (loss) before tax	(142)	8,067	510	15,479	23,914
Segment profit/ (loss) after tax	(153)	3,366	488	18,528	22,229

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 (Cont'd):

	← Results for the period ended 31 December 2017 →				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	446,329	16,509	-	462,838
Inter-segment	1,391	63,602	1,833	(66,826)	-
Total revenue	1,391	509,931	18,342	(66,826)	462,838
Interest income	-	21,941	1	-	21,942
Finance costs	-	(13,619)	(27)	-	(13,646)
Net finance income	-	8,322	(26)	-	8,296
Segment profit/ (loss) before tax	(5,977)	118,546	456	(55,733)	57,292
Segment profit/ (loss) after tax	(5,977)	107,947	282	(55,559)	46,693

	← Results for the period ended 31 December 2016 →				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	218,996	3,772	-	222,768
Inter-segment	282	100,703	856	(101,841)	-
Total revenue	282	319,699	4,628	(101,841)	222,768
Interest income	-	34	-	-	34
Finance costs	-	(5,213)	(7)	-	(5,220)
Net finance income	-	(5,179)	(7)	-	(5,186)
Segment profit/ (loss) before tax	(355)	53,263	738	(9,951)	43,695
Segment profit/ (loss) after tax	(366)	44,887	698	(3,946)	41,273

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

A10. Income tax expense

	Current year quarter ended 31-Dec-17 RM'000	Preceding year corresponding quarter 31-Dec-16 RM'000	Current year to date 31-Dec-17 RM'000	Preceding year corresponding period 31-Dec-16 RM'000
Current year tax expenses	(8,326)	(1,685)	(10,599)	(2,422)

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 31-Dec-17	Preceding year corresponding quarter 31-Dec-16 (restated)	Current year to date 31-Dec-17	Preceding year corresponding period 31-Dec-16 (restated)
Profit attributable to owners of the Company (RM'000)	22,170	13,159	33,270	25,100
Weighted average number of ordinary shares in issue ('000)*	763,604	746,373	763,604	746,373
Basic earnings per share (Sen)	2.90	1.76	4.36	3.36

* 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 July 2016.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A11. Earnings per share (Cont'd)****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.

A12. Property, plant and equipment

During the current financial quarter ended 31 December 2017, the Group acquired assets at a cost of RM4.01 million.

A13. Trade receivables

The trade receivables of the Group were as follows:

	Unaudited as at 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
Trade receivables	52,994	58,991
Retention sums on contracts	50,985	36,803
	103,979	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 31-Dec-17 RM'000	Preceding year to date 31-Dec-16 RM'000
Cash and bank balances	28,691	14,841
Short-term deposits with licensed institutions	-	250
Bank overdrafts	(16,632)	(7,154)
	12,059	7,937

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 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	381	654
Term loans	282,485	274,362
	282,866	275,016
Current liabilities		
Secured:		
Finance lease liabilities	1,349	1,267
Term loans	33,797	4,768
Bank overdrafts	16,632	6,852
Banker acceptances	37,043	24,736
Trust receipts	102,613	92,766
Revolving credit	96,496	99,509
Foreign currency trade finance	-	2,535
	287,930	232,433
	570,796	507,449

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

	Unaudited as at 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
Ringgit Malaysia	264,979	452,234
United States Dollar	305,817	53,230
Euro	-	1,871
Chinese Yuan Renminbi	-	114
	570,796	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

There was no material event subsequent to the end of the current quarter.

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 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
Secured outstanding as at:		
Finance lease liabilities of subsidiaries	1,730	1,921
Loan and borrowings of subsidiaries	569,066	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 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
Bank guarantees given to customers/suppliers and potential customers are for:		
Advance payment bonds	25,155	29,373
Performance bonds	98,690	68,975
Tender bonds	14,290	33,541
	138,135	131,889

A18. Capital commitments

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

	Unaudited as at 31-Dec-17 RM'000	Audited as at 30-Jun-17 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 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
Related companies by virtue of common shareholders:		
Purchased of material and services rendered	12,814	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

(a) Performance of the current quarter against the same quarter in the preceding year

	Current year quarter 31-Dec-17 RM'000	Preceding year corresponding quarter 31-Dec-16 RM'000	Changes	
			RM'000	%
Revenue	277,960	119,941	158,019	132%
Profit before tax	36,822	23,914	12,908	54%
Profit after tax	28,496	22,229	6,267	28%

The revenue of the Group for the quarter under review was RM278.0 million which is RM158.0 million or 132% higher than the preceding year corresponding quarter which amounted to RM120.0 million. The Group reported a profit before tax ("PBT") of RM36.8 million for the current quarter which is RM12.9 million or 54% higher than RM23.9 million reported for the preceding year corresponding quarter.

Higher revenue and profit for the current quarter were mainly contributed by Project segment with current order book totalling RM1.88 billion.

(b) Performance of the current year to-date against the same period in the preceding year

During the 6 months ended 31 December 2017, the Group achieved PBT of RM57.2 million on the back of the revenue totalling RM462.8 million, which represents 31% increase in PBT and 108% increase in revenue as compared to the same period in the preceding year.

The Group recorded a gross profit margin of 19% for the 6 months under review as compared to 28% for the same period in preceding year. The lower gross profit margin in current financial period under review is mainly due to different stages of project execution and the margin of each project. In addition, the financial elements of the concession assets amounting to RM21.9 million is recognised as other income instead of revenue in accordance to IC Interpretation 12 Service Concession Arrangements.

During the current financial period, revenue for the Project segment recorded RM446.3 million as compared to RM219.0 million for the same period in the preceding year. This was mainly due to more projects and higher progressive construction revenue completed and recognised.

The Products segment recorded revenue of RM16.5 million during the 6 months ended 31 December 2017 as compared to RM3.7 million for the same period in preceding year. This was mainly due to higher demand from customers.

**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 31-Dec-17 RM'000	Preceding year corresponding quarter 31-Dec-16 RM'000	Current period 31-Dec-17 RM'000	Preceding year corresponding period 31-Dec-16 RM'000
Depreciation of property, plant and equipment	1,210	1,253	2,437	2,330
Fair value loss on derivative financial instruments	9,800	-	15,476	-
Gain on disposal of property, plant and equipment	(50)	(33)	(80)	(33)
Interest expense	6,492	2,562	13,646	5,220
Interest income	(18)	-	(36)	(34)
Interest income arising from concession assets	(11,694)	-	(21,906)	-
Unwinding discount of financial liability	361	-	734	-
Unrealised loss/(gain) on foreign exchange	2,632	2,545	3,733	(2,519)

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

B3. Prospects

Over the last Quarter, we successfully completed the acquisition of Colas Rail System Engineering Sdn Bhd. The addition of this company to the Group sealed the collaboration with Colas Rail of France in the area of Urban Rail project in particular for MRT2 rail electrification execution. In addition to that, the Group had also secured its first regional rail contract for the Bangkok BTS extension from Bang Sue to Rangsit of the Red Line Project. Indeed, the investment into the establishment of rail electrification know-how and assets has opened up growth prospects for the Group to serve this sector within Malaysia and further into the ASEAN region.

The result reflects the on-going realisation of revenue from the Group's current order book, which as of 31 December 2017 still stands at RM 1.88 billion. The build-up of electrical infrastructure in Malaysia and in the ASEAN region continues to be strong, given the ongoing GDP growth prospect within the region, encouraged by the One Belt One Road initiative by China and the under-developed nations' social requirement within ASEAN.

The management is confident that the Group's order book growth derived from power distribution and transmission and rail electrification sectors in the ASEAN region will be sustained.

The planned initial public offering of PESTECH (Cambodia) Limited's ("PCL") shares in Cambodia, sometime in the fourth quarter 2018, if successful, will underscore the Group's commitment to serve its client in the Indochina region by investing and building know-how and assembly facility to serve the community in the region. The reliability and responsiveness of our service is key in building client confidence in our business.

As such, it is anticipated that the prospect for the Group is positive, with foreseeable revenue growth from existing registered order book and potential new projects from both transmission and rail electrification sectors.

B4. Profit forecast and profit guarantee

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

B5. Material litigation

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

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

B6. Dividend

There were no dividends declared during the current financial quarter under review.

B7. Auditors' report

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

B8. 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 31-Dec-17 RM'000	Audited as at 30-Jun-17 RM'000
Realised	337,544	281,252
Unrealised	7,024	14,678
	344,568	295,930
Consolidated adjustments	(81,241)	(65,873)
	263,327	230,057

B9. Status of corporate proposal

The corporate proposal announced by the Company on 25 February 2016 to list its indirect wholly-owned subsidiary company, PESTECH Cambodia Limited ("PCL"), on Main Board of Cambodia Securities Exchange ("CSX") is ongoing.

The applications was submitted to the Securities and Exchange Commission of Cambodia and CSX in relation to the Proposed Listing on 22 December 2017.

B10. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 22 February 2018.