

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 31 MARCH 2016

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31 Mar 2016 RM'000	Preceding year corresponding quarter 31 Mar 2015 RM'000	Current year to date 31 Mar 2016 RM'000	Preceding year corresponding period 31 Mar 2015 RM'000
Revenue	123,401	N/A	318,019	N/A
Cost of sales	(90,538)	N/A	(225,801)	N/A
Gross profit	32,863	N/A	92,218	N/A
Other income	1,364	N/A	15,319	N/A
Administration expenses	(9,789)	N/A	(24,871)	N/A
Profit from operations	24,438	N/A	82,666	N/A
Finance costs	(2,432)	N/A	(5,701)	N/A
Profit before taxation	22,006	N/A	76,965	N/A
Income tax expense	(3,064)	N/A	(12,021)	N/A
Profit for the period	18,942	N/A	64,944	N/A
Other comprehensive income:				
Exchange translation differences	(22,984)	N/A	(11,927)	N/A
Total comprehensive income for the period	(4,042)	N/A	53,017	N/A
Profit for the period attributable to:				
Equity holders of the Company	12,520	N/A	50,369	N/A
Non-controlling interest	6,422	N/A	14,575	N/A
	18,942	N/A	64,944	N/A
Total comprehensive income attributable to:				
Equity holders of the Company	(9,224)	N/A	39,608	N/A
Non-controlling interest	5,182	N/A	13,409	N/A
	(4,042)	N/A	53,017	N/A
EBITDA	25,574	N/A	85,977	N/A
Earnings Per Share (Sen)				
- Basic (Sen)	6.74	N/A	27.08	N/A



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Note:

As announced on 15th August 2014, the financial year end had been changed from 31st December to 30th June to cover the eighteen (18) months period from 1st January 2014 to 30th June 2015 and thereafter, to end at 30th June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2017.

PESTECH INTERNATIONAL BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Unaudited As At 31 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,413	35,544
Intangible asset	78,040	75,460
Deferred Tax Assets	309	309
Total non-current assets	123,762	111,313
Current assets		
Inventories	77,324	83,156
Trade receivables	80,893	117,077
Other receivables, deposits and prepayments	13,299	30,172
Amount due from contract customers	204,474	135,632
Amount due from related companies	29	23
Derivative financial instruments	644	644
Financial Assets – Construction Asset	114,438	-
Short-term deposits with licensed institutions	-	122
Cash and bank balances	21,205	30,236
Total current assets	512,306	397,062
Total assets	636,068	508,375
EQUITY AND LIABILITIES		
Equity		
Share capital	93,297	92,897
Share premium	89,415	84,971
Reserves	96,557	62,523
	279,269	240,391
Non-controlling interest	11,619	(1,790)
Total equity	290,888	238,601
Liabilities		
Non-current liabilities		
Finance lease liabilities	1,663	2,909
Loans and borrowings	17,348	35,731
Deferred tax liability	5,553	5,554
Total non-current liabilities	24,564	44,194
Current liabilities		
Trade payables	57,305	60,585
Other payables and accruals	10,316	12,738
Amount due to Directors	790	790
Finance lease liabilities	1,618	1,538
Loans and borrowings	249,519	147,437
Provision for taxation	1,068	2,492
Total current liabilities	320,616	225,580
Total liabilities	345,180	269,774
Total equity and liabilities	636,068	508,375

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Unaudited As At 31 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
Net assets per share (Sen)	155.89	128.42

Note:

As announced on 15th August 2014, the financial year end had been changed from 31st December to 30th June to cover the eighteen (18) months period from 1st January 2014 to 30th June 2015 and thereafter, to end at 30th June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2017.



PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER AND PERIOD ENDED 31 MARCH 2016

← Attributable to equity holders of the Company →

	Share capital RM'000	Share premium RM'000	Non-distributable Exchange translation reserve RM'000	Distributable Merger reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
Balance as at 30 Jun 2015	92,897	84,971	(1,571)	(33,137)	97,231	240,391	(1,790)	238,601
Profit for the financial period	-	-	-	-	50,369	50,369	14,575	64,944
Other comprehensive income for the financial period	-	-	(10,761)	-	-	(10,761)	(1,166)	(11,927)
Total comprehensive income for the financial period	-	-	(10,761)	-	50,369	39,608	13,409	53,017
Transaction with Owners:								
Issue of Share Capital	-	(26)	-	-	-	(26)	-	(26)
Dividend Paid	400	4,470	-	-	(5,574)	(704)		(704)
Balance as at 31 Mar 2016	93,297	89,415	(12,332)	(33,137)	142,026	279,269	11,619	290,888

Note:

As announced on 15th August 2014, the financial year end had been changed from 31st December to 30th June to cover the eighteen (18) months period from 1st January 2014 to 30th June 2015 and thereafter, to end at 30th June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2017.

PESTECH INTERNATIONAL BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2016

	31 Mar 2016	31 Mar 2015
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	76,965	N/A
Adjustments for:-		
Depreciation on property, plant and equipment	3,311	N/A
Gain on disposal of property, plant and equipment	(47)	N/A
Interest expense	5,701	N/A
Interest income	(108)	N/A
Unrealised gain on foreign exchange	(1,188)	N/A
Operating profit before working capital changes	84,634	N/A
Changes in working capital:-		
Inventories	5,832	N/A
Receivables	(60,521)	N/A
Payables	(7,440)	N/A
Contract customers	(68,842)	N/A
Cash used in operations	(46,337)	N/A
Tax paid	(13,446)	N/A
Net cash used in operating activities	(59,783)	N/A
CASH FLOW USED IN INVESTING ACTIVITIES		
Interest received	108	N/A
Proceeds of sales of property, plant and equipment	290	N/A
Purchase of property, plant and equipment	(13,375)	N/A
Bank balance realised from financial institution	(43)	N/A
Net cash used in investing activities	(13,020)	N/A
CASH FLOW FROM FINANCING ACTIVITIES		
Corporate expenses	(26)	N/A
Dividend paid	(704)	N/A
Interest paid	(5,701)	N/A
Proceeds from borrowings	350,632	N/A
Repayment of borrowings	(268,992)	N/A
Net cash from financing activities	75,209	N/A
CASH AND CASH EQUIVALENTS		
Net changes	2,406	N/A
Cash and cash equivalents at beginning of the period	25,574	N/A
Effect on foreign exchange translation	(14,577)	N/A
Cash and cash equivalents at end of the period	13,403	N/A

Note:

As announced on 15th August 2014, the financial year end had been changed from 31st December to 30th June to cover the eighteen (18) months period from 1st January 2014 to 30th June 2015 and thereafter, to end at 30th June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 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 annual financial report of the Company for the financial period ended 30 June 2015.

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 period ended 30 June 2015.

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 period ended 30 June 2015, except for the adoption of new accounting standards.

A2. Adoption of new accounting standards**MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective**

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

MFRS effective on 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

A3. Seasonal or Cyclical Factors

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

A4. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter and the period ended 31 March 2016.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial period that have had a material effect in the current financial quarter and the period ended 31 March 2016.

A6. Changes in Debt and Equity Securities

There were no issuance, cancellation; repurchase, resale and repayments of debt and equity securities during the financial quarter and the period ended 31 March 2016 other than the following issuance of new ordinary shares of RM0.50 each as follows:-

Date	Type of Issue	No of share	Issued Price
26 February 2016	Dividend Reinvestment Plan (DRP)	799,700	RM6.09

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A7. Dividend Paid**

The following dividend was paid during the period reported:

Final dividend for financial period ended	30 June 2015
Approved and declared on	21 December 2015
Date paid	25 February 2016
Number of ordinary shares on which dividends were paid ('000)	185,794
Dividend per share (single-tier)	3.0 sen
Net dividend paid (RM'000)	5,574
New shares issued for DRP ('000)	800
Rate per share for DRP	RM6.09
Cash dividend paid (RM'000)	704

A8. Changes in Composition of the Group

There is no change in composition of the Group during the financial quarter ended 31 March 2016.

A9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the financial quarter and the period ended 31 March 2016.

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

A10. Segmental Information

The Group is organized into the following operating segments:-

	←————— Results for the quarter ended 31 March 2016 —————→				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue Total					123,401
Revenue	141	153,185	(1,073)	(28,852)	
Inter-segment revenue	(141)	(32,128)	3,417	28,852	-
Revenue from external customer	-	121,057	2,344	-	123,401
Interest income	38	10	(3)	-	45
Finance costs	-	(2,575)	143	-	(2,432)
Net finance income/ (expense)	38	(2,565)	140	-	(2,387)
Segment profit before taxation	(2,506)	20,793	(695)	4,414	22,006
Segment profit after taxation	(2,688)	17,286	(70)	4,414	18,942

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

A10. Segmental Information (Cont’d)

The Group is organized into the following operating segments:-

	←————— Results for the quarter ended 31 March 2015 —————→				Total RM’000
	Investment RM’000	Project RM’000	Product RM’000	Elimination RM’000	
Revenue Total					
Revenue	N/A	N/A	N/A	N/A	N/A
Inter-segment revenue	N/A	N/A	N/A	N/A	N/A
Revenue from external customer	N/A	N/A	N/A	N/A	N/A
Interest income	N/A	N/A	N/A	N/A	N/A
Finance costs	N/A	N/A	N/A	N/A	N/A
Net finance expense	N/A	N/A	N/A	N/A	N/A
Segment profit/(loss) before taxation	N/A	N/A	N/A	N/A	N/A
Segment profit/(loss) after taxation	N/A	N/A	N/A	N/A	N/A

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

A10. Segmental Information (Cont’d)

The Group is organized into the following operating segments:-

	←	Results for the period ended 31 March 2016			→
	Investment RM’000	Project RM’000	Product RM’000	Elimination RM’000	Total RM’000
Revenue					
Total					
Revenue	423	403,038	3,874	(89,316)	318,019
Inter- segment revenue	(423)	(88,418)	(475)	89,316	-
Revenue from external customer	-	314,620	3,399	-	318,019
Interest income	223	11	-	(126)	108
Finance costs	(126)	(5,544)	(157)	126	(5,701)
Net finance income/ (expense)	97	(5,533)	(157)	-	(5,593)
Segment profit before taxation	(3,601)	79,711	145	710	76,965
Segment profit after taxation	(3,783)	67,983	34	710	64,944

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

A10. Segmental Information (Cont’d)

The Group is organized into the following operating segments:-

	←	Results for the period ended 31 March 2015			→
	Investment RM’000	Project RM’000	Product RM’000	Elimination RM’000	Total RM’000
Revenue					
Total					
Revenue	N/A	N/A	N/A	N/A	N/A
Inter- segment revenue	N/A	N/A	N/A	N/A	N/A
Revenue from external customer	N/A	N/A	N/A	N/A	N/A
Interest income	N/A	N/A	N/A	N/A	N/A
Finance costs	N/A	N/A	N/A	N/A	N/A
Net finance expense	N/A	N/A	N/A	N/A	N/A
Segment profit/(loss) before taxation	N/A	N/A	N/A	N/A	N/A
Segment profit/(loss) after taxation	N/A	N/A	N/A	N/A	N/A

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

A11. Income tax expense

	Current year quarter ended 31 Mar 2016 RM'000	Preceding year corresponding quarter 31 Mar 2015 RM'000	Current year to date 31 Mar 2016 RM'000	Preceding year corresponding period 31 Mar 2015 RM'000
Current year taxation	(3,064)	N/A	(12,021)	N/A

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period.

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

A12. Earnings Per Share

A12.1 Basic Earnings Per Share

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

	Current period quarter ended 31 Mar 2016	Preceding year corresponding quarter 31 Mar 2015	Current year to date 31 Mar 2016	Preceding year corresponding period 31 Mar 2015
Profit attributable to equity holders of the Company (RM'000)	12,520	N/A	50,369	N/A
Weighted average number of ordinary shares in issue ('000)	186,005	N/A	186,005	N/A
Basic earnings per share (Sen)	6.74	N/A	27.08	N/A

A12.2 Diluted Earnings Per Share

Diluted earnings per share were not computed as 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**A13. Property, plant and equipment**

During the current financial quarter ended 31 March 2016, the Group acquired assets at a cost of RM7.513 million.

A14. Trade Receivables

The trade receivables of the Group were as follows:

	Unaudited As At 31 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
Trade Receivables	40,347	79,296
Retention sums on contracts	40,546	37,781
	80,893	117,077

A15. Cash and bank balances

For the purpose of the statement of cash flows, cash and cash equivalents comprising the following:

	Unaudited As At 31 Mar 2016 RM'000	Preceding year to date 31 Mar 2015 RM'000
Cash and bank balances	21,205	N/A
Bank overdrafts	(7,759)	N/A
	13,446	N/A
Less: Bank balance pledges to licensed financial institutions	(43)	N/A
	13,403	N/A

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

A16. Borrowings and Debts Securities

Total borrowings of the group were as follows:

	Unaudited As At 31 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	1,663	2,909
Term Loans	17,348	35,731
	19,011	38,640
Current liabilities		
Secured:		
Finance lease liabilities	1,618	1,538
Term loans	38,169	31,459
Bank overdrafts	7,759	4,784
Banker acceptances	23,689	24,914
Trust receipts	125,751	65,953
Revolving credit	54,151	20,327
	251,137	148,975
Total	270,148	187,615

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

	Unaudited As At 31 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
Ringgit Malaysia	222,923	140,223
United States Dollar	38,886	40,599
Euro	8,339	6,793
	270,148	187,615

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A17. Material Event Subsequent to the end of financial period reported**

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

A18. 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 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
Secured:		
Finance lease liabilities of subsidiaries	3,064	4,299
Loan and borrowings of subsidiaries	191,688	126,573
Unsecured:		
Supplies of a supplier	-	100

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 are 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.

Details of contingent liabilities of the Group were as follows:-

	Unaudited As At 31 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
Bank guarantees given to customers / suppliers and potential customers are for:		
Advance payment bonds	4,375	19,092
Performance bonds	53,907	56,870
Tender bonds	8,079	50,392
	66,361	126,354

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A19. Capital Commitments**

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

	Unaudited As At 31 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
Amount authorised but not contracted for	85	-

A20. 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 Mar 2016 RM'000	Audited As At 30 Jun 2015 RM'000
Related companies by virtue of common shareholders:		
Purchased of material and services rendered	22,050	1,133

The Directors of the Company are of the opinion that the above transactions were conducted in the ordinary course of business, carried out on an arm's length basis and on normal commercial terms which are not more favorable to the related parties and are not detrimental to the minority shareholders of the Company.

PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**B1. Review of performance of the Group**

The Group recorded revenue of RM123.4 million and profit after taxation of RM18.9 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM121.1 million or 98.1% and RM2.3 million or 1.9% respectively.

The group recorded a gross profit margin of 26.6% for the financial quarter ended 31 March 2016.

B2. Profit before taxation

Included in the profit before taxation are the following items:-

	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Interest income	45	N/A	108	N/A
Interest expenses	(2,432)	N/A	(5,701)	N/A
Gain / (Loss) on foreign exchange:				
- Realised	461	N/A	13,274	N/A
- Unrealised	(1,438)	N/A	(1,188)	N/A
Depreciation of property, plant and equipment	(1,136)	N/A	(3,311)	N/A

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

As the company financial year end has been changed from 31 December to 30 June to cover the eighteen (18) months period from 1 January 2014 to 30 June 2015 and thereafter, to end at 30 June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2017.

PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**B4. Prospects**

The Group continues its thrust for growth supported by the power transmission line and substation infrastructure build up along with the impetus in the progress of rail electrification business.

PESTECH expects sustainable development in the power transmission line and substation aspect of its business, with contribution deriving from both local market and also regional prospects. PESTECH has also successfully delivered control and automation upgrades of DCS for power plants. These successes established the group as a first regional solution provider for power plant automation, balance of plant design and epc.

Further to that, the Group is encouraged by the building up of its experience, capability and capacity in undertaking rail electrification projects domestically. With the vast opportunity presenting itself in this segment of infrastructure build up, we are upbeat about the potential for the Group to gain additional involvement in electrifying various rail related transport infrastructure in Malaysia

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. Proposed dividend

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

B8. Auditors' report

There were no qualifications to the audited financial statements of PESTECH Group for previous financial period ended 30 June 2015.

B9. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 25 May 2016.