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 year ended 30 June 2016.

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 2016.

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 2016, 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:

Amendments to MFRS effective 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)

MFRS, Amendments to MFRS and IC Interpretation effective 1 January 2018:

MFRS 9	Financial Instruments (IFRS 9 Issued by 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: Clarification and Measurement of Share-based Payment Transactions
Amendments to MFRS 7	Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures
Amendments to MFRS 4*#	Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts)
Amendments to MFRS 140*#	Investment Property: Transfers of Investment Property
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12	Disclosure of Interests in Other Entities)
IC Interpretation 22#	Foreign Currency Transactions and Advance Consideration

A2. Adoption of new accounting standards (CONT'D)

MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective (CONT'D)

MFRS effective 1 January 2019:

MFRS 16#	Leases

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

* 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.

A2. Adoption of new accounting standards (CONT'D)

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 of 1 January 2019.

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 year ended 31 March 2017.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial year that have had a material effect in the current financial quarter and the period ended 31 March 2017.

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 2017 other than the following issuance of new ordinary shares of RM0.25 each as follows: -

Date	Type of Issue	No. of share	Issued Price
27 January 2017	Dividend Reinvestment Plan (DRP)	14,379,400	RM1.42

A7. Dividend Paid

The following dividend was paid during the period reported:

Final dividend for financial period ended	30 June 2016
Approved and declared on	28 November 2016
Date paid	27 January 2017
Number of ordinary shares on which dividends were paid ('000)	763,380
Dividend per share (single-tier)	3.0 sen
Net dividend paid (RM'000)	20,419
New shares issued for DRP ('000)	14,379
Rate per share for DRP	RM1.42
Cash dividend paid (RM'000)	2,482

A8. Changes in Composition of the Group

There is no material change in the composition of the Group during the financial quarter.

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 2017.

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A10. Segmental Information

The Group is organized into the following operating segments:-

	Results for the quarter ended 31 March 2017				
	Investment RM'000	**Project RM'000**	**Product RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
Total Revenue	141	191,158	4,028	(24,499)	170,828
Inter-segment revenue	(141)	(22,055)	(2,303)	24,499	-
Revenue from external customer	-	169,103	1,725	-	170,828
Interest income	-	9	-	-	9
Finance costs	-	(2,231)	(15)	-	(2,246)
Net finance income/ (expense)	-	(2,222)	(15)	-	(2,237)
Segment profit before taxation	250	36,070	790	(7,248)	29,862
Segment profit after taxation	244	35,705	747	(8,595)	28,101

A10. Segmental Information (Cont'd)

The Group is organized into the following operating segments:-

	Results for the quarter ended 31 March 2016				
	Investment RM'000	**Project RM'000**	**Product RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
Total Revenue	141	153,185	1,073	(28,852)	123,401
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

A10. Segmental Information (Cont'd)

The Group is organized into the following operating segments:-

	Results for the period ended 31 March 2017				
	Investment RM'000	**Project RM'000**	**Product RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
Total Revenue	957	510,857	8,656	(126,874)	393,596
Inter-segment revenue	(957)	(122,758)	(3,159)	126,874	-
Revenue from external customer	-	388,099	5,497	-	393,596
Interest income	-	43	-	-	43
Finance costs	-	(7,444)	(22)	-	(7,466)
Net finance income/ (expense)	-	(7,401)	(22)	-	(7,423)
Segment profit before taxation	(105)	89,333	1,528	(17,199)	73,557
Segment profit after taxation	(122)	80,592	1,445	(12,541)	69,374

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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

A11. Income tax expense

	Current year quarter ended 31 Mar 2017 RM'000	Preceding year corresponding quarter 31 Mar 2016 RM'000	Current year to date 31 Mar 2017 RM'000	Preceding year corresponding period 31 Mar 2016 RM'000
Current year taxation	(1,761)	(3,064)	(4,183)	(12,021)

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 period.

	Current year quarter ended 31 Mar 2017	Preceding year corresponding quarter 31 Mar 2016	Current period to date 31 Mar 2017	Preceding year corresponding period 31 Mar 2016
Profit attributable to equity holders of the Company (RM'000)	24,136	12,520	49,236	50,369
Weighted average number of ordinary shares in issue ('000)	521,477	186,005	521,477	186,005
Basic earnings per share (Sen)	**4.63**	**6.74**	**9.44**	**27.08**

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.

A13. Property, plant and equipment

During the current financial quarter ended 31 March 2017, the Group acquired assets at a cost of RM4.04 million.

A14. Trade Receivables

The trade receivables of the Group were as follows:

	Unaudited As At 31 Mar 2017 RM'000	Audited As At 30 Jun 2016 RM'000
Trade Receivables	29,254	52,057
Retention sums on contracts	33,390	34,111
	62,644	86,168

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 2017 RM'000	Preceding year to date 31 Mar 2016 RM'000
Cash and bank balances	24,850	21,205
Short-term deposits with licensed institutions	71	-
Bank overdrafts	(6,430)	(7,759)
	18,491	13,446
Less: Bank balance pledges to licensed financial institutions	-	(43)
	18,491	13,403

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A16. Borrowings and Debts Securities

Total borrowings of the group were as follows:

	Unaudited As At 31 Mar 2017 RM'000	Audited As At 30 Jun 2016 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	1,032	1,471
Term loans	267,087	112,127
	268,119	113,598
Current liabilities		
Secured:		
Finance lease liabilities	1,289	1,447
Term loans	17,391	29,301
Bank overdrafts	6,430	6,024
Banker acceptances	12,544	24,269
Trust receipts	86,934	101,595
Revolving credit	97,523	54,389
	222,111	217,025
	490,230	330,623

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

	Unaudited As At 31 Mar 2017 RM'000	Audited As At 30 Jun 2016 RM'000
Ringgit Malaysia	194,103	172,307
United States Dollar	294,738	156,805
Euro	1,389	1,511
	490,230	330,623

A17. Material Event Subsequent to the end of financial period reported

On 6 April 2017, PESTECH (Cambodia) Limited, a wholly-owned subsidiary of the Company had executed a Construction Agreement with Alex Corporation Co. Ltd in relation to the design, engineering, manufacturing, installation, testing and commissioning of approximately 220km of a 230kV double circuit transmission line from Stung Tatay Hydro Power Plant (STHPP) to Phnom Penh and supply, installation and connection of two 230kV lines bays at STHPP switchyard for a contract value of USD100,213,000.

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 2017 RM'000	**Audited As At 30 Jun 2016 RM'000**
Secured outstanding as at:-		
Finance lease liabilities of subsidiaries	2,321	2,717
Loan and borrowings of subsidiaries	487,909	327,705

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.

A18. Contingent Assets and Liabilities (Cont'd)

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

	Unaudited As At 31 Mar 2017 RM'000	Audited As At 30 Jun 2016 RM'000
Bank guarantees given to customers / suppliers and potential customers are for:		
Advance payment bonds	23,992	1,495
Performance bonds	63,595	55,109
Tender bonds	11,554	12,033
	99,141	68,637

A19. Capital Commitments

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

	Unaudited As At 31 Mar 2017 RM'000	Audited As At 30 Jun 2016 RM'000
Amount authorised but not contracted for	17,631	22,794

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 2017 RM'000	Audited As At 30 Jun 2016 RM'000
Related companies by virtue of common shareholders:		
Purchased of material and services rendered	9,364	28,768

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 RM170.8 million and profit after taxation of RM28.1 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM169.1 million or 99.0% and RM1.7 million or 1.0% respectively. The group recorded a gross profit margin of 18.3% for the financial quarter under review as compared to 26.6% for the preceding year quarter.

B2. Profit before taxation

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

	Current year quarter 31 Mar 2017 RM'000	Preceding year corresponding quarter 31 Mar 2016 RM'000	Current year to date 31 Mar 2017 RM'000	Preceding year corresponding period 31 Mar 2016 RM'000
Interest income	(9)	(45)	(43)	(108)
Interest expenses	2,246	2,432	7,466	5,701
(Gain) / Loss on foreign exchange:				
- Realised	(744)	(461)	510	(13,274)
- Unrealised	(8,801)	1,438	(11,320)	1,188
Gain on disposal of property, plant and equipment	(79)	-	(112)	-
Depreciation of property, plant and equipment	1,315	1,136	3,645	3,311

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

For the current financial quarter under review, we recorded revenue of RM170.8 million representing an increase of RM47.4 million or 38.4% as compared to RM123.4 million in the preceding year corresponding financial quarter.

For the financial period under review, we have recorded a revenue of RM393.6 million representing an increase of RM75.6 million or 23.8% as compared to RM318.0 million in the preceding year corresponding financial period.

During the current financial quarter, our Project revenue had increased from RM121.0 million in preceding year corresponding financial quarter to RM169.1 million, representing an increase of RM48.1 million or 39.7% due to projects progress.

For the financial period under review, we have recorded a Project revenue of RM388.0 million representing an increase of RM73.4 million or 23.4% as compared to RM314.6 million in the preceding year corresponding financial period.

B3. Variation of results against preceding year corresponding quarter (Cont'd)

As for Product revenue, the Group recorded RM1.7 million during the financial quarter representing a decrease of RM0.6 million from RM2.3 million recorded in the preceding year corresponding financial quarter. For the cumulative quarter under review, the Group recorded Product revenue of RM5.5 million representing an increase of RM2.1 million or 61.7% as compared to RM3.4million in the preceding year corresponding financial period.

The Group recorded a profit after taxation of RM28.1 million, an increase of RM9.2 million or 48.4% as compared to preceding year corresponding financial quarter of RM18.9 million mainly due to unrealized forex gain.

For the cumulative quarter under review, the Group recorded profit after tax of RM69.3 million representing an increase of RM4.4 million or 6.8% as compared to RM64.9 million in the preceding year corresponding financial period.

B4. Prospects

The nail biting development of a possible trade war between United States ("US") and China post US President Donald Trump's triumphant election bid has finally subsided after President Trump and the President of the People's Republic of China, Xi Jinping met recently to find common ground.

As tensions eased, and the extravaganza of One-Belt-One-Road initiative's "The Belt and Road Forum for International Co-orporation" held on 14-15 May 2017 in Beijing, attended by 28 heads of state, Southeast Asian nations are expected to be the top performer again in terms of economic growth.

"Recent Oxford Business Group (OBG) CEO Surveys conducted in Myanmar, Vietnam and Indonesia show that the majority of business leaders expect high-single-digit growth. Indeed, developing Asia as a whole is on track to deliver growth of 5.7% in 2017, following a 5.8% expansion in 2016, according to the Asian Development Bank (ADB). *(OBF, ASEAN's Top 6 Economies to Watch in 2017, 14 May 2017)*"

In sustaining the growth of these countries, power infrastructure build up becomes a critical factor and thus, creating insatiable demand for services in this business segment.

As such, PESTECH Group is confident with the market potentials and had, historically, proven its capability in replenishing its order book, the Group's consistent reporting of positive growth in bottom line bespoke efficient project execution and diligent management. Going forward, PESTECH shall keep its sight firmly on developing its financial strength, technical capability and market outreach to ready itself for the vast opportunities arising from the anticipated waves of growth in the Southeast Asian territories.

Nurtured from a singular business stream entity into now multi-faceted power infrastructure solution provider, PESTECH is able to serves the region in high voltage and extra-high voltage complete power transmission system, rail electrification, power system control and automation, and the supply of various power system products. The Group is enroute to build a Malaysian bred regionally renowned brand.

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

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 2016.

B9. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 25 May 2017.