

PESTECH INTERNATIONAL BERHAD
(Co. No. 948035-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2015

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30 Sep 2015 RM'000	Preceding year corresponding quarter 30 Sep 2014 RM'000	Current year to date 30 Sep 2015 RM'000	Preceding year corresponding period 30 Sep 2014 RM'000
Revenue	48,293	N/A	48,293	N/A
Cost of sales	(34,771)	N/A	(34,771)	N/A
Gross profit	13,522	N/A	13,522	N/A
Other income	21,268	N/A	21,268	N/A
Administration expenses	(6,722)	N/A	(6,722)	N/A
Profit from operations	28,068	N/A	28,068	N/A
Finance costs	(1,532)	N/A	(1,532)	N/A
Share of associate's result	-	N/A	-	N/A
Profit before taxation	26,536	N/A	26,536	N/A
Income tax expense	(6,219)	N/A	(6,219)	N/A
Profit for the period	20,317	N/A	20,317	N/A
Other comprehensive income:				
Exchange translation differences	16,795	N/A	16,795	N/A
Total comprehensive income for the period	37,112	N/A	37,112	N/A
Profit for the period attributable to:				
Equity holders of the Company	20,545	N/A	20,545	N/A
Non-controlling interest	(228)	N/A	(228)	N/A
	20,317	N/A	20,317	N/A
Total comprehensive income attributable to:				
Equity holders of the Company	32,189	N/A	32,189	N/A
Non-controlling interest	4,923	N/A	4,923	N/A
	37,112	N/A	37,112	N/A
EBITDA	29,075	N/A	29,075	N/A
Earnings Per Share (Sen)				
- Basic (Sen)	11.06	N/A	11.06	N/A



PESTECH INTERNATIONAL BERHAD
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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

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Unaudited As At 30 Sep 2015 RM'000	Audited As At 30 Jun 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,982	35,544
Intangible asset	87,910	75,460
Deferred Tax Assets	309	309
Total non-current assets	156,201	111,313
Current assets		
Inventories	90,193	83,156
Trade receivables	86,475	117,077
Other receivables, deposits and prepayments	11,999	30,172
Amount due from contract customers	186,305	135,632
Amount due from related companies	23	23
Derivative financial instruments	644	644
Tax Recoverable	2,693	-
Short-term deposits with licensed institutions	122	122
Cash and bank balances	14,940	30,236
Total current assets	393,394	397,062
Total assets	549,595	508,375
EQUITY AND LIABILITIES		
Equity		
Share capital	92,897	92,897
Share premium	84,971	84,971
Reserves	94,712	62,523
	272,580	240,391
Non-controlling interest	3,133	(1,790)
Total equity	275,713	238,601
Liabilities		
Non-current liabilities		
Finance lease liabilities	2,352	2,909
Loans and borrowings	36,423	35,731
Deferred tax liability	10,392	5,554
Total non-current liabilities	49,167	44,194
Current liabilities		
Trade payables	62,455	60,585
Other payables and accruals	10,252	12,738
Amount due to Directors	801	790
Finance lease liabilities	1,681	1,538
Loans and borrowings	149,526	147,437
Provision for taxation	-	2,492
Total current liabilities	224,715	225,580
Total liabilities	273,882	269,774
Total equity and liabilities	549,595	508,375

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Unaudited As At 30 Sep 2015 RM'000	Audited As At 30 Jun 2015 RM'000
Net assets per share (Sen)	148.40	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 FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2015

← 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	-	-	-	-	20,545	20,545	(228)	20,317
Other comprehensive income for the financial period	-	-	11,644	-	-	11,644	5,151	16,795
Total comprehensive income for the financial period	-	-	11,644	-	20,545	32,189	4,923	37,112
Balance as at 30 Sep 2015	92,897	84,971	10,073	(33,137)	117,776	272,580	3,133	275,713

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 STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	30 Sep 2015	30 Sep 2014
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	26,536	N/A
Adjustments for:-		
Depreciation on property, plant and equipment	1,007	N/A
Interest expense	1,532	N/A
Interest income	(61)	N/A
Unrealised gain on foreign exchange	(21,039)	N/A
Operating profit before working capital changes	7,975	N/A
Changes in working capital:-		
Inventories	(7,037)	N/A
Receivables	67,416	N/A
Payables	31	N/A
Contract customers	(50,673)	N/A
Cash from operations	17,712	N/A
Tax paid	(6,991)	N/A
Net cash from operating activities	10,721	N/A
CASH FLOW USED IN INVESTING ACTIVITIES		
Interest received	61	N/A
Purchase of property, plant and equipment	(33,277)	N/A
Bank balance realised from financial institution	(602)	N/A
Net cash used in investing activities	(33,818)	N/A
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1,532)	N/A
Proceeds from borrowings	66,167	N/A
Repayment of borrowings	(62,192)	N/A
Net cash from financing activities	2,443	N/A
CASH AND CASH EQUIVALENTS		
Net changes	(20,654)	N/A
Cash and cash equivalents at beginning of the period	25,574	N/A
Effect on foreign exchange translation	4,545	N/A
Cash and cash equivalents at end of the period	9,465	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 30 September 2015.

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 30 September 2015.

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 30 September 2015.

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

A7. Dividend Paid

There were no interim dividend paid during the financial quarter and the period ended 30 September 2015.

A8. Changes in Composition of the Group

There is no change in composition of the Group during the financial quarter ended 30 September 2015.

A9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the financial quarter and the period ended 30 September 2015.

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 30 September 2015 —————→				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
Total Revenue	141	59,288	1,000	(12,136)	48,293
Inter-segment revenue	(141)	(11,969)	(26)	12,136	-
Revenue from external customer	-	47,319	974	-	48,293
Interest income	60	1	-	-	61
Finance costs	-	(1,430)	(102)	-	(1,532)
Net finance income/ (expense)	60	(1,429)	(102)	-	(1,471)
Segment profit before taxation	(222)	51,328	265	(24,835)	26,536
Segment profit after taxation	(228)	45,140	240	(24,835)	20,317

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 30 September 2014 —————→				
	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

A10. Segmental Information (Cont’d)

The Group is organized into the following operating segments:-

	← Results for the period ended 30 September 2015 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total Revenue	141	59,288	1,000	(12,136)	48,293
Inter-segment revenue	(141)	(11,969)	(26)	12,136	-
Revenue from external customer	-	47,319	974	-	48,293
Interest income	60	1	-	-	61
Finance costs	-	(1,430)	(102)	-	(1,532)
Net finance income/ (expense)	60	(1,429)	(102)	-	(1,471)
Segment profit before taxation	(222)	51,328	265	(24,835)	26,536
Segment profit after taxation	(228)	45,140	240	(24,835)	20,317

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 30 September 2014 →				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

A11. Income tax expense

	Current year quarter ended 30 Sep 2015 RM'000	Preceding year corresponding quarter 30 Sep 2014 RM'000	Current year to date 30 Sep 2015 RM'000	Preceding year corresponding period 30 Sep 2014 RM'000
Current year taxation	(6,219)	N/A	(6,219)	N/A

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

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 30 Sep 2015	Preceding year corresponding quarter 30 Sep 2014	Current year to date 30 Sep 2015	Preceding year corresponding period 30 Sep 2014
Profit attributable to equity holders of the Company (RM'000)	20,545	N/A	20,545	N/A
Weighted average number of ordinary shares in issue ('000)	185,794	N/A	185,794	N/A
Basic earnings per share (Sen)	11.06	N/A	11.06	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 30 September 2015, the Group acquired assets at a cost of RM33.277 million.

A14. Trade Receivables

The trade receivables of the Group were as follows:

	Unaudited As At 30 Sep 2015 RM'000	Audited As At 30 Jun 2015 RM'000
Trade Receivables	47,487	79,296
Retention sums on contracts	38,988	37,781
	86,475	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 30 Sep 2015 RM'000	Preceding year to date 30 Sep 2014 RM'000
Cash and bank balances	14,940	N/A
Fixed deposits	122	N/A
Bank overdrafts	(4,995)	N/A
	10,067	N/A
Less: Fixed deposits and bank balance pledges to licensed financial institutions	(602)	N/A
	9,465	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 30 Sep 2015 RM'000	Audited As At 30 Jun 2015 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	2,352	2,909
Term Loans	36,423	35,731
	38,775	38,640
Current liabilities		
Secured:		
Finance lease liabilities	1,681	1,538
Term loans	31,700	31,459
Bank overdrafts	4,995	4,784
Banker acceptances	27,156	24,914
Trust receipts	55,504	65,953
Revolving credit	30,171	20,327
	151,207	148,975
Total	189,982	187,615

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

	Unaudited As At 30 Sep 2015 RM'000	Audited As At 30 Jun 2015 RM'000
Ringgit Malaysia	167,424	140,223
United States Dollar	17,832	40,599
Euro	4,726	6,793
	189,982	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 30 Sep 2015 RM'000	Audited As At 30 Jun 2015 RM'000
Secured:		
Finance lease liabilities of subsidiaries	3,924	4,299
Loan and borrowings of subsidiaries	117,826	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 30 Sep 2015 RM'000	Audited As At 30 Jun 2015 RM'000
Bank guarantees given to customers / suppliers and potential customers are for:		
Advance payment bonds	16,284	19,092
Performance bonds	49,139	56,870
Tender bonds	53,792	50,392
	119,215	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 30 Sep 2015 RM’000	Audited As At 30 Jun 2015 RM’000
Amount authorised but not contracted for	15	-

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 30 Sep 2015 RM’000	Audited As At 30 Jun 2015 RM’000
Related companies by virtue of common shareholders:		
Purchased of material and services rendered	8,422	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 RM48.3 million and profit after taxation of RM20.3 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM47.3 million or 97.9% and RM1.0 million or 2.1% respectively.

The group recorded a gross profit margin of 27.9% for the financial period ended 30 September 2015.

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
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Interest income	61	N/A	61	N/A
Interest expenses	(1,532)	N/A	(1,532)	N/A
Gain / (Loss) on foreign exchange:				
- Realised	(154)	N/A	(154)	N/A
- Unrealised	21,039	N/A	21,039	N/A
Gain on disposal of property, plant and equipment	-	N/A	-	N/A
Depreciation of property, plant and equipment	(1,007)	N/A	(1,007)	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.

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

B4. Prospects

Moving into a new financial year, PESTECH is ready to face the potential new challenges that may be presented to us in the rail electrification and track works related projects. We are well prepared both in terms of necessary infrastructure and the dedicated team to embrace the opportunities, which we hope to be able to grasp in a near future. The Group will employ greater attention to the various rail related projects particularly in Malaysia, and also regionally, to groom this new segment of business for PESTECH.

On the engineering, procurement, construction and commissioning (“EPCC”) business, we are working to ensure continuous strong market presence in Malaysia, and the other regional countries that we have established firm footing. Apart from our domestic market, the Group is enthusiastic on the potentials in Sri Lanka and Cambodia, which we have participated in certain project procurement exercises.

In the new financial year, PESTECH is also keen to extend its market reach to the Philippines, Indonesia and Kenya through EPCC projects participation. We are positive that the Group is able to build stable growth whilst ensuring realization of future prospects by pursuing the above development route

**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

The Board has proposed a single tier final dividend of 3.0 sen per ordinary share in respect of the financial period ended 30 June 2015. The proposed final dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The date of entitlement and date of payment in respect of the aforesaid proposed final dividend shall be determined by the Board at a subsequent stage.

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 26 November 2015.