

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2019**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31-Dec-19 RM'000	Preceding year corresponding quarter 31-Dec-18 RM'000	Current period to date 31-Dec-19 RM'000	Preceding year corresponding period 31-Dec-18 RM'000
Revenue	190,860	178,635	378,220	302,720
Operating expenses	(166,906)	(162,926)	(328,269)	(278,658)
Other operating income	64	484	107	571
Other gains and (losses)	(2,946)	1,349	(3,267)	5,573
Operating profit	21,072	17,542	46,791	30,206
Share of profit of equity-accounted associate	41	-	41	-
Profit before interest and tax	21,113	17,542	46,832	30,206
Finance income	10,866	12,808	21,848	25,635
Finance costs	(14,639)	(10,635)	(27,392)	(23,531)
Profit before tax	17,340	19,715	41,288	32,310
Income tax expense	(5,146)	(2,349)	(8,852)	(3,302)
Profit for the period	12,194	17,366	32,436	29,008
Other comprehensive (loss)/income:				
Exchange translation differences	(157)	420	(2,892)	8,732
Fair value gain/(loss) on cash flow hedge	2,071	-	(3,145)	-
Total comprehensive income for the period	14,108	17,786	26,399	37,740
Profit for the period attributable to:				
Owners of the Company	8,134	14,469	27,454	24,419
Non-controlling interests	4,060	2,897	4,982	4,589
	12,194	17,366	32,436	29,008
Total comprehensive income attributable to:				
Owners of the Company	12,815	14,818	22,023	30,477
Non-controlling interests	1,293	2,968	4,376	7,263
	14,108	17,786	26,399	37,740
EBITDA	24,926	20,251	54,183	35,364
Earnings per share				
- Basic (Sen)	1.06	1.89	3.59	3.19

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 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2019**

	Note	Unaudited as at 31-Dec-19 RM'000	Audited as at 30-Jun-19 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		98,936	91,418
Intangible assets		83,861	87,273
Investment in an associated company		502	461
Derivative financial instruments		6,398	7,211
Contract assets	A13	463,268	461,902
Total non-current assets		652,965	648,265
Current assets			
Contract assets	A13	1,108,705	996,597
Inventories		103,644	14,133
Trade receivables	A14	166,011	198,142
Other receivables, deposits and prepayments		53,870	45,794
Tax recoverable		19,736	18,045
Fixed deposits with licensed institutions		3,743	8,046
Cash and bank balances		101,401	158,523
Total current assets		1,557,110	1,439,280
Total assets		2,210,075	2,087,545

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2019 (CONT'D)**

	Note	Unaudited as at 31-Dec-19 RM'000	Audited as at 30-Jun-19 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		212,672	212,672
Reserves		(39,214)	(33,783)
Retained earnings		330,157	302,703
		503,615	481,592
Non-controlling interests		83,673	79,297
Total equity		587,288	560,889
LIABILITIES			
Non-current liabilities			
Derivative financial liabilities		10,673	7,540
Finance lease liabilities	A16	3,778	4,922
Loans and borrowings	A16	681,077	662,276
Deferred tax liabilities		336	336
Trade payables		67,929	66,485
Total non-current liabilities		763,793	741,559
Current liabilities			
Contract liabilities	A13	-	393
Trade payables		388,064	371,656
Other payables and accruals		24,565	31,456
Finance lease liabilities	A16	2,984	1,671
Loans and borrowings	A16	429,315	367,690
Tax payable		14,066	12,231
Total current liabilities		858,994	785,097
Total liabilities		1,622,787	1,526,656
Total equity and liabilities		2,210,075	2,087,545
Net assets per share (Sen)		76.84	73.39

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 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2019

	Attributable to owners of the Company					Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Fair value reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Merger reserve RM'000				
At 1 July 2019	212,672	(7,528)	(1,652)	8,534	(33,137)	302,703	481,592	79,297	560,889
Profit for the financial year	-	-	-	-	-	27,454	27,454	4,982	32,436
Other comprehensive loss for the financial period	-	(3,145)	(2,286)	-	-	-	(5,431)	(606)	(6,037)
Total comprehensive income for the financial period	-	(3,145)	(2,286)	-	-	27,454	22,023	4,376	26,399
At 31 December 2019	212,672	(10,673)	(3,938)	8,534	(33,137)	330,157	503,615	83,673	587,288

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND PERIOD ENDED 30 DECEMBER 2019
(CONT'D)**

	Attributable to owners of the Company					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable				
	Share capital RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Merger reserve RM'000	Retained earnings RM'000			
At 1 July 2018	212,672	(10,294)	8,534	(33,137)	279,493	457,268	69,062	526,330
Effect of adoption of MFRS15	-	-	-	-	(60,148)	(60,148)	-	(60,148)
Profit for the financial period	-	-	-	-	24,419	24,419	4,589	29,008
Other comprehensive income for the financial period	-	6,058	-	-	-	6,058	2,674	8,732
Total comprehensive income for the financial period	-	6,058	-	-	24,419	30,477	7,263	37,740
At 31 December 2018	212,672	(4,236)	8,534	(33,137)	243,764	427,597	76,325	503,922

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 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019

	6-months ended	
	31-Dec-19 RM'000	31-Dec-18 RM'000
OPERATING ACTIVITIES		
Profit before tax	41,288	32,310
Adjustments for:		
Amortisation of intangible assets	2,702	2,456
Amortisation of unwinding discount of financial liability	2,078	725
Depreciation of property, plant and equipment	4,649	2,702
Fair value loss on derivative financial instruments	813	471
Finance income arising from MFRS15	-	(4,238)
Gain on disposal of property, plant and equipment	-	(590)
Interest expense	25,316	22,806
Interest income	(255)	(170)
Finance income arising from concession assets	(21,594)	(21,227)
Share of profit of equity-accounted associate	(41)	-
Unrealised loss/(gain) on foreign exchange	1,603	(9,217)
Operating profit before working capital changes	56,559	26,028
Changes in working capital:		
Inventories	(89,511)	7,007
Receivables	24,055	(20,192)
Payables	9,646	29,510
Concession assets	14,515	17,286
Contract customers	(111,810)	(132,103)
Cash used in operations	(96,546)	(72,464)
Tax paid	(8,707)	(1,439)
Net cash used in operating activities	(105,253)	(73,903)
INVESTING ACTIVITIES		
Interest received	255	170
Proceeds from disposal of property, plant and equipment	-	590
Purchase of property, plant and equipment*	(11,725)	(1,817)
Advance to an associated company	-	964
Acquisition of intangible assets	-	(25)
Net cash used in investing activities	(11,470)	(118)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019 (CONT'D)

	6-months ended	
	31-Dec-19 RM'000	31-Dec-18 RM'000
FINANCING ACTIVITIES		
Interest paid	(25,316)	(22,806)
Drawdown from borrowings	551,193	336,028
Repayment of borrowings	(477,646)	(312,283)
Net cash generated from financing activities	48,231	939
CASH AND CASH EQUIVALENTS		
Net changes	(68,492)	(73,082)
Cash and cash equivalents at beginning of the period	147,820	108,859
Effect of foreign exchange translation	4,372	(3,617)
Cash and cash equivalents at end of the period	83,700	32,160

Property, plant and equipment

	31-Dec-19 RM'000	31-Dec-18 RM'000
Cash payments	11,725	1,817
Finance by way of finance lease arrangements	533	4,858
Purchase of property, plant and equipment	12,258	6,675

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 2019.

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 2019.

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, associate and jointly-controlled entity since the financial year ended 30 June 2019.

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 2019, except for the adoption of the following:

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 9*	Financial Instruments: Prepayment Feature with Negative Compensation
Amendments to MFRS 119*#	Post-employment Benefits: Defined Benefits Plans
Amendments to MFRS 128*	Investment in Associates and Joint Ventures: Long Term Interest in Associates and Joint Ventures
IC interpretation 23*	Uncertainty over Income Tax Treatments
	MFRS 4 Insurance Contracts
Annual Improvements to MFRS Standards 2015 – 2017 Cycle *	

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)

The application of these MFRSs and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group except as disclosed below:

MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Transition to MFRS 16

The Group plans to adopt the MFRS 16 retrospectively to each prior reporting period presented with the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

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)

Transition to MFRS 16 (Cont'd)

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value.

Due to the adoption of MFRS 16, the Group’s operating profit will improve, while its interest expense will increase. This is due to the changes in the accounting for expenses of leases that were classified as operating leases under MFRS 117.

The overall effects of MFRS 16 is currently being assessed and a reliable estimation of the quantitative effects is not yet available.

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

Amendments to MFRSs and IC Interpretation effective 1 January 2020:

Amendments to MFRS 3*	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to References to the Conceptual Framework in MFRS Standards (MFRS 2, 3, 6, 14, 101, 108, 134, 137, 138 and IC Interpretation 12, 19, 20, 22 and 132)	

MFRS effective 1 January 2021:

MFRS 17*#	Insurance Contracts
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Amendments to MFRSs - effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: 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.

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

A2. Seasonal or cyclical factors

The Group’s operations are not subject 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 2019.

A4. Material changes in estimates

There were no changes in estimates of amounts reported in previous financial year that have had a material effect for the current financial quarter ended 31 December 2019.

A5. Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities during the current financial quarter ended 31 December 2019.

A6. Dividends paid

There were no dividends paid during the current financial quarter ended 31 December 2019.

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 2019 except for the following:

On 23 October 2019, PESTECH REI Sdn. Bhd. ("REI"), a 90% owned subsidiary of PESTECH Power Sdn. Bhd. was incorporated. As a result, REI become an indirect 90% owned subsidiary of the Company.

On 12 December 2019, PESTECH System Siam Ltd., a 99.99% owned subsidiary of the Company was incorporated.

A8. Valuation of property, plant and equipment

There were no valuation of property, plant and equipment for the current financial quarter ended 31 December 2019.

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 2019				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
External	-	187,212	3,648	-	190,860
Inter-segment	117	91,248	2,584	(93,949)	-
Total revenue	117	278,460	6,232	(93,949)	190,860
Finance income	-	10,866	-	-	10,866
Finance costs	(845)	(13,749)	(45)	-	(14,639)
Net finance expenses	(845)	(2,883)	(45)	-	(3,773)
Segment profit/ (loss) before tax	847	11,101	(354)	5,746	17,340
Segment profit/ (loss) after tax	865	6,683	(354)	5,000	12,194

	Results for the quarter ended 31 December 2018				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
External	-	173,377	5,258	-	178,635
Inter-segment	1,088	39,487	4,108	(44,683)	-
Total revenue	1,088	212,864	9,366	(44,683)	178,635
Finance income	-	12,808	-	-	12,808
Finance costs	-	(10,571)	(64)	-	(10,635)
Net finance income/ (expenses)	-	2,237	(64)	-	2,173
Segment profit/ (loss) before tax	(66)	58,273	(49)	(38,443)	19,715
Segment profit/ (loss) after tax	(84)	57,968	(49)	(40,469)	17,366

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 2019				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
External	-	372,821	5,399	-	378,220
Inter-segment	2,575	144,467	12,871	(159,913)	-
Total revenue	2,575	517,288	18,270	(159,913)	378,220
Finance income	-	21,848	-	-	21,848
Finance costs	(845)	(26,453)	(94)	-	(27,392)
Net finance income/ expenses	(845)	(4,605)	(94)	-	(5,544)
Segment profit/ (loss) before tax	140	38,735	(292)	2,705	41,288
Segment profit/ (loss) after tax	108	30,661	(292)	1,959	32,436
	Results for the period ended 31 December 2018				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	296,038	6,682	-	302,720
Inter-segment	2,051	54,035	7,929	(64,015)	-
Total revenue	2,051	350,073	14,611	(64,015)	302,720
Finance income	-	25,635	-	-	25,635
Finance costs	-	(23,390)	(141)	-	(23,531)
Net finance income/ (expenses)	-	2,245	(141)	-	2,104
Segment profit/ (loss) before tax	1,301	80,079	(943)	(48,127)	32,310
Segment profit/ (loss) after tax	1,267	78,837	(943)	(50,153)	29,008

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

A10. Income tax expense

	Current year quarter 31-Dec-19 RM'000	Preceding year corresponding quarter 31-Dec-18 RM'000	Current period to date 31-Dec-19 RM'000	Preceding year corresponding period 31-Dec-18 RM'000
Tax expenses	(5,146)	(2,349)	(8,852)	(3,302)

Income tax is calculated at Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial 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 31-Dec-19	Preceding year corresponding quarter 31-Dec-18	Current period to date 31-Dec-19	Preceding year corresponding period 31-Dec-18
Profit attributable to owners of the Company (RM'000)	8,134	14,469	27,454	24,419
Weighted average number of ordinary shares in issue ('000)	764,294	764,294	764,294	764,294
Basic earnings per share (Sen)	1.06	1.89	3.59	3.19

A11.2. Diluted earnings per share

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

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

A12. Property, plant and equipment

During the current financial quarter ended 31 December 2019, the Group acquired assets at a cost of RM320,000.

A13. Contract assets

	Unaudited as at 31-Dec-19 RM'000	Audited as at 30-Jun-19 RM'000
Contract assets		
Contract assets from a customer on concession arrangement	514,595	512,537
Contract assets from customers on construction contracts	1,057,378	945,962
	1,571,973	1,458,499
Presented by:		
Non-current	463,268	461,902
Current	1,108,705	996,597
	1,571,973	1,458,499
Contract liabilities		
Contract liabilities from customers on construction contracts	-	393

A14. Trade receivables

The trade receivables of the Group were as follows:

	Unaudited as at 31-Dec-19 RM'000	Audited as at 30-Jun-19 RM'000
Trade receivables	74,884	117,183
Retention sums on contracts	91,127	80,959
	166,011	198,142

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

A15. 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-19 RM'000	Unaudited as at 31-Dec-18 RM'000
Cash and bank balances	101,401	45,454
Short-term deposits with licensed institutions	3,743	5,042
Bank overdrafts	(21,444)	(18,336)
	83,700	32,160

A16. Borrowings and debts securities

Total borrowings of the Group were as follows:

	Unaudited as at 31-Dec-19 RM'000	Audited as at 30-Jun-19 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	3,778	4,922
Term loans	681,077	662,276
	684,855	667,198
Current liabilities		
Secured:		
Finance lease liabilities	2,984	1,671
Term loans	48,533	28,640
Bank overdrafts	21,444	18,749
Banker acceptances	40,659	50,736
Trust receipts	132,493	126,585
Revolving credit	186,186	142,980
	432,299	369,361
	1,117,154	1,036,559

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

	Unaudited as at 31-Dec-19 RM'000	Audited as at 30-Jun-19 RM'000
Ringgit Malaysia	397,660	353,137
United States Dollar	719,494	681,748
Euro	-	1,674
	1,117,154	1,036,559

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

On 15 January 2020, one of the wholly-owned subsidiary of PESTECH Power Sdn. Bhd. (a wholly-owned subsidiary of the Company), entered into a Share Sale and Purchase Agreement to acquire 4,700 shares or 94% of shares in Green Sustainable Ventures (Cambodia) Co., Ltd. (“GSV”) at a purchase consideration of USD4,000,000.

As at to date, the acquisition of GSV has yet been completed.

GSV is a local company in Cambodia strives to seek for renewable energy opportunities in Cambodia and it successfully procures the Power Purchase Agreements from Electricité du Cambodge, Implementation Agreement from the Ministry of Economy and Finance and Government Guarantee for a project to develop a 20 years concession (with additional one (1) year of construction period) of not less than 20MW AC (24MW DC) large-scale solar farm project in Bavet City, Svay Rieng Province, Cambodia under the Built, Own and Operate model with a power purchase price of USD0.076 per kWh.

On 17 January 2020, its wholly-owned subsidiary, PESTECH Sdn Bhd (“PSB”), accepted a Conditional Award from Energy Fiji Limited for the contract in relation to the construction of Virara - Koronubu 132kV Transmission Line (Package 1) Monopole Section and construction of Virara - Koronubu 132kV Transmission Line (Package 2) Lattice Tower Section (“Contract”) for a combined value of \$34,990,700FJD.

The Contract covers completion of design, design certification, local authority approvals, construction documentation, construction of 132kV single circuit Virara – Koronubu Transmission Line (approximately 7.5 kilometres for Monopole Tower Section and approximately 18 kilometres Lattice Tower Section) covering supply, erection, testing and commissioning.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A18. Financial guarantees**

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-19 RM'000	Audited as at 30-Jun-19 RM'000
Secured outstanding as at:		
Finance lease liabilities of the Group	6,762	6,593
Loan and borrowings of subsidiaries	1,110,392	1,029,966

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.

A19. Capital commitments

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

	Unaudited as at 31-Dec-19 RM'000	Audited as at 30-Jun-19 RM'000
Acquisition of a subsidiary	14,735	-

A20. Significant related party transactions

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

	Unaudited as at 31-Dec-19 RM'000	Audited as at 30-Jun-19 RM'000
Related companies by virtue of common directors and key senior management:		
Purchased of material and services rendered	9,956	18,160

**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-19 RM'000	Preceding year corresponding quarter 31-Dec-18 RM'000	Changes	
			RM'000	%
Revenue	190,860	178,635	12,225	7%
Profit before tax ("PBT")	17,340	19,715	(2,375)	-12%
Profit after tax ("PAT")	12,194	17,366	(5,172)	-30%

The Group registered a revenue of RM190.9 million for current quarter under review as compared to RM178.6 million for the preceding year corresponding quarter. The Group revenue reflects the stage of projects completion during the quarter under review.

During the current financial quarter, revenue for Project segment was recorded at RM187.2 million as compared to RM173.4 million in the preceding year corresponding financial quarter. The performance was in line with the planned progress of on-going transmission, distribution and rail electrification projects. As of 31 December 2019, our order book balance stood at RM1.6 billion, which will be realised progressively over the contract periods.

The Group recorded profit before tax of RM17.3 million as compared to RM19.7 million for the preceding year corresponding quarter. The PBT margin for the quarter under review was 9% which is lower as compared to the PBT margin for the preceding year corresponding quarter of 11%.

The Group recorded profit after tax of RM12.2 million as compared to RM17.4 million for the preceding year corresponding quarter. The PAT margin for the quarter under review was 6.4% as compared to the PAT margin for the preceding year corresponding quarter of 9.7%.

**PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)****B1. Review of performance (Cont'd)****(b) Performance of the current quarter against the immediate preceding quarter**

	Current year quarter 31-Dec-19 RM'000	Immediate preceding quarter 30-Sep-19 RM'000	Changes	
			RM'000	%
Revenue	190,860	187,360	3,500	2%
Profit before tax ("PBT")	17,340	23,948	(6,608)	-28%
Profit after tax ("PAT")	12,194	20,242	(8,048)	-40%

The Group recorded revenue of RM190.9 million for current quarter under review as compared to RM187.4 million for the immediate preceding quarter.

Profit before tax for the current quarter under review was recorded at RM17.3 million as compared to RM23.9 million for the immediate preceding quarter. The profit before tax for current quarter under review was lower, this was mainly due to higher finance costs at RM14.6 million.

The Group recorded profit before tax of RM17.3 million as compared to RM23.9 million for the immediate preceding quarter. The PBT margin for the quarter under review and immediate preceding quarter were 9% and 13% respectively.

The Group recorded profit after tax of RM12.2 million as compared to RM20.2 million for the immediate preceding quarter. The PAT margin for the quarter under review and immediate preceding quarter were 6% and 11% respectively.

**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-19 RM'000	Preceding year corresponding quarter 31-Dec-18 RM'000	Current period to date 31-Dec-19 RM'000	Preceding year corresponding period 31-Dec-18 RM'000
Amortisation of intangible assets	1,450	1,255	2,702	2,456
Amortisation of unwinding discount of financial liability	1,038	352	2,078	725
Depreciation of property, plant and equipment	2,363	1,454	4,649	2,702
Fair value (gain)/loss on derivative financial instruments	(2,964)	(694)	813	471
Gain on disposal of property, plant and equipment	-	-	-	(590)
Interest expense	13,603	9,910	25,316	22,806
Interest income	(82)	(97)	(255)	(170)
Finance income arising from concession assets	(10,784)	(10,645)	(21,594)	(21,227)
Unrealised loss/(gain) on foreign exchange	5,838	(3,136)	1,603	(9,217)

B3. Prospects

As we came to a close at the mid-term for financial year 2020, the Group remained focused on its intention to build up sustainable power infrastructure projects around the region. This effort bore fruit when the Group, through its wholly owned subsidiary, Astoria Solar Farm Sdn Bhd, entered into a sale and purchase agreement to acquire 94% of a 20MW large scale solar farm concession in Bavet, Kingdom of Cambodia. The project will be able to provide the Group with recurring income source for a period of 20 years, guaranteed by the Government of Cambodia, by supplying to Electricite du Cambodge renewable energy under a power purchase agreement.

We are also exploring various sustainable power generation and distribution projects in Malaysia, Myanmar and Cambodia, through the introduction of revolutionary technology that are clean, green, and commercially viable for off-grid electrification projects. It is the intention of the management to help the particular countries in expanding the power supply network to the consumers that are traditionally not able to tap on the national grid infrastructure. Thus, PESTECH will be able to grow its business potential by enhancing the livelihood of a wider group of community, through reliable and sustainable power utility supply that does not have negative impact towards their existing living environment.

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

B3. Prospects (Continued)

The Group believes that the efforts towards building greener and earth friendly power infrastructure will be able to ensure the continuous growth of the Group in the long run, in order to create a socially responsible enterprise that is respectable in the region.

In addition to the development for building sustainable green energy solutions for the region, the development progress for the developing countries continue to require more investment in the electrical infrastructure for each respective country. This gives the Group plenty of opportunities to provide services to electrical utilities in the region in the form of electrical network build-up and rail electrification.

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.

B6. Dividends

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 2019.

B8. Status of corporate proposal

The proposed listing of Pestech (Cambodia) PLC, a wholly-owned subsidiary of the Company, is in progress as at the date of issuance of this quarterly report.

B9. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors.