

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND PERIOD ENDED 31 MARCH 2020**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31-Mar-20 RM'000	Preceding year corresponding quarter 31-Mar-19 RM'000	Current period to date 31-Mar-20 RM'000	Preceding year corresponding period 31-Mar-19 RM'000
Revenue	218,812	222,061	597,032	524,781
Operating expenses	(200,776)	(200,839)	(529,041)	(479,497)
Other operating income	372	81	479	652
Other gains and (losses)	2,352	4,567	(913)	10,140
Operating profit	20,760	25,870	67,557	56,076
Share of profit of equity-accounted associate	187	-	228	-
Profit before interest and tax	20,947	25,870	67,785	56,076
Finance income	11,136	11,425	32,984	37,060
Finance costs	(15,638)	(13,607)	(43,032)	(37,138)
Profit before tax	16,445	23,688	57,737	55,998
Income tax expense	(1,950)	(1,182)	(10,802)	(4,484)
Profit for the period	14,495	22,506	46,935	51,514
Other comprehensive (loss)/income:				
Exchange translation differences	21,488	(4,979)	18,603	3,753
Fair value loss on cash flow hedge	(27,640)	-	(30,785)	-
Total comprehensive income for the period	8,343	17,527	34,753	55,267
Profit for the period attributable to:				
Owners of the Company	11,828	21,590	39,286	46,009
Non-controlling interests	2,667	916	7,649	5,505
	14,495	22,506	46,935	51,514
Total comprehensive income attributable to:				
Owners of the Company	5,107	18,047	27,141	48,524
Non-controlling interests	3,236	(520)	7,612	6,743
	8,343	17,527	34,753	55,267
EBITDA	24,270	29,625	78,459	64,989
Earnings per share				
- Basic (Sen)	1.55	2.82	5.14	6.02

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 MARCH 2020**

	Note	Unaudited as at 31-Mar-20 RM'000	Audited as at 30-Jun-19 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		96,783	91,418
Intangible assets		86,808	87,273
Investment in an associated company		689	461
Derivative financial instruments		-	7,211
Contract assets	A13	486,717	461,902
Total non-current assets		670,997	648,265
Current assets			
Contract assets	A13	1,259,827	996,597
Inventories		87,198	14,133
Trade receivables	A14	207,896	198,142
Other receivables, deposits and prepayments		51,818	45,794
Tax recoverable		18,999	18,045
Fixed deposits with licensed institutions		4,674	8,046
Cash and bank balances		59,787	158,523
Total current assets		1,690,199	1,439,280
Total assets		2,361,196	2,087,545

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2020 (CONT'D)**

	Note	Unaudited as at 31-Mar-20 RM'000	Audited as at 30-Jun-19 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		211,914	212,672
Reserves		(45,928)	(33,783)
Retained earnings		341,989	302,703
		507,975	481,592
Non-controlling interests		86,909	79,297
Total equity		594,884	560,889
LIABILITIES			
Non-current liabilities			
Derivative financial liabilities		44,824	7,540
Finance lease liabilities	A16	3,326	4,922
Loans and borrowings	A16	717,028	662,276
Deferred tax liabilities		336	336
Trade payables		72,619	66,485
Total non-current liabilities		838,133	741,559
Current liabilities			
Contract liabilities	A13	-	393
Trade payables		412,183	371,656
Other payables and accruals		27,915	31,456
Finance lease liabilities	A16	2,984	1,671
Loans and borrowings	A16	471,395	367,690
Tax payable		13,702	12,231
Total current liabilities		928,179	785,097
Total liabilities		1,766,312	1,526,656
Total equity and liabilities		2,361,196	2,087,545
Net assets per share (Sen)		77.84	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 THIRD QUARTER AND PERIOD ENDED 31 MARCH 2020

	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	Fair value reserve RM'000	Exchange translation reserve RM'000	Capital reserve RM'000	Merger reserve RM'000	Retained earnings 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 period	-	-	-	-	-	39,286	39,286	7,649	46,935
Other comprehensive loss for the financial period	-	(24,807)	12,662	-	-	-	(12,145)	(37)	(12,182)
Total comprehensive income for the financial period	-	(24,807)	12,662	-	-	39,286	27,141	7,612	34,753
Transaction with owners:									
Treasury shares acquired	(758)	-	-	-	-	-	(758)	-	(758)
As at 31 March 2020	211,914	(32,335)	11,010	8,534	(33,137)	341,989	507,975	86,909	594,884

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER AND PERIOD ENDED 31 MARCH 2020
(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	-	-	-	-	46,009	46,009	5,505	51,514
Other comprehensive income for the financial period	-	2,515	-	-	-	2,515	1,238	3,753
Total comprehensive income for the financial period	-	2,515	-	-	46,009	48,524	6,743	55,267
As at 31 March 2019	212,672	(7,779)	8,534	(33,137)	265,354	445,644	75,805	521,449

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 MARCH 2020

	9-months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000
OPERATING ACTIVITIES		
Profit before tax	57,737	55,998
Adjustments for:		
Amortisation of intangible assets	3,790	3,993
Amortisation of unwinding discount of financial liability	3,140	1,100
Depreciation of property, plant and equipment	6,884	4,920
Fair value loss/(gain) on derivative financial instruments	6,511	(2,240)
Finance income arising from MFRS15	-	(6,431)
Gain on disposal of property, plant and equipment	(21)	(845)
Interest expense	39,892	36,038
Interest income	(347)	(258)
Finance income arising from concession assets	(32,638)	(30,371)
Share of profit of equity-accounted associate	(228)	-
Unrealised gain on foreign exchange	(6,441)	(7,055)
Operating profit before working capital changes	78,279	54,849
Changes in working capital:		
Inventories	(73,065)	11,507
Receivables	(15,779)	(53,566)
Payables	48,786	79,060
Concession assets	21,449	22,032
Contract customers	(254,992)	(215,744)
Cash used in operations	(195,322)	(101,862)
Tax paid	(10,284)	(8,962)
Net cash used in operating activities	(205,606)	(110,824)
INVESTING ACTIVITIES		
Interest received	347	258
Proceeds from disposal of property, plant and equipment	63	845
Proceeds from utilisation of derivative financial instruments	7,211	-
Purchase of property, plant and equipment*	(10,610)	(2,803)
Advance to an associated company	-	961
Acquisition of intangible assets	-	(26)
Net cash used in investing activities	(2,989)	(765)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020 (CONT'D)

	9-months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000
FINANCING ACTIVITIES		
Treasury shares acquired	(758)	-
Interest paid	(39,892)	(36,038)
Drawdown from borrowings	599,850	528,086
Repayment of borrowings	(499,245)	(449,579)
Net cash generated from financing activities	59,955	42,469
CASH AND CASH EQUIVALENTS		
Net changes	(148,640)	(69,120)
Cash and cash equivalents at beginning of the period	147,820	108,859
Effect of foreign exchange translation	28,645	8,610
Cash and cash equivalents at end of the period	27,825	48,349

*Property, plant and equipment

	31-Mar-20 RM'000	31-Mar-19 RM'000
Cash payments	10,610	2,803
Finance by way of finance lease arrangements	896	4,858
Purchase of property, plant and equipment	11,506	7,661

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 and associates 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:

MFRS, 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
Annual Improvements to MFRS Standards 2015 – 2017 Cycle *	

The application of this MFRS 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.

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

A1. Accounting policies and basis of preparation (Cont'd)

MFRS 16 Leases (Cont'd)

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 MRFS 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.

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.

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)

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 effective 1 January 2020:

Amendments to MFRS 3*	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 7, 9 and 139	Investment Rate Benchmark Reform
Amendments to References to the Conceptual Framework in MFRS Standards	

Amendments to MFRS effective 1 June 2020:

Amendment to MFRS 16 Leases	Covid-19-Related Rent Concessions
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MFRS effective 1 January 2021:

MFRS 17*#	Insurance Contracts
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Amendments to MFRSs effective 1 January 2022:

Amendments to MFRS 3*	Reference to the Conceptual Framework
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 116	Property, plant and equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020 (MFRS1, 9, 16 and 141)	

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.

A2. Seasonal or cyclical factors

The Group's operations are not subject to seasonal or cyclical factors.

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

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 March 2020.

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 March 2020.

A5. Changes in debt and equity securities

During the current financial quarter, the Company purchased 978,800 of its issued share capital from the open market at the average price paid of RM0.77 per share. The shares purchase were retained as treasury shares. The Company has the right to re-issue these shares at a later date. As treasury shares, the right attached as to voting, dividends and participation in other distribution are suspended.

A6. Dividends paid

There were no dividends paid during the current financial quarter ended 31 March 2020.

A7. Changes in composition of the Group

There were no changes in the composition of the Group for the current financial quarter ended 31 March 2020 except for the following:

On 30 January 2020, PESTECH Vietnam Co. Ltd. ("PVN"), a 100% owned subsidiary of the Company was incorporated.

On 14 February 2020, PESTECH Microgrid Co. Ltd. ("PMG"), a 90% owned subsidiary of PESTECH Hinthar Corporation Limited was incorporated. As a result, PMG become an indirect 90% owned subsidiary of the Company.

A8. Valuation of property, plant and equipment

There were no valuation of property, plant and equipment for the current financial quarter ended 31 March 2020.

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 March 2020			→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	216,448	2,364	-	218,812
Inter-segment	1,374	42,867	7,233	(51,474)	-
Total revenue	1,374	259,315	9,597	(51,474)	218,812
Finance income	-	11,136	-	-	11,136
Finance costs	(400)	(15,116)	(122)	-	(15,638)
Net finance expenses	(400)	(3,980)	(122)	-	(4,502)
Segment profit/ (loss) before tax	3,771	12,026	(1,237)	1,885	16,445
Segment profit/ (loss) after tax	3,771	10,076	(1,237)	1,885	14,495
	←	Results for the quarter ended 31 March 2019			→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	216,677	5,384	-	222,061
Inter-segment	1,193	87,353	5,339	(93,885)	-
Total revenue	1,193	304,030	10,723	(93,885)	222,061
Finance income	-	11,425	-	-	11,425
Finance costs	-	(13,546)	(61)	-	(13,607)
Net finance expenses	-	(2,121)	(61)	-	(2,182)
Segment profit/ (loss) before tax	(830)	7,388	911	16,219	23,688
Segment profit/ (loss) after tax	(846)	6,222	911	16,219	22,506

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 March 2020			→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	589,269	7,763	-	597,032
Inter-segment	3,949	187,334	20,104	(211,387)	-
Total revenue	3,949	776,603	27,867	(211,387)	597,032
Finance income	-	32,984	-	-	32,984
Finance costs	(1,245)	(41,569)	(218)	-	(43,032)
Net finance expenses	(1,245)	(8,585)	(218)	-	(10,048)
Segment profit/ (loss) before tax	3,915	50,761	(1,529)	4,590	57,737
Segment profit/ (loss) after tax	3,883	39,991	(1,529)	4,590	46,935
	←	Results for the period ended 31 March 2019			→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
External	-	512,715	12,066	-	524,781
Inter-segment	3,244	141,388	13,268	(157,900)	-
Total revenue	3,244	654,103	25,334	(157,900)	524,781
Finance income	-	37,060	-	-	37,060
Finance costs	-	(36,936)	(202)	-	(37,138)
Net finance income/ (expenses)	-	124	(202)	-	(78)
Segment profit/ (loss) before tax	471	33,310	(32)	22,249	55,998
Segment profit/ (loss) after tax	421	28,876	(32)	22,249	51,514

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

A10. Income tax expense

	Current year quarter 31-Mar-20 RM'000	Preceding year corresponding quarter 31-Mar-19 RM'000	Current period to date 31-Mar-20 RM'000	Preceding year corresponding period 31-Mar-19 RM'000
Tax expenses	(1,950)	(1,182)	(10,802)	(4,484)

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-Mar-20	Preceding year corresponding quarter 31-Mar-19	Current period to date 31-Mar-20	Preceding year corresponding period 31-Mar-19
Profit attributable to owners of the Company (RM'000)	11,828	21,590	39,286	46,009
Weighted average number of ordinary shares in issue ('000)	764,266	764,294	764,266	764,294
Basic earnings per share (Sen)	1.55	2.82	5.14	6.02

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**

There were no addition of property, plant and equipment during the current financial quarter under review.

A13. Contract assets

	Unaudited as at 31-Mar-20 RM'000	Restated Audited as at 30-Jun-19 RM'000
Contract assets		
Contract assets from a customer on concession arrangement	545,984	512,537
Contract assets from customers on construction contracts	1,200,560	945,962
	1,746,544	1,458,499
Presented by:		
Non-current	486,717	461,902
Current	1,259,827	996,597
	1,746,544	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-Mar-20 RM'000	Audited as at 30-Jun-19 RM'000
Trade receivables	112,095	117,183
Retention sums on contracts	95,801	80,959
	207,896	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-Mar-20 RM'000	Unaudited as at 31-Mar-19 RM'000
Cash and bank balances	59,787	71,059
Short-term deposits with licensed institutions	4,674	382
Bank overdrafts	(36,636)	(23,092)
	27,825	48,349

A16. Borrowings and debts securities

Total borrowings of the Group were as follows:

	Unaudited as at 31-Mar-20 RM'000	Audited as at 30-Jun-19 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	3,326	4,922
Term loans	717,028	662,276
	720,354	667,198
Current liabilities		
Secured:		
Finance lease liabilities	2,984	1,671
Term loans	50,373	28,640
Bank overdrafts	36,636	18,749
Banker acceptances	35,023	50,736
Trust receipts	172,953	126,585
Revolving credit	176,410	142,980
	474,379	369,361
	1,194,733	1,036,559

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

	Unaudited as at 31-Mar-20 RM'000	Audited as at 30-Jun-19 RM'000
Ringgit Malaysia	413,429	353,137
United States Dollar	780,276	681,748
Euro	1,028	1,674
	1,194,733	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 17 April 2020, SystemCORP Energy Pty Ltd (“SEN”), a 51%-owned Australian subsidiary of the Group, has decided to undergo the process of winding down via the Voluntary Administration procedure. On 22 May 2020, the Group had appointed Mr. Bruno Anthony Secatore and Mr. Jeremy Joseph Nipps from Cor Cordis, Australia as Liquidators for the purpose of winding up of SEN in accordance with Section 436A of the Australian Corporations Act 2001 (CTH) to commence Voluntary Administration process.

On 3 June 2020, the Group announced that ODM Power Line Company Limited (“OPL”), a 70%-owned Cambodian subsidiary of the Company incorporated on 8 April 2020, had on 3 June 2020, completed the execution of all novation agreements in relation to the rights of the development of 230 kV Transmission Line from Oddor Meanchey to East Siem Reap Grid Substation on a Build-Transfer basis. The committed payment from Electricite Du Cambodge to OPL for the Term of the Build Transfer Agreement shall be for a total of USD110,000,000 in accordance to a predetermined schedule.

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-Mar-20 RM’000	Audited as at 30-Jun-19 RM’000
Secured outstanding as at:		
Finance lease liabilities of the Group	6,310	6,593
Loan and borrowings of subsidiaries	1,188,423	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.

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 period were as follows:

	Unaudited as at 31-Mar-20 RM'000	Audited as at 30-Jun-19 RM'000
Acquisition of a subsidiary	15,527	-

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-Mar-20 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	15,973	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-Mar-20 RM'000	Preceding year corresponding quarter 31-Mar-19 RM'000	Changes	
			RM'000	%
Revenue	218,812	222,061	(3,249)	-1%
Profit before tax ("PBT")	16,445	23,688	(7,243)	-31%
Profit after tax ("PAT")	14,495	22,506	(8,011)	-36%

The revenue of the Group for the quarter under review was affected by Covid-19 lockdown in March 2020 due to the lack of activities at project sites in Malaysia and the Philippines. The pandemic has caused movement restriction imposed by various country in the different forms. This has affected logistics and operation of most of the factory in China and Europe. About 65% of our projects required bought out equipment from factory across Europe to China. The impact on the delay for delivery is depending on the situation in each country.

The Group registered a revenue of RM218.8 million for current quarter under review as compared to RM222.1 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 RM216.4 million as compared to RM216.7 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 March 2020, our order book balance stood at RM1.5 billion, which will be realised progressively over the contract periods.

The Group recorded profit before tax of RM16.4 million as compared to RM23.7 million for the preceding year corresponding quarter. The profit before tax is affected by the finance costs of the completed projects without corresponding finance income for those projects. The finance income for those completed projects will commence only from FY2021. The PBT margin for the quarter under review was 8% which is lower as compared to the PBT margin for the preceding year corresponding quarter of 11%.

The Group recorded profit after tax of RM14.5 million as compared to RM22.5 million for the preceding year corresponding quarter. The PAT margin for the quarter under review was 7% as compared to the PAT margin for the preceding year corresponding quarter of 10%. Depending on the chargeable income of the respective subsidiaries, tax is higher in terms of percentage against the profit before tax of the Group.

**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-Mar-20 RM'000	Immediate preceding quarter 31-Dec-19 RM'000	Changes	
			RM'000	%
Revenue	218,812	190,860	27,952	15%
Profit before tax ("PBT")	16,445	17,340	(895)	-5%
Profit after tax ("PAT")	14,495	12,194	2,301	19%

The Group recorded revenue of RM218.8 million for current quarter under review as compared to RM190.9 million for the immediate preceding quarter.

Profit before tax for the current quarter under review was recorded at RM16.4 million as compared to RM17.3 million for the immediate preceding quarter. The PBT margin for the quarter under review and immediate preceding quarter were 8% and 9% respectively.

The Group recorded profit after tax of RM14.5 million as compared to RM12.2 million for the immediate preceding quarter. The PAT margin for the quarter under review and immediate preceding quarter were 7% and 6% 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-Mar-20 RM'000	Preceding year corresponding quarter 31-Mar-19 RM'000	Current period to date 31-Mar-20 RM'000	Preceding year corresponding period 31-Mar-19 RM'000
Amortisation of intangible assets	1,088	1,537	3,790	3,993
Amortisation of unwinding discount of financial liability	1,062	375	3,140	1,100
Depreciation of property, plant and equipment	2,235	2,218	6,884	4,920
Fair value loss/(gain) on derivative financial instruments	5,698	(2,711)	6,511	(2,240)
Gain on disposal of property, plant and equipment	(21)	(255)	(21)	(845)
Interest expense	14,576	13,232	39,892	36,038
Interest income	(92)	(88)	(347)	(258)
Finance income arising from concession assets	(11,044)	(9,144)	(32,638)	(30,371)
Unrealised (gain)/loss on foreign exchange	(8,044)	2,162	(6,441)	(7,055)

B3. Prospects

From 24 to 28 February, stock markets worldwide reported their largest one-week declines since the 2008 financial crisis. On 9 March, most global markets reported severe contractions, mainly in response to the COVID-19 pandemic and an oil price war between Russia and the OPEC countries. The entire worldwide business community went into this unprecedented territory of lock down, which severely restricted commerce flow.

PESTECH, being readily diversified around the ASEAN region, particularly in Cambodia, Malaysia, Myanmar, the Philippines, to name a few, is better shielded from the extreme impact of the lock down, due to diverse measures being taken individually by each of the countries involved. In fact, we expect to continue participating in procurement of projects in the region, supported by our established local team in such countries. The contract won in late March 2020 for the 230/11kV Okvau Gold Mine Transmission Substation would be a good example.

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

B3. Prospects (Continued)

Nonetheless, the management is cautious in anticipating some level of slow down in part of the execution of projects as a result of certain complication in access to sites, and the lengthened delivery time due to logistic realignment. The good news is that our customers are accepting these unavoidable disruptions as part of the measures each of the countries require to undertake in combating the COVID-19 pandemic.

Amidst the fear of global economic shutdown due to this critical pandemic, the management is rather comforted by the fact that PESTECH is stocked with enough order book to last the group for at least a couple of years going forward. That would be further patched up with additional projects, such as the quarter four major build transfer agreement procured in relation to the rights of the development of 230kV Transmission Line from Oddor Meanchey to East Siem Reap Grid Substation. The rail electrification drive both locally as well as regionally gives the group a good prospect for revenue growth. On the renewable energy front, we see recurring opportunities in the establishment of solar energy facility and also waste to energy prospects in the region. The Group has since established a team that is capable of providing solar energy solution in terms of grid connectivity as well as on a stand alone micro-grid solution for off-grid supply. As such, we are confident that the long term view of the Group remains positive, with continuous effort being deployed to sustain the momentum of growth in this challenging time.

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.

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

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. An Extraordinary General Meeting of the Company will be held on 1 July 2020 to seek for shareholders' approval on the proposed listing.

B9. Authorisation for issue

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