

# PESTECH™

## PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND PERIOD ENDED 31 MARCH 2014

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31 Mar 2014 RM'000	Preceding year corresponding quarter 31 Mar 2013 RM'000	Current year to date 31 Mar 2014 RM'000	Preceding year corresponding period 31 Mar 2013 RM'000
Revenue	45,126	24,270	45,126	24,270
Cost of sales	(33,391)	(17,401)	(33,391)	(17,401)
Gross profit	11,735	6,869	11,735	6,869
Other income	719	290	719	290
Administration expenses	(5,688)	(3,597)	(5,688)	(3,597)
Profit from operations	6,766	3,562	6,766	3,562
Finance costs	(923)	(362)	(923)	(362)
Share of associate's result	(15)	-	(15)	-
Profit before taxation	5,828	3,200	5,828	3,200
Income tax expense	(1,460)	(800)	(1,460)	(800)
Profit for the period	4,368	2,400	4,368	2,400
Other comprehensive income:				
Exchange translation differences	(35)	28	(35)	28
Total comprehensive income for the period	4,333	2,428	4,333	2,428
Attributable to:				
Equity holders of the Company	4,339	2,435	4,339	2,435
Non-controlling interest	(6)	(7)	(6)	(7)
	4,333	2,428	4,333	2,428
EBITDA	7,466	4,116	7,466	4,116
Earnings Per Share (Sen)				
- Basic (Sen)	4.48	2.80	4.48	2.80
- Diluted (Sen)	4.47	N/A	4.47	N/A

#### Note:

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the condensed financial report.

# PESTECH™

## PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Unaudited As At 31 Mar 2014 RM'000	Audited As At 31 Dec 2013 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	24,420	24,512
Investment	1,295	1,013
<b>Total non-current assets</b>	<b>25,715</b>	<b>25,525</b>
<b>Current assets</b>		
Inventories	70,362	62,657
Trade receivables	76,901	73,716
Other receivables, deposits and prepayments	13,588	9,492
Amount due from contract customers	15,366	22,659
Amount due from related companies	23	17
Short-term deposits with licensed institutions	147	147
Cash and bank balances	15,067	17,878
<b>Total current assets</b>	<b>191,454</b>	<b>186,566</b>
<b>Total assets</b>	<b>217,169</b>	<b>212,091</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	49,017	46,219
Share premium	32,925	19,344
Reserves	31,056	26,717
	112,998	92,280
Non-controlling interest	(3)	3
<b>Total equity</b>	<b>112,995</b>	<b>92,283</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Finance lease liabilities	4,338	4,653
Loans and borrowings	2,960	4,628
Deferred tax liability	1,101	1,101
	8,399	10,382
<b>Current liabilities</b>		
Trade payables	23,888	41,815
Other payables	4,318	6,064
Amount due to contract customers	-	606
Amount due to directors	772	772
Finance lease liabilities	1,665	1,529
Loans and borrowings	62,926	56,249
Provision for taxation	2,206	2,391
	95,775	109,426
<b>Total liabilities</b>	<b>104,174</b>	<b>119,808</b>
<b>Total equity and liabilities</b>	<b>217,169</b>	<b>212,091</b>
<b>Net assets per share (Sen)</b>	<b>115.26</b>	<b>99.83</b>

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**(Co. No. 948035-U)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

Note:

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the condensed financial report.

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PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER AND PERIOD ENDED 31 MARCH 2014

← 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 1 Jan 2014	46,219	19,344	186	(33,137)	59,668	92,280	3	92,283
Total comprehensive income			(35)		4,374	4,339	(6)	4,333
Transactions with owners:								
Issue of share capital	2,798	13,581				16,379		16,379
<b>Balance as at 31 Mar 2014</b>	<b>49,017</b>	<b>32,925</b>	<b>151</b>	<b>(33,137)</b>	<b>64,042</b>	<b>112,998</b>	<b>(3)</b>	<b>112,995</b>

Note:

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the condensed financial report.

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## PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2014

	<b>Current year to date 31 Mar 2014 RM'000</b>	<b>Preceding year to date 31 Mar 2013 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,828	3,200
Adjustments for:-		
Depreciation on property, plant and equipment	700	554
Interest expense	923	362
Interest income	(27)	(44)
Gain on disposal of property, plant and equipment	(11)	-
Share of associate's result	15	-
Unrealised (gain)/ loss on foreign exchange	(676)	13
Operating profit before working capital changes	6,752	4,085
Changes in working capital:-		
Inventories	(7,705)	752
Receivables	(6,815)	(10,614)
Payables	(15,808)	(4,142)
Contract customers	6,687	6,399
Cash used in operations	(16,889)	(3,520)
Tax paid	(1,645)	(1,246)
Net cash used in operating activities	(18,534)	(4,766)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Interest received	27	44
Advance to a related company	(6)	1
Investment in an associated company	(297)	-
Proceeds from disposal of property, plant and equipment	72	-
Purchase of property, plant and equipment	(676)	(1,308)
Bank balance realised from financial institution	3	(14)
Net cash used in investing activities	(877)	(1,277)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,867)	(1,374)
Interest paid	(923)	(362)
Issuance of shares	16,379	-
Proceeds from borrowings	42,877	12,216
Repayment of borrowings	(38,149)	(14,135)
Net cash from /(used in) financing activities	16,317	(3,655)

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(Co. No. 948035-U)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2014 (CONT'D)

	<b>Current year to date 31 Mar 2014 RM'000</b>	<b>Preceding year to date 31 Mar 2013 RM'000</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(3,094)	(9,698)
Cash and cash equivalents at beginning of the year	17,503	14,208
Effect on foreign exchange translation	(28)	5
Cash and cash equivalents at end of the year	14,381	4,515

Note:

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the condensed financial report.

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

### A1. Accounting Policies and Basis of Preparation

The condensed financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed financial report should be read in conjunction with the audited annual financial report of the Company for the financial year ended 31 December 2013.

The explanatory notes attached to the condensed financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company, its subsidiaries and jointly-controlled entity since the financial year ended 31 December 2013.

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 31 December 2013, except for the adoption of new accounting standards.

### A2. Adoption of new accounting standards

#### MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective

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

#### MFRS effective on 1 January 2015

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

### A3. Seasonal or Cyclical Factors

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

### A4. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter and the period ended 31 March 2014.

### A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial period that have had a material effect in the current financial quarter and the period ended 31 March 2014.

### A6. Changes in Debt and Equity Securities

There were no issuance, cancellation; repurchase, resale and repayments of debt and equity securities during the financial quarter and the period ended 31 March 2014 other than the following:

- i) On 27 January 2014, the company issued 4,243,600 new ordinary shares of RM0.50 each pursuant to the Private Placement.
- ii) On 25 February 2014, the company issued 1,353,600 new ordinary shares of RM0.50 each pursuant to the Dividend Reinvestment Plan (DRP).

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(Co. No. 948035-U)

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

### A7. Dividend Paid

The following interim dividend was paid during the period reported:

Interim dividend for the financial year ended	31 December 2013
Approved and declared on	26 November 2013
Date paid	25 February 2014
Number of ordinary shares on which dividends were paid ('000)	96,681
Dividend per share (single-tier)	4.0 sen
Net dividend paid (RM'000)	3,867
New shares issued for DRP ('000)	1,354
Rate per share for DRP	271 sen
Cash dividend paid (RM'000)	199

### A8. Changes in Composition of the Group

On 23 August 2013, the company entered into a share subscription agreement with the shareholders of SystemCorp Embedded Technology Pty Ltd (“SET”) for a piecemeal acquisition of 1,060,665 ordinary shares of SET in total for a cash consideration of AUD1,060,665, equivalent to RM3,162,903 and representing 51% of the total issued and paid-up share capital of SET by 15 June 2015.

As at 14 February 2014, the company has completed the acquisition of 490,700 ordinary shares representing 32.5% of the total issued and paid up share capital of SET for a consideration of AUD490,700.

On 26 February 2014, the company acquired the entire issued and paid up share capital of PESTECH Switchgear Sdn. Bhd. (“PSwitch”), for a cash consideration of RM2. Upon completion of the acquisition, PSwitch became a wholly-owned subsidiary of PESTECH.

On 26 February 2014, the company acquired the entire issued and paid up share capital of PESTECH Technology Sdn. Bhd. (“P-Tech”), for a cash consideration of RM2. Upon completion of the acquisition, P-Tech became a wholly-owned subsidiary of PESTECH.

### A9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the financial quarter and the period ended 31 March 2014.



# PESTECH™

PESTECH INTERNATIONAL BERHAD  
(Co. No. 948035-U)

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

### A10. Segmental Information

The Group is organized into the following operating segments:-

	← Results for the quarter ended 31 March 2014 →				→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total					
Revenue	141	43,237	3,484	(1,736)	45,126
Inter-segment revenue	(141)	(1,534)	(61)	1,736	-
<b>Revenue from external customer</b>	<u>-</u>	<u>41,703</u>	<u>3,423</u>	<u>-</u>	<u>45,126</u>
Interest income	137	5	-	(115)	27
Finance costs	(116)	(853)	(69)	115	(923)
<b>Net finance expense</b>	<u>21</u>	<u>(848)</u>	<u>(69)</u>	<u>-</u>	<u>(896)</u>
Segment profit before taxation	(1,742)	6,787	830	(47)	5,828
Segment profit/(loss) after taxation	(1,747)	5,479	683	(47)	4,368

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

**A10. Segmental Information (Cont'd)**

The Group is organized into the following operating segments:-

	← Results for the quarter ended 31 March 2013 →				→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total					
Revenue	141	21,868	2,905	(644)	24,270
Inter-segment revenue	(141)	(480)	(23)	644	-
<b>Revenue from external customer</b>	<u>-</u>	<u>21,388</u>	<u>2,882</u>	<u>-</u>	<u>24,270</u>
Interest income	110	39	5	(110)	44
Finance costs	(111)	(318)	(43)	110	(362)
<b>Net finance expense</b>	<u>(1)</u>	<u>(279)</u>	<u>(38)</u>	<u>-</u>	<u>(318)</u>
Segment profit before taxation	(168)	2,676	541	151	3,200
Segment profit after taxation	(174)	1,987	436	151	2,400

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(Co. No. 948035-U)

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

### A10. Segmental Information (Cont'd)

The Group is organized into the following operating segments:-

	← Results for the period ended 31 March 2014 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total					
Revenue	141	43,237	3,484	(1,736)	45,126
Inter-segment revenue	(141)	(1,534)	(61)	1,736	-
<b>Revenue from external customer</b>	<b>-</b>	<b>41,703</b>	<b>3,423</b>	<b>-</b>	<b>45,126</b>
Interest income	137	5	-	(115)	27
Finance costs	(116)	(853)	(69)	115	(923)
<b>Net finance expense</b>	<b>21</b>	<b>(848)</b>	<b>(69)</b>	<b>-</b>	<b>(896)</b>
Segment profit before taxation	(1,742)	6,787	830	(47)	5,828
Segment profit after taxation	(1,747)	5,479	683	(47)	4,368

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(Co. No. 948035-U)

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

### A10. Segmental Information (Cont'd)

The Group is organized into the following operating segments:-

	←	Results for the period ended 31 March 2013			→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
Total					
Revenue	141	21,868	2,905	(644)	24,270
Inter-segment revenue	(141)	(480)	(23)	644	-
<b>Revenue from external customer</b>	<b>-</b>	<b>21,388</b>	<b>2,882</b>	<b>-</b>	<b>24,270</b>
Interest income	110	39	5	(110)	44
Finance costs	(111)	(318)	(43)	110	(362)
<b>Net finance expense</b>	<b>(1)</b>	<b>(279)</b>	<b>(38)</b>	<b>-</b>	<b>(318)</b>
Segment profit before taxation	(168)	2,676	541	151	3,200
Segment profit after taxation	(174)	1,987	436	151	2,400

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PESTECH INTERNATIONAL BERHAD  
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## PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

### A11. Income tax expense

	<b>Current year quarter ended 31 Mar 2014 RM'000</b>	<b>Preceding year corresponding quarter 31 Mar 2013 RM'000</b>	<b>Current year to date 31 Mar 2014 RM'000</b>	<b>Preceding year corresponding period 31 Mar 2013 RM'000</b>
Current year taxation	1,460	800	1,460	800

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

The effective tax rates of the Group for the current quarter and the preceding quarters were consistent with the prevailing statutory tax rate.

### 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.

	<b>Current year quarter ended 31 Mar 2014</b>	<b>Preceding year corresponding quarter 31 Mar 2013</b>	<b>Current year to date 31 Mar 2014</b>	<b>Preceding year corresponding period 31 Mar 2013</b>
Profit attributable to equity holders of the Company (RM'000)	4,374	2,407	4,374	2,407
Weighted average number of ordinary shares in issue ('000)	97,528	85,880	97,528	85,880
<b>Basic earnings per share (Sen)</b>	<b>4.48</b>	<b>2.80</b>	<b>4.48</b>	<b>2.80</b>

**PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING****A12. Earnings Per Share (Cont'd)****A12.2 Diluted Earnings Per Share**

Diluted earnings per share were computed as follows:

	<b>Current year quarter ended 31 Mar 2014</b>	<b>Preceding year corresponding quarter 31 Mar 2013</b>	<b>Current year to date 31 Mar 2014</b>	<b>Preceding year corresponding period 31 Mar 2013</b>
Profit attributable to equity holders of the Company (RM'000)	4,374	N/A	4,374	N/A
Weighted average number of ordinary shares in issue ('000)	97,528	N/A	97,528	N/A
Effect of dilution ('000)	304	N/A	304	N/A
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	97,832	N/A	97,832	N/A
<b>Basic earnings per share (Sen)</b>	<b>4.47</b>	<b>N/A</b>	<b>4.47</b>	<b>N/A</b>

**A13. Property, plant and equipment**

During the current financial quarter ended 31 March 2014, the Group acquired assets at a cost of RM676,000.

**A14. Trade Receivables**

The trade receivables of the Group were as follows:

	<b>Unaudited As At 31 Mar 2014 RM'000</b>	<b>Audited As At 31 Dec 2013 RM'000</b>
Trade Receivables	55,601	56,266
Retention sums on contracts	21,300	17,450
	76,901	73,716

**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 statement of cash flows, cash and cash equivalents comprising the following:

	<b>Unaudited As At 31 Mar 2014 RM'000</b>	<b>Preceding year to date 31 Dec 2013 RM'000</b>
Cash and bank balances	15,067	17,878
Fixed deposits	147	147
Bank overdrafts	(314)	-
	<u>14,900</u>	<u>18,025</u>
Less : Fixed deposits and bank balance pledges to licensed financial institutions	(519)	(522)
	<u>14,381</u>	<u>17,503</u>

**A16. Borrowings and Debts Securities**

Total borrowings of the group were as follows:

	<b>Unaudited As At 31 Mar 2014 RM'000</b>	<b>Audited As At 31 Dec 2013 RM'000</b>
<b>Non-current liabilities</b>		
Secured:		
Finance lease liabilities	4,338	4,653
Term Loans	2,960	4,628
	<u>7,298</u>	<u>9,281</u>
<b>Current liabilities</b>		
Secured:		
Finance lease liabilities	1,665	1,529
Term loans	-	169
Bank overdrafts	314	-
Banker acceptances	26,593	11,996
Trust receipts	19,342	24,415
Project-financing facility	16,677	19,669
	<u>64,591</u>	<u>57,778</u>
<b>Total</b>	<u>71,889</u>	<u>67,059</u>

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

### A16. Borrowings and Debts Securities (Cont’d)

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

	<u>Unaudited</u> As At 31 Mar 2014 RM’000	<u>Audited</u> As At 31 Dec 2013 RM’000
Ringgit Malaysia	55,380	52,328
United States Dollar	14,360	13,191
Euro	2,149	1,445
Singapore Dollar	-	95
	<u>71,889</u>	<u>67,059</u>

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

#### A17.1 Changes in Composition of the Group

Subsequent to the financial period reported, on 22 April 2014, the Company had re-organised the group structure by transferring to PESTECH the entire equity interest in PESTECH (Sarawak) Sdn. Bhd. (“PSSB”) currently held by PESTECH Sdn. Bhd. (“PSB”), a wholly owned subsidiary of PESTECH.

The contingent upon the completion of the above re-organisation, PSSB will cease to be a subsidiary of PSB and will become a wholly-owned subsidiary of PESTECH.

The rationale of the re-organisation of PSB and PSSB is to streamline the PESTECH Group structure.



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

	<b>Unaudited As At 31 Mar 2014 RM'000</b>	<b>Audited As At 31 Dec 2013 RM'000</b>
Secured:		
Finance lease liabilities of subsidiaries	4,982	2,580
Loan and borrowings of subsidiaries	65,886	64,086
Unsecured:		
Suppliers of a subsidiary	2,485	67

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:-

	<b>Unaudited As At 31 Mar 2014 RM'000</b>	<b>Audited As At 31 Dec 2013 RM'000</b>
Bank guarantees given to customers / suppliers and potential customers are for:		
Advance payment bonds	16,367	13,503
Performance bonds	52,075	54,081
Tender bonds	8,036	1,511
	<b>76,478</b>	<b>69,095</b>

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## 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:-

	<b>Unaudited As At 31 Mar 2014 RM'000</b>	<b>Audited As At 31 Dec 2013 RM'000</b>
Amount authorised but not contracted for	200	-

### 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:-

	<b>Unaudited As At 31 Mar 2014 RM'000</b>	<b>Audited As At 31 Dec 2013 RM'000</b>
Related companies by virtue of common shareholders: Purchased of material and services rendered	2,415	14,703

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 favourable 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 RM45.1 million and profit after taxation of RM4.4 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM41.7 million or 92.4% and RM3.4 million or 7.6% respectively.

The group recorded a slightly lower gross profit margin of 26.0% for the financial period ended 31 March 2014, 2.3% lower than in the preceding year corresponding financial quarter ended 31 March 2013 of 28.3%.

**B2. Profit before taxation**

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

	<b>Current year quarter</b>	<b>Preceding year corresponding quarter</b>	<b>Current year to date</b>	<b>Preceding year corresponding period</b>
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	27	44	27	44
Interest expenses	(923)	(362)	(923)	(362)
Gain / (Loss) on foreign exchange:				
- Realised	(368)	243	(368)	243
- Unrealised	676	(13)	676	(13)
Gain / (Loss) on disposal of property, plant and equipment	11	-	11	-
Depreciation of property, plant and equipment	(700)	(554)	(700)	(554)

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**

For the current financial quarter under review, we recorded revenue of RM45.1 million representing an increase of RM20.8 million or 85.6% as compared to RM24.3 million in the preceding year corresponding financial quarter. This is mainly due to increase in project awarded being implemented during this financial period.

During the financial quarter, our Project revenue had increased significantly from RM21.4 million in preceding year corresponding financial quarter to RM41.7 million, representing an increase of RM20.3 million or 94.9%. The increase in Project revenue was mainly due to billings for local projects for utilities.

During the financial quarter, our Group recorded Product revenue of RM3.4 million, an increase of RM0.5 million or 17.2% from RM2.9 million recorded in the preceding year corresponding financial quarter. The increase was mainly due to our sales of Product to third party.

The Group recorded a profit after taxation of RM4.4 million, an increase of RM2.0 million or 83.3% as compared to preceding year corresponding financial quarter of RM2.4 million.

### **B4. Prospects**

Backed by encouraging 1st quarter business and financial performance, PESTECH is poised to capitalize on the momentum driving the Group further in project procurement and execution.

We are upbeat on several project prospects presented to us from Sri Lanka, Philippines, Myanmar, Algeria and, not forgetting back in our home turf, Malaysia.

We are currently participating in tender process for substation related projects in Sri Lanka. The projects involved those that are funded by the Japan International Corporation Agency and Asian Development Bank, which provide additional comfort in the quality of projects' receivable.

Apart from Sri Lanka, PESTECH has also participated in tenders for project in the Philippines. With a total population of 97.7 million people (source: World Population Statistics), it is in dire need of additional power infrastructure all over the country. Committed project in Luzon alone reached 869 MW from 2013-2015 (source: Department of Energy, Philippines). It is obvious that opportunities are abundant in this nation; coupled with PESTECH's successful track record in execution of projects in the region, it could present itself as a competitive and reliable alternative to help build the power utility network in the country.

Myanmar, a fast growing country with a GDP growth rate of 7.5% (source: Asian Development Bank), is lacking tremendously in its power infrastructure. As economy bloom in the country, the Government of Myanmar embarks on an extensive power infrastructure development phase with the push out of numerous sizable projects for tender. PESTECH are making preparation necessary to undertake those tenders together with our selected local partner. Successful penetration into this new market would garner significant future expansion prospect for the Group.

Back at home, PESTECH is relentlessly building further foothold in Sarawak, in particular, by pushing for project execution and new projects procurement. We are hopeful that the prospects in Sarawak are able to contribute towards the further revenue inflow for the Group. Apart from Sarawak, we are also upbeat on the outlook in Semenanjung Malaysia, especially at the Southern region for both substation and transmission line projects.

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(Co. No. 948035-U)

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

### B4. Prospects (Cont'd)

As mentioned in our prospects write up last quarter, PESTECH Technology Sdn Bhd ("PTECH") has been setup to undertake the vast potential in the balance of plant and control/ automation section of the power plant businesses. We are truly happy to update that PTECH has executed a memorandum of understanding with HollySys (Asia Pacific) Pte. Ltd., and will soon proceed to enter into technical cooperation agreement, to collaborate in the provision of total solution in hardware and software for distributed control system, inclusive of auxiliary systems, engineering support, training and after sales support, in Malaysia and regional countries where PESTECH has established presence. It is envisaged that PTECH will progressively contribute to the turnover of PESTECH as it inches into the market armed with tested reputable technology coupled with good market knowledge. Furthermore, PESTECH as a home based company could stand a better position since products and services offered by the company are very much a requirement in modern power plant infrastructure build-up, and main competitors currently dwelling in the sector are foreign-based companies.

The management is upbeat on the various faceted developments that PESTECH is experiencing in this beginning of 2014. The vigilant execution of each of these plans would be able to help transform PESTECH into a more integrated power infrastructure development company, enhance its business and financial performance, thereby creating better value for all its stakeholders.

### B5. Profit forecast and profit guarantee

There were no profit forecast or profit guarantee in any public document by the Group.

### B6. Status of corporate proposal

On 18 May 2012, the Company had completed the issuance of new shares pursuant to its listing on the Main Market of Bursa Malaysia Securities Berhad as detailed below.

#### Utilization of proceeds

The actual utilization of proceeds as at 31 March 2014 was as follows:-

Purpose of the utilisation	Estimated time frame for utilisation from date of Listing	Proposed utilisation RM'000	Actual utilization as at 31 Mar 2014 RM'000	Deviation RM'000
Repayment of bank borrowings	12 months	6,000	6,000	-
Product development and market / business expansion	36 months	1,800	1,327	473
Working capital	12 months	2,580	2,650	(70)
Estimated listing expenses	3 months	2,500	2,430	70
Total		12,880	12,407	473

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(Co. No. 948035-U)

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

**B7. Material litigation**

There was no material litigation as at the date of issuance of this quarterly report.

**B8. Proposed dividend**

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

**B9. Auditors' report**

There were no qualifications to the audited financial statements of PESTECH Group for previous financial year ended 31 December 2013.

**B10. Authorisation for issue**

The interim financial report was authorised for issue by the Board of Directors on 27 May 2014.