

PESTECH INTERNATIONAL BERHAD
(Co. No. 948035-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30 Sept 2013 RM'000	Preceding year corresponding quarter 30 Sept 2012 RM'000	Current year to date 30 Sept 2013 RM'000	Preceding year corresponding period 30 Sept 2012 RM'000
Revenue	53,654	32,598	119,487	84,057
Cost of sales	(40,151)	(23,635)	(87,436)	(62,163)
Gross profit	13,503	8,963	32,051	21,894
Other income	921	886	1,265	2,760
Administration expenses	(4,871)	(4,542)	(12,966)	(13,034)
Profit from operations	9,553	5,307	20,350	11,620
Finance costs	(1,012)	(155)	(1,778)	(912)
Profit before taxation	8,541	5,152	18,572	10,708
Income tax expense	(2,312)	(1,641)	(4,970)	(3,372)
Profit for the period	6,229	3,511	13,602	7,336
Other comprehensive income:				
Exchange translation differences	106	(50)	133	(47)
Total comprehensive income for the period	6,335	3,461	13,735	7,289
Attributable to:				
Equity holders of the Company	6,349	3,466	13,748	7,303
Non-controlling interest	(14)	(5)	(13)	(14)
	6,335	3,461	13,735	7,289
EBITDA	10,094	5,718	22,016	12,588
Earnings Per Share (Sen)				
- Basic (Sen)	7.39	4.30	16.01	9.07
- Diluted (Sen)	N/A	N/A	N/A	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 2012 and the accompanying explanatory notes attached to the interim financial report.

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	Unaudited As At 30 Sep 2013 RM'000	Audited As At 31 Dec 2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,824	16,689
Investment	569	-
Total non-current assets	23,393	16,689
Current assets		
Inventories	35,769	13,038
Trade receivables	64,762	54,080
Other receivables, deposits and prepayments	4,316	5,231
Amount due from contract customers	21,054	19,495
Amount due from related companies	13	14
Fixed deposits with licensed institutions	5,270	5,868
Cash and bank balances	10,811	14,633
Total current assets	141,995	112,359
Total assets	165,388	129,048
EQUITY AND LIABILITIES		
Equity		
Share capital	42,940	42,940
Share premium	5,697	5,697
Reserves	25,946	16,750
	74,583	65,387
Non-controlling interest	(17)	(4)
Total equity	74,566	65,383
Liabilities		
Non-current liabilities		
Finance lease liabilities	4,097	1,443
Borrowings	4,723	1,837
Deferred tax liability	441	441
	9,261	3,721
Current liabilities		
Trade payables	36,659	30,232
Other payables	2,313	3,577
Amount due to directors	772	770
Finance lease liabilities	923	634
Borrowings	38,712	21,959
Provision for taxation	2,182	2,772
	81,561	59,944
Total liabilities	90,822	63,665
Total equity and liabilities	165,388	129,048
Net assets per share (Sen)	86.83	76.13



PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

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 2012 and the accompanying explanatory notes attached to the interim financial report.

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2013

← 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 2013	42,940	5,697	(70)	(33,137)	49,957	65,387	(4)	65,383
Total comprehensive income			133		13,615	13,748	(13)	13,735
Transactions with owners:								
Dividend Paid					(4,552)	(4,552)		(4,552)
Balance as at 30 Sep 2013	42,940	5,697	63	(33,137)	59,020	74,583	(17)	74,566

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 2012 and the accompanying explanatory notes attached to the interim financial report.

PESTECH INTERNATIONAL BERHAD**(Co. No. 948035-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

	Current year to date 30 Sep 2013 RM'000	Preceding year to date 30 Sep 2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	18,572	10,708
Adjustment for:-		
Corporate expenses	-	1,140
Depreciation on property, plant and equipment	1,666	968
Interest expense	1,778	912
Interest income	(133)	(323)
Gain on disposal of property, plant and equipment	(15)	(54)
Unrealised gain on foreign exchange	(562)	(291)
Operating profit before working capital changes	21,306	13,060
Changes in working capital:-		
Inventories	(22,731)	5,083
Receivables	(9,094)	(21,841)
Payables	6,410	3,107
Amount due from a related company	1	-
Contract customers	(1,559)	(14,822)
Directors	2	(1,713)
Cash used in operations	(5,665)	(17,126)
Tax paid	(5,559)	(3,602)
Net cash used in operating activities	(11,224)	(20,728)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	133	323
Investment	(569)	-
Proceeds from disposal of property, plant and equipment	207	60
Purchase of property, plant and equipment	(7,934)	(4,057)
Withdrawal of fixed deposits	-	5,327
Net cash (used in) / from investing activities	(8,163)	1,653
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(5,926)	-
Corporate expenses paid	-	(1,280)
Interest paid	(1,779)	(890)
Issuance of shares	-	12,880
Proceeds from borrowings	68,470	26,229
Repayment of borrowings	(47,734)	(26,541)
Net movement of bank balance pledged to financial institution	1,360	4,058
Net cash from financing activities	14,391	14,456

PESTECH INTERNATIONAL BERHAD**(Co. No. 948035-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (CONT'D)**

	Current year to date 30 Sep 2013 RM'000	Preceding year to date 30 Sept 2012 RM'000
CASH AND CASH EQUIVALENTS		
Net changes	(4,996)	(4,619)
Cash and cash equivalents at beginning of the year	14,208	1,235
Effect on foreign exchange translation	91	(29)
Cash and cash equivalents at end of the period	9,303	(3,413)

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 2012 and the accompanying explanatory notes attached to the interim 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 interim 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 interim financial report should be read in conjunction with the audited annual financial report of the Company for the financial year ended 31 December 2012.

The explanatory notes attached to the interim 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 2012.

The accounting policies and methods of computation adopted by the Company in this interim financial report are consistent with those adopted in the most recent annual financial report for the year ended 31 December 2012, 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 interim financial report, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRS effective on 1 January 2015

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

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

A3. Seasonal or Cyclical Factors

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

A4. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter and the period ended 30 September 2013.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial period that have had a material effect in the current financial quarter and the period ended 30 September 2013.

A6. Changes in Debt and Equity Securities

There were no issuance, cancellation; repurchase, resale and repayments of debt and equity securities during the financial quarter and the period ended 30 September 2013.

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:

Final dividend for the financial year ended	31 December 2012
Approved and declared on	27 June 2013
Date paid	7 August 2013
Number of ordinary shares on which dividends were paid ('000)	85,880
Dividend per shares (single-tier)	2.0 sen
Net dividend paid (RM'000)	1,718

A8. Changes in Composition of the Group

There is no change in composition of the Group during the financial quarter and the period ended 30 September 2013.

A9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the financial quarter and the period ended 30 September 2013.

A10. Segmental Information

The Group is organized into the following operating segments:-

	← Results for the quarter ended 30 September 2013 →				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
Total					
Revenue	141	46,669	7,946	(1,102)	53,654
Inter-segment revenue	(141)	(961)	-	1,102	-
Revenue from external customer	-	45,708	7,946	-	53,654
Interest income	157	44	9	(157)	53
Finance costs	(158)	(876)	(135)	157	(1,012)
Net finance expense	(1)	(832)	(126)	-	(959)
Segment profit before taxation	(1,809)	8,500	1,835	15	8,541
Segment profit after taxation	(1,822)	6,636	1,400	15	6,229

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

A10. Segmental Information (Cont’d)

The Group is organized into the following operating segments:-

	←————— Results for the quarter ended 30 September 2012 —————→				
	Investment RM’000	Project RM’000	Product RM’000	Elimination RM’000	Total RM’000
Revenue					
Total Revenue	141	27,380	5,656	(579)	32,598
Inter-segment revenue	(141)	(408)	(30)	579	-
Revenue from external customer	-	26,972	5,626	-	32,598
Interest income	107	62	13	(107)	75
Finance costs	(108)	(127)	(27)	107	(155)
Net finance expense	(1)	(65)	(14)	-	(80)
Segment profit before taxation	396	4,255	1,083	(582)	5,152
Segment profit after taxation	384	2,925	784	(582)	3,511

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

A10. Segmental Information (Cont’d)

The Group is organized into the following operating segments:-

	← Results for the period ended 30 September 2013 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total Revenue	423	109,402	12,569	(2,907)	119,487
Inter-segment revenue	(423)	(2,113)	(371)	2,907	-
Revenue from external customer	<u>-</u>	<u>107,289</u>	<u>12,198</u>	<u>-</u>	<u>119,487</u>
Interest income	383	118	14	(382)	133
Finance costs	(384)	(1,589)	(187)	382	(1,778)
Net finance expense	<u>(1)</u>	<u>(1,471)</u>	<u>(173)</u>	<u>-</u>	<u>(1,645)</u>
Segment profit before taxation	(3,070)	18,774	2,729	139	18,572
Segment profit after taxation	(3,093)	14,450	2,106	139	13,602

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

A10. Segmental Information (Cont’d)

The Group is organized into the following operating segments:-

	← Results for the period ended 30 September 2012 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total Revenue	423	66,364	18,152	(882)	84,057
Inter-segment revenue	(423)	(396)	(63)	882	-
Revenue from external customer	<u>-</u>	<u>65,968</u>	<u>18,089</u>	<u>-</u>	<u>84,057</u>
Interest income	330	245	70	(322)	323
Finance costs	(323)	(708)	(203)	322	(912)
Net finance expense	<u>7</u>	<u>(463)</u>	<u>(133)</u>	<u>-</u>	<u>(589)</u>
Segment profit before taxation	(602)	7,449	4,469	(608)	10,708
Segment profit after taxation	(625)	5,296	3,273	(608)	7,336

A11. Income tax expense

	Current year quarter ended 30 Sep 2013 RM'000	Preceding year corresponding quarter 30 Sep 2012 RM'000	Current year to date 30 Sep 2013 RM'000	Preceding year corresponding period 30 Sep 2012 RM'000
Current year taxation	2,312	1,641	4,970	3,372

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 higher due to certain expenses which are not deductible for tax purposes.

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

A12. Earnings Per Share

A12.1 Basic Earnings Per Share

The calculation of basic earnings per share for the financial period is based on the net profit attributable to equity holders of the parent company and divided by the weighted average number of ordinary shares outstanding during the financial period.

	Current year quarter ended 30 Sep 2013	Preceding year corresponding quarter 30 Sep 2012	Current year to date 30 Sep 2013	Preceding year corresponding period 30 Sep 2012
Profit attributable to equity holders of the Company (RM'000)	6,349	3,466	13,748	7,303
Weighted average number of ordinary shares in issue ('000)	85,880	80,513	85,880	80,513
Basic earnings per share (Sen)	7.39	4.30	16.01	9.07

A12.2 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.

A13. Property, plant and equipment

During the current financial quarter ended 30 September 2013, the Group acquired assets at a cost of RM6.222 million.

A14. Trade Receivables

The trade receivables of the Group were as follows:

	Unaudited As At 30 Sep 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Trade Receivables	50,300	39,120
Retention sums on contracts	14,462	14,960
	64,762	54,080

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:

	Unaudited As At 30 Sep 2013 RM'000	Preceding year to date 30 Sep 2012 RM'000
Cash and bank balances	10,811	7,620
Fixed deposits	5,270	5,826
Bank overdrafts	(6,262)	(5,712)
	<u>9,819</u>	<u>7,734</u>
Less : Fixed deposits and bank balance pledges to licensed financial institutions	(516)	(11,147)
	<u>9,303</u>	<u>(3,413)</u>

A16. Borrowings and Debts Securities

Total borrowings of the group were as follows:

	Unaudited As At 30 Sep 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	4,097	1,443
Term Loans	4,723	1,837
	<u>8,820</u>	<u>3,280</u>
Current liabilities		
Secured:		
Finance lease liabilities	923	634
Term loans	99	95
Bank overdrafts	6,262	4,417
Banker acceptances	6,518	8,866
Trust receipts	25,833	8,581
	<u>39,635</u>	<u>22,593</u>
Total	<u>48,455</u>	<u>25,873</u>

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:-

	Unaudited As At 30 Sep 2013 RM’000	Audited As At 31 Dec 2012 RM’000
Ringgit Malaysia	48,095	20,564
United States Dollar	360	5,309
	48,455	25,873

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

A17.1 Contract Awarded

PESTECH Sdn. Bhd., a wholly owned subsidiary of PESTECH International Berhad was awarded the following contracts:-

Date Awarded	Customer	Project Description
30 August 2013	Sarawak Energy Berhad	Design, Engineering, Procurement, Construction, Testing and Commissioning of Mapai 275/33kV Substation with future 500kV switchyard with four (4) future 500/275kV transformer bays expansion.
18 September 2013	Electricite du Laos	To build a 115kV double circuits transmission line from Pakse, Lao People’s Democratic Republic to the Lao-Thai border.

The contract period of the abovementioned projects are twenty three (23) months and eighteen (18) months respectively from the commencement date and are expected to contribute positively to the future earnings of the Group.

A17.2 Dividend paid

The following dividend was paid after the period reported

Interim dividend for the financial year ended	31 December 2013
Approved and declared on	23 August 2013
Date paid	22 November 2013
Number of ordinary shares on which dividends were paid (‘000)	86,383
Dividend per shares (single-tier)	3.0 sen
Net dividend paid (RM’000)	2,591
New shares issued for DRP (‘000)	1,054
Rate per share for DRP	211 sen
Cash dividend paid (RM’000)	368

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:-

	Unaudited As At 30 Sep 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Unsecured:		
Finance lease liabilities of subsidiaries	3,858	1,567
Loan and borrowings of subsidiaries	35,238	15,769

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to banks and financial institutions requiring parent guarantees as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of “at market” terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on corporate guarantee to be recognised in the financial statements.

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

	Unaudited As At 30 Sep 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Bank guarantees given to customers and potential customers are for:		
Advance payment bonds	2,530	2,530
Performance bonds	41,749	35,091
Tender bonds	1,959	3,004
	46,238	40,625

A19. Capital Commitments

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

	Unaudited As At 30 Sep 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Amount authorised but not contracted for	1,906	410

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A20. Significant Related Party Transactions**

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

	Unaudited As At 30 Sep 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Related companies by virtue of common shareholders:		
Purchased of material and services rendered	10,639	7,611

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 RM53.6 million and profit after taxation of RM6.2 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM45.7 million or 85.2% and RM7.9 million or 14.8% respectively.

Group revenue for the period ended 30 September 2013 was RM119.5 million and profit after taxation was RM13.6 million. Revenue contributed by Projects was RM107.3 million or 89.8% and Products was RM12.2 million or 10.2% respectively.

The group record a slightly lower gross profit margin of 26.8% for the financial period ended 30 September 2013, 1.7% lower than the previous financial year ended 31 December 2012 of 28.5%.

B2. Profit before taxation

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

	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	53	75	133	323
Interest expenses	(1,012)	(155)	(1,778)	(912)
Gain / (Loss) on foreign exchange:				
- Realised	316	(336)	575	96
- Unrealised	570	91	562	291
Gain / (Loss) on disposal of property, plant and equipment	15	-	15	54
Depreciation of property, plant and equipment	(541)	(411)	(1,666)	(968)

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 RM53.6 million representing an increase of RM21.0 million or 64.4% as compared to RM32.6 million in the preceding year corresponding financial quarter. This is mainly due to increase in project awarded being implemented during this financial year.

During the financial quarter, our Project revenue had increased significantly from RM27.0 million in preceding year corresponding financial quarter to RM45.7 million, representing an increase of RM18.7 million or 69.3%. The increase in Project revenue was mainly due to billings for local projects for utilities and industrial customers in Sarawak Corridor of Renewable Energy (SCORE) region.

During the financial quarter, our Group recorded Product revenue of RM7.9 million, an increase of RM2.3 million or 41.1% from RM5.6 million recorded in the preceding year corresponding financial quarter. The increase was mainly due to our sales of Product to third party besides being used in our own Projects.

The Group recorded a profit after taxation of RM6.2 million, an increase of RM2.7 million or 77.1% as compared to preceding year corresponding financial quarter of RM3.5 million.

B4. Prospects

Building upon its momentum in the second quarter, PESTECH International Berhad (“PIB” or “Company”) steps up its engine of growth during the third quarter, coiling for an anticipated record performance by the end of its 2013 financial year.

The Company sees continuous prospects for the Sarawak Corridor of Renewable Energy (“SCORE”) area evidenced by procurement by its wholly owned subsidiary, PESTECH Sdn Bhd (“PSB”) of a new project of RM95,624,800.47 from Sarawak Energy Berhad (“SEB”) for the design, engineering, procurement, construction, testing and commissioning of MAPAI 275/33 kV substation with provision for future 500kV switchyard with four (4) future 500/275kV transformer bays expansion.

This would be the second project PSB is entrusted upon from SEB. Mapai Substation is the intermediate substation within the SEB 500kV Transmission grid backbone to reinforce the Sarawak electricity grid. Upon completion of the 500kV grid Sarawak Energy will be able to operate their electric grid in a more reliable manner interconnecting many power sources throughout Sarawak. Thus the Mapai substation is an important project that in turn give the company an avenue to create strong reference in the future development of the Sarawak energy electric grid.

PIB is also having high expectation on securing substation turnkey project(s) in Sarawak from industrial sector prospective customers following its experience in carrying out similar projects for existing industrial clients in the same vicinity.

PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**B4. Prospects (Cont'd)**

On foreign soil, PSB has signed a contract with Electricite Du Laos (“EDL”) to build a 115kV double circuits transmission line from Pakse, Lao People's Democratic Republic ("Lao PDR") to the Lao-Thai border on a turn-key basis for a contract price of USD29,257,278.00. Capitalizing on that, PSB has also executed a memorandum of understanding with a Lao PDR local partner to undertake the initial feasibility studies to be conducted and the subsequent direct negotiation for the planning, design, implementation and execution of a project involving the development of a 500kV transmission line located at Bokeo Province comprising two (2) sections, with each section measuring about 120 kilometers for a total distance of 240 kilometers to be granted by EDL. Successful procurement of the above project would substantially boost the Company’s order book accordingly.

During the quarter, PIB has also submitted a proposal to the Ceylon Electricity Board of Sri Lanka for a substation cum transmission line project which we expect to receive prequalification notice by the last quarter of 2013. On top of that, the company has also submitted prequalification proposal to participate in the interconnection electric supply of Penggerang Rapid project to Petronas.

As such, the Company is looking forward to a gleaming prospect going forward and is confident to close the financial year 2013 with encouraging results.

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 proposals

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:-

Utilisation of proceeds

The actual utilization of proceeds as at 30 September 2013 was as follows:-

Purpose of the utilisation	Estimated time frame for utilisation from date of Listing	Proposed utilisation RM'000	Actual utilization as at 30 Sep 2013 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	1,044	756
Working capital	12 months	2,580	2,650	(70)
Estimated listing expenses	3 months	2,500	2,430	70
Total		12,880	12,124	756

**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

The Board has declared a single tier interim dividend of 4.0 sen per ordinary share in respect of the financial year ending 31 December 2013.

B9. Auditors' report

There were no qualifications to the audited financial statements of PESTECH Group for previous financial year ended 31 December 2012.

B10. Authorisation for issue

The interim financial report was authorised for issued by the Board of Directors in accordance with a resolution of the Directors on 25 November 2013.