

PESTECH INTERNATIONAL BERHAD
(Co. No. 948035-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 2014

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Revenue	58,159	41,563	103,285	65,833
Cost of sales	(43,857)	(29,884)	(77,248)	(47,285)
Gross profit	14,302	11,679	26,037	18,548
Other income	(281)	54	438	344
Administration expenses	(5,587)	(4,498)	(11,275)	(8,095)
Profit from operations	8,434	7,235	15,200	10,797
Finance costs	(948)	(404)	(1,871)	(766)
Share of associate's result	(225)	-	(240)	-
Profit before taxation	7,261	6,831	13,089	10,031
Income tax expense	(1,909)	(1,858)	(3,369)	(2,658)
Profit for the period	5,352	4,973	9,720	7,373
Other comprehensive income:				
Exchange translation differences	(85)	(1)	(120)	27
Total comprehensive income for the period	5,267	4,972	9,600	7,400
Profit for the period attributable to:				
Equity holders of the Company	5,357	4,965	9,731	7,372
Non-controlling interest	(5)	8	(11)	1
	5,352	4,973	9,720	7,373
Total comprehensive income attributable to:				
Equity holders of the Company	5,272	4,964	9,611	7,399
Non-controlling interest	(5)	8	(11)	1
	5,267	4,972	9,600	7,400
EBITDA	9,180	7,806	16,646	11,922
Earnings Per Share (Sen)				
- Basic (Sen)	5.48	5.78	9.95	8.58
- Diluted (Sen)	4.15	N/A	7.53	N/A



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

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 INTERNATIONAL BERHAD

(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Unaudited As At 30 June 2014 RM'000	Audited As At 31 Dec 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,144	24,512
Investment in associate	1,608	1,013
Total non-current assets	26,752	25,525
Current assets		
Inventories	69,841	62,657
Trade receivables	55,310	73,716
Other receivables, deposits and prepayments	14,069	9,492
Amount due from contract customers	34,273	22,659
Amount due from related companies	23	17
Short-term deposits with licensed institutions	119	147
Cash and bank balances	9,468	17,878
Total current assets	183,103	186,566
Total assets	209,855	212,091
EQUITY AND LIABILITIES		
Equity		
Share capital	49,236	46,219
Share premium	34,441	19,344
Reserves	36,328	26,717
	120,005	92,280
Non-controlling interest	(8)	3
Total equity	119,997	92,283
Liabilities		
Non-current liabilities		
Finance lease liabilities	4,384	4,653
Loans and borrowings	2,960	4,628
Deferred tax liability	1,101	1,101
	8,445	10,382
Current liabilities		
Trade payables	23,686	41,815
Other payables	2,260	6,064
Amount due to contract customers	-	606
Amount due to directors	772	772
Finance lease liabilities	1,732	1,529
Loans and borrowings	50,473	56,249
Provision for taxation	2,490	2,391
	81,413	109,426
Total liabilities	89,858	119,808
Total equity and liabilities	209,855	212,091
Net assets per share (Sen)	121.86	99.83



PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 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.

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 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			(120)		9,731	9,611	(11)	9,600
Transactions with owners:								
Issue of share capital	3,017	15,097				18,114		18,114
Balance as at 30 June 2014	49,236	34,441	66	(33,137)	69,399	120,005	(8)	119,997

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.

PESTECH INTERNATIONAL BERHAD
(Co. No. 948035-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2014

	Current year to date 30 June 2014 RM'000	Preceding year to date 30 June 2013 RM'000
CASH FLOW USED IN OPERATING ACTIVITIES		
Profit before taxation	13,089	10,031
Adjustments for:-		
Depreciation on property, plant and equipment	1,446	1,125
Interest expense	1,871	766
Interest income	(36)	(80)
Gain on disposal of property, plant and equipment	(11)	-
Share of associate's result	240	-
Unrealised (gain)/ loss on foreign exchange	(380)	8
Operating profit before working capital changes	16,219	11,850
Changes in working capital:-		
Inventories	(7,184)	(6,021)
Receivables	14,218	1,987
Payables	(18,149)	(10,134)
Contract customers	(12,220)	2,765
Cash used in operations	(7,116)	447
Tax paid	(3,270)	(2,584)
Net cash used in operating activities	(10,386)	(2,137)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	36	80
Advance to a related company	(6)	-
Investment in an associated company	(835)	-
Proceeds from disposal of property, plant and equipment	72	-
Purchase of property, plant and equipment	(2,158)	(1,712)
Bank balance realised from financial institution	36	1,380
Net cash used in investing activities	(2,855)	(252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,867)	(4,208)
Interest paid	(1,871)	(766)
Issuance of shares	18,114	-
Proceeds from borrowings	76,753	31,049
Repayment of borrowings	(89,013)	(22,167)
Net cash from financing activities	116	3,908

PESTECH INTERNATIONAL BERHAD**(Co. No. 948035-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2014 (CONT'D)**

	Current year to date 30 June 2014 RM'000	Preceding year to date 30 June 2013 RM'000
CASH AND CASH EQUIVALENTS		
Net changes	(13,125)	1,519
Cash and cash equivalents at beginning of the year	17,503	14,208
Effect on foreign exchange translation	(95)	10
Cash and cash equivalents at end of the year	4,283	15,737

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 30 June 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 30 June 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 30 June 2014 other than the following:

- i) On 21 April 2014, the company issued 438,000 new ordinary shares of RM0.50 each pursuant to the Share Grant Plan (SGP).

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A7. Dividend Paid**

There were no interim dividend paid during the financial quarter and the period ended 30 June 2014.

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 16 June 2014, the company has completed the acquisition of 670,700 ordinary shares representing 39.69% of the total issued and paid up share capital of SET for a consideration of AUD670,700.

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.

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 June 2014.

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

A10. Segmental Information

The Group is organized into the following operating segments:-

	←————— Results for the quarter ended 30 June 2014 —————→				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total Revenue	141	55,326	4,954	(2,262)	58,159
Inter-segment revenue	(141)	(1,770)	(351)	2,262	-
Revenue from external customer	<u>-</u>	<u>53,556</u>	<u>4,603</u>	<u>-</u>	58,159
Interest income	117	6	1	(115)	9
Finance costs	(115)	(874)	(74)	115	(948)
Net finance expense	<u>2</u>	<u>(868)</u>	<u>(73)</u>	<u>-</u>	(939)
Segment profit before taxation	(1,634)	8,050	1,103	(258)	7,261
Segment profit /(loss) after taxation	(1,639)	6,326	923	(258)	5,352

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 June 2013 —————→				→
	Investment RM’000	Project RM’000	Product RM’000	Elimination RM’000	
Revenue					
Total Revenue	141	40,866	1,717	(1,161)	41,563
Inter-segment revenue	(141)	(673)	(347)	1,161	-
Revenue from external customer	-	40,193	1,370	-	41,563
Interest income	115	36	-	(115)	36
Finance costs	(116)	(395)	(8)	115	(404)
Net finance expense	(1)	(359)	(8)	-	(368)
Segment profit before taxation	(1,092)	7,598	353	(28)	6,831
Segment profit after taxation	(1,097)	5,808	290	(28)	4,973

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 June 2014			→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
Total					
Revenue	282	98,563	8,438	(3,998)	103,285
Inter- segment revenue	(282)	(3,304)	(412)	3,998	-
Revenue from external customer	-	95,259	8,026	-	103,285
Interest income	254	11	1	(230)	36
Finance costs	(231)	(1,727)	(143)	230	(1,871)
Net finance expense	23	(1,716)	(142)	-	(1,835)
Segment profit before taxation	(3,376)	14,837	1,933	(305)	13,089
Segment profit after taxation	(3,386)	11,805	1,606	(305)	9,720

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 June 2013			→
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
Total					
Revenue	282	62,733	4,623	(1,805)	65,833
Inter- segment revenue	(282)	(1,152)	(371)	1,805	-
Revenue from external customer	-	61,581	4,252	-	65,833
Interest income	110	182	13	(225)	80
Finance costs	(226)	(713)	(52)	225	(766)
Net finance expense	(116)	(531)	(39)	-	(686)
Segment profit before taxation	(1,261)	10,274	894	124	10,031
Segment profit after taxation	(1,271)	7,814	706	124	7,373

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

A11. Income tax expense

	Current year quarter ended 30 June 2014 RM'000	Preceding year corresponding quarter 30 June 2013 RM'000	Current year to date 30 June 2014 RM'000	Preceding year corresponding period 30 June 2013 RM'000
Current year taxation	1,909	1,858	3,369	2,658

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.

A12. Earnings Per Share

A12.1 Basic Earnings Per Share

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

	Current year quarter ended 30 June 2014	Preceding year corresponding quarter 30 June 2013	Current year to date 30 June 2014	Preceding year corresponding period 30 June 2013
Profit attributable to equity holders of the Company (RM'000)	5,357	4,965	9,731	7,372
Weighted average number of ordinary shares in issue ('000)	97,832	85,880	97,832	85,880
Basic earnings per share (Sen)	5.48	5.78	9.95	8.58

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:

	Current year quarter ended 30 June 2014	Preceding year corresponding quarter 30 June 2013	Current year to date 30 June 2014	Preceding year corresponding period 30 June 2013
Profit attributable to equity holders of the Company (RM’000)	5,357	N/A	9,731	N/A
Weighted average number of ordinary shares in issue (’000)	97,832	N/A	97,832	N/A
Effect of dilution (’000)	31,365	N/A	31,365	N/A
Adjusted weighted average number of ordinary shares in issue and issuable (’000)	129,197	N/A	129,197	N/A
Basic earnings per share (Sen)	4.15	N/A	7.53	N/A

A13. Property, plant and equipment

During the current financial quarter ended 30 June 2014, the Group acquired assets at a cost of RM1.48mil.

A14. Trade Receivables

The trade receivables of the Group were as follows:

	Unaudited As At 30 June 2014 RM’000	Audited As At 31 Dec 2013 RM’000
Trade Receivables	32,635	56,266
Retention sums on contracts	22,675	17,450
	55,310	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:

	Unaudited As At 30 June 2014 RM'000	Preceding year to date 30 June 2013 RM'000
Cash and bank balances	9,468	15,813
Fixed deposits	119	5,218
Bank overdrafts	(4,819)	(4,798)
	<u>4,768</u>	<u>16,233</u>
Less : Fixed deposits and bank balance pledges to licensed financial institutions	(485)	(496)
	<u>4,283</u>	<u>15,737</u>

A16. Borrowings and Debts Securities

Total borrowings of the group were as follows:

	Unaudited As At 30 June 2014 RM'000	Audited As At 31 Dec 2013 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	4,384	4,653
Term Loans	2,960	4,628
	<u>7,344</u>	<u>9,281</u>
Current liabilities		
Secured:		
Finance lease liabilities	1,732	1,529
Term loans	-	169
Bank overdrafts	4,819	-
Banker acceptances	26,213	11,996
Trust receipts	8,143	24,415
Project-financing facility	11,298	19,669
	<u>52,205</u>	<u>57,778</u>
Total	<u>59,549</u>	<u>67,059</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 June 2014 RM’000	Audited As At 31 Dec 2013 RM’000
Ringgit Malaysia	55,632	52,328
United States Dollar	3,461	13,191
Euro	456	1,445
Singapore Dollar	-	95
	59,549	67,059

A17. Material Event Subsequent to the end of financial period reported**A17.1 Changes in Debt and Equity Securities**

Subsequent to the financial period reported, the company had completed the following:

- i) On 10 July 2014, the company issued 65,648,066 new ordinary shares of RM0.50 each pursuant to the Bonus Issue.
- ii) On 1 August 2014, the company issued 309,600 new ordinary shares of RM0.50 each pursuant to the Share Grant Plan (SGP).

A17.2 Changes in Financial Year End

Subsequent to the financial period reported, the company had on 15 August 2014 changed its financial year end from 31 December to 30 June.

A17.3 Final Dividend Approved

The single tier final dividend of 4.0 sen per share for the year ended 31 December 2013 was approved by the shareholders on 26 June 2014 at the Company’s Third Annual General Meeting. The payment of the dividend will be made on 17 September 2014.

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 June 2014 RM'000	Audited As At 31 Dec 2013 RM'000
Secured:		
Finance lease liabilities of subsidiaries	5,803	2,580
Loan and borrowings of subsidiaries	53,433	64,086
Unsecured:		
Suppliers of a subsidiary	1,756	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:-

	Unaudited As At 30 June 2014 RM'000	Audited As At 31 Dec 2013 RM'000
Bank guarantees given to customers / suppliers and potential customers are for:		
Advance payment bonds	16,201	13,503
Performance bonds	47,751	54,081
Tender bonds	6,906	1,511
	70,858	69,095

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A19. Capital Commitments**

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

	Unaudited As At 30 June 2014 RM'000	Audited As At 31 Dec 2013 RM'000
Amount authorised but not contracted for	365	-

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 June 2014 RM'000	Audited As At 31 Dec 2013 RM'000
Related companies by virtue of common shareholders:		
Purchased of material and services rendered	5,616	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 RM58.2 million and profit after taxation of RM5.4 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM53.6 million or 92.1% and RM4.6 million or 7.9% respectively.

The group recorded a slightly lower gross profit margin of 25.2% for the financial period ended 30 June 2014, 3.0% lower than in the preceding year corresponding financial quarter ended 30 June 2013 of 28.2%. This is mainly due to composition of different stages of execution of projects and project margins.

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 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Interest income	9	36	36	80
Interest expenses	(948)	(404)	(1,871)	(766)
Gain / (Loss) on foreign exchange:				
- Realised	373	16	5	259
- Unrealised	(296)	6	380	(8)
Gain / (Loss) on disposal of property, plant and equipment	-	-	11	-
Depreciation of property, plant and equipment	(746)	(571)	(1,446)	(1,125)

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 RM58.2 million representing an increase of RM16.6 million or 39.9% as compared to RM41.6 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 RM40.2 million in preceding year corresponding financial quarter to RM53.6 million, representing an increase of RM13.4 million or 33.3%. The increase in Project revenue was mainly due to billings for local projects for utilities and foreign project.

During the financial quarter, our Group recorded Product revenue of RM4.6 million, an increase of RM3.2 million or 228.6% from RM1.4 million recorded in the preceding year corresponding financial quarter. The increase was mainly due to increase in Product sales to third party.

The Group recorded a profit after taxation of RM5.4 million, an increase of RM0.4 million or 8.0% as compared to preceding year corresponding financial quarter of RM5.0 million.

B4. Prospects

PESTECH successfully commissioned our 1st substation in the SCORE area in Sarawak in August 2014. We remain strongly committed in developing our presence in the SCORE area and we constantly receive enquiries for new projects engagement from prospective customers.

The sales and marketing team is also actively participating in various projects procurement in countries like Sri Lanka, Philippine and Cambodia. We hope to be able to eventually secure some of those projects prior to the current financial period.

On the shorter term, PESTECH will diligently concentrates in the execution of projects in hand to ensure the ability to deliver positive performance in the coming quarters.

On the other hand, PESTECH constantly seeks opportunity to advance itself in the provision of value added products and services to its customers in driving for enduring growth in revenue and profitability.

The Group is devoting certain amount of effort in kindling the momentum of sprouting growth through PESTECH Technology Sdn Bhd ("PTECH"). Following the memorandum of understanding signed earlier with HollySys (Asia Pacific) Pte. Ltd. and TRAX LLC., PTECH is anticipating the finalization and execution of technological collaboration agreements with both parties in the upcoming quarter. Further, PTECH is also in the midst of concluding a "Teaming Agreement" with eMeter Corporation ("eMeter") based in the United States and Siemens Malaysia Sdn Bhd to allow PTECH to offer eMeter's smart meter technologies to its clientele. All the above efforts are invested to path the long term corporate and business advancement of the PESTECH group of companies ("Group") in the area of knowledge based segment of the electrical infrastructure industry whilst the project team maintaining a strong foothold in its bread and butter business activity of project execution. This symbiotic relationship that the management is nurturing in the Group will cultivate sustainable growth and improve the source of revenue for PESTECH.

PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**B5. Profit forecast and profit guarantee**

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

B6. 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 30 June 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 30 June 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	1,449	351
Working capital	12 months	2,580	2,650	(70)
Estimated listing expenses	3 months	2,500	2,430	70
Total		12,880	12,529	351

**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 2.0sen per ordinary share in respect of the financial ending 30 June 2015.

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 22 August 2014.