

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30 Sep 2014 RM'000	Preceding year corresponding quarter 30 Sep 2013 RM'000	Current year to date 30 Sep 2014 RM'000	Preceding year corresponding period 30 Sep 2013 RM'000
Revenue	68,533	53,654	171,818	119,487
Cost of sales	(51,793)	(40,151)	(129,041)	(87,436)
Gross profit	16,740	13,503	42,777	32,051
Other income	(261)	921	177	1,265
Administration expenses	(5,695)	(4,871)	(16,970)	(12,966)
Profit from operations	10,784	9,553	25,984	20,350
Finance costs	(802)	(1,012)	(2,673)	(1,778)
Share of associate's result	(186)	-	(426)	-
Profit before taxation	9,796	8,541	22,885	18,572
Income tax expense	(2,615)	(2,312)	(5,984)	(4,970)
Profit for the period	7,181	6,229	16,901	13,602
Other comprehensive income:				
Exchange translation differences	102	106	(18)	133
Total comprehensive income for the period	7,283	6,335	16,883	13,735
Profit for the period attributable to:				
Equity holders of the Company	7,184	6,243	16,915	13,615
Non-controlling interest	(3)	(14)	(14)	(13)
	7,181	6,229	16,901	13,602
Total comprehensive income attributable to:				
Equity holders of the Company	7,286	6,349	16,897	13,748
Non-controlling interest	(3)	(14)	(14)	(13)
	7,283	6,335	16,883	13,735
EBITDA	11,565	10,094	28,211	22,016
Earnings Per Share (Sen)				
- Basic (Sen)	5.06	7.27	11.92	15.85



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 SEPTEMBER 2014**

	Unaudited As At 30 Sep 2014 RM'000	Audited As At 31 Dec 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,035	24,512
Investment in an associated company	1,631	1,013
Total non-current assets	26,666	25,525
Current assets		
Inventories	64,280	62,657
Trade receivables	56,840	73,716
Other receivables, deposits and prepayments	4,652	9,492
Amount due from contract customers	70,759	22,659
Amount due from related companies	23	17
Short-term deposits with licensed institutions	119	147
Cash and bank balances	7,387	17,878
Total current assets	204,060	186,566
Total assets	230,726	212,091
EQUITY AND LIABILITIES		
Equity		
Share capital	83,110	46,219
Share premium	7,764	19,344
Reserves	37,037	26,717
	127,911	92,280
Non-controlling interest	(11)	3
Total equity	127,900	92,283
Liabilities		
Non-current liabilities		
Finance lease liabilities	3,941	4,653
Loans and borrowings	2,960	4,628
Deferred tax liability	1,101	1,101
Total non-current liabilities	8,002	10,382
Current liabilities		
Trade payables	26,055	41,815
Other payables	3,815	6,064
Amount due to contract customers	-	606
Amount due to directors	772	772
Finance lease liabilities	1,784	1,529
Loans and borrowings	60,473	56,249
Provision for taxation	1,925	2,391
Total current liabilities	94,824	109,426
Total liabilities	102,826	119,808
Total equity and liabilities	230,726	212,091
Net assets per share (Sen)	76.95	99.83



PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 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 THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 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	-	-	(18)	-	16,915	16,897	(14)	16,883
Transactions with owners:								
Issue of share capital	35,996	(16,806)	-	-	-	19,190	-	19,190
Dividend paid	895	5,226	-	-	(6,577)	(456)	-	(456)
Balance as at 30 Sep 2014	83,110	7,764	168	(33,137)	70,006	127,911	(11)	127,900

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 SEPTEMBER 2014

	9 months ended	
	30 Sep 2014	30 Sep 2013
	RM'000	RM'000
CASH FLOW USED IN OPERATING ACTIVITIES		
Profit before taxation	22,885	18,572
Adjustments for:-		
Depreciation on property, plant and equipment	2,227	1,666
Interest expense	2,673	1,778
Interest income	(39)	(133)
Gain on disposal of property, plant and equipment	(13)	(15)
Share of associate's result	426	-
Unrealised loss/(gain) on foreign exchange	12	(562)
Operating profit before working capital changes	28,171	21,306
Changes in working capital:-		
Inventories	(1,623)	(22,731)
Receivables	21,787	(9,094)
Payables	(14,185)	6,410
Amount due from a related company	-	1
Contract customers	(48,706)	(1,559)
Directors	-	2
Cash used in operations	(14,556)	(5,665)
Tax paid	(6,573)	(5,559)
Tax refunded	123	-
Net cash used in operating activities	(21,006)	(11,224)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	39	133
Investment	(1,043)	(569)
Advance to a related company	(6)	-
Proceeds from disposal of property, plant and equipment	80	207
Purchase of property, plant and equipment	(2,821)	(7,934)
Bank balance realised from financial institution	27	-
Net cash used in investing activities	(3,724)	(8,163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(10,444)	(5,926)
Interest paid	(2,673)	(1,778)
Issuance of shares	25,311	-
Proceeds from borrowings	119,893	68,470
Repayment of borrowings	(123,950)	(47,734)
Net movement of bank balances pledged to financial institution	-	1,359
Net cash from financing activities	8,137	14,391

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

	9 months ended	
	30 Sep 2014	30 Sep 2013
	RM'000	RM'000
CASH AND CASH EQUIVALENTS		
Net changes	(16,593)	(4,996)
Cash and cash equivalents at beginning of the year	17,503	14,208
Effect on foreign exchange translation	(9)	91
Cash and cash equivalents at end of the period	901	9,303

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 September 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 September 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 September 2014 other than the following:

- i) On 10 July 2014, the company issued Bonus Issue of 65,648,066 new ordinary shares of RM0.50 each in the Company to be credited as fully paid-up on the basis of two (2) bonus shares for every three (3) existing PESTECH Shares.
- ii) On 1 August 2014, the company issued 309,600 new ordinary shares of RM0.50 each pursuant to the Share Grant Plan (SGP).
- iii) On 17 September 2014, the company issued 1,789,600 new ordinary shares of RM0.50 each pursuant to the 3rd Dividend Reinvestment Plan (“3rd DRP”).

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

The following dividend was paid during the period reported:

Final dividend for financial year ended	31 December 2013
Approved and declared on	26 June 2014
Date paid	17 September 2014
Number of ordinary shares on which dividends were paid ('000)	164,429
Dividend per share (single-tier)	4.0 sen
Net dividend paid (RM'000)	6,577
New shares issued for DRP ('000)	1,790
Rate per share for DRP	342 sen
Cash dividend paid (RM'000)	456

A8. Changes in Composition of the Group

On 23 August 2013, the company entered into a share subscription agreement with the shareholders of SystemCorp Embeded 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 approximately RM3,162,903 and representing 51% of the total issued and paid-up share capital of SET by 15 June 2015.

As at 15 August 2014, the company has completed the acquisition of 740,700 ordinary shares representing 42.09% of the total issued and paid up share capital of SET for a consideration of AUD740,700.

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 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 September 2014 —————→				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
Total Revenue	141	68,832	1,935	(2,375)	68,533
Inter-segment revenue	(141)	(1,547)	(687)	2,375	-
Revenue from external customer	-	67,285	1,248	-	68,533
Interest income	118	3	-	(118)	3
Finance costs	(118)	(805)	3	118	(802)
Net finance income/ (expense)	-	(802)	3	-	(799)
Segment profit before taxation	13,213	11,330	77	(14,824)	9,796
Segment profit after taxation	13,207	8,785	13	(14,824)	7,181

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 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	<u>-</u>	<u>45,708</u>	<u>7,946</u>	<u>-</u>	<u>53,654</u>
Interest income	157	44	9	(157)	53
Finance costs	(158)	(876)	(135)	157	(1,012)
Net finance expense	<u>(1)</u>	<u>(832)</u>	<u>(126)</u>	<u>-</u>	<u>(959)</u>
Segment profit/(loss) before taxation	(1,809)	8,500	1,835	15	8,541
Segment profit/(loss) 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 period ended 30 September 2014 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total Revenue	423	167,395	10,373	(6,373)	171,818
Inter-segment revenue	(423)	(4,852)	(1,098)	6,373	-
Revenue from external customer	<u>-</u>	<u>162,543</u>	<u>9,275</u>	<u>-</u>	<u>171,818</u>
Interest income	373	13	1	(350)	37
Finance costs	(351)	(2,532)	(140)	350	(2,673)
Net finance income/ (expense)	<u>22</u>	<u>(2,519)</u>	<u>(139)</u>	<u>-</u>	<u>(2,636)</u>
Segment profit before taxation	9,837	26,168	2,010	(15,130)	22,885
Segment profit after taxation	9,821	20,591	1,619	(15,130)	16,901

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/(loss) before taxation	(3,070)	18,774	2,729	139	18,572
Segment profit/(loss) 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

A11. Income tax expense

	Current year quarter ended 30 Sep 2014 RM'000	Preceding year corresponding quarter 30 Sep 2013 RM'000	Current year to date 30 Sep 2014 RM'000	Preceding year corresponding period 30 Sep 2013 RM'000
Current year taxation	2,615	2,312	5,984	4,970

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 Sep 2014	Preceding year corresponding quarter 30 Sep 2013	Current year to date 30 Sep 2014	Preceding year corresponding period 30 Sep 2013
Profit attributable to equity holders of the Company (RM'000)	7,184	6,243	16,915	13,615
Weighted average number of ordinary shares in issue ('000)	141,882	85,880	141,882	85,880
Basic earnings per share (Sen)	5.06	7.27	11.92	15.85

A12.2 Diluted Earnings Per Share

Diluted earnings per share were not computed as 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**A13. Property, plant and equipment**

During the current financial quarter ended 30 September 2014, the Group acquired assets at a cost of RM665,000.

A14. Trade Receivables

The trade receivables of the Group were as follows:

	Unaudited As At 30 Sep 2014 RM'000	Audited As At 31 Dec 2013 RM'000
Trade Receivables	31,519	56,266
Retention sums on contracts	25,321	17,450
	56,840	73,716

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 2014 RM'000	Preceding year to date 30 Sep 2013 RM'000
Cash and bank balances	7,387	10,811
Fixed deposits	119	5,270
Bank overdrafts	(6,111)	(6,262)
	1,395	9,819
Less : Fixed deposits and bank balance pledges to licensed financial institutions	(494)	(516)
	901	9,303

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

A16. Borrowings and Debts Securities

Total borrowings of the group were as follows:

	Unaudited As At 30 Sep 2014 RM’000	Audited As At 31 Dec 2013 RM’000
Non-current liabilities		
Secured:		
Finance lease liabilities	3,941	4,653
Term Loans	2,960	4,628
	6,901	9,281
Current liabilities		
Secured:		
Finance lease liabilities	1,784	1,529
Term loans	-	169
Bank overdrafts	6,111	-
Banker acceptances	25,518	11,996
Trust receipts	23,876	24,415
Project-financing facility	4,968	19,669
	62,257	57,778
Total	69,158	67,059

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

	Unaudited As At 30 Sep 2014 RM’000	Audited As At 31 Dec 2013 RM’000
Ringgit Malaysia	67,298	52,328
United States Dollar	1,708	13,191
Euro	152	1,445
Singapore Dollar	-	95
	69,158	67,059

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

A17.1 Changes in Debt and Equity Securities

Subsequent to the financial period reported, there were no material changes in debt and equity securities.

A17.2 Interim Dividend

The following dividend was paid after the period reported:

Interim dividend for financial period ended	30 June 2015
Approved and declared on	22 August 2014
Date paid	21 November 2014
Number of ordinary shares on which dividends were paid ('000)	166,219
Dividend per share (single-tier)	2.0 sen
Net dividend paid (RM'000)	3,324
New shares issued for DRP ('000)	856
Rate per share for DRP	357 sen
Cash dividend paid (RM'000)	268

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 2014 RM'000	Audited As At 31 Dec 2013 RM'000
Secured:		
Finance lease liabilities of subsidiaries	5,451	2,580
Loan and borrowings of subsidiaries	60,560	64,086
Unsecured:		
Suppliers of a subsidiary	1,962	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.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A18. Contingent Assets and Liabilities (Cont’d)**

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

	Unaudited As At 30 Sep 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	13,670	13,503
Performance bonds	47,922	54,081
Tender bonds	8,629	1,511
	70,221	69,095

A19. Capital Commitments

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

	Unaudited As At 30 Sep 2014 RM’000	Audited As At 31 Dec 2013 RM’000
Amount authorised but not contracted for	50	-

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 2014 RM’000	Audited As At 31 Dec 2013 RM’000
Related companies by virtue of common shareholders:		
Purchased of material and services rendered	10,520	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 favorable 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 RM68.5 million and profit after taxation of RM7.2 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM67.3 million or 98.2% and RM1.2 million or 1.8% respectively.

The group recorded a slightly lower gross profit margin of 24.9% for the financial period ended 30 September 2014, 1.9% lower than in the preceding year corresponding financial period ended 30 September 2013 of 26.8%. This is mainly due to composition of different stages of execution of projects.

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 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013
	RM'000	RM'000	RM'000	RM'000
Interest income	3	53	39	133
Interest expenses	(802)	(1,012)	(2,673)	(1,778)
Gain / (Loss) on foreign exchange:				
- Realised	126	316	131	575
- Unrealised	(392)	570	(12)	562
Gain / (Loss) on disposal of property, plant and equipment	2	15	13	15
Depreciation of property, plant and equipment	(781)	(541)	(2,227)	(1,666)

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 RM68.5 million representing an increase of RM14.8 million or 27.6% as compared to RM53.7 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 RM45.7 million in preceding year corresponding financial quarter to RM67.3 million, representing an increase of RM21.6 million or 47.3%. 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 RM1.2 million, a decrease of RM6.7 million or 84.8% from RM7.9 million recorded in the preceding year corresponding financial quarter. The decrease was mainly due to decrease in Product sales to third party.

The Group recorded a profit after taxation of RM7.2 million, an increase of RM1.0 million or 16.1% as compared to preceding year corresponding financial quarter of RM6.2 million.

B4. Prospects

The Group registered 44% increase in cumulative revenue as at 30 September 2014 relatively to 30 September 2013, with a 24% improvement in profit after tax for the same period.

Moving into the forth quarter of the financial year, we anticipate continuous enhancement of business and financial performance as a result of healthy project order book and the possible positive contribution from new business segment of the Group to be derived from PESTECH Technology Sdn Bhd, the key operating entity in the provision of automation services and electrification system design for power plant and rail.

The management envisages an encouraging long-term growth opportunity for the Group, particularly with the recent reported commitment of Tenaga Nasional Bhd's ("TNB") RM23.3 billion capital expenditure allocated for 2014 to 2017 specifically for transmission and distribution segment of their business. Rest assured PESTECH Sdn Bhd will get itself ready to take part in some of these low hanging prospective projects when the opportunity is being presented to the Group.

Further to the above, TNB has also embarked on a pilot project to implement smart metering system to selected customers with an aim for mass implementation should the current pilot project proves to be successful. This will provide brilliant opportunity for the Group to participate in the potential business prospect along with our technology partner.

Backed by the above, the management is positive that the Group will sustain its growth trend and continue to identify new market segments which are able to carry its business achievement to a higher plateau.

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 September 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	1,539	261
Working capital	12 months	2,580	2,650	(70)
Estimated listing expenses	3 months	2,500	2,430	70
Total		12,880	12,619	261

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 26 November 2014.