

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

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”). This is the first interim financial report on the combined results of the first quarter ended 31 March 2012 announced by the Company in compliance with the Listing Requirements and as such, there were no comparative figures for the preceding year’s corresponding period.

The interim financial report should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants’ Report for the financial year ended 31 December 2011 as disclosed in the prospectus of the Company dated 10 May 2012 and the accompanying explanatory notes attached to the interim financial report.

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 2011.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the prospectus dated 10 May 2012 except for the adoption of new accounting standards.

A2. Adoption of new accounting standards

A2.1 First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

The audited consolidated financial statements of the Group for the financial year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (“FRS”) as issued by the Malaysian Accounting Standards Board (“MASB”). Effective from 1 January 2012, the Group adopted MFRS as issued by the MASB. Consequently, this interim financial report represents the Group’s first time application of MFRS and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing the annual consolidated financial statements for the financial year ending 31 December 2012 under the MFRS framework. These policies do not differ significantly from those used in the preparation of the Group’s audited consolidated financial statements for the financial year ended 31 December 2011.

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

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

A2. Adoption of new accounting standards (Con’t)

A2.2 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:

Amendments to MFRSs and IC Interpretation Effective on 1 July 2012

MFRS 101 Presentation of Financial Statement, Amendments in relation to Presentation of Items of Other Comprehensive Income

MFRS effective on 1 January 2013

MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits (International Accounting Standard (“IAS”) 19 as amended by IASB in May 2011)
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128 Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRS effective on 1 January 2013

MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendment to MFRS effective on 1 January 2014

MFRS 132 Offsetting Financial Assets and Financial Liabilities

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 subject 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 ended 31 March 2012.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial year that have had a material effect in the current interim results.

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

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

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 ended 31 March 2012.

A7. Dividend Paid

No interim ordinary dividend has been paid in the financial quarter ended 31 March 2012.

A8. Changes in Composition of the Group

On 9 March 2012, PESTECH Sdn. Bhd., a wholly-owned subsidiary of PESTECH International Berhad., incorporated and subscribed for 96,000 shares representing 100% of the total issued and paid-up share capital of PESTECH Transmission Ltd., a company incorporated in Ghana, which is engaged in the provision of project management, electrical substations and transmission lines erection and installation, supervision of testing and commissioning and civil works for a cash consideration of GHS96,000. It is currently inactive.

A9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the financial quarter ended 31 March 2012.

A10. Segmental Information

The Group is organised into the following operating segments:-

	←————— Results for the quarter ended 31 March 2012 —————→				
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	Total RM'000
Revenue					
Total Revenue	141	17,016	8,912	(141)	25,928
Inter-segment revenue	(141)	-	-	141	-
Revenue from external customer	-	17,016	8,912	-	25,928
Interest income	-	139	82	(108)	113
Finance costs	(108)	(236)	(139)	108	(375)
Net finance expense	(108)	(97)	(57)	-	(262)
Segment profit before taxation	21	2,884	720	9	3,634
Segment profit after taxation	16	2,201	394	9	2,620

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

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

A11. Income tax expense

	Current quarter ended 31 Mar 2012 RM'000	Preceding quarter ended 31 Mar 2011 RM'000	Current year to date 31 Mar 2012 RM'000	Preceding year to date 31 Mar 2011 RM'000
Current tax	1,014	N/A	1,014	N/A

The effective tax rates of the Group were higher than the prevailing statutory tax rate 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 period.

	Current quarter ended 31 Mar 2012	Preceding quarter ended 31 Mar 2011	Current year to date 31 Mar 2012	Preceding year to date 31 Mar 2011
Profit attributable to equity holders of the Company (RM'000)	2,569	N/A	2,569	N/A
Weighted average number of ordinary shares in issue ('000)	73,000	N/A	73,000	N/A
Basic earnings per share (Sen)	3.52	N/A	3.52	N/A

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 current quarter under review.

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

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 31 March 2012, the Group acquired assets at a cost of RM2.65 million.

Assets with a carrying amount of RM5,794 were disposed of by the Group during the current financial quarter ended 31 March 2012, resulting in a loss on disposal of RM3,619, recognised and included in other operating expenses in the statements of comprehensive income.

A14. Cash and bank balances

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the current financial quarter ended 31 March 2012:

	Current year to date 31 Mar 2012 RM’000	Preceding year to date 31 Mar 2011 RM’000
Cash and bank balances	11,436	N/A
Fixed deposits	9,593	N/A
Bank overdrafts	(3,286)	N/A
	17,743	N/A
Less : Fixed deposits and bank balance pledged to licensed financial institutions	(18,972)	N/A
	(1,229)	N/A

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

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

A15. Borrowings and Debts Securities

Total Group borrowings as at 31 March 2012 were as follows:

	31 Mar 2012 RM'000
Non-current liabilities	
Secured:	
Finance lease liabilities	170
Term loans	2,210
	2,380
Current liabilities	
Secured:	
Finance lease liabilities	55
Term loans	290
Bank overdrafts	3,287
Banker acceptances	4,680
Trust receipts	4,820
Time Loans	404
	13,536
Total	15,916

The currency exposure profile of borrowings of the Group are as follows:-

	31 Mar 2012 RM'000
Ringgit Malaysia	11,887
Euro	548
United States Dollar	3,453
Great Britain Pound	28
Total	15,916

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

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

A16. Material Events Subsequent to the end of period reported

On 2 April 2012, PESTECH Sdn. Bhd., a wholly owned subsidiary of PESTECH International Berhad, acquired 2 shares representing 100% of the total issued and paid-up share capital of PESTECH (Sarawak) Sdn. Bhd., a company incorporated in Malaysia, which is engaged in the provision of electrical, mechanical and civil engineering, subcontracting and engineering for a cash consideration of RM2. It is currently inactive.

In addition, PESTECH Sdn. Bhd. was awarded the following contracts:-

Date Awarded	Customers	Project Description
24 April 2012	Sarawak Energy Berhad	Design, Supply, Delivery, Erection and Commissioning of Murum Junction 275/33kV Substation, Sarawak
30 April 2012	Tenaga Nasional Berhad	Supply, Erect and Commissioning of 132KV & 33KV switchgear, transformer and ancillary equipment, complete with associated civil works for PMU 132/33KV Teluk Ramunia Extension (2x90MVA), Johor

The contract periods of the abovementioned projects are twenty-six (26) and eighteen (18) months respectively and is expected to contribute positively to the earnings of the Group for 2012 till 2014.

A17. Contingent Assets and Liabilities

Details of contingent liabilities of the Group at the end of current quarter are as follows:-

Bank guarantee given to customers and potential customers for tender, performance and advance payment bonds

31 Mar 2012
RM'000

17,661

A18. Capital Commitments

The outstanding capital commitments at the end of the current quarter is as follow:-

Amount authorised but not contracted for

31 Mar 2012
RM'000

1,789

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

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

A19. Significant Related Party Transactions

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

	31 Mar 2012
	RM'000
Related companies by virtue of common shareholders:	
Purchased of material and services rendered	1,741

The Directors of the Company are of the opinion that the above transactions are 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.

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

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 RM25.9 million and profit after taxation of RM2.6 million for the financial quarter-to-date. Revenue contributed by Projects and Products accounted for RM17.0 million and RM8.9 million, respectively.

B2. Profit before taxation

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

	Current year quarter ended	Preceding year quarter ended	Current year to date	Preceding year to date
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
	RM'000	RM'000	RM'000	RM'000
Interest income	113	N/A	113	N/A
Interest expense	(375)	N/A	(375)	N/A
Gain on foreign exchange:				
- Realised	181	N/A	181	N/A
- Unrealised	197	N/A	197	N/A
Loss on disposal of property, plant and equipment	(4)	N/A	(4)	N/A
Depreciation of property, plant and equipment	(258)	N/A	(258)	N/A

Save as disclosed above, the other items required under Appendix 9B, Part A (16) of the Listing Requirements of Bursa Securities are not applicable.

B3. Variation of results against preceding quarter

As this is the first interim report being prepared, there are no comparative figures being presented.

PESTECH INTERNATIONAL BERHAD
(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

The prospects for growth is positive as the Group has secured order book of RM82.203 million (as at 16 April 2012) and was subsequently awarded Letter of Award via Joint Ventures of RM105.73 million which are billable until 2014. Thus, the total order in hand of about RM187 million puts PESTECH in a comfortable position to undertake projects strategically.

The Group continues to receive opportunities to participate in building infrastructure for electric transmission and distribution projects in the ASEAN growth region. Domestically, the industrial development in the country and continuous system upgrading requirements by Tenaga Nasional Berhad provides opportunities for the Group to procure projects with good returns and prospects. PESTECH expects to be able to continue to benefit from the positive growth and developments in the industry, both domestically and regionally.

The impact to the company arising from the Eurozone crisis and gloomy global economy is minimal as we are principally engaged in the basic infrastructure development for developing countries.

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 10 May 2012, the Company had issued the Prospectus pursuant to its listing on the Main Market of Bursa Malaysia Securities Berhad as detailed below:-

B6.1 Listing scheme (IPO)

The IPO comprises both the Public Issue and Offer for Sale.

(i) Public issue

Public Issue of 12,880,000 new ordinary shares of RM0.50 each (“Shares”) at an issue price of RM1.00 per Share (“Issue Price”), payable in full upon application in the following manner:-

- (a) 6,000,000 new Shares available for application by the Malaysian public.
- (b) 5,367,000 new Shares available for application by the eligible directors, employees and persons who have contributed to the success of PESTECH, its subsidiaries companies and jointly-controlled entity; and
- (c) 1,513,000 new Shares by way of placement to identified investors.

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

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

B6. Status of corporate proposals (Con't)

B6.1 Listing scheme (IPO) (Con't)

And

(ii) Offer for sale

Offer for sale of 8,588,000 existing Shares at an offer price of RM1.00 per Share, payable in full upon application in the following manner:-

- (a) 6,456,400 existing Shares by way of placement to bumiputera investors approved by the Ministry of International Trade and Industry; and
- (b) 2,131,600 existing Shares by way of placement to identified investors.

The 6,000,000 Shares available for application by the Malaysian public were oversubscribed by 10.47 times. The Company received a total of 5,650 applications for 68.848 million Shares. PESTECH is slated to be listed on the Main Market of Bursa Malaysia Securities Berhad on 30 May 2012.

B6.2 Listing

The Company will seek a listing and quotation of the entire enlarged issued share capital comprising 85,880,000 Shares on the Main Market of Bursa Malaysia Securities Berhad.

B6.3 Utilisation of proceeds

The total gross proceeds expected to be raised from the Public Issue amounted to RM12.880 million based on the Issue Price. The Company expects the proceeds to be utilised in the following manner:-

Purpose of the utilisation	Estimated time frame for utilisation from date of Listing	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000
Repayment of bank borrowings	12 months	6,000	-	-
Product development and market / business expansion	36 months	1,800	-	-
Working capital	12 months	2,580	-	-
Estimated listing expenses	3 months	2,500	-	-
Total		12,880	-	

PESTECH INTERNATIONAL BERHAD
(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 were no material litigation as at the date of issuance of this quarterly report.

B8. Dividends

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 the financial year ended 31 December 2011.

B10. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2012.