

**PESTECH INTERNATIONAL BERHAD**

(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

|   | Individual Quarter         |                              | Cumulative Quarter    |                        |
|---|----------------------------|------------------------------|-----------------------|------------------------|
|   | Current year quarter ended | Preceding year quarter ended | Current year to date  | Preceding year to date |
|   | 30 Jun 2012<br>RM'000      | 30 Jun 2011<br>RM'000        | 30 Jun 2012<br>RM'000 | 30 Jun 2011<br>RM'000  |
| Revenue                                   | 25,531                     | N/A                          | 51,459                | N/A                    |
| Cost of sales                             | (18,868)                   | N/A                          | (38,528)              | N/A                    |
| Gross profit                              | 6,663                      | N/A                          | 12,931                | N/A                    |
| Other income                              | 1,331                      | N/A                          | 1,874                 | N/A                    |
| Administration expenses                   | (5,123)                    | N/A                          | (7,929)               | N/A                    |
| Profit from operations                    | 2,871                      | N/A                          | 6,876                 | N/A                    |
| Finance costs                             | (382)                      | N/A                          | (757)                 | N/A                    |
| Profit before taxation                    | 2,489                      | N/A                          | 6,119                 | N/A                    |
| Income tax expense                        | (717)                      | N/A                          | (1,731)               | N/A                    |
| Profit for the period                     | 1,772                      | N/A                          | 4,388                 | N/A                    |
| Other comprehensive income:               |                            |                              |                       |                        |
| Exchange translation differences          | 59                         |                              | 59                    |                        |
| Other comprehensive loss:                 |                            |                              |                       |                        |
| Corporate expenses                        | (563)                      |                              | (563)                 |                        |
| Exchange translation differences          | -                          | N/A                          | (56)                  | N/A                    |
| Total comprehensive income for the period | 1,268                      | N/A                          | 3,828                 | N/A                    |
| Attributable to :                         |                            |                              |                       |                        |
| Equity holders of the Company             | 1,272                      | N/A                          | 3,837                 | N/A                    |
| Non-controlling interest                  | (4)                        | N/A                          | (9)                   | N/A                    |
|   | 1,268                      | N/A                          | 3,828                 | N/A                    |
| Earnings Per Share (Sen)                  |                            |                              |                       |                        |
| - Basic (Sen)                             | 1.58                       | N/A                          | 4.77                  | N/A                    |
| - Diluted (Sen)                           | N/A                        | N/A                          | N/A                   | N/A                    |

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE  
INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

Notes:

- 1) The Unaudited Condensed Consolidated Statements of Comprehensive Income 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.
- 2) No comparative figures are available for the preceding year as this is the second quarterly report to Bursa Malaysia Securities Berhad after the company listed on 30 May 2012.

**PESTECH INTERNATIONAL BERHAD**  
**(Co. No. 948035-U)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

|   | <b>Unaudited As<br/>At 30 Jun 2012</b> | <b>Audited As At<br/>31 Dec 2011</b> |
|---|--|--------------------------------------|
|   | <b>RM'000</b>                          | <b>RM'000</b>                        |
| <b>ASSETS</b>                               |  |                                      |
| <b>Non-current assets</b>                   |  |                                      |
| Property, plant and equipment               | 13,626                                 | 10,144                               |
| <b>Current assets</b>                       |  |                                      |
| Inventories                                 | 15,880                                 | 17,483                               |
| Trade receivables                           | 37,070                                 | 21,087                               |
| Other receivables, deposits and prepayments | 2,637                                  | 2,375                                |
| Amount due from contract customers          | 1,437                                  | -                                    |
| Amount due from jointly-controlled entity   | 13                                     | 11                                   |
| Fixed deposits with licensed banks          | 9,130                                  | 11,153                               |
| Cash and bank balances                      | 10,477                                 | 15,738                               |
| Total current assets                        | 76,644                                 | 67,847                               |
| <b>Total assets</b>                         | <b>90,270</b>                          | <b>77,991</b>                        |
| <b>EQUITY AND LIABILITIES</b>               |  |                                      |
| <b>Equity</b>                               |  |                                      |
| Share capital                               | 42,940                                 | 36,500                               |
| Share premium                               | 5,699                                  | -                                    |
| Merger reserve                              | (33,137)                               | (33,137)                             |
| Exchange translation reserve                | (13)                                   | (16)                                 |
| Retained profits                            | 39,332                                 | 35,494                               |
|   | 54,821                                 | 38,841                               |
| Non-controlling interest                    | (12)                                   | (3)                                  |
| <b>Total equity</b>                         | <b>54,809</b>                          | <b>38,838</b>                        |
| <b>Liabilities</b>                          |  |                                      |
| <b>Non-current liabilities</b>              |  |                                      |
| Finance lease liabilities                   | 1,011                                  | 188                                  |
| Borrowings                                  | 2,135                                  | 2,405                                |
| Deferred tax liability                      | 221                                    | 221                                  |
|   | 3,367                                  | 2,814                                |
| <b>Current liabilities</b>                  |  |                                      |
| Trade payables                              | 15,528                                 | 14,865                               |
| Other payables                              | 2,443                                  | 2,315                                |
| Amount due to contract customers            | -                                      | 2                                    |
| Amount due to directors                     | 732                                    | 2,445                                |
| Finance lease liabilities                   | 301                                    | 55                                   |
| Borrowings                                  | 12,607                                 | 15,358                               |
| Provision for taxation                      | 483                                    | 1,299                                |
|   | 32,094                                 | 36,339                               |
| <b>Total liabilities</b>                    | <b>35,461</b>                          | <b>39,153</b>                        |
| <b>Total equity and liabilities</b>         | <b>90,270</b>                          | <b>77,991</b>                        |
| <b>Net assets per share (Sen)</b>           | <b>68.07</b>                           | <b>53.20</b>                         |

**PESTECH INTERNATIONAL BERHAD**  
**(Co. No. 948035-U)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

Notes:

1. The Unaudited Condensed Consolidated Statements of Financial Position 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.
2. The audited results for the Financial Year Ended (FYE) 31 December 2011 had included a subsidiary and associated company which are not part of the listing group. The disposals of the aforementioned subsidiary and associated company were completed during the FYE 31 December 2011.

**PESTECH INTERNATIONAL BERHAD**

(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

← Attributable to equity holders of the Company →

|                                  | Share<br>capital | Share<br>premium | Non-<br>distributable<br>Exchange<br>translation<br>reserve | Distributable<br>Merger<br>reserve | Distributable<br>Retained<br>earnings | Total         | Non-<br>controlling<br>interest | Total<br>equity |
|----------------------------------|------------------|------------------|---|------------------------------------|---------------------------------------|---------------|---------------------------------|-----------------|
|                                  | RM'000           | RM'000           | RM'000  | RM'000                             | RM'000                                | RM'000        | RM'000                          | RM'000          |
| Balance as at 1 Jan 2012         | 36,500           |                  | (16)  | (33,137)                           | 35,494                                | 38,841        | (3)                             | 38,838          |
| Total comprehensive income       | -                |                  | 3   | -                                  | 3,838                                 | 3,841         | (9)                             | 3,832           |
| <b>Transactions with owners:</b> |                  |                  |   |                                    |                                       |               |                                 |                 |
| Issue of share capital           | 6,440            | 5,699            |   |                                    |                                       | 12,139        |                                 |                 |
| <b>Balance as at 30 Jun 2012</b> | <b>42,940</b>    | <b>5,699</b>     | <b>(13)</b>   | <b>(33,137)</b>                    | <b>39,332</b>                         | <b>54,821</b> | <b>(12)</b>                     | <b>54,809</b>   |

Notes:

- The Unaudited Condensed Consolidated Statements of Changes in Equity 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 report.
- No comparative figures are available for the preceding period/year as this is the second quarterly report to Bursa Malaysia Securities Berhad after the company listed on 30 May 2012.

**PESTECH INTERNATIONAL BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

|   | <b>Current year<br/>to date<br/>30 Jun 2012<br/>RM'000</b> | <b>Preceding<br/>year to date<br/>30 Jun 2011<br/>RM'000</b> |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |  |  |
| Profit before taxation  | 2,489  | N/A  |
| Adjustments for:-   |  |  |
| Depreciation on property, plant and equipment                 | 299  | N/A  |
| Interest expense  | 382  | N/A  |
| Interest income   | (135)  | N/A  |
| Gain on disposal of property, plant and equipment             | (58)   | N/A  |
| Unrealised gain on foreign exchange                           | (92)   | N/A  |
| Unrealised loss on foreign exchange                           | 138  | N/A  |
| Operating profit before working capital changes               | 3,023  | N/A  |
| Changes in working capital:-                                  |  |  |
| Inventories   | (2,736)  | N/A  |
| Receivables   | (12,206)   | N/A  |
| Payables  | (249)  | N/A  |
| Contract customers  | 3,335  | N/A  |
| Directors   | (1,713)  | N/A  |
| Cash used in operations                                       | (10,546)   | N/A  |
| Tax paid  | (1,284)  | N/A  |
| Net cash used in operating activities                         | (11,830)   | N/A  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |  |  |
| Interest received   | 135  | N/A  |
| Proceeds from disposal of property, plant & equipment         | 58   | N/A  |
| Purchase of property, plant and equipment                     | (299)  | N/A  |
| Withdrawal of fixed deposits                                  | 463  | N/A  |
| Net cash from investing activities                            | 357  | N/A  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |  |  |
| Corporate expenses paid                                       | (1,041)  | N/A  |
| Interest paid   | (382)  | N/A  |
| Issuance of shares  | 12,880   | N/A  |
| Proceeds from borrowings                                      | 8,314  | N/A  |
| Repayment of borrowings                                       | (11,704)   | N/A  |
| Repayment of finance lease liabilities                        | (10)   | N/A  |
| Net movement of bank balance pledged to financial institution | 3,854  | N/A  |
| Net cash from financing activities                            | 11,911   | N/A  |
| <b>CASH AND CASH EQUIVALENTS</b>                              |  |  |
| Net changes   | 438  | N/A  |
| Cash and cash equivalents at beginning of period              | (1,229)  | N/A  |
| Effect on foreign exchange translation                        | 15   | N/A  |
| Cash and cash equivalents at end of period                    | (776)  | N/A  |

**PESTECH INTERNATIONAL BERHAD  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
SECOND QUARTER ENDED 30 JUNE 2012**

Notes:

- 1) The Unaudited Condensed Consolidated Statement of Cash Flows 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.
- 2) No comparative figures are available for the preceding period/year as this is the second quarterly report to Bursa Malaysia Securities Berhad after the company listed on 30 May 2012.

**PESTECH INTERNATIONAL BERHAD**  
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**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 second interim financial report on the combined results of the second quarter ended 30 June 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.



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**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 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 2012.

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

**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 financial quarter and the period ended 30 June 2012.

**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 2012.

**A7. Dividend Paid**

No interim ordinary dividend has been paid in the financial quarter and the period ended 30 June 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 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.

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 commenced business on 9 July 2012.

**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 2012.

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

**A10. Segmental Information**

The Group is organised into the following operating segments:-

|                                       | ←————— Results for the quarter ended 30 June 2012 —————→ |                   |                   |                       |                 |
|---------------------------------------|--|-------------------|-------------------|-----------------------|-----------------|
|                                       | Investment<br>RM'000                                     | Project<br>RM'000 | Product<br>RM'000 | Elimination<br>RM'000 | Total<br>RM'000 |
| Revenue                               |  |                   |                   |                       |                 |
| Total Revenue                         | 141  | 22,153            | 3,399             | (162)                 | 25,531          |
| Inter-segment revenue                 | (141)  | -                 | (21)              | 162                   | -               |
| <b>Revenue from external customer</b> | -  | 22,153            | 3,378             | -                     | 25,531          |
| Interest income                       | 108  | 118               | 17                | (108)                 | 135             |
| Finance costs                         | (108)  | (330)             | (52)              | 108                   | (382)           |
| <b>Net finance expense</b>            | -  | (212)             | (35)              | -                     | (247)           |
| Segment profit before taxation        | (3)  | 1,992             | 535               | (35)                  | 2,489           |
| Segment profit after taxation         | (8)  | 1,411             | 404               | (35)                  | 1,772           |
|                                       |  |                   |                   |                       |                 |
|                                       | ←————— Results for the period ended 30 June 2012 —————→  |                   |                   |                       |                 |
|                                       | Investment<br>RM'000                                     | Project<br>RM'000 | Product<br>RM'000 | Elimination<br>RM'000 | Total<br>RM'000 |
| Revenue                               |  |                   |                   |                       |                 |
| Total Revenue                         | 282  | 39,169            | 12,311            | (303)                 | 51,459          |
| Inter-segment revenue                 | (282)  | -                 | (21)              | 303                   | -               |
| <b>Revenue from external customer</b> | -  | 39,169            | 12,290            | -                     | 51,459          |
| Interest income                       | 216  | 189               | 59                | (216)                 | 248             |
| Finance costs                         | (216)  | (566)             | (191)             | 216                   | (757)           |
| <b>Net finance expense</b>            | -  | (377)             | (132)             | -                     | (509)           |
| Segment profit before taxation        | (15)   | 4,897             | 1,267             | (26)                  | 6,123           |
| Segment profit after taxation         | (25)   | 3,633             | 810               | (26)                  | 4,392           |

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**A11. Income tax expense**

|             | <b>Current quarter ended 30 Jun 2012<br/>RM'000</b> | <b>Preceding quarter ended 30 Jun 2011<br/>RM'000</b> | <b>Current year to date 30 Jun 2012<br/>RM'000</b> | <b>Preceding year to date 30 Jun 2011<br/>RM'000</b> |
|-------------|---|---|--|--|
| Current tax | 717   | N/A   | 1,731  | 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.

|   | <b>Current quarter ended 30 Jun 2012</b> | <b>Preceding quarter ended 30 Jun 2011</b> | <b>Current year to date 30 Jun 2012</b> | <b>Preceding year to date 30 Jun 2011</b> |
|---|--|--|---|---|
| Profit attributable to equity holders of the Company (RM'000) | 1,272                                    | N/A  | 3,841                                   | N/A                                       |
| Weighted average number of ordinary shares in issue ('000)    | 80,513                                   | N/A  | 80,513                                  | N/A                                       |
| Basic earnings per share (Sen)                                | 1.58                                     | N/A  | 4.77                                    | 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 financial period under review.

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**A13. Property, plant and equipment**

During the current financial quarter ended 30 June 2012, the Group acquired assets at a cost of RM1.395 million.

Fully depreciated assets were disposed of by the Group during the current financial quarter ended 30 June 2012, resulting in a gain on disposal of RM57,619, 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 and the period ended 30 June 2012:

|  | <b>Current<br/>year to date<br/>30 Jun 2012<br/>RM'000</b> | <b>Preceding<br/>year to date<br/>30 Jun 2011<br/>RM'000</b> |
|--|--|--|
| Cash and bank balances   | 10,477   | N/A  |
| Fixed deposits   | 9,130  | N/A  |
| Bank overdrafts  | (5,728)  | N/A  |
|  | 13,879   | N/A  |
| Less : Fixed deposits and bank balance pledged<br>to licensed financial institutions | (14,655)   | N/A  |
|  | (776)  | N/A  |

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**A15. Borrowings and Debts Securities**

Total Group borrowings as at 30 June 2012 were as follows:

|                                | <b>30 Jun 2012</b><br><b>RM'000</b> |
|--------------------------------|-------------------------------------|
| <b>Non-current liabilities</b> |                                     |
| Secured:                       |                                     |
| Finance lease liabilities      | 1,011                               |
| Term loans                     | 2,135                               |
|                                | 3,146                               |
| <b>Current liabilities</b>     |                                     |
| Secured:                       |                                     |
| Finance lease liabilities      | 301                                 |
| Term loans                     | 292                                 |
| Bank overdrafts                | 5,728                               |
| Banker acceptances             | 3,783                               |
| Trust receipts                 | 2,804                               |
|                                | 12,908                              |
| <b>Total</b>                   | 16,054                              |

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

|                      | <b>30 Jun 2012</b><br><b>RM'000</b> |
|----------------------|-------------------------------------|
| Ringgit Malaysia     | 13,124                              |
| Euro                 | 172                                 |
| United States Dollar | 2,758                               |
| <b>Total</b>         | 16,054                              |

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**A16. Material Events Subsequent to the end of period reported**

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

| <b>Date Awarded</b> | <b>Customer</b>                  | <b>Project Description</b>   |
|---------------------|----------------------------------|--|
| 11 July 2012        | OM Materials (Sarawak) Sdn. Bhd. | Engineering, Procurement and Construction (“EPC”) work package for 275kV Substation for Ferro Alloy Project in Samalaju, Sarawak |

The contract period of the abovementioned project is sixteen (16) months and is expected to contribute positively to the earnings of the Group for the financial year 2012 and financial year 2013.

**A17. Contingent Assets and Liabilities**

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

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

**30 Jun 2012**  
**RM'000**

23,443

**A18. Capital Commitments**

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

Amount authorised but not contracted for

**30 Jun 2012**  
**RM'000**

683

**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:-

|   | <b>30 Jun 2012</b><br><b>RM'000</b> |
|---|-------------------------------------|
| Related companies by virtue of common shareholders: |                                     |
| Purchased of material and services rendered         | 3,221                               |

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.



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**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 RM25.5 million and profit after taxation of RM1.7 million for the financial quarter. Revenue contributed by Projects and Products accounted for RM22.1 million or 86.7% and RM3.4 million or 13.3% respectively.

Group revenue for the six months ended 30 June 2012 was RM51.5 million and profit after taxation of RM4.4 million. Revenue contributed by Projects was RM39.1 million or 76.1% and Products was RM12.2 million or 23.9% respectively.

No comparative figures are presented for the previous corresponding quarter as the Group is within the first year of preparation of consolidated quarterly results for Bursa Malaysia Securities Berhad.

**B2. Profit before taxation**

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

|   | <b>Current year<br/>quarter<br/>ended</b> | <b>Preceding<br/>year quarter<br/>ended</b> | <b>Current year<br/>to date</b> | <b>Preceding<br/>year to date</b> |
|---|---|---|---------------------------------|-----------------------------------|
|   | <b>30 Jun 2012</b>                        | <b>30 Jun 2011</b>                          | <b>30 Jun 2012</b>              | <b>30 Jun 2011</b>                |
|   | <b>RM'000</b>                             | <b>RM'000</b>                               | <b>RM'000</b>                   | <b>RM'000</b>                     |
| Interest income   | 135                                       | N/A   | 248                             | N/A                               |
| Interest expense  | (382)                                     | N/A   | (757)                           | N/A                               |
| Gain on foreign exchange:                               |   |   |                                 |                                   |
| - Realised  | 1,042                                     | N/A   | 1,223                           | N/A                               |
| - Unrealised  | 92  | N/A   | 338                             | N/A                               |
| Gain on disposal of<br>property, plant and<br>equipment | 58  | N/A   | 58                              | N/A                               |
| Loss on foreign exchange:                               |   |   |                                 |                                   |
| - Realised  | (786)                                     | N/A   | (791)                           | N/A                               |
| - Unrealised  | (138)                                     | N/A   | (138)                           | N/A                               |
| Loss on disposal of<br>property, plant and<br>equipment | -   | N/A   | (4)                             | N/A                               |
| Depreciation of property,<br>plant and equipment        | (299)                                     | N/A   | (557)                           | 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.

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**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 quarter**

For the financial quarter ended 30 June 2012, we recorded revenue of RM25.5 million representing a slight decrease of RM0.4 million or 1.5% as compared to RM25.9 million in the financial quarter ended 31 March 2012.

During the financial quarter, our Project revenue has increased significantly from RM17.0 million in previous financial quarter to RM22.2 million, representing an increase of RM5.2 million or 30.6%. The increase in Project revenue was mainly for billings for local projects in Sarawak and Johor which our Group procured at the beginning of the financial year.

During the financial quarter, our Group recorded Product revenue of RM3.4 million, a decreased of 62.8% from RM8.9 million recorded in the previous financial quarter ended 31 March 2012. The decrease was mainly due to more Engineering, Procurement, Manufacturing, Construction and Commissioning (EMPCC) projects procured during the financial period under review.

During the financial quarter, the gross profit of our Group had increased by RM0.4 million, from RM6.3 million to RM6.7 million.

The Group recorded a profit after taxation of RM1.8 million, a decrease of RM0.8 million as compared to previous financial quarter of RM2.6 million. The decrease was mainly due to higher administration costs, such as new projects start up costs, listing expenses, staff costs and travelling costs.

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**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 are positive as the Group has secured order book of RM147.95 million (as at 30 June 2012) and was subsequently awarded Letter of Award of USD36.1 million which are billable until 2014. Thus, the total order in hand of about RM261.67 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.

**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:-

**B6.1 Utilisation of proceeds**

The actual utilisation of proceeds as at 30 June 2012 is as follows:-

| <b>Purpose of the utilisation</b>                   | <b>Estimated time frame for utilisation from date of Listing</b> | <b>Proposed utilisation RM'000</b> | <b>Actual utilisation as at 30 June 2012 RM'000</b> | <b>Deviation RM'000</b> |
|---|--|------------------------------------|---|-------------------------|
| Repayment of bank borrowings                        | 12 months  | 6,000                              | 4,265   | 1,735                   |
| Product development and market / business expansion | 36 months  | 1,800                              | -   | 1,800                   |
| Working capital                                     | 12 months  | 2,580                              | 2,650   | (70)                    |
| Estimated listing expenses                          | 3 months   | 2,500                              | 2,430   | 70                      |
| <b>Total</b>  |  | <b>12,880</b>                      | <b>9,275</b>  | <b>3,605</b>            |

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**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**

Details of the interim dividend approved and declared by the Board of Directors are as follows:

**30 June 2012**

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|   |                   |
|---|-------------------|
| Interim dividend for financial year ended | 31 December 2012  |
| Dividend per share (single-tier)          | 0.8 sen           |
| Approved and declared on                  | 23 August 2012    |
| Record of Depositors as at                | 20 September 2012 |
| Date payable                              | 15 October 2012   |

**B9. Auditors' report**

There were no qualifications to the audited financial statements of PESTECH Group for previous 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 23 August 2012.