

PESTECH™

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2013

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31 Dec 2013 RM'000	Preceding year corresponding quarter 31 Dec 2012 RM'000	Current year to date 31 Dec 2013 RM'000	Preceding year corresponding period 31 Dec 2012 RM'000
Revenue	62,277	52,041	181,764	136,098
Cost of sales	(46,378)	(35,122)	(133,814)	(97,285)
Gross profit	15,899	16,919	47,950	38,813
Other income	1,057	(1,466)	2,322	1,294
Administration expenses	(5,223)	(2,879)	(18,189)	(15,913)
Profit from operations	11,733	12,574	32,083	24,194
Finance costs	(1,527)	(249)	(3,305)	(1,161)
Share of associate's result	(153)	-	(153)	-
Profit before taxation	10,053	12,325	28,625	23,033
Income tax expense	(3,436)	(3,137)	(8,406)	(6,509)
Profit for the period	6,617	9,188	20,219	16,524
Other comprehensive income:				
Exchange translation differences	111	(8)	244	(55)
Total comprehensive income for the period	6,728	9,180	20,463	16,469
Attributable to:				
Equity holders of the Company	6,708	9,167	20,456	16,470
Non-controlling interest	20	13	7	(1)
	6,728	9,180	20,463	16,469
EBITDA	12,419	13,118	34,435	25,706
Earnings Per Share (Sen)				
- Basic (Sen)	7.76	11.39	23.65	20.46
- Diluted (Sen)	N/A	N/A	N/A	N/A

Note:

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the condensed financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Unaudited As At 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,522	16,689
Investment	1,013	-
Total non-current assets	25,535	16,689
Current assets		
Inventories	62,005	13,038
Trade receivables	73,715	54,080
Other receivables, deposits and prepayments	4,025	5,231
Amount due from contract customers	22,053	19,495
Amount due from related companies	17	14
Fixed deposits with licensed institutions	147	5,868
Cash and bank balances	18,545	14,633
Total current assets	180,507	112,359
Total assets	206,042	129,048
EQUITY AND LIABILITIES		
Equity		
Share capital	46,218	42,940
Share premium	19,344	5,697
Reserves	26,195	16,750
	91,757	65,387
Non-controlling interest	3	(4)
Total equity	91,760	65,383
Liabilities		
Non-current liabilities		
Finance lease liabilities	5,217	1,443
Borrowings	4,698	1,837
Deferred tax liability	1,344	441
	11,259	3,721
Current liabilities		
Trade payables	38,407	30,232
Other payables	3,894	3,577
Amount due to directors	772	770
Finance lease liabilities	965	634
Borrowings	56,300	21,959
Provision for taxation	2,685	2,772
	103,023	59,944
Total liabilities	114,282	63,665
Total equity and liabilities	206,042	129,048
Net assets per share (Sen)	99.27	76.13

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(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

Note:

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the condensed financial report.

← Attributable to equity holders of the Company →

	Share capital RM'000	Share premium RM'000	Non-distributable Exchange translation reserve RM'000	Distributable		Total RM'000	Non-controlling interest RM'000	Total equity RM'000
				Merger reserve RM'000	Retained earnings RM'000			
Balance as at 1 Jan 2013	42,940	5,697	(70)	(33,137)	49,957	65,387	(4)	65,383
Total comprehensive income			244		20,212	20,456	7	20,463
Transactions with owners:								
Issue of share capital	3,278	13,647				16,925		16,925
Dividend Paid					(11,011)	(11,011)		(11,011)
Balance as at 31 Dec 2013	46,218	19,344	174	(33,137)	59,158	91,757	3	91,760

Note:

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the condensed financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2013

	Current year to date 31 Dec 2013 RM'000	Preceding year to date 31 Dec 2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	28,625	23,033
Adjustments for:-		
Corporate expenses	-	1,705
Depreciation on property, plant and equipment	2,352	1,512
Interest expense	3,305	1,161
Interest income	(158)	(365)
Gain on disposal of property, plant and equipment	(14)	(54)
Share of associate's result	153	-
Unrealised (gain)/ loss on foreign exchange	(516)	767
Operating profit before working capital changes	33,747	27,759
Changes in working capital:-		
Inventories	(48,967)	4,445
Receivables	(17,567)	(37,905)
Payables	5,916	15,345
Contract customers	(2,558)	(19,496)
Cash used in operations	(29,429)	(9,852)
Tax paid	(7,590)	(4,816)
Net cash used in operating activities	(37,019)	(14,668)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	158	365
Advance to a related company	(3)	(2)
Corporate expenses paid	-	(1,299)
Investment in an associated company	(1,165)	-
Proceeds from disposal of property, plant and equipment	208	61
Purchase of property, plant and equipment	(10,310)	(5,963)
Withdrawal of fixed deposits	-	3,674
Bank balance realised from financial institution	1,354	7,985
Net cash used in investing activities	(9,758)	4,821
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance received/ (repaid to) directors	2	(1,676)
Dividend paid	(8,518)	(687)
Interest paid	(3,305)	(1,161)
Issuance of shares	16,925	12,880
Proceeds from borrowings	117,268	40,756
Repayment of borrowings	(71,945)	(34,240)
Net cash from financing activities	50,427	15,872

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	Current year to date 31 Dec 2013 RM'000	Preceding year to date 31 Dec 2012 RM'000
CASH AND CASH EQUIVALENTS		
Net changes	3,650	6,025
Cash and cash equivalents at beginning of the year	14,208	8,232
Effect on foreign exchange translation	192	(49)
Cash and cash equivalents at end of the year	18,050	14,208

Note:

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the 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 2012.

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 2012.

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 2012, except for the adoption of new accounting standards.

A2. Adoption of new accounting standards

MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective

At the date of authorisation of the 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 year ended 31 December 2013.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial period that have had a material effect in the current financial quarter and the year ended 31 December 2013.

A6. Changes in Debt and Equity Securities

There were no issuance, cancellation; repurchase, resale and repayments of debt and equity securities during the financial quarter and the year ended 31 December 2013 other than the following:

- i) On 7 October 2013, the company issued 503,100 new ordinary shares of RM0.50 each pursuant to the SGP.
- ii) On 21 November 2013, the company issued 1,053,800 new ordinary shares of RM0.50 each pursuant to the Dividend Reinvestment Plan (DRP).
- iii) On 5 December 2013, the company issued 5,000,000 new ordinary shares of RM0.50 each pursuant to the Private Placement.

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

A7. Dividend Paid

The following interim dividend was paid during the period reported:

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

A8. Changes in Composition of the Group

On 28 August 2013, the company entered into a subscription agreement with SystemCorp Embedded Technology Pty Ltd (SET) for the subscription of 1,060,665 ordinary shares of SET amounting to 51% of the total enlarged issued and paid-up share capital of SET for a total consideration of AUD1,060,665 or equivalent to RM3,162,903 (based on forward exchange rate contract locked in at AUD1:MYR2.982), subject to the terms and conditions as stipulated in the subscription agreement.

As at 31 December 2013, the company had subscribed 390,700 ordinary shares representing 27.71% of the total issued and paid up share capital of SET for a cash consideration of AUD390,700.

A9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the financial quarter and the year ended 31 December 2013.

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 31 December 2013 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total Revenue	141	66,757	2,075	(6,696)	62,277
Inter-segment revenue	(141)	(6,555)	-	6,696	-
Revenue from external customer	<u>-</u>	<u>60,202</u>	<u>2,075</u>	<u>-</u>	<u>62,277</u>
Interest income	154	12	7	(148)	25
Finance costs	(149)	(1,253)	(273)	148	(1,527)
Net finance expense	<u>5</u>	<u>(1,241)</u>	<u>(266)</u>	<u>-</u>	<u>(1,502)</u>
Segment profit before taxation	5,755	11,504	18	(7,224)	10,053
Segment profit/(loss) after taxation	5,749	8,134	(42)	(7,224)	6,617

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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 31 December 2012 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total					
Revenue	141	48,778	4,336	(1,214)	52,041
Inter-segment revenue	(141)	(1,075)	2	1,214	-
Revenue from external customer	<u>-</u>	<u>47,703</u>	<u>4,338</u>	<u>-</u>	<u>52,041</u>
Interest income	111	54	(11)	(112)	42
Finance costs	(112)	(260)	11	112	(249)
Net finance expense	<u>(1)</u>	<u>(206)</u>	<u>-</u>	<u>-</u>	<u>(207)</u>
Segment profit before taxation	8,611	11,382	1,345	(9,013)	12,325
Segment profit after taxation	8,545	8,124	1,531	(9,012)	9,188

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 year ended 31 December 2013 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total					
Revenue	564	176,159	14,644	(9,603)	181,764
Inter-segment revenue	(564)	(8,668)	(371)	9,603	-
Revenue from external customer	-	167,491	14,273	-	181,764
Interest income	537	130	21	(530)	158
Finance costs	(533)	(2,842)	(460)	530	(3,305)
Net finance expense	4	(2,712)	(439)	-	(3,147)
Segment profit before taxation	2,685	30,278	2,747	(7,085)	28,625
Segment profit after taxation	2,656	22,584	2,064	(7,085)	20,219

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(Co. No. 948035-U)

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 year ended 31 December 2012 →				Total RM'000
	Investment RM'000	Project RM'000	Product RM'000	Elimination RM'000	
Revenue					
Total Revenue	564	115,142	22,488	(2,096)	136,098
Inter-segment revenue	(564)	(1,471)	(61)	2,096	-
Revenue from external customer	<u>-</u>	<u>113,671</u>	<u>22,427</u>	<u>-</u>	<u>136,098</u>
Interest income	441	299	59	(434)	365
Finance costs	(435)	(968)	(192)	434	(1,161)
Net finance expense	<u>6</u>	<u>(669)</u>	<u>(133)</u>	<u>-</u>	<u>(796)</u>
Segment profit before taxation	8,009	18,831	5,814	(9,621)	23,033
Segment profit after taxation	7,920	13,420	4,804	(9,620)	16,524

A11. Income tax expense

	Current year quarter ended 31 Dec 2013 RM'000	Preceding year corresponding quarter 31 Dec 2012 RM'000	Current year to date 31 Dec 2013 RM'000	Preceding year corresponding period 31 Dec 2012 RM'000
Current year taxation	3,436	3,137	8,406	6,509

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period.

The effective tax rates of the Group for the current quarter and the preceding quarters were higher due to certain expenses which are not deductible for tax purposes.

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

A12. Earnings Per Share

A12.1 Basic Earnings Per Share

The calculation of basic earnings per share for the financial year 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 31 Dec 2013	Preceding year corresponding quarter 31 Dec 2012	Current year to date 31 Dec 2013	Preceding year corresponding period 31 Dec 2012
Profit attributable to equity holders of the Company (RM'000)	6,708	9,167	20,456	16,470
Weighted average number of ordinary shares in issue ('000)	86,478	80,513	86,478	80,513
Basic earnings per share (Sen)	7.76	11.39	23.65	20.46

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 year under review.

A13. Property, plant and equipment

During the current financial quarter ended 31 December 2013, the Group acquired assets at a cost of RM2.376 million.

A14. Trade Receivables

The trade receivables of the Group were as follows:

	Unaudited As At 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Trade Receivables	56,265	39,120
Retention sums on contracts	17,450	14,960
	73,715	54,080

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A15. Cash and bank balances**

For the purpose of the statement of cash flows, cash and cash equivalents comprising the following:

	Unaudited As At 31 Dec 2013 RM'000	Preceding year to date 31 Dec 2012 RM'000
Cash and bank balances	18,545	14,633
Fixed deposits	147	5,868
Bank overdrafts	(121)	(4,417)
	<u>18,571</u>	<u>16,084</u>
Less : Fixed deposits and bank balance pledges to licensed financial institutions	(521)	(1,876)
	<u>18,050</u>	<u>14,208</u>

A16. Borrowings and Debts Securities

Total borrowings of the group were as follows:

	Unaudited As At 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Non-current liabilities		
Secured:		
Finance lease liabilities	5,217	1,443
Term Loans	4,698	1,837
	<u>9,915</u>	<u>3,280</u>
Current liabilities		
Secured:		
Finance lease liabilities	965	634
Term loans	99	95
Bank overdrafts	121	4,417
Banker acceptances	11,996	8,866
Trust receipts	44,084	8,581
	<u>57,265</u>	<u>22,593</u>
Total	<u>67,180</u>	<u>25,873</u>

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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 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Ringgit Malaysia	52,449	20,564
United States Dollar	13,191	5,309
Euro	1,445	-
Singapore Dollar	95	-
	67,180	25,873

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

A17.1 Contract Awarded

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

Date Awarded	Customer	Project Description
15 January 2014	Sarawak Energy Berhad	Design, Engineering, Procurement, Construction, Testing and Commissioning of Sarawak Energy Berhad's Mambong and Entinggan 275kV Substation Extension Project.

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

A17.2 Dividend paid

The following dividend was paid after the period reported:

Interim dividend for the financial year ended	31 December 2013
Approved and declared on	23 August 2013
Date paid	25 February 2014
Number of ordinary shares on which dividends were paid ('000)	96,681
Dividend per shares (single-tier)	4.0 sen
Net dividend paid (RM'000)	3,867
New shares issued for DRP ('000)	1,354
Rate per share for DRP	271sen
Cash dividend paid (RM'000)	199

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 year reported

A17.3 Private Placement

The second and final tranche of Private Placement was completed after the period reported:

Date of completion	28 January 2014
Number of ordinary shares on issued ('000)	4,244
Price per shares (RM)	3.02
Proceed received (RM'000)	12,817

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 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Secured:		
Finance lease liabilities of subsidiaries	2,580	1,567
Loan and borrowings of subsidiaries	<u>64,207</u>	<u>15,769</u>

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

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

	Unaudited As At 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Bank guarantees given to customers / suppliers and potential customers are for:		
Advance payment bonds	13,503	2,530
Performance bonds	54,081	35,091
Tender bonds	1,511	3,004
	<u>69,095</u>	<u>40,625</u>

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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 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Amount authorised but not contracted for	-	410

A20. Significant Related Party Transactions

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

	Unaudited As At 31 Dec 2013 RM'000	Audited As At 31 Dec 2012 RM'000
Related companies by virtue of common shareholders:		
Purchased of material and services rendered	14,702	7,611

The Directors of the Company are of the opinion that the above transactions were conducted in the ordinary course of business, carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties and are not detrimental to the minority shareholders of the Company.

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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 RM62.3 million and profit after taxation of RM6.6 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM60.2 million or 96.6% and RM2.1 million or 3.4% respectively.

Group revenue for the year ended 31 December 2013 was RM181.8 million and profit after taxation was RM20.2 million. Revenue contributed by Projects was RM167.5 million or 92.1% and Products was RM14.3 million or 7.9% respectively.

The group record a slightly lower gross profit margin of 26.4% for the financial year ended 31 December 2013, 2.1% lower than the previous financial year ended 31 December 2012 of 28.5%.

B2. Profit before taxation

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

	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	25	42	158	365
Interest expenses	(1,527)	(249)	(3,305)	(1,161)
Gain / (Loss) on foreign exchange:				
- Realised	1,013	598	1,588	694
- Unrealised	(46)	(1,058)	516	(767)
Gain / (Loss) on disposal of property, plant and equipment	(1)	-	14	(54)
Depreciation of property, plant and equipment	(686)	(544)	(2,352)	(1,512)

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 RM62.3 million representing an increase of RM10.3 million or 19.8% as compared to RM52.0 million in the preceding year corresponding financial quarter. This is mainly due to increase in project awarded being implemented during this financial year.

During the financial quarter, our Project revenue had increased significantly from RM60.2 million in preceding year corresponding financial quarter to RM47.7 million, representing an increase of RM12.5 million or 26.2%. The increase in Project revenue was mainly due to billings for local projects for utilities and industrial customers in Sarawak Corridor of Renewable Energy (SCORE) region.

During the financial quarter, our Group recorded Product revenue of RM2.1 million, a decrease of RM2.2 million or 202.3% from RM4.3 million recorded in the preceding year corresponding financial quarter. The decrease was mainly due to our Product being used in our own Projects.

The Group recorded a profit after taxation of RM6.6 million, a decrease of RM2.6 million or 28.3% as compared to preceding year corresponding financial quarter of RM9.2 million.

B4. Prospects

PESTECH closes another record year in 2013 with turnover of RM181.8 million and generating a new height of profit after tax of RM20.463 million.

The upward development trend is anticipated to persist in 2014 fuels by strong order book and a promising tender book. As at 31 Dec 2013, PESTECH's order book stands at RM342 million with a major tender book reaching RM1.578 billion.

The Group's track record in the design, engineering and building of power transmission and distribution infrastructure is gaining solid foothold in the markets where it serves. PESTECH continues to strengthen its market presence by putting in relentless efforts to seek new projects in these areas.

In the local front, a total of RM507 million of tenders have been submitted to the local utility companies for various transmission and distribution projects in the West and East Malaysia. Our major tender book as quoted to industry customers both domestically and overseas recorded a total of RM770 million. Adding to that, the remaining major tenders to various potential utility and industrial customers in Laos, Myanmar, Cambodia, Sri Lanka, Mali and Ghana, summed up to the total major tender book of RM1.578 billion, which could be a potential contributor to the future revenue generation of the Group.

The Group has also embarked on a new potential business segment to be housed under a wholly owned subsidiary, PESTECH Technology Sdn Bhd ("PTECH"). PTECH will be involved in the area of balance of plant equipment for power plants and the power plant operation simulation systems for the power generation industry players. It is hopeful that this new segment of business would open up a route for the Group to expand vertically into certain portion of the power generating business which could bring financial and corporate enhancement to PESTECH.

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(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 (Cont'd)

On the progress of our Technical Cooperation Agreement (“TCA”) with ABB Group, we are sending our team of engineers for design and manufacturing training at the ABB training facility in Xiamen, China. In the meantime, the Group is in the midst of procuring building approvals for the construction of its new factory in Bukit Berutung.

Both PTECH and the TCA with ABB will help to diversify the revenue mix of the Group in the future such that contribution from project based business will be complimented by those generated from products and services based segments.

The Group is confident that with the strong existing business base coupled with encouraging prospective business potentials which it has planned, the Group would be cruising towards yet another promising year in 2014.

B5. Profit forecast and profit guarantee

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

B6. Status of corporate proposals

On 18 May 2012, the Company had completed the issuance of new shares pursuant to its listing on the Main Market of Bursa Malaysia Securities Berhad as detailed below:-

Utilisation of proceeds

The actual utilization of proceeds as at 31 December 2013 was as follows:-

Purpose of the utilisation	Estimated time frame for utilisation from date of Listing	Proposed utilisation RM'000	Actual utilization as at 31 Dec 2013 RM'000	Deviation RM'000
Repayment of bank borrowings	12 months	6,000	6,000	-
Product development and market / business expansion	36 months	1,800	1,195	605
Working capital	12 months	2,580	2,650	(70)
Estimated listing expenses	3 months	2,500	2,430	70
Total		12,880	12,275	605

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B7. Material litigation

There was no material litigation as at the date of issuance of this quarterly report.

B8. Proposed dividend

No interim dividend 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 2012.

B10. Authorisation for issue

The interim financial report was authorised for issued by the Board of Directors in accordance with a resolution of the Directors on 28 February 2014.