

PESTECH INTERNATIONAL BERHAD
(Co. No. 948035-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND PERIOD ENDED 31 DECEMBER 2014

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|--|
| | Current year quarter 31 Dec 2014 RM'000 | Preceding year corresponding quarter 31 Dec 2013 RM'000 | Current year to date 31 Dec 2014 RM'000 | Preceding year corresponding period 31 Dec 2013 RM'000 |
| Revenue | 66,750 | 62,279 | 238,568 | 181,766 |
| Cost of sales | (48,605) | (46,376) | (177,646) | (133,812) |
| Gross profit | 18,145 | 15,903 | 60,922 | 47,954 |
| Other income | 122 | 1,119 | 299 | 2,384 |
| Administration expenses | (6,560) | (5,320) | (23,530) | (18,286) |
| Profit from operations | 11,707 | 11,702 | 37,691 | 32,052 |
| Finance costs | (1,310) | (1,528) | (3,983) | (3,306) |
| Share of associate's result | - | (153) | (426) | (153) |
| Profit before taxation | 10,397 | 10,021 | 33,282 | 28,593 |
| Income tax expense | (3,015) | (2,896) | (8,999) | (7,866) |
| Profit for the period | 7,382 | 7,125 | 24,283 | 20,727 |
| Other comprehensive income: | | | | |
| Exchange translation differences | 159 | 124 | 141 | 257 |
| Total comprehensive income for the period | 7,541 | 7,249 | 24,424 | 20,984 |
| Profit for the period attributable to: | | | | |
| Equity holders of the Company | 7,370 | 7,106 | 24,285 | 20,721 |
| Non-controlling interest | 12 | 19 | (2) | 6 |
| | 7,382 | 7,125 | 24,283 | 20,727 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 7,529 | 7,230 | 24,426 | 20,978 |
| Non-controlling interest | 12 | 19 | (2) | 6 |
| | 7,541 | 7,249 | 24,424 | 20,984 |
| EBITDA | 12,491 | 12,388 | 40,702 | 34,404 |
| Earnings Per Share (Sen) | | | | |
| - Basic (Sen) | 5.18 | 8.22 | 17.07 | 23.96 |



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 31 DECEMBER 2014

| | Unaudited As At 31 Dec 2014 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 24,673 | 24,512 |
| Investment in an associated company | 2,071 | 1,013 |
| Total non-current assets | 26,744 | 25,525 |
| Current assets | | |
| Inventories | 71,768 | 62,657 |
| Trade receivables | 55,320 | 73,716 |
| Other receivables, deposits and prepayments | 12,694 | 9,492 |
| Amount due from contract customers | 100,600 | 22,659 |
| Amount due from related companies | 23 | 17 |
| Short-term deposits with licensed institutions | 122 | 147 |
| Tax recoverable | - | - |
| Cash and bank balances | 7,756 | 17,878 |
| Total current assets | 248,283 | 186,566 |
| Total assets | 275,027 | 212,091 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 83,538 | 46,219 |
| Share premium | 10,285 | 19,344 |
| Reserves | 41,241 | 26,717 |
| | 135,064 | 92,280 |
| Non-controlling interest | 1 | 3 |
| Total equity | 135,065 | 92,283 |
| Liabilities | | |
| Non-current liabilities | | |
| Finance lease liabilities | 3,590 | 4,653 |
| Loans and borrowings | 2,960 | 4,628 |
| Deferred tax liability | 1,714 | 1,101 |
| Total non-current liabilities | 8,264 | 10,382 |
| Current liabilities | | |
| Trade payables | 39,038 | 41,815 |
| Other payables | 4,975 | 6,064 |
| Amount due to contract customers | - | 606 |
| Amount due to directors | 775 | 772 |
| Finance lease liabilities | 1,733 | 1,529 |
| Loans and borrowings | 83,019 | 56,249 |
| Provision for taxation | 2,158 | 2,391 |
| Total current liabilities | 131,698 | 109,426 |
| Total liabilities | 139,962 | 119,808 |
| Total equity and liabilities | 275,027 | 212,091 |

PESTECH INTERNATIONAL BERHAD**(Co. No. 948035-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

| | Unaudited As At 31 Dec 2014 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|-----------------------------------|---|---|
| Net assets per share (Sen) | 80.84 | 99.83 |

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 FOURTH QUARTER AND PERIOD ENDED 31 DECEMBER 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 | - | - | 141 | - | 24,285 | 24,426 | (2) | 24,424 |
| Transactions with owners: | | | | | | | | |
| Issue of share capital | 35,996 | (16,913) | - | - | - | 19,083 | - | 19,083 |
| Dividend paid | 1,323 | 7,854 | - | - | (9,902) | (725) | - | (725) |
| Balance as at 31 Dec 2014 | 83,538 | 10,285 | 327 | (33,137) | 74,051 | 135,064 | 1 | 135,065 |

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 31 DECEMBER 2014

| | 12 months ended | |
|--|------------------------|--------------------|
| | 31 Dec 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 |
| CASH FLOW USED IN OPERATING ACTIVITIES | | |
| Profit before taxation | 33,282 | 28,593 |
| Adjustments for:- | | |
| Depreciation on property, plant and equipment | 3,011 | 2,352 |
| Interest expense | 3,983 | 3,306 |
| Interest income | (43) | (158) |
| Gain on disposal of property, plant and equipment | (13) | (15) |
| Share of associate's result | 426 | 153 |
| Unrealised gain on foreign exchange | (120) | (499) |
| Operating profit before working capital changes | 40,526 | 33,732 |
| Changes in working capital:- | | |
| Inventories | (9,111) | (49,618) |
| Receivables | 15,271 | (23,036) |
| Payables | 90 | 11,593 |
| Contract customers | (78,547) | (2,558) |
| Cash used in operations | (31,771) | (29,887) |
| Tax paid | (8,763) | (7,586) |
| Tax refunded | 123 | - |
| Net cash used in operating activities | (40,411) | (37,473) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Interest received | 43 | 158 |
| Investment | (1,483) | (1,166) |
| Advance to a related company | (6) | (4) |
| Proceeds from disposal of property, plant and equipment | 80 | 209 |
| Purchase of property, plant and equipment | (3,193) | (4,869) |
| Bank balance realised from financial institution | 2 | 1,354 |
| Net cash used in investing activities | (4,557) | (4,318) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Advance received from directors | - | 3 |
| Dividend paid | (13,769) | (6,394) |
| Interest paid | (3,983) | (3,341) |
| Issuance of shares | 28,260 | 14,702 |
| Proceeds from borrowings | 188,721 | 111,874 |
| Repayment of borrowings | (170,100) | (71,945) |
| Net movement of bank balances pledged to financial institution | - | - |
| Net cash from financing activities | 29,129 | 44,899 |

PESTECH INTERNATIONAL BERHAD**(Co. No. 948035-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONT'D)**

| | 12 months ended | |
|--|------------------------|--------------------|
| | 31 Dec 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 |
| CASH AND CASH EQUIVALENTS | | |
| Net changes | (15,839) | 3,108 |
| Cash and cash equivalents at beginning of the year | 17,503 | 14,208 |
| Effect on foreign exchange translation | 106 | 188 |
| Cash and cash equivalents at end of the period | 1,770 | 17,504 |

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 31 December 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 31 December 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 31 December 2014 other than the following:

- i) On 24 November 2014, the company issued 856,000 new ordinary shares of RM0.50 each pursuant to the 4th Dividend Reinvestment Plan (“4th 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:

| | |
|---|------------------|
| 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 |

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 December 2014, the company has completed the acquisition of 880,700 ordinary shares representing 46.36% of the total issued and paid up share capital of SET for a consideration of AUD880,700.

A9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the financial quarter and the period ended 31 December 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 31 December 2014 —————→ | | | | |
|---------------------------------------|--|-------------------|-------------------|-----------------------|-----------------|
| | Investment RM'000 | Project RM'000 | Product RM'000 | Elimination RM'000 | Total RM'000 |
| Revenue | | | | | |
| Total Revenue | 141 | 65,683 | 5,812 | (4,886) | 66,750 |
| Inter-segment revenue | (141) | (3,043) | (1,702) | 4,886 | - |
| Revenue from external customer | - | 62,640 | 4,110 | - | 66,750 |
| Interest income | 121 | 6 | - | (121) | 6 |
| Finance costs | (121) | (1,222) | (88) | 121 | (1,310) |
| Net finance income/ (expense) | - | (1,216) | (88) | - | (1,304) |
| Segment profit before taxation | 2,050 | 11,479 | 911 | (4,043) | 10,397 |
| Segment profit after taxation | 2,042 | 8,600 | 783 | (4,043) | 7,382 |

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 2013 —————→ | | | | Total RM’000 |
|---------------------------------------|--|-------------------|-------------------|-----------------------|-----------------|
| | Investment RM’000 | Project RM’000 | Product RM’000 | Elimination RM’000 | |
| Revenue | | | | | |
| Total Revenue | 141 | 66,759 | 2,075 | (6,696) | 62,279 |
| Inter-segment revenue | (141) | (6,556) | 1 | 6,696 | - |
| Revenue from external customer | <u>-</u> | <u>60,203</u> | <u>2,076</u> | <u>-</u> | <u>62,279</u> |
| Interest income | 164 | 23 | (3) | (159) | 25 |
| Finance costs | (160) | (1,454) | (73) | 159 | (1,528) |
| Net finance expense | <u>4</u> | <u>(1,431)</u> | <u>(76)</u> | <u>-</u> | <u>(1,503)</u> |
| Segment profit/(loss) before taxation | 10,755 | 11,506 | - | (12,240) | 10,021 |
| Segment profit/(loss) after taxation | 10,775 | 8,588 | 2 | (12,240) | 7,125 |

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 31 December 2014 → | | | | Total RM'000 |
|---------------------------------------|---|-------------------|-------------------|-----------------------|-----------------|
| | Investment RM'000 | Project RM'000 | Product RM'000 | Elimination RM'000 | |
| Revenue | | | | | |
| Total Revenue | 564 | 233,078 | 16,185 | (11,259) | 238,568 |
| Inter-segment revenue | (564) | (7,895) | (2,800) | 11,259 | - |
| Revenue from external customer | <u>-</u> | <u>225,183</u> | <u>13,385</u> | <u>-</u> | <u>238,568</u> |
| Interest income | 494 | 19 | 1 | (471) | 43 |
| Finance costs | (472) | (3,754) | (228) | 471 | (3,983) |
| Net finance income/ (expense) | <u>22</u> | <u>(3,735)</u> | <u>(227)</u> | <u>-</u> | <u>(3,940)</u> |
| Segment profit before taxation | 11,887 | 37,647 | 2,921 | (19,173) | 33,282 |
| Segment profit after taxation | 11,863 | 29,191 | 2,402 | (19,173) | 24,283 |

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 31 December 2013 → | | | | Total RM'000 |
|---------------------------------------|---|-------------------|-------------------|-----------------------|-----------------|
| | Investment RM'000 | Project RM'000 | Product RM'000 | Elimination RM'000 | |
| Revenue | | | | | |
| Total Revenue | 564 | 176,161 | 14,644 | (9,603) | 181,766 |
| Inter-segment revenue | (564) | (8,669) | (370) | 9,603 | - |
| Revenue from external customer | <u>-</u> | <u>167,492</u> | <u>14,274</u> | <u>-</u> | <u>181,766</u> |
| Interest income | 547 | 141 | 11 | (541) | 158 |
| Finance costs | (544) | (3,043) | (260) | 541 | (3,306) |
| Net finance expense | <u>3</u> | <u>(2,902)</u> | <u>(249)</u> | <u>-</u> | <u>(3,148)</u> |
| Segment profit/(loss) before taxation | 7,685 | 30,270 | 2,739 | (12,101) | 28,593 |
| Segment profit/(loss) after taxation | 7,682 | 23,038 | 2,108 | (12,101) | 20,727 |

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

A11. Income tax expense

| | Current year quarter ended 31 Dec 2014 RM'000 | Preceding year corresponding quarter 31 Dec 2013 RM'000 | Current year to date 31 Dec 2014 RM'000 | Preceding year corresponding period 31 Dec 2013 RM'000 |
|-----------------------|--|--|--|---|
| Current year taxation | 3,015 | 2,896 | 8,999 | 7,866 |

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 31 Dec 2014 | Preceding year corresponding quarter 31 Dec 2013 | Current year to date 31 Dec 2014 | Preceding year corresponding period 31 Dec 2013 |
|---|---|---|---|--|
| Profit attributable to equity holders of the Company (RM'000) | 7,370 | 7,106 | 24,285 | 20,721 |
| Weighted average number of ordinary shares in issue ('000) | 142,226 | 86,478 | 142,226 | 86,478 |
| Basic earnings per share (Sen) | 5.18 | 8.22 | 17.07 | 23.96 |

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 31 December 2014, the Group acquired assets at a cost of RM372,000.

A14. Trade Receivables

The trade receivables of the Group were as follows:

| | Unaudited As At 31 Dec 2014 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|-----------------------------|---|---|
| Trade Receivables | 28,087 | 56,266 |
| Retention sums on contracts | 27,233 | 17,450 |
| | 55,320 | 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 31 Dec 2014 RM'000 | Preceding year to date 31 Dec 2013 RM'000 |
|---|---|--|
| Cash and bank balances | 7,756 | 17,878 |
| Fixed deposits | 122 | 147 |
| Bank overdrafts | (5,587) | - |
| | 2,291 | 18,025 |
| Less : Fixed deposits and bank balance pledges to licensed financial institutions | (521) | (521) |
| | 1,770 | 17,504 |

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 31 Dec 2014 RM’000 | Audited As At 31 Dec 2013 RM’000 |
|--------------------------------|---|---|
| Non-current liabilities | | |
| Secured: | | |
| Finance lease liabilities | 3,590 | 4,653 |
| Term Loans | 2,960 | 4,628 |
| | 6,550 | 9,281 |
| Current liabilities | | |
| Secured: | | |
| Finance lease liabilities | 1,733 | 1,529 |
| Term loans | - | 169 |
| Bank overdrafts | 5,587 | - |
| Banker acceptances | 37,644 | 11,996 |
| Trust receipts | 39,788 | 24,415 |
| Project-financing facility | - | 19,669 |
| | 84,752 | 57,778 |
| Total | 91,302 | 67,059 |

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

| | Unaudited As At 31 Dec 2014 RM’000 | Audited As At 31 Dec 2013 RM’000 |
|----------------------|---|---|
| Ringgit Malaysia | 88,094 | 52,328 |
| United States Dollar | 299 | 13,191 |
| Euro | 2,909 | 1,445 |
| Singapore Dollar | - | 95 |
| | 91,302 | 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 Composition of the group**

Subsequent to the financial period reported, on 26 January 2015 acquired two (2) ordinary shares of RM1.00 each in the share capital of PESTECH Power Sdn. Bhd. (“**P-Power**”) for a total cash consideration of Ringgit Malaysia Two (RM2.00) (“**the Acquisition**”). Upon completion of the Acquisition, P-Power became a wholly-owned subsidiary of PESTECH.

On 28 January 2015 (“**Incorporation**”), PESTECH Power Sdn Bhd (“**P-Power**”), a wholly-owned subsidiary of the Company, had incorporated a 60%-owned subsidiary in Cambodia, namely Diamond Power Limited (“**DPL**”) on 28 January 2015.

A17.2 Changes in Debt and Equity Securities

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

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 2014 RM’000 | Audited As At 31 Dec 2013 RM’000 |
|---|---|---|
| Secured: | | |
| Finance lease liabilities of subsidiaries | 5,091 | 2,580 |
| Loan and borrowings of subsidiaries | 84,134 | 64,086 |
| Unsecured: | | |
| Suppliers of a subsidiary | 1,414 | 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 31 Dec 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 | 13,837 | 13,503 |
| Performance bonds | 50,438 | 54,081 |
| Tender bonds | 7,371 | 1,511 |
| | 71,646 | 69,095 |

A19. Capital Commitments

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

| | Unaudited As At 31 Dec 2014 RM’000 | Audited As At 31 Dec 2013 RM’000 |
|--|---|---|
| Amount authorised but not contracted for | 24 | - |

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 31 Dec 2014 RM’000 | Audited As At 31 Dec 2013 RM’000 |
|---|---|---|
| Related companies by virtue of common shareholders: | | |
| Purchased of material and services rendered | 17,307 | 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 RM66.8 million and profit after taxation of RM7.4 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM62.6 million or 93.8% and RM4.1 million or 6.2% respectively.

The group recorded a slightly lower gross profit margin of 25.5% for the financial period ended 31 December 2014, 0.8% lower than in the preceding year corresponding financial period ended 31 December 2013 of 26.3%. 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 |
|---|-----------------------------|---|-----------------------------|--|
| | 31 Dec 2014 | 31 Dec 2013 | 31 Dec 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 6 | 25 | 43 | 158 |
| Interest expenses | (1,310) | (1,528) | (3,983) | (3,306) |
| Gain / (Loss) on foreign exchange: | | | | |
| - Realised | (47) | 1,005 | 84 | 1,580 |
| - Unrealised | 132 | (63) | 120 | 499 |
| Gain on disposal of property, plant and equipment | - | - | 13 | 15 |
| Depreciation of property, plant and equipment | (784) | (686) | (3,011) | (2,352) |

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 RM66.8 million representing an increase of RM4.5 million or 7.2% as compared to RM62.3 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 RM60.2 million in preceding year corresponding financial quarter to RM62.6 million, representing an increase of RM2.4 million or 4.0%. The increase in Project revenue was mainly due to billings for local projects for utilities and foreign projects.

During the financial quarter, our Group recorded Product revenue of RM4.1 million, an increase of RM2.1 million or 95.2% from RM2.0 million recorded in the preceding year corresponding financial quarter. The increase was mainly due to increase in Product sales to third party.

The Group recorded a profit after taxation of RM7.4 million, an increase of RM0.3 million or 4.2% as compared to preceding year corresponding financial quarter of RM7.1 million.

B4. Prospects

Buoyed by ample order book, PESTECH continues on along the path of growth with some emphasis on knowledge based business segment helm by its subsidiary, PESTECH Technology Sdn Bhd ("P-TECH"). The management is grooming this particular division of the Group with the aim to create a higher level of value added services offering, which may also help enhance its existing business segments of EPC.

P-TECH, indeed, did not disappoint. It had, on 15 January 2015, received a letter of acceptance from TNB Repair and Maintenance Sdn Bhd (a wholly-owned subsidiary of Tenaga Nasional Berhad) for the supply and provision of engineering assistant to install and commission the new governor system upgrading at SJ Tenom Pangi, Sabah. This Project is yet another milestone for P-TECH to localize know-how in the field of distributed control system for power plant automation. The successful completion of such a project would help build up a good reference for PESTECH to explore further opportunities in this business area with other regional power utilities.

Also equally if not more exciting, is the formation of PESTECH Power Sdn Bhd ("P-Power") on 26 January 2015. A 100% subsidiary of PESTECH, P-Power, with its principal business activity in owning and operating power transmission concessions both locally and overseas, led to the subsequent incorporation of Diamond Power Limited ("DPL"), a Cambodian registered special purpose vehicle, which is 60% owned by P-Power. DPL is currently vigorously pursuing power transmission concession opportunities in the Cambodia. Should a prospect is eventually procured, it will transform the Group's business structure, where a sustainable fixed income model could be included to elevate the base income of the Group, bringing stronger value proposition to its shareholders.

As such, the momentum of growth will be maintained as we move into a invigorating 2015.

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.

B6.1 Utilization of proceeds

The actual utilization of proceeds as at 31 December 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 31 Dec 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 | 1,640 | 160 |
| Working capital | 12 months | 2,580 | 2,650 | (70) |
| Estimated listing expenses | 3 months | 2,500 | 2,430 | 70 |
| Total | | 12,880 | 12,720 | 160 |

B6.2 Proposed Private Placement

On 8 October 2014, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) had approved the listing of and quotation for up to 7,300,000 new PESTECH Shares representing up to approximately 4.39% of the then issued and paid-up share capital of the Company pursuant to the private placement announced on 24 September 2014 based on the Mandate (“**Private Placement 1**”). The status of the placement of up to 7,300,000 PESTECH Shares pursuant to the Private Placement 1 are as follow:-

- (a) 3,000,000 PESTECH Shares were listed on 12 February 2015;
- (b) 2,500,000 PESTECH Shares have been placed out and are currently pending allotment and listing (as at 13 February 2015); and
- (c) As at 13 February 2015, the remaining 1,800,000 PESTECH Shares are pending to be placed out.

Further to the above, on behalf of the Board of Directors of PESTECH (“**Board**”), Alliance Investment Bank Berhad (“**Alliance**”) wishes to announce that the Company is proposing to undertake the private placement of new PESTECH Shares under the Proposed Private Placement 2 based on the Mandate to third party investor(s) to be identified and at an issue price to be determined later.

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

B7. Material litigation

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

B8. Proposed dividend

The Board has declared a single tier interim dividend of 4.0sen per ordinary share in respect of the current financial ending 30 June 2015.

B9. Auditors' report

There were no qualifications to the audited financial statements of PESTECH Group for previous financial year ended 31 December 2013.

B10. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 16 February 2015.