

PESTECH INTERNATIONAL BERHAD
(Co. No. 948035-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIXTH QUARTER AND PERIOD ENDED 30 JUNE 2015

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|--|
| | Current period quarter 30 Jun 2015 RM'000 | Preceding period corresponding quarter 31 Dec 2013 RM'000 | Current period to date 30 Jun 2015 RM'000 | Preceding period corresponding period 31 Dec 2013 RM'000 |
| Revenue | 88,925 | N/A | 400,804 | N/A |
| Cost of sales | (62,352) | N/A | (300,257) | N/A |
| Gross profit | 26,573 | N/A | 100,547 | N/A |
| Other income | 15,061 | N/A | 17,533 | N/A |
| Administration expenses | (8,160) | N/A | (37,983) | N/A |
| Profit from operations | 33,474 | N/A | 80,097 | N/A |
| Finance costs | (1,187) | N/A | (6,522) | N/A |
| Share of associate's result | (99) | N/A | (757) | N/A |
| Profit before taxation | 32,188 | N/A | 72,818 | N/A |
| Income tax expense | (7,871) | N/A | (16,475) | N/A |
| Profit for the period | 24,317 | N/A | 56,343 | N/A |
| Other comprehensive income: | | | | |
| Exchange translation differences | (9,327) | N/A | (8,637) | N/A |
| Total comprehensive income for the period | 14,990 | N/A | 47,706 | N/A |
| Profit for the period attributable to: | | | | |
| Equity holders of the Company | 24,431 | N/A | 56,456 | N/A |
| Non-controlling interest | (114) | N/A | (113) | N/A |
| | 24,317 | N/A | 56,343 | N/A |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 15,104 | N/A | 47,819 | N/A |
| Non-controlling interest | (114) | N/A | (113) | N/A |
| | 14,990 | N/A | 47,706 | N/A |
| EBITDA | 34,545 | N/A | 85,065 | N/A |
| Earnings Per Share (Sen) | | | | |
| - Basic (Sen) | 16.78 | N/A | 38.78 | N/A |

Note:

As announced on 15th August 2014, the financial year end had been changed from 31st December to 30th June to cover the eighteen (18) months period from 1st January 2014 to 30th June 2015 and thereafter, to end at 30th June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2016.

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

| | Unaudited As At 30 Jun 2015 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|--|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 39,202 | 24,512 |
| Other intangible asset | 75,460 | - |
| Investment in an associated company | - | 1,013 |
| Total non-current assets | 114,662 | 25,525 |
| Current assets | | |
| Inventories | 72,681 | 62,657 |
| Trade receivables | 116,569 | 73,716 |
| Other receivables, deposits and prepayments | 29,526 | 9,492 |
| Amount due from contract customers | 135,651 | 22,659 |
| Amount due from related companies | 23 | 17 |
| Short-term deposits with licensed institutions | 122 | 147 |
| Cash and bank balances | 30,214 | 17,878 |
| Total current assets | 384,786 | 186,566 |
| Total assets | 499,448 | 212,091 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 92,897 | 46,219 |
| Share premium | 84,971 | 19,344 |
| Reserves | 57,266 | 26,717 |
| | 235,134 | 92,280 |
| Non-controlling interest | (1,575) | 3 |
| Total equity | 233,559 | 92,283 |
| Liabilities | | |
| Non-current liabilities | | |
| Finance lease liabilities | 2,764 | 4,653 |
| Loans and borrowings | 9,081 | 4,628 |
| Deferred tax liability | 5,246 | 1,101 |
| Other payables and accruals | 26,411 | - |
| Total non-current liabilities | 43,502 | 10,382 |
| Current liabilities | | |
| Trade payables | 61,532 | 41,815 |
| Other payables | 40,219 | 6,064 |
| Amount due to contract customers | - | 606 |
| Amount due to directors | 790 | 772 |
| Finance lease liabilities | 1,683 | 1,529 |
| Loans and borrowings | 117,493 | 56,249 |
| Provision for taxation | 670 | 2,391 |
| Total current liabilities | 223,387 | 109,426 |
| Total liabilities | 265,889 | 119,808 |
| Total equity and liabilities | 499,448 | 212,091 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

| | Unaudited As At 30 Jun 2015 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|-----------------------------------|---|---|
| Net assets per share (Sen) | 125.71 | 99.83 |

Note:

As announced on 15th August 2014, the financial year end had been changed from 31st December to 30th June to cover the eighteen (18) months period from 1st January 2014 to 30th June 2015 and thereafter, to end at 30th June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2016.

PESTECH INTERNATIONAL BERHAD
(Co. No. 948035-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIXTH QUARTER AND PERIOD ENDED 30 JUNE 2015

← 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 | - | - | (8,637) | - | 56,456 | 47,819 | (113) | 47,706 |
| Transactions with owners: | | | | | | | | |
| Issue of share capital | 43,885 | 48,626 | - | - | - | 92,511 | (1,465) | 91,046 |
| Dividend paid | 2,793 | 17,001 | - | - | (17,270) | 2,524 | - | 2,524 |
| Balance as at 30 Jun 2015 | 92,897 | 84,971 | (8,451) | (33,137) | 98,854 | 235,134 | (1,575) | 233,559 |

Note:

As announced on 15th August 2014, the financial year end had been changed from 31st December to 30th June to cover the eighteen (18) months period from 1st January 2014 to 30th June 2015 and thereafter, to end at 30th June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2016.

PESTECH INTERNATIONAL BERHAD

(Co. No. 948035-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2015

| | 18 months ended | |
|---|------------------------|--------------------|
| | 30 Jun 2015 | 31 Dec 2013 |
| | RM'000 | RM'000 |
| CASH FLOW USED IN OPERATING ACTIVITIES | | |
| Profit before taxation | 76,818 | N/A |
| Adjustments for:- | | |
| Depreciation on property, plant and equipment | 4,968 | N/A |
| Interest expense | 6,522 | N/A |
| Interest income | (286) | N/A |
| Fair value of share granted under SGP | 4,706 | N/A |
| Gain on disposal of property, plant and equipment | (13) | N/A |
| Share of associate's result | 757 | N/A |
| Unrealised loss on foreign exchange | (14,539) | N/A |
| Operating profit before working capital changes | 74,933 | N/A |
| Changes in working capital:- | | |
| Inventories | (10,024) | N/A |
| Receivables | (59,154) | N/A |
| Payables | 27,383 | N/A |
| Contract customers | (97,755) | N/A |
| Cash used in operations | (64,617) | N/A |
| Tax paid | (14,408) | N/A |
| Tax refunded | 174 | N/A |
| Net cash used in operating activities | (78,851) | N/A |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Interest received | 286 | N/A |
| Investment | (18,609) | N/A |
| Advance to a related company | (6) | N/A |
| Proceeds from disposal of property, plant and equipment | 82 | N/A |
| Purchase of property, plant and equipment | (19,608) | N/A |
| Bank balance realised from financial institution | 520 | N/A |
| Net cash used in investing activities | (37,335) | N/A |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Corporate expenses paid | (1,711) | N/A |
| Change in Non-Controlling interest | (1,465) | N/A |
| Dividend paid | (1,343) | N/A |
| Interest paid | (6,522) | N/A |
| Share premium from public issue | 75,974 | N/A |
| Issuance of shares | 10,172 | N/A |
| Proceeds from borrowings | 325,852 | N/A |
| Repayment of borrowings | (268,495) | N/A |
| Net cash from financing activities | 132,462 | N/A |

PESTECH INTERNATIONAL BERHAD**(Co. No. 948035-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2015 (CONT'D)**

| | 18 months ended | |
|--|------------------------|--------------------|
| | 30 Jun 2015 | 31 Dec 2013 |
| | RM'000 | RM'000 |
| CASH AND CASH EQUIVALENTS | | |
| Net changes | 16,276 | N/A |
| Cash and cash equivalents at beginning of the period | 17,503 | N/A |
| Effect on foreign exchange translation | (8,232) | N/A |
| Cash and cash equivalents at end of the period | 25,547 | N/A |

Note:

As announced on 15th August 2014, the financial year end had been changed from 31st December to 30th June to cover the eighteen (18) months period from 1st January 2014 to 30th June 2015 and thereafter, to end at 30th June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2016.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A1. Accounting Policies and Basis of Preparation**

The condensed financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed financial report should be read in conjunction with the audited annual financial report of the Company for the financial year ended 31 December 2013.

The explanatory notes attached to the condensed financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company, its subsidiaries and jointly-controlled entity since the financial year ended 31 December 2013.

The accounting policies and methods of computation adopted by the Company in this condensed financial report are consistent with those adopted in the most recent annual financial report for the year ended 31 December 2013, except for the adoption of new accounting standards.

A2. Adoption of new accounting standards**MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective**

At the date of authorisation of the condensed financial report, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRS effective on 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

A3. Seasonal or Cyclical Factors

The Group’s operations are not subjected to seasonal or cyclical factors.

A4. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter and the period ended 30 June 2015.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial period that have had a material effect in the current financial quarter and the period ended 30 June 2015.

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 2015 other than the following issuance of new ordinary shares of RM0.50 each as follows:

| Date | Type of Issue | No of Shares | Issued Price |
|---------------|----------------------------------|--------------|--------------|
| 3 April 2015 | Share Grant Plan (SGP) | 1,031,800 | RM4.90 |
| 13 April 2015 | Private Placement | 8,800,000 | RM5.00 |
| 14 May 2015 | Dividend Reinvestment Plan (DRP) | 1,586,600 | RM4.38 |
| | | 11,418,400 | |

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

There were no interim dividend paid during the financial quarter and the period ended 30 June 2015.

A8. Changes in Composition of the Group

On 23 August 2013, the Company entered into a share subscription agreement with the shareholders of SystemCorp Embedded 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 30 June 2015, the Company has completed the acquisition of 1,060,665 ordinary shares representing 51.00% of the total issued and paid up share capital of SET for a consideration of AUD1,060,665.

On 14 April 2015, PESTECH Sdn Bhd ("PSB"), a wholly-owned subsidiary of the Company had acquired one (1) ordinary share of USD1.00 in the share capital of Enersol Co. Ltd. ("**Enersol**") for a total cash consideration of USD1.00 ("**the Acquisition**").

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 2015.

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

A10. Segmental Information

The Group is organized into the following operating segments:-

| | ←————— Results for the quarter ended 30 June 2015 —————→ | | | | Total RM'000 |
|---------------------------------------|--|-------------------|-------------------|-----------------------|-----------------|
| | Investment RM'000 | Project RM'000 | Product RM'000 | Elimination RM'000 | |
| Revenue Total | | | | | 88,925 |
| Revenue | 141 | 92,520 | 8,199 | (11,935) | |
| Inter-segment revenue | (141) | (4,365) | (7,429) | 11,935 | - |
| Revenue from external customer | - | 88,155 | 770 | - | 88,925 |
| Interest income | 336 | 4 | - | (126) | 214 |
| Finance costs | (127) | (1,178) | (8) | 126 | (1,187) |
| Net finance income/ (expense) | 209 | (1,174) | (8) | - | (973) |
| Segment profit before taxation | 465 | 14,929 | 6,547 | 10,247 | 32,188 |
| Segment profit after taxation | (72) | 9,668 | 4,474 | 10,247 | 24,317 |

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 —————→ | | | | |
|---------------------------------------|--|-------------------|-------------------|-----------------------|-----------------|
| | Investment RM’000 | Project RM’000 | Product RM’000 | Elimination RM’000 | Total RM’000 |
| Revenue Total | | | | | |
| Revenue | N/A | N/A | N/A | N/A | N/A |
| Inter-segment revenue | N/A | N/A | N/A | N/A | N/A |
| Revenue from external customer | N/A | N/A | N/A | N/A | N/A |
| Interest income | N/A | N/A | N/A | N/A | N/A |
| Finance costs | N/A | N/A | N/A | N/A | N/A |
| Net finance expense | N/A | N/A | N/A | N/A | N/A |
| Segment profit/(loss) before taxation | N/A | N/A | N/A | N/A | N/A |
| Segment profit/(loss) after taxation | N/A | N/A | N/A | N/A | N/A |

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

A10. Segmental Information (Cont’d)

The Group is organized into the following operating segments:-

| | ← | Results for the period ended 30 June 2015 | | | → |
|---------------------------------------|------------------------------|--|---------------------------|-------------------------------|-------------------------|
| | Investment RM’000 | Project RM’000 | Product RM’000 | Elimination RM’000 | Total RM’000 |
| Revenue | | | | | |
| Total | | | | | |
| Revenue | 846 | 392,802 | 42,606 | (35,450) | 400,804 |
| Inter-segment revenue | (846) | (13,642) | (20,962) | 35,450 | - |
| Revenue from external customer | - | 379,160 | 21,644 | - | 400,804 |
| Interest income | 982 | 24 | 1 | (721) | 286 |
| Finance costs | (723) | (6,156) | (364) | 721 | (6,522) |
| Net finance income/ (expense) | 259 | (6,132) | (363) | - | (6,236) |
| Segment profit before taxation | 22,193 | 61,722 | 9,150 | (20,247) | 72,818 |
| Segment profit after taxation | 21,560 | 48,583 | 6,447 | (20,247) | 56,343 |

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 | N/A | N/A | N/A | N/A | N/A |
| Inter- segment revenue | N/A | N/A | N/A | N/A | N/A |
| Revenue from external customer | N/A | N/A | N/A | N/A | N/A |
| Interest income | N/A | N/A | N/A | N/A | N/A |
| Finance costs | N/A | N/A | N/A | N/A | N/A |
| Net finance expense | N/A | N/A | N/A | N/A | N/A |
| Segment profit/(loss) before taxation | N/A | N/A | N/A | N/A | N/A |
| Segment profit/(loss) after taxation | N/A | N/A | N/A | N/A | N/A |

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

A11. Income tax expense

| | Current period quarter ended 30 Jun 2015 RM'000 | Preceding year corresponding quarter 31 Dec 2013 RM'000 | Current period to date 30 Jun 2015 RM'000 | Preceding year corresponding period 31 Dec 2013 RM'000 |
|-----------------------|--|--|--|---|
| Current year taxation | 7,871 | N/A | 16,475 | N/A |

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 were higher due to defer tax liabilities recognized.

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 period quarter ended 30 Jun 2015 | Preceding year corresponding quarter 31 Dec 2013 | Current period to date 30 Jun 2015 | Preceding year corresponding period 31 Dec 2013 |
|---|---|---|---|--|
| Profit attributable to equity holders of the Company (RM'000) | 24,431 | N/A | 56,456 | N/A |
| Weighted average number of ordinary shares in issue ('000) | 145,584 | N/A | 145,584 | N/A |
| Basic earnings per share (Sen) | 16.78 | N/A | 38.78 | N/A |

A12.2 Diluted Earnings Per Share

Diluted earnings per share were not computed as Company does not have any dilutive potential ordinary shares in issue as at the end of the financial period under review.

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A13. Property, plant and equipment**

During the current financial quarter ended 30 June 2015, the Group acquired assets at a cost of RM6.495million.

A14. Trade Receivables

The trade receivables of the Group were as follows:

| | Unaudited As At 30 Jun 2015 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|-----------------------------|---|---|
| Trade Receivables | 78,765 | 56,266 |
| Retention sums on contracts | 37,804 | 17,450 |
| | 116,569 | 73,716 |

A15. Cash and bank balances

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

| | Unaudited As At 30 Jun 2015 RM'000 | Preceding year to date 31 Mar 2014 RM'000 |
|------------------------|---|--|
| Cash and bank balances | 30,209 | N/A |
| Fixed deposits | 122 | N/A |
| Bank overdrafts | (4,784) | N/A |
| | 25,547 | N/A |

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

A16. Borrowings and Debts Securities

Total borrowings of the group were as follows:

| | Unaudited As At 30 Jun 2015 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|--------------------------------|---|---|
| Non-current liabilities | | |
| Secured: | | |
| Finance lease liabilities | 2,764 | 4,653 |
| Term Loans | 9,081 | 4,628 |
| | 11,845 | 9,281 |
| Current liabilities | | |
| Secured: | | |
| Finance lease liabilities | 1,683 | 1,529 |
| Term loans | 1,515 | 169 |
| Bank overdrafts | 4,784 | - |
| Banker acceptances | 24,914 | 11,996 |
| Trust receipts | 65,953 | 24,415 |
| Revolving credit | 20,327 | - |
| Project-financing facility | - | 19,669 |
| | 119,176 | 57,778 |
| Total | 131,021 | 67,059 |

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

| | Unaudited As At 30 Jun 2015 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|----------------------|---|---|
| Ringgit Malaysia | 83,629 | 52,328 |
| United States Dollar | 40,599 | 13,191 |
| Euro | 6,793 | 1,445 |
| Singapore Dollar | - | 95 |
| | 131,021 | 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**

There was no material event subsequent to the end of the current quarter.

A18. Contingent Assets and Liabilities

Corporate guarantees extended by the Company to financial institutions for credit facilities granted to subsidiaries as at the end of the reporting period were as follows:-

| | Unaudited As At 30 Jun 2015 RM’000 | Audited As At 31 Dec 2013 RM’000 |
|---|---|---|
| Secured: | | |
| Finance lease liabilities of subsidiaries | 4,299 | 2,580 |
| Loan and borrowings of subsidiaries | 126,573 | 64,086 |
| Unsecured: | | |
| Suppliers of a subsidiary | - | 67 |
| Supplies of a supplier | 100 | - |

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.

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

| | Unaudited As At 30 Jun 2015 RM’000 | Audited As At 31 Dec 2013 RM’000 |
|---|---|---|
| Bank guarantees given to customers / suppliers and potential customers are for: | | |
| Advance payment bonds | 19,092 | 13,503 |
| Performance bonds | 56,870 | 54,081 |
| Tender bonds | 50,392 | 1,511 |
| | 126,354 | 69,095 |

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 30 Jun 2015 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|--|---|---|
| Amount authorised but not contracted for | - | - |

A20. Significant Related Party Transactions

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

| | Unaudited As At 30 Jun 2015 RM'000 | Audited As At 31 Dec 2013 RM'000 |
|---|---|---|
| Related companies by virtue of common shareholders: | | |
| Purchased of material and services rendered | 28,974 | 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 RM88.9 million and profit after taxation of RM24.3 million for the financial quarter under review. Revenue contributed by Projects and Products accounted for RM88.1 million or 99.1% and RM0.8 million or 0.9% respectively.

The group recorded a gross profit margin of 25.1% for the financial period ended 30 June 2015.

B2. Profit before taxation

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

| | Current year quarter | Preceding year corresponding quarter | Current year to date | Preceding year corresponding period |
|---|-----------------------------|---|-----------------------------|--|
| | 30 Jun 2015 | 31 Dec 2013 | 30 Jun 2015 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 214 | N/A | 286 | N/A |
| Interest expenses | (1,187) | N/A | (6,522) | N/A |
| Gain / (Loss) on foreign exchange: | | | | |
| - Realised | 345 | N/A | 684 | N/A |
| - Unrealised | 14,315 | N/A | 14,539 | N/A |
| Gain on disposal of property, plant and equipment | - | N/A | 13 | N/A |
| Depreciation of property, plant and equipment | (1,071) | N/A | (4,968) | 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.

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**

As the company financial year end has been changed from 31 December to 30 June to cover the eighteen (18) months period from 1 January 2014 to 30 June 2015 and thereafter, to end at 30 June each year. Accordingly, there are no comparative figures following the change of financial year end. The comparative figures would only be available from the first quarter of the financial year ending 30 June 2016.

B4. Prospects

The Board is glad to report an encouraging full year financial close result in this final quarter.

As the effect of world's economic uncertainty starts to creep into the Asian region, PESTECH is fortunate enough to have booked in comfortable amount of orders to sustain and maintain its growth in the future. The Group has about RM723 million of order book as at 30 June 2015, which may take 2 years to fully execute.

In the mean time, the sales and marketing team is continuously participating in various tenders and project procurement activities both locally and regionally to ensure ample replenishment of new projects in the power infrastructure and rail electrification. Efforts are put in place to also pave the road for future business expansion which involve the strategic tie up with established market leader in the manufacturing of power infrastructure related products. The result of such efforts is evidenced by the recent execution of memorandum of understanding with Shandong Electrical Engineering & Equipment Group ("SDEE") for collaborative effort in the development of power infrastructure market in the Royal Kingdom of Cambodia on 30 July 2015. Both parties are now carrying on their discussion on further solidification of the collaborative arrangement for the implementation of the market development plan.

As such, PESTECH will continue to engage itself actively in the regional power infrastructure markets in line with its strategy to serve the Asian community as a whole via technical advancement and value added services and products.

PART B : ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**B5. Profit forecast and profit guarantee**

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

B6. Status of corporate proposal

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

Utilization of proceeds

The actual utilization of proceeds as at 30 June 2015 was as follows:-

| Purpose of the utilisation | Estimated time frame for Utilisation from date of Listing | Proposed utilisation RM'000 | Actual utilization as at 30 Jun 2015 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 | 1,800 | - |
| Working capital | 12 months | 2,580 | 2,650 | (70) |
| Estimated listing expenses | 3 months | 2,500 | 2,430 | 70 |
| Total | | 12,880 | 12,880 | - |

B7. Material litigation

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

B8. Proposed dividend

No interim dividends have been declared during the current financial quarter under review.

B9. Auditors' report

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

B10. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 28 August 2015.