



DBD ENGINEERING PLC. **Second Quarterly Report of 2022**

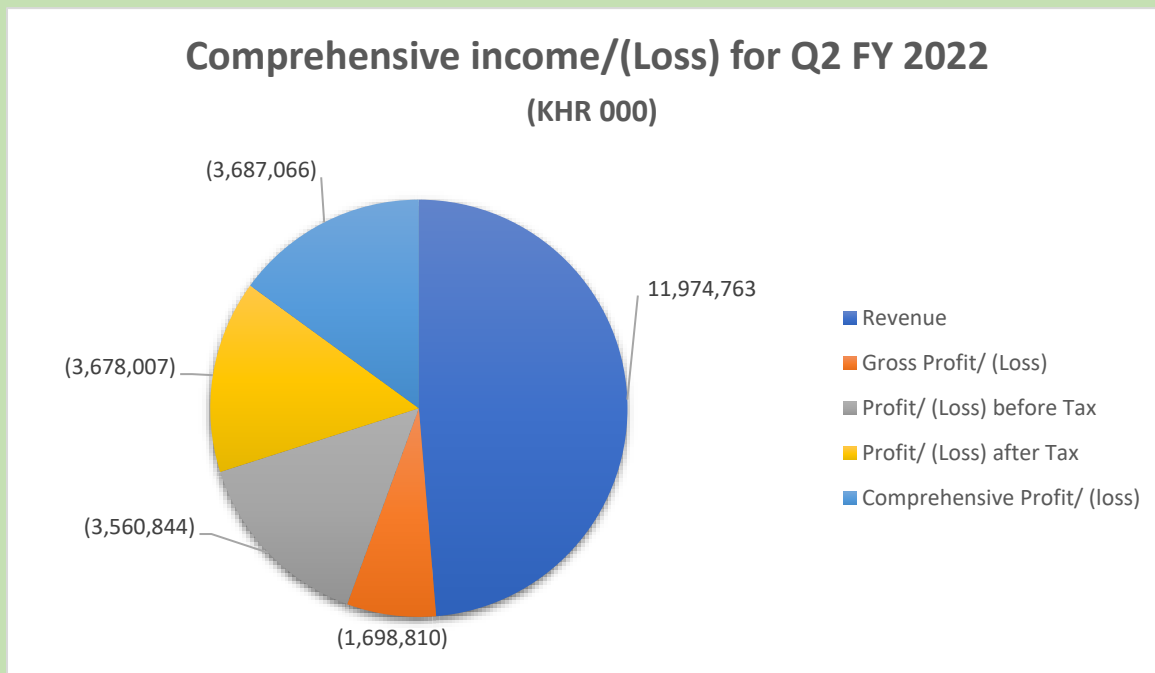
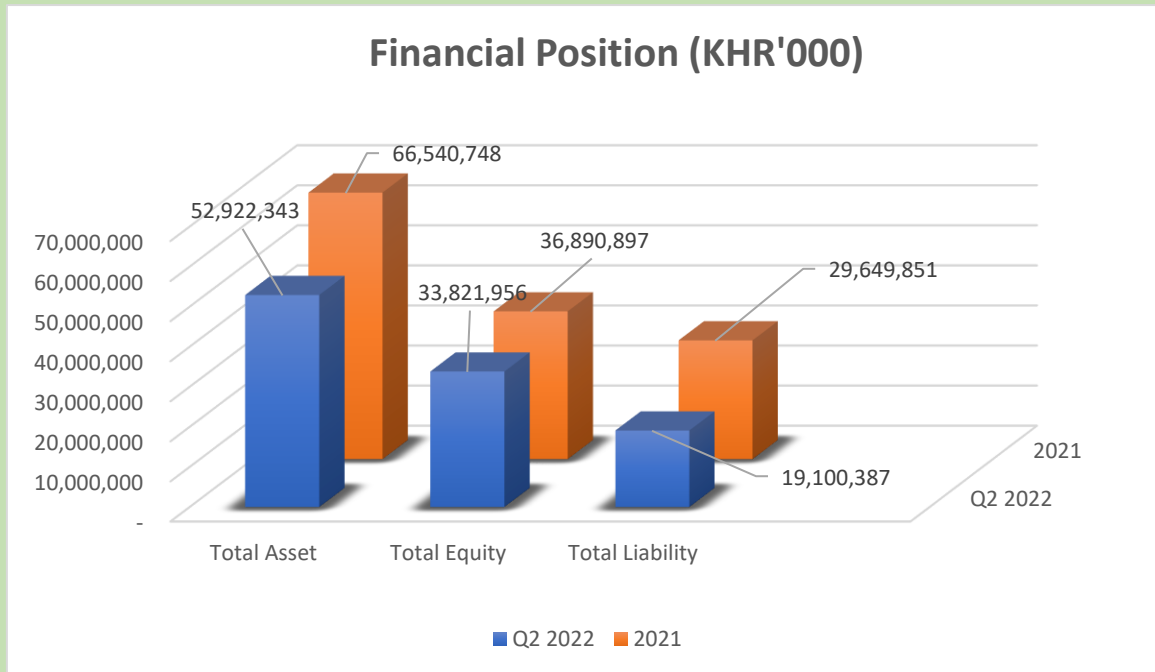
(30 June 2022)



Financial Highlight

| Description | | Q2 FY 2022 <i>(Reviewed but Unaudited)</i> | FY 2021 <i>(Audited)</i> |
|-------------------------------------|-------------------------|---|---|
| Financial Position (KHR'000) | | | |
| Total Asset | | 52,922,343 | 66,540,748 |
| Total Liabilities | | 19,100,387 | 29,649,851 |
| Total Shareholder's Equity | | 33,821,956 | 36,890,897 |
| Profit/ (Loss) (KHR'000) | | Q2 FY 2022 <i>(Unreviewed and Unaudited)</i> | Q2 FY 2021 <i>(Unreviewed and Unaudited)</i> |
| Revenues | | 11,974,763 | 18,817,572 |
| Profit/ (Loss) before Tax | | (3,560,844) | 1,491,517 |
| Profit/ (Loss) after Tax | | (3,678,007) | 1,365,689 |
| Total Comprehensive income | | (3,687,066) | 1,369,049 |
| Financial Ratio | | Q2 FY 2022 | FY 2021 |
| Liquidity ratio | Current ratio | 2.45 | 2.10 |
| | Quick ratio | 2.10 | 1.67 |
| | | Q2 FY 2022 | Q2 FY 2021 |
| Profitability ratio | Return on assets (%) | (6.97) | 2.06 |
| | Return on equity (%) | (10.90) | 3.71 |
| | Gross profit margin (%) | (14.19) | 16.31 |
| | Profit margin (%) | (30.79) | 7.28 |
| | Earnings per share | (199.72) riel | 114.09 riel |
| Interest Coverage ratio | | (10.81) | 3.66 |
| Dividend per share | | N/A | N/A |

Financial Summary Chart



Board of Directors



Mr. NEANG Vithy
Chairman and Managing Director



Mr. THAI Vantha
Non-Executive Director



Mrs. LIM MUYLY
Executive Director and CFO



Mr. HUY VATHARO
Independent Director



Mr. RAMI BASHIR ASAD SHARAF
Non-Executive Director

Message of Chairman and Managing Director

On behalf of DBD Engineering Plc. and the Board of Directors, I am pleased to present our second quarterly report for the period from 1 April to 30 June 2022 to all stakeholders.

The company reported total revenue KHR 11,974,763,000 for the second quarter which decreased -36.36 % compared to KHR 18,817,572,000 of Second quarter of year 2021, however the company report comprehensive loss of KHR (3,687, 066, 000) for this quarter. The total assets decreased -20.47 % compared to year 2021 from KHR 66,540,748,000 to KHR 52,922,343,000 due to decreased in trade receivables and contract asset.



Phnom Penh, Date August 29, 2022

Signature and Stamp



Mr. NEANG VITHY

Chairman and Executive Director

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| Signature of Directors of DBD Engineering Plc. | |

Part 1.-General Information of DBD Engineering Plc.

A. Identity of DBD Engineering Plc.

| | |
|---|--|
| Name of Company in Khmer | ឌី ប៊ី ឌី អ៊ិនជីនឺរីង ម.ក |
| In Latin | DBD Engineering Plc. (DBD) |
| Standard Code | KH1000150008 |
| Address | NO 68, Street 598, Sangkat Phnom Penh Tmey, Khan Sensok, Phnom Penh, Cambodia |
| Telephone | (+855) 78 700 598 |
| Website | www.dbdengineering.com |
| Email | services@dbdengineering.com.kh |
| Registration Number | 00004029, date: December 12, 2014, issued by Ministry of Commerce |
| Authorization and registered documents number | 123/21/SSR/SERC, date: June 24,2021, issued by Securities and Exchange Regulator of Cambodia |
| Representative | Mr. NEANG Vithy |

B. Nature of Business

DBB Engineering Plc, was founded in 1995, which makes it one of the oldest engineering & construction company in Cambodia. DBD provides design, construction, installation, and maintenance services to scores of reputed national and internal companies. DBD has an excellent track record of providing high-quality products and services and has achieved an exceptional level of client satisfaction.

Electrical and Construction



Mechanical and Electrical



Building Inspection and Maintenance



Heating, Ventilation, and AC



DBD has strong service and maintenance team to ensure that new buildings or installations remain in top condition, and the company is expanding the ducting production, plants, and equipment maintenance.

C. Milestones of DBD Engineering Plc.

- ❖ First Annual General Shareholder Meeting Since June 29, 2022



- ❖ Since 16th to 20th May 2022, DBD Engineering plc received an award for “**Most Popular Stock on Growth Board**” During opening ceremony of the National Conference on Cambodia’s Securities Market “**A Decade of Market Emergence and Ways forwards**” held by Cambodia Securities Exchange.



- ❖ Since 23rd March 2022, DBD Engineering plc received an award for “**Most Popular Stock on Growth Board**” of SUSTAINABLE CAPITAL MARKETS held by **THE ASSET TRIPLE A**.



Part 2.- Information on Business Operation Performance

A. Business Operation Performance Including Business Segment

In early 2022, DBD Engineering has the first project of the construction and MEP system installation of the building's "WING OFFICE TOWER", which is located at the Preah Monivong blvd and the Kapuchea Krom Blvd, Sangkat Monorom, Khan 7 Makara, Phnom Penh. This project started in 2022 and expect to finish by 2023. In additional, DBD Engineering announced a new project for the "Biomass Steam Boiler Plant" from the BECIS which produces bio-steam power and supply to the Heineken company.

By the way, DBD Participated in construction and continued to build plenty of big projects such as Aeon 1, Aeon 2, North Park condominium, Chip Mong Sen Sok, Chip Mong 598, and Chip Mong 271 etc.

The company currently working on a new system for manpower management, this helps management to get live report more easily on manpower arrangement and monitoring to reduce labor wastage, beside from that the company also implement new module in current accounting system in order to improve the materials cost management.



❖ **BIOMASS STEAM BOILER PLANT PROJECT**



WING OFFICE TOWER PROJECT



○ **CHIP MONG MEGA MALL 271 PROJECT**



○ **CHIP MONG SENSOK MALL PROJECT**



○ **CHIP MONG 598 MALL PROJECT**



○ **TRIBE HOTEL PHNOM PENH PROJECT**

B. Income Structure

DBD has two source revenues, one is from construction which is the main source included new project and repair & maintenance work. The other one is from sale of materials which is a very small compared to total revenue. However, the revenue from sale will be increase after we expended the ducting production, DBD is going to sale this product which currently we only produce for supply to our construction project only.

| N° | Source of Income | Q2 FY 2022 | | Q2 FY 2021 | |
|----------------------|---|--------------------------|--------------------|--------------------------|--------------------|
| | | Amount (KHR'000) | % | Amount (KHR'000) | % |
| 1 | Revenue from Maintenance and construction | 11,901,772 | 99.39% | 18,500,408 | 98.31% |
| 2 | Revenue from sale material | 72,991 | 0.61% | 317,164 | 1.69% |
| Total Revenue | | <u>11,974,763</u> | <u>100%</u> | <u>18,817,572</u> | <u>100%</u> |

As Q2 FY 2022 DBD Report total revenue of KHR 11,974,763,000 which's decreasing of KHR (6,842,809,000) equivalent to -36.36% compared to Q2 FY 2021. The decreasing was driven by revenue from decreasing of maintenance and construction at -35.67 %, and revenue from sale material decreased at -76.99 %.

PART 3.- Financial Statement prepared by DBD Engineering Plc.

Company No. 00004029

DBD Engineering Plc.

(Incorporated in Cambodia)

STATEMENTS OF FINANCIAL POSITION

AS AT 30 June 2022

| | Note | (Reviewed but Unaudited) 30 June 2022 | | Audited 31 December 2021 | |
|------------------------------------|------|--|-------------------|-----------------------------|-------------------|
| | | USD | KHR'000 | USD | KHR'000 |
| Assets | | | | | |
| Non - Current assets | | | | | |
| Property and equipment | 6 | 3,269,045 | 13,305,013 | 2,643,062 | 10,767,835 |
| Intangible asset | 7 | 35,454 | 144,298 | 33,986 | 138,459 |
| Right-of-use asset | 8 | 13,098 | 53,309 | 32,745 | 133,403 |
| Other non-current asset | 9 | 25,100 | 102,157 | 20,050 | 81,684 |
| | | 3,342,697 | 13,604,777 | 2,729,843 | 11,121,381 |
| Current assets | | | | | |
| Contract asset | 15 | 2,626,682 | 10,690,596 | 3,791,366 | 15,446,025 |
| Other current asset | 14 | 876,706 | 3,568,192 | 946,962 | 3,857,923 |
| Amount due from related party | | 134,421 | 547,093 | 134,421 | 547,631 |
| Inventories | 13 | 1,375,227 | 5,597,174 | 2,167,258 | 8,829,409 |
| Trade receivables | 12 | 3,888,767 | 15,827,282 | 6,273,057 | 25,556,434 |
| Fixed deposit | 11 | 480,000 | 1,953,600 | 65,000 | 264,810 |
| Cash and bank balance | 10 | 278,533 | 1,133,629 | 225,119 | 917,135 |
| | | 9,660,336 | 39,317,566 | 13,603,183 | 55,419,367 |
| Total assets | | 13,003,033 | 52,922,343 | 16,333,026 | 66,540,748 |
| Equity | | | | | |
| Share capital | 16 | 4,615,385 | 18,796,687 | 4,615,385 | 18,796,687 |
| Share Premium | 16.1 | 2,158,154 | 8,779,370 | 2,158,154 | 8,779,370 |
| Retained Earning | | 1,536,524 | 6,416,618 | 2,281,664 | 9,441,887 |
| Currency translation reserves | | - | (170,719) | - | (127,047) |
| Total equity | | 8,310,063 | 33,821,956 | 9,055,203 | 36,890,897 |
| Liabilities | | | | | |
| Non-current | | | | | |
| Borrowing - net of current portion | 17 | 749,458 | 3,050,294 | 811,320 | 3,305,318 |
| | | 749,458 | 3,050,294 | 811,320 | 3,305,318 |

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (CONTINUED)

| | Note | (Reviewed but Unaudited) 30 June 2022 | | Audited 31 December 2021 | |
|-------------------------------------|------|--|-------------------|-----------------------------|-------------------|
| | | USD | KHR'000 | USD | KHR'000 |
| Current | | | | | |
| Borrowing | 17 | 282,828 | 1,151,110 | 2,519,011 | 10,262,451 |
| Overdraft | 18 | 1,115,355 | 4,539,495 | 1,871,112 | 7,622,910 |
| Trade and other payables | 19 | 1,589,356 | 6,468,678 | 1,831,215 | 7,460,370 |
| Lease liabilities | 8 | 16,544 | 67,334 | 48,509 | 197,626 |
| Contract liability | 15 | 932,618 | 3,795,755 | 161,880 | 659,499 |
| Current income tax liability | | 6,811 | 27,721 | 34,776 | 141,677 |
| Total current liability | | 3,943,512 | 16,050,093 | 6,466,503 | 26,344,533 |
| Total liabilities | | 4,692,970 | 19,100,387 | 7,277,823 | 29,649,851 |
| Total equity and liabilities | | 13,003,033 | 52,922,343 | 16,333,026 | 66,540,748 |

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2022

| | Note | (Unreviewed and unaudited) 30 June 2022 | | (Unreviewed and unaudited) 30 June 2021 | |
|-----------------------------------|------|--|--------------------|--|------------------|
| | | USD | KHR'000 | USD | KHR'000 |
| Revenue | 20 | 2,949,449 | 11,974,763 | 4,629,169 | 18,817,572 |
| Cost of goods sold | 21 | (3,367,875) | (13,673,573) | (3,873,936) | (15,747,550) |
| Gross profit | | (418,426) | (1,698,810) | 755,233 | 3,070,022 |
| Other income | 23 | 4,950 | 20,097 | 22,710 | 92,316 |
| Operating expenses | 22 | (389,317) | (1,580,627) | (273,074) | (1,110,046) |
| Finance costs | 24 | (74,262) | (301,504) | (137,952) | (560,775) |
| Profit/Loss before tax | | (877,055) | (3,560,844) | 366,917 | 1,491,517 |
| Income tax expense | | (28,858) | (117,163) | (30,954) | (125,828) |
| Profit/loss for the period | | (905,913) | (3,678,007) | 335,963 | 1,365,689 |
| Currency translation difference | | - | (9,059) | - | 3,360 |
| Total comprehensive income | | (905,913) | (3,687,066) | 335,963 | 1,369,049 |

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTHS REPRIOD ENDED 30 JUNE 2022**

| | Note | (Reviewed but Unaudited) | | (Unreviewed and unaudited) | |
|-----------------------------------|------|--------------------------|--------------------|----------------------------|------------------|
| | | 30 June 2022 | | 30 June 2021 | |
| | | USD | USD | USD | KHR'000 |
| Revenue | 20 | 6,893,372 | 27,987,090 | 8,326,748 | 33,823,250 |
| Cost of goods sold | 21 | (6,397,463) | (25,973,700) | (7,636,626) | (31,019,975) |
| Gross profit | | 495,909 | 2,013,390 | 690,122 | 2,803,275 |
| Other income | 23 | 7,977 | 32,387 | 32,516 | 132,080 |
| Operating expenses | 22 | (814,286) | (3,306,001) | (581,501) | (2,362,057) |
| Finance costs | 24 | (192,145) | (780,109) | (245,262) | (996,254) |
| Profit/Loss before tax | | (502,545) | (2,040,333) | (104,125) | (422,956) |
| Income tax expense | | (34,467) | (139,936) | (83,267) | (338,231) |
| Profit/loss for the period | | (537,012) | (2,180,269) | (187,392) | (761,187) |
| Currency translation difference | | - | (5,370) | - | (2,435) |
| Total comprehensive income | | (537,012) | (2,185,639) | (187,392) | (763,622) |

**STATEMENTS OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 JUNE 2022**

| | Share capital | Share premium | Retained earnings | Total | |
|-----------------------------------|------------------|------------------|-------------------|------------------|-------------------|
| | USD | USD | USD | USD | KHR'000 |
| (Reviewed but unaudited) | | | | | |
| Balance at 1 January 2022 | 4,615,385 | 2,158,154 | 2,281,664 | 9,055,203 | 36,890,897 |
| Dividends | - | - | (208,128) | (208,128) | (845,000) |
| Loss for the period | | | (537,012) | (537,012) | (2,180,269) |
| Currency translation reserves | - | - | | | (43,672) |
| Balance at 30 June 2022 | 4,615,385 | 2,158,154 | 1,536,524 | 8,310,063 | 33,821,956 |
| (Unreviewed and unaudited) | | | | | |
| Balance at 1 January 2021 | 3,000,000 | - | 1,868,982 | 4,868,982 | 19,695,032 |
| Loss for the period | - | - | (187,392) | (187,392) | (761,187) |
| Currency translation reserves | - | - | - | - | 143,633 |
| Balance at 30 June 2021 | 3,000,000 | - | 1,681,590 | 4,681,590 | 19,077,478 |

Statement of Cash Flows

| | Note | (Reviewed but unaudited) | | (Unreviewed and unaudited) | |
|---|------|---------------------------|-------------|----------------------------|-------------|
| | | For the six-month | | For the six-month | |
| | | period ended 30 June 2022 | | period ended 30 June 2021 | |
| | | USD | KHR'000 | USD | KHR'000 |
| Cash flow from operating activities | | | | | |
| Profit/(loss) before income tax | | (502,545) | (2,040,333) | (104,125) | (423,581) |
| Adjustments for: | | | | | |
| Depreciation and Amortization | | 96,408 | 391,416 | 81,421 | 331,221 |
| Finance costs | 24 | 192,145 | 780,109 | 245,262 | 997,726 |
| Income tax | | 14,990 | 60,859 | - | - |
| Gain/loss on disposal of property and equipment and intangible assets | 6 | 264 | 1,072 | 1,312 | 5,337 |
| Operating profit/(loss) before working capital changes | | (198,738) | (806,877) | 223,870 | 910,703 |
| Changes in working capital | | | | | |
| Contract asset | | 1,164,684 | 4,728,617 | (748,964) | (3,046,786) |
| Other current assets | | 70,256 | 285,239 | (534,184) | (2,173,061) |
| Inventories - net | | 792,031 | 3,215,646 | (624,185) | (2,539,185) |
| Guarantee deposit | | (415,000) | (1,684,900) | 145,545 | 592,077 |
| Trade receivables | | 2,384,290 | 9,680,217 | (1,493,564) | (6,075,818) |
| Other non-current assets | | (5,050) | (20,503) | 7,500 | 30,510 |
| Overdraft | | (755,757) | (3,068,373) | 192,072 | 781,349 |
| Trade and other payables | | (241,859) | (981,948) | 1,525,808 | 6,206,987 |
| Contract liabilities | | 770,738 | 3,129,196 | 258,647 | 1,052,176 |
| Cash used in operating activities | | 3,565,595 | 14,476,314 | (1,047,455) | (4,261,048) |
| Income tax paid | | (77,422) | (314,333) | (55,830) | (227,116) |
| Net cash used in operating activities | | 3,488,173 | 14,161,981 | (1,103,285) | (4,488,164) |
| Investing activities | | | | | |
| Acquisition of property, plant and equipment | 6, 7 | (704,476) | (2,860,173) | (90,452) | (367,959) |
| Proceeds from disposals of property and equipment | 6, 7 | - | - | 150 | 610 |
| Net cash used in investing activities | | (704,476) | (2,860,173) | (90,302) | (367,349) |
| Financing activities | | | | | |

| | | | | | |
|--|----|--------------------|---------------------|------------------|------------------|
| Repayments of dividends | | (208,128) | (845,000) | - | - |
| Repayments of lease liabilities | 8 | (33,600) | (136,416) | (33,600) | (136,685) |
| | 17 | | | | |
| Repayments of borrowings | | (5,098,430) | (20,699,626) | (2,385,631) | (9,704,747) |
| | 17 | | | | |
| Proceeds from borrowings | | 2,800,385 | 11,369,563 | 3,669,982 | 14,929,487 |
| Payment of interest | 17 | (190,510) | (773,471) | (241,229) | (981,320) |
| Net cash used in investing activities | | (2,730,283) | (11,084,950) | 1,009,522 | 4,106,735 |
| Net change in cash and cash equivalents | | 53,414 | 216,858 | (184,065) | (748,778) |
| Cash and cash equivalents at beginning of the year | | 225,119 | 917,135 | 283,124 | 1,145,237 |
| Currency translation difference | | - | (364) | - | 7,107 |
| Cash and cash equivalents end of period | | 278,533 | 1,133,629 | 99,059 | 403,566 |

Notes to Financial Statement

1. The Company

DBD Engineering Plc., (formerly known as DBD Engineering Co., Ltd.) (“the Company”) is a public limited company established under the laws of the Kingdom of Cambodia on 10 March 1998 with registration number Co. 00004029 from the Ministry of Commerce. In accordance with its Memorandum and Articles of Association, the duration of the Company is 99 years beginning from the date of registration with the Ministry of Commerce in the Kingdom of Cambodia.

The registered office and principal place business of the Company are both located at No.68 Street 598, Phnom Penh Thmey, Khan Sen Sok, PO Box 178, Phnom Penh, Kingdom of Cambodia.

The Company changed its name from DBD Engineering Co., Ltd to DBD Engineering Plc. after obtaining approval from the MOC on 18 January 2021.

The principal activities of the Company are mechanical and electrical contractor, plumbing and firefighting contractor, air conditioning cold room HVAC and building maintenance.

The Company had 911 employees as at 30 June 2022 (31 December 2021: 966 employees).

On 6 September 2021, the Company was successfully listed on the growth board of the Cambodia Securities Exchange. The number of new issued shares are 6,461,538 shares with a par value of KHR1000 or USD0.25 per share, at an offering price of KHR2,380 or USD0.540 per share. As at the date of the report, the Memorandum and Articles of Association of the Company is yet to be updated and it is expected to be updated upon approval of shareholders in the annual general meeting on 31 May 2022.

2. Basis of preparation

The interim condensed financial information for the six-month period ended 30 June 2022 has been prepared in accordance with Cambodian International Accounting Standards 34 – Interim financial reporting (“CIAS 34”). This interim condensed financial information does not include all the notes of the type normally included in the annual audited financial statements. Accordingly, this report is to be read in conjunction with the audited financial statements as at 31 December 2021 and for the year then ended, which have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”). The significant accounting policies used in preparing this interim condensed financial information are consistent with the significant accounting policies used in the preparation of the audited financial statements as at 31 December 2021 and for the year then ended.

3. Functional and presentation currency

The national currency of Cambodia is Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollars (“USD”), the Board of Directors has determined the USD to be Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies other than USD are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising from translations are recognized in other comprehensive income.

The translations of USD amounts into KHR as presented in the financial information are included solely to comply with the requirement of the Law on Accounting and Auditing (April 2016) and have been made using the following prescribed official exchange rate, as presented in KHR per USD1, as announced by the National Bank of Cambodia:

| | 30 June 2022 | 31 December 2021 | 30 June 2021 |
|---------------|--------------|------------------|--------------|
| Average rate* | 4,060 | 4,068 | 4,062 |
| Closing rate | 4,070 | 4,074 | 4,075 |

* The average rate is calculated using the daily rates during the period

Such translated amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

Foreign currency transactions and balances

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4. Significant accounting policies

The accounting policies and methods of computation adopted are consistent with those adopted in the Company's audited financial statements as at 31 December 2021 and for the year then ended.

4.1 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Company has one reportable segment, namely real estate construction. The chief operating decision maker reviews the internal management report, which reports the performance of the segment as a whole, to assess performance of the reportable segment.

4.2 Seasonality

The principal business of the Company is mainly real estate construction. There is no significant seasonality factor associated with this business activity.

5. Management estimates

When preparing the interim condensed financial information, Management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim condensed financial information, including the key sources of estimation uncertainty, were the same as those applied in the Company's audited financial statements as at 31 December 2021 and for the year then ended.

6. Property, Plant and equipment

| | Land USD | Machine USD | Vehicle USD | Office equipment USD | Furniture USD | Land improvement USD | Work in progress USD | USD | Total KHR'000 (Note 3) |
|---|------------------|----------------|----------------|----------------------------|------------------|----------------------------|----------------------------|------------------|------------------------------|
| (Reviewed but unaudited) | | | | | | | | | |
| Gross carrying amount | | | | | | | | | |
| Balance as at 1 January 2022 | 2,167,620 | 652,941 | 573,408 | 66,433 | 8,910 | 52,165 | 60,801 | 3,582,278 | 14,594,201 |
| Additions | - | 47,661 | - | 2,212 | - | - | 650,803 | 700,676 | 2,844,745 |
| Write-off and Disposal | - | (8,632) | - | (1,580) | - | - | - | (10,212) | (41,461) |
| Currency translation difference | - | - | - | - | - | - | - | - | (7,425) |
| Balance as at 30 June 2022 | 2,167,620 | 691,970 | 573,408 | 67,065 | 8,910 | 52,165 | 711,604 | 4,272,742 | 17,390,060 |
| Accumulated depreciation | | | | | | | | | |
| Balance as at 1 January 2022 | - | 392,070 | 482,720 | 51,007 | 8,202 | 5,217 | - | 939,216 | 3,826,366 |
| Depreciation | - | 52,111 | 11,569 | 5,249 | 283 | 5,217 | - | 74,429 | 302,182 |
| Write-off and Disposal | - | (8,548) | - | (1,400) | - | - | - | (9,948) | (40,389) |
| Currency translation difference | - | - | - | - | - | - | - | - | (3,112) |
| Balance as at 30 June 2022 | - | 435,633 | 494,289 | 54,856 | 8,485 | 10,434 | - | 1,003,697 | 4,085,047 |
| Carrying amount as at 30 June 2022 | 2,167,620 | 256,337 | 79,119 | 12,209 | 425 | 41,731 | 711,604 | 3,269,045 | 13,305,013 |

7. Intangible assets

| | (Reviewed but unaudited) | | (Audited) | |
|---|--------------------------|----------------|------------------|----------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Gross carrying amount | | | | |
| Balance as at 1 January 2022 | 42,845 | 174,551 | 42,845 | 173,308 |
| Additions | 3,800 | 15,428 | - | - |
| Currency translation difference | - | (134) | - | 1,243 |
| Balance as at end of the period/year | 46,645 | 189,845 | 42,845 | 174,551 |
| Accumulated amortisation | | | | |
| Balance as at 1 January 2022 | 8,859 | 36,092 | 5,389 | 21,798 |
| Amortisation | 2,332 | 9,468 | 3,470 | 14,116 |
| Currency translation difference | - | (13) | - | 178 |
| Balance as at end of the period/year | 11,191 | 45,547 | 8,859 | 36,092 |
| Carrying amount as at end of period/year | 35,454 | 144,298 | 33,986 | 138,459 |

8. Right-of-use assets and lease liabilities

Company as a lease

The Company has a lease contract for the building that is used as its office for a period of 10 non-cancelable years, with no option to renew the lease after the end of the tenancy period. The Company is not restricted from assigning and subleasing the leased asset.

Movements in the carrying amount of the Company's right-of-use assets are as follows:

| | (Reviewed but unaudited) | | (Audited) | |
|---|--------------------------|------------------|------------------|------------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Cost | | | | |
| Balance as at beginning of the period/year | | | | |
| Additions | 392,941 | 1,600,842 | 392,941 | 1,589,446 |
| Currency translation difference | - | (1,572) | - | 11,396 |
| Balance as at end of the period/year | 392,941 | 1,599,270 | 392,941 | 1,600,842 |
| Accumulated depreciation | | | | |
| Balance as at beginning of the period/year | 360,196 | 1,467,439 | 322,539 | 1,304,670 |
| Depreciation | 19,647 | 79,767 | 37,657 | 153,189 |
| Currency translation difference | - | (1,245) | - | 9,580 |

| | | | | |
|--|---------|-----------|---------|-----------|
| Balance as at end of the period/year | 379,843 | 1,545,961 | 360,196 | 1,467,439 |
| Carrying amount as at end of the period/year | 13,098 | 53,309 | 32,745 | 133,403 |

Lease liabilities pertains to the present value of lease payments over the term of the lease agreements.

Movements in lease liabilities are as follows:

| | (Reviewed but unaudited) | | (Audited) | |
|--|--------------------------|-----------|------------------|-----------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Balance as at beginning of the period/year | 48,509 | 197,626 | 108,600 | 439,287 |
| Accretion of interest | 1,635 | 6,638 | 7,110 | 12,577 |
| Repayments | (33,600) | (136,416) | (67,201) | (273,374) |
| Currency translation difference | - | (514) | - | 19,136 |
| Balance as at end of the period/year | 16,544 | 67,334 | 48,509 | 197,626 |

9. Other non-current asset

| | (Reviewed but unaudited) | | (Audited) | |
|--------------|--------------------------|---------|------------------|---------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Deposit Paid | 25,100 | 102,157 | 20,050 | 81,684 |

10. Cash and cash equivalents

| | (Reviewed but unaudited) | | (Audited) | |
|--------------|--------------------------|-----------|------------------|---------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Cash on hand | 269,873 | 1,098,383 | 6,516 | 26,546 |
| Cash in Bank | 8,660 | 35,246 | 218,603 | 890,589 |
| | 278,533 | 1,133,629 | 225,119 | 917,135 |

11. Guarantee deposits

| | (Reviewed but unaudited) | | (Audited) | |
|--------------------|--------------------------|-----------|------------------|---------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Guarantee deposits | 480,000 | 1,953,600 | 65,000 | 264,810 |

12. Trade receivables

| | (Reviewed but unaudited) | | (Audited) | |
|-----------------------|--------------------------|-------------------|------------------|-------------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Trade receivables | 2,058,255 | 8,377,098 | 4,510,666 | 18,376,453 |
| Retention receivables | 1,830,512 | 7,450,184 | 1,762,391 | 7,179,981 |
| | <u>3,888,767</u> | <u>15,827,282</u> | <u>6,273,057</u> | <u>25,556,434</u> |

13. Inventories-net

| | (Reviewed but unaudited) | | (Audited) | |
|-----------|--------------------------|-----------|------------------|-----------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Materials | 1,375,227 | 5,597,174 | 2,167,258 | 8,829,409 |

As of June 2022, a total of USD3,715,368 (2021: USD9,569,044) was included in cost of services and goods sold.

14. Other current asset

| | (Reviewed but unaudited) | | (Audited) | |
|----------------------|--------------------------|------------------|------------------|------------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Prepaid to Suppliers | 597,207 | 2,430,632 | 630,506 | 2,568,681 |
| Salary loan | 276,745 | 1,126,352 | 312,233 | 1,272,037 |
| Salary Advance | - | - | 3,771 | 15,363 |
| Consumable | 2,754 | 11,208 | 452 | 1,842 |
| | <u>876,706</u> | <u>3,568,192</u> | <u>946,962</u> | <u>3,857,923</u> |

15. Contract assets/(liabilities)

| | (Reviewed but unaudited) | | (Audited) | |
|----------------------|--------------------------|-------------|------------------|------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Contract assets | 2,626,682 | 10,690,596 | 3,791,366 | 15,446,025 |
| Contract liabilities | (932,618) | (3,795,755) | (161,880) | (659,499) |

The contract assets represent the Company's right to consideration for worked completed on construction contracts but not billed yet at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

The contract liabilities represent advance considerations received from customers for construction contract where revenue is recognised over time during the construction of a property. The contract liabilities are expected to be recognised as revenue upon completion of certain agreed milestones.

| | (Reviewed but unaudited) | | (Audited) | |
|--|--------------------------|---------|------------------|-----------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Contract liabilities recognised as revenue during the year | 28,761 | 117,057 | 396,090 | 1,613,671 |

16. Share capital

The Company is authorised to issue two classes of share as follows:

| | Number of shares | (Reviewed but unaudited) | | Number of shares | (Audited) | |
|---|------------------|--------------------------|------------|------------------|------------------|------------|
| | | 30 June 2022 | | | 31 December 2021 | |
| | | USD | KHR'000 | | USD | KHR'000 |
| Class A, with par value of USD 0.25 per share | 10,000,000 | 2,500,000 | 10,000,000 | 10,000,000 | 2,500,000 | 10,000,000 |
| Class B, with par value of USD 0.25 per share | 20,000,000 | 5,000,000 | 20,000,000 | 20,000,000 | 5,000,000 | 20,000,000 |
| As at end of the period/year | 30,000,000 | 7,500,000 | 30,000,000 | 30,000,000 | 7,500,000 | 30,000,000 |

The movement in the paid-up capital are as follows:

| | Number of shares | (Reviewed but unaudited) | | Number of shares | (Audited) | |
|------------------------------------|------------------|--------------------------|------------|------------------|------------------|------------|
| | | 30 June 2022 | | | 31 December 2021 | |
| | | USD | KHR'000 | | USD | KHR'000 |
| As at beginning of the period/year | 18,461,538 | 4,615,385 | 18,796,687 | 12,000,000 | 3,000,000 | 12,225,301 |
| Share issued | - | - | - | 6,461,538 | 1,615,385 | 6,571,386 |
| As at end of the period/year | 18,461,538 | 4,615,385 | 18,796,687 | 18,461,538 | 4,615,385 | 18,796,687 |

As at 30 June 2022 and 31 December 2021, details of the Company's shareholding follow:

| | (Reviewed but unaudited) | | (Audited) | |
|---------------------|--------------------------|------------|------------------|------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Mr. Neang Vithy | 2,100,000 | 8,556,001 | 2,100,000 | 8,556,001 |
| Mrs. Lim Muiyly | 900,000 | 3,669,300 | 900,000 | 3,669,300 |
| Public shareholders | 1,615,385 | 6,571,386 | 1,615,385 | 6,571,386 |
| | 4,615,385 | 18,796,687 | 4,615,385 | 18,796,687 |

16.1 Share premium

On 6 September 2021, the Company was successfully listed on the Cambodia Securities Exchange (“CSX.”).

The number of new issued shares are 6,461,538 shares with a par value of KHR1,000 (USD0.25) per share, at an offering price of KHR2,380 (USD0.58) per share. The Company received the proceeds from the Initial Public Offering (“IPO”) amounting to USD3,773,539, resulting in share premium of USD2,158,154 (KHR8,779,370,000).

17. Borrowing

| | (Reviewed but unaudited) | | (Audited) | |
|-------------|--------------------------|-----------|------------------|------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR’000 | USD | KHR’000 |
| Non-current | 749,458 | 3,050,294 | 811,320 | 3,305,318 |
| Current | 282,828 | 1,151,110 | 2,519,011 | 10,262,451 |
| | 1,032,286 | 4,201,404 | 3,330,331 | 13,567,769 |

| | (Reviewed but unaudited) | | (Audited) | |
|---------------------------------|--------------------------|--------------|------------------|--------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR’000 | USD | KHR’000 |
| Balance 1 January | 3,330,331 | 13,567,769 | 2,149,031 | 8,692,830 |
| Addition | 2,800,385 | 11,369,563 | 8,486,821 | 34,524,388 |
| | | | | (29,718,859) |
| Repayments | (5,098,430) | (20,699,626) | (7,305,521) | () |
| Interest charged | 190,510 | 773,471 | 499,760 | 2,033,023 |
| Interest paid | (190,510) | (773,471) | (499,760) | (2,033,023) |
| Currency translation difference | - | (36,302) | - | 69,410 |
| Balance 31 March 2022 | 1,032,286 | 4,201,404 | 3,330,331 | 13,567,769 |

| | (Reviewed but unaudited) | | (Audited) | |
|-----------------------|--------------------------|-----------|------------------|------------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR’000 | USD | KHR’000 |
| <i>a. By maturity</i> | | | | |
| within one year | 282,828 | 1,151,110 | 2,519,011 | 10,262,451 |
| From two to five year | 749,458 | 3,050,294 | 811,320 | 3,305,318 |
| | 1,032,286 | 4,201,404 | 3,330,331 | 13,567,769 |

| | | | | |
|-------------------------------------|-----------|-----------|-----------|------------|
| <i>b. by security</i> | | | | |
| Secured | 1,032,286 | 4,201,404 | 2,754,450 | 11,221,629 |
| Not secured | - | - | 575,881 | 2,346,140 |
| | 1,032,286 | 4,201,404 | 3,330,331 | 13,567,769 |
| <i>c. By currency</i> | | | | |
| USD | 1,032,286 | 4,201,404 | 3,330,331 | 13,567,769 |
| KHR | - | - | - | - |
| | 1,032,286 | 4,201,404 | 3,330,331 | 13,567,769 |
| <i>d. By relationship</i> | | | | |
| Non-related parties | 1,032,286 | 4,201,404 | 3,330,331 | 13,567,769 |
| Related parties | - | - | - | - |
| | 1,032,286 | 4,201,404 | 3,330,331 | 13,567,769 |
| <i>e. Interest rate (per annum)</i> | | | | |
| Term loans | | 7.5% | | 1% - 9% |

18. Overdraft

| | (Reviewed but unaudited) | | (Audited) | |
|--------------------------------|--------------------------|-----------|------------------|-----------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| J Trust Royal Bank | 84,244 | 342,873 | 268,460 | 1,093,706 |
| Advanced Bank of Asia | 1,031,111 | 4,196,622 | 1,218,854 | 4,965,611 |
| Chip Mong Commercial Bank Plc. | - | - | 383,798 | 1,563,593 |
| | 1,115,355 | 4,539,495 | 1,871,112 | 7,622,910 |

Overdraft with Advanced Bank of Asia (“ABA”) has an interest rate of 7.5% per annum and is secured by a plot of land recorded as freehold land under property and equipment costing USD2,167,620. The agreement was re-entered on 18 February 2022 with a limited amount of USD1,800,000 and payable within twelve months from the agreement date.

Overdraft with J Trust Royal Bank (“J.Trust”) has an interest rate of 8% per annum which is secured by the properties of the shareholder and key management personnel. The agreement was re-entered on 16 November 2021 with a limited amount of USD600,000 and maturity date on 15 November 2022. During the current year, the overdraft was automatically renewed for another year.

Overdraft with Chip Mong Commercial Bank Plc. (“Chipmong”) has an interest rate of 9% per annum which is unsecured. The agreement was re-entered on 30 April 2022 with a limited amount of USD400,000 and maturity date on 30 April 2023. During the current year, the overdraft was automatically renewed for another year.

19. Trade and other payables

| | (Reviewed but unaudited) | | (Audited) | |
|---------------------------|--------------------------|-----------|------------------|-----------|
| | 30 June 2022 | | 31 December 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Accounts payable | 931,859 | 3,792,666 | 668,677 | 2,724,190 |
| Accrued expenses | 371,493 | 1,511,977 | 666,068 | 2,713,562 |
| Other taxes payable | 134,476 | 547,316 | 275,923 | 1,124,110 |
| Salary payable | - | - | 181,082 | 737,728 |
| Retention | 151,528 | 616,719 | 31,625 | 128,840 |
| Other current liabilities | - | - | 7,840 | 31,940 |
| | 1,589,356 | 6,468,678 | 1,831,215 | 7,460,370 |

20. Revenue

| | (Unreviewed and unaudited) | | (Unreviewed and unaudited) | |
|---------------------------------------|---|------------|---|------------|
| | For the three-month period ended 30 June 2022 | | For the three-month period ended 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Construction and maintenance services | 2,931,471 | 11,901,772 | 4,551,146 | 18,500,408 |
| Sale of goods | 17,978 | 72,991 | 78,023 | 317,164 |
| | 2,949,449 | 11,974,763 | 4,629,169 | 18,817,572 |

| | (Reviewed but unaudited) | | (Unreviewed and unaudited) | |
|---------------------------------------|---|------------|---|------------|
| | For the six-month period ended 30 June 2022 | | For the six-month period ended 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Construction and maintenance services | 6,855,315 | 27,832,579 | 8,068,443 | 32,774,015 |
| Sale of goods | 38,057 | 154,511 | 258,305 | 1,049,235 |
| | 6,893,372 | 27,987,090 | 8,326,748 | 33,823,250 |

21. Cost of services and goods sold

| | (Unreviewed and unaudited) | | (Unreviewed and unaudited) | |
|--|----------------------------|------------|----------------------------|------------|
| | For the three-month | | For the three-month | |
| | period ended | | period ended | |
| | 30 June 2022 | | 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Cost of construction and maintenance service | 3,350,423 | 13,602,718 | 3,797,492 | 15,436,805 |
| Cost of goods sold | 17,452 | 70,855 | 76,444 | 310,745 |
| | 3,367,875 | 13,673,573 | 3,873,936 | 15,747,550 |

| | (Reviewed but unaudited) | | (Unreviewed and unaudited) | |
|--|--------------------------|------------|----------------------------|------------|
| | For the six-month | | For the six-month | |
| | period ended | | period ended | |
| | 30 June 2022 | | 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Cost of construction and maintenance service | 6,361,981 | 25,829,643 | 7,383,522 | 29,991,866 |
| Cost of goods sold | 35,482 | 144,057 | 253,104 | 1,028,109 |
| | 6,397,463 | 25,973,700 | 7,636,626 | 31,019,975 |

22. Operating expenses

| | (Unreviewed and unaudited) | | (Unreviewed and unaudited) | |
|--------------------------------|----------------------------|-----------|----------------------------|-----------|
| | For the three-month | | For the three-month | |
| | period ended | | period ended | |
| | 30 June 2022 | | 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Personnel | 156,235 | 634,314 | 115,190 | 468,247 |
| Professional fees | 35,634 | 144,674 | 13,474 | 54,772 |
| Other taxes | 62,604 | 254,172 | 34,898 | 141,860 |
| Office supplies and stationery | 24,972 | 101,386 | 27,099 | 110,157 |
| Bank charge | 38,694 | 157,098 | 14,706 | 59,780 |
| Depreciation | 22,032 | 89,450 | 20,630 | 83,861 |
| Utilities | 13,568 | 55,086 | 17,955 | 72,987 |
| Insurance | 14,804 | 60,104 | 18,106 | 73,601 |
| Repairs and maintenance | 6,917 | 28,083 | 4,267 | 17,345 |
| Rent | 7,211 | 29,277 | 4,200 | 17,073 |
| Communication | 1,738 | 7,056 | 2,033 | 8,264 |
| Entertainment | 509 | 2,067 | - | - |
| Others | 4,399 | 17,860 | 516 | 2,099 |
| | 389,317 | 1,580,627 | 273,074 | 1,110,046 |

(Reviewed but unaudited)

(Unreviewed and unaudited)

| | For the six-month period ended 30 June 2022 | | For the six-month period ended 30 June 2021 | |
|--------------------------------|---|-----------|---|-----------|
| | USD | KHR'000 | USD | KHR'000 |
| Personnel | 311,634 | 1,265,234 | 228,867 | 929,658 |
| Professional fees | 77,250 | 313,635 | 27,682 | 112,444 |
| Other taxes | 113,335 | 460,140 | 60,629 | 246,275 |
| Office supplies and stationery | 48,524 | 197,007 | 57,225 | 232,448 |
| Bank charge | 100,135 | 406,548 | 57,896 | 235,174 |
| Depreciation | 44,298 | 179,850 | 43,367 | 176,157 |
| Utilities | 13,078 | 53,097 | 28,313 | 115,007 |
| Insurance | 36,977 | 150,127 | 38,336 | 155,721 |
| Repairs and maintenance | 14,860 | 60,332 | 22,190 | 90,136 |
| Rent | 12,563 | 51,006 | 8,838 | 35,900 |
| Communication | 3,736 | 15,168 | 3,978 | 16,159 |
| Entertainment | 3,581 | 14,539 | 1,355 | 5,504 |
| Inventory adjustment | - | - | 1,020 | 4,143 |
| Others | 34,315 | 139,318 | 1,805 | 7,331 |
| | 814,286 | 3,306,001 | 581,501 | 2,362,057 |

23. Other income

| | (Unreviewed and unaudited) | | (Unreviewed and unaudited) | |
|---|---|---------|---|---------|
| | For the three-month period ended 30 June 2022 | | For the three-month period ended 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Interest income | 558 | 2,265 | 1,921 | 7,809 |
| Gain/loss on disposal of property and equipment, and intangible asset | (76) | (309) | 17 | 69 |
| Others | 4,468 | 18,141 | 20,772 | 84,438 |
| | 4,950 | 20,097 | 22,710 | 92,316 |

| | (Reviewed but unaudited) | | (Unreviewed and unaudited) | |
|---|---|---------|---|---------|
| | For the six-month period ended 30 June 2022 | | For the six-month period ended 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Interest income | 2,898 | 11,766 | 4,166 | 16,922 |
| Foreign exchange gain | 5,340 | 21,681 | 2,725 | 11,069 |
| Gain/loss on disposal of property and equipment, and intangible asset | (264) | (1,072) | 6,435 | 26,139 |
| Others | 3 | 12 | 19,190 | 77,950 |
| | 7,977 | 32,387 | 32,516 | 132,080 |

24. Finance costs

| | (Unreviewed and unaudited) | | (Unreviewed and unaudited) | |
|-----------------------------|---|----------------|---|----------------|
| | For the three-month period ended 30 June 2022 | | For the three-month period ended 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Interest on borrowings | 73,629 | 298,934 | 135,857 | 552,259 |
| Interest on lease liability | 633 | 2,570 | 2,095 | 8,516 |
| | <u>74,262</u> | <u>301,504</u> | <u>137,952</u> | <u>560,775</u> |

| | (Reviewed but unaudited) | | (Unreviewed and unaudited) | |
|-----------------------------|---|----------------|---|----------------|
| | For the six-month period ended 30 June 2022 | | For the six-month period ended 30 June 2021 | |
| | USD | KHR'000 | USD | KHR'000 |
| Interest on borrowings | 190,510 | 773,471 | 241,228 | 979,868 |
| Interest on lease liability | 1,635 | 6,638 | 4,034 | 16,386 |
| | <u>192,145</u> | <u>780,109</u> | <u>245,262</u> | <u>996,254</u> |

PART 4.- Management's discussion and analysis (MD&A)

The following discussion and analysis are the discussion of management team of DBD Engineering Plc on the operational results and financial situation based on Financial Statement as of 30 June 2022. The management team discussed and analyzed only the key components of the Financial Statement and key factors that affect DBD's profitability.

A. Overview of operations

DBD Engineering Plc was incorporated on 1998 under the Law of Commercial Enterprise of Cambodia. The Company is a construction contractor specializing in MEP and Civil Engineering works, providing mechanical, electrical, plumbing, firefighting, air conditioning-cold room HVAC, and building maintenance.

1- Revenue Analysis

DBD's main revenue is derived from the construction and maintenance services which include MEP and Civil Engineering works, with the total revenues recorded in the financial statements separated into three categories listed such as construction and maintenance, sales of goods, other income. Revenue is recognized when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The performance obligation is certified by the contractual parties, typically by the Company's project manager, and the client's consultant. To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

2-Revenue by segment analysis

As Q2 FY 2022 DBD Report total revenue of KHR 11,974,763,000 which's decreasing of KHR (6,842,809, 000) equivalent to -36.36% compared to Q2 FY 2021. The decreasing was driven by revenue from decreasing of maintenance and construction at -35.67 %, and revenue from sale material decreased at -76.99 %.

3-Gross profit margin analysis

As Q2 FY 2022, DBD reported gross loss of KHR (1,698,810,000), increased of KHR (4,768,832,000) equivalent to -155.34 % compared to Q2 FY 2021. The increasing was driven by decreasing of revenue and increasing of cost of goods sold. However, as Q2 FY 2022 DBD report gross profit margin of -14.19 %, while it was 16.31% for Q2 FY 2022.

4-Profit/ (Loss) before tax analysis

| Summary of Profit Q2 FY 2022 | Q2 FY 2022 KHR'000 | Q2 FY 2021 KHR'000 | Changed KHR'000 | Changed % |
|---------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Gross Profit | (1,698,810) | 3,070,022 | (4,768,832) | -155.34 % |
| Other Revenues | 20,097 | 92,316 | (72,219) | -78.23 % |
| Operating Expenses | (1,580,627) | (1,110,046) | 470,581 | 42.39% |
| Finance Cost | (301,504) | (560,775) | (259,271) | -46.23) % |
| <u>Profit before Tax</u> | <u>(3,560,844)</u> | <u>1,491,517</u> | <u>(5,052,361)</u> | <u>-338.74 %</u> |

As Q2 FY 2022, DBD reported loss before tax of KHR (3,560,844,000), increased by KHR (5,052,361,000) equivalent to -338.74 % compared to Q2 FY 2021. The increasing was driven by increasing of gross loss at -155.34 % and increasing of operating expense at 42.39%.

5-Profit/ (Loss) after tax analysis

| Summary of Profit Q2 FY 2022 | Q2 FY 2022 KHR'000 | Q2 FY 2021 KHR'000 | Changed KHR'000 | Changed % |
|--------------------------------|---------------------------|-------------------------|---------------------------|------------------------|
| Profit before tax | (3,560,844) | 1,491,517 | (5,052,361) | -338.74 % |
| Income tax expenses | (117,163) | (125,828) | 8,665 | -6.89 % |
| <u>Profit after tax</u> | <u>(3,678,007)</u> | <u>1,365,689</u> | <u>(5,043,696)</u> | <u>-369.32%</u> |

For annual income tax, DBD is required to pay is 20% of its taxable income. As Q2 FY 2022, DBD reported Loss after tax of KHR (3,678,007,000), increased by KHR (5,043,696,000) equivalent to -369.32 % compared to Q2 FY 2021. The increasing of loss was driven by decreasing of loss before tax at -338.74 %.

6-Total comprehensive income/(loss) analysis

As Q2 FY 2022, DBD reported total comprehensive loss of KHR (3,687,066,000), increase by KHR (5,056,115,000), equivalent to -369.32 % compared to Q2 FY 2021. The increasing was driven by increasing of loss after tax.

7-Factors and trends analysis affecting financial conditions and results

As Q2 FY 2022, DBD has no any factors and trends affecting financial conditions and results.

B. Significant factors affecting profit

DBD has observed the following significant factors that may affect our profitability;

1-Demand and supply conditions analysis

There was a shrinking opportunity in the construction industry, 4,303 projects were approved in 2021 equal to USD 5.33 billion, a decrease of 31.21% compared to 2020 there were 4,841 projects approved equal to USD 7.75 billion, the forecast opportunities growing of construction industry has 6,760 approved projects in 2022, equal to USD 15.52 billion.

DBD is one of the leading Construction Company especially MEP service in Cambodia offering services such as (1) mechanical & electrical contracting, (2) plumbing & fire-fighting contracting, (3) heating, ventilation, and air conditioning, (4) civil construction, and (5) building maintenance.

2-Fluctuations in prices of raw materials analysis

DBD included the expected inflationary in the proposed tender price. If the materials price fluctuates accordance with the inflation rate, there won't be a significant impact to the company's profit. However, if the price of materials increases significantly, it will make loss to company.

Cost of goods sold includes materials costs sold to clients while cost of construction includes the cost for main construction materials and engineering works.

3- Tax analysis

DBD has received tax incentive 50% on profit tax for 3 years' period from 2022 to 2024. In accordance with Cambodian tax laws, our Company has the obligation to pay tax on profit at the rate of 20% of taxable profit. Beside tax on profit, we are also subject to a separate minimum tax. The minimum tax is an annual tax with a liability equal to 1% of annual turnover inclusive of all taxes except valued added tax, and in due irrespective of the Company's profit or loss position. Notwithstanding the above, DBD charges VAT of 10% on invoiced amounts when issuing invoices to clients. This VAT is settled with the 10% input tax that DBD pays to the suppliers when making purchases. Moreover, DBD obligated to pay withholding tax on interest income, which is at the rate of 4% for current deposit, deducted by banks, withhold tax at the rate of 15% on the BOD's compensation, and at the rate of 14% (nonresident) to 15% (resident) on expenses related to consultant/advisory service fees, withhold tax on rental income at the rate of 10% import tax on materials and raw materials at rates ranging from 7% to 35%, depending on the type of goods.

4-Exceptional and extraordinary items analysis

There was no exceptional and extraordinary income or expense during the second quarter of 2022.

C. Material changes in sales and revenue

As Q2 FY 2022, DBD's revenue from sale of materials has decrease significantly, revenue from construction also decrease due to in this quarter DBD have only one big project in progress "Chip Mong Mega Mall 271" other big project such "Wing Tower" is just at the beginning stage, so the revenue is smaller compared to second quarter of 2021.

D. Impact of foreign exchange, interest rate and commodity prices

1- Impact on foreign exchange

DBD has no financial assets and liabilities in other foreign currency, except there is a small amount in trade payable are in other currencies such as THB and EUR, and all DBD's

borrowings are at fixed rate so there is no impact from the fluctuate of the foreign exchange and interest rate.

2-Impact on interest rates

As Q2 FY 2022, DBD is not exposed to interest rate risk as the Company does not have any floating rate-based financial assets and liabilities.

3-Impact on commodity prices

As Q2 FY 2022, DBD has no material impact of commodity prices on our financial results.

E. Impact of inflation

As Q2 FY 2022, DBD included the expected inflationary in the proposed tender price. If the materials price fluctuates accordance with the inflation rate, there won't be a significant impact to the company's profit.

F. Economic/ fiscal / monetary policy of Royal Government

In the last several years, the real estate and construction sector has been one of the top drivers of economic growth. According to CBRE's report, Cambodian Real Estate Market Outlook 2019, the construction industry grew by 18.1% in 2018, and the number of condominium units grew by roughly 120%. While diverse economic growth factors into the strong performance of the construction industry, Foreign Direct Investment (FDI) is one of the main drivers of the industry. In 2019, FDI in Cambodia accounted for 10.6% of total GDP. In 2018, FDI reached record highs, increasing by 10.7% or USD 300 million from USD 2.8 billion in 2017 to USD 3.1 billion in 2018 (World Bank). A significant local COVID-19 outbreak, real estate market correction following a prolonged construction and property boom, increased credit provided to the construction/real estate/mortgage sector (that recently relies highly on Chinese investment), and high outstanding credit are the current industry vulnerabilities.

In 2021, there were 4,303 approved construction projects with capital investment of USD 5.33 billion, a decrease of 31.21% compared to 2020 there were 4,841 approved construction projects with capital investment of USD 7.75 billion, according to the Ministry of Land Management, Urban Planning and Construction. The forecast opportunities growing of construction industry has 6,760 approved projects in 2022, equal to USD 15.52 billion.

PART 5.-Other Necessary Information for Investors Protection

DBD Engineering Plc. has no significant information other than the information disclosed in this report.

Signature of Board of Director

Date *August 22, 2022*

Read and approved by:



Mr. NEANG VITHY

Chairman and Executive Director