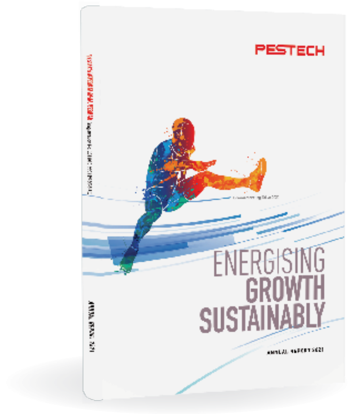
PESTECH

Leaping forward sustainably

ENERGISING GROWTH SUSTAINABLY

ANNUAL REPORT 2022



LEAPING FORWARD SUSTAINABLY

This year's cover features dynamic determination through the visual of a sportsman leaping over hurdles, and a reflection of the agility and strength needed to overcome the year's challenges. The dynamic lines convey the need for greater speed in digital operations through the harnessing of digital capabilities. The colour tones of grey blues transform to fiery orange and the corporate red of PESTECH, conveying the ability to quickly mobilise strategies into action.

3rd ANNUAL GENERAL MEETING

Thursday, 03 November 2022

10.00 am

Meeting Suite 4, 2nd Floor,
Hyatt Regency Phnom Penh,
#55, Street 178,
Sangkat Chey Chumnas,
Phnom Penh,
12206 Kingdom of Cambodia

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COMPANY INTRODUCTION

OUR VISION

To Be Consistently Dependable and Value Add as a Sustainable Electrical Infrastructure Builder

OUR MISSION

To be EFFECTIVE in performing our duties and providing services to internal and external customers.

To be EFFICIENT in handling our duties and services to achieve maximum results in shortest possible time.

To be EXCELLENT in our performance to exceed customer requirements and value add to their investment.

FINANCIAL HIGHLIGHTS

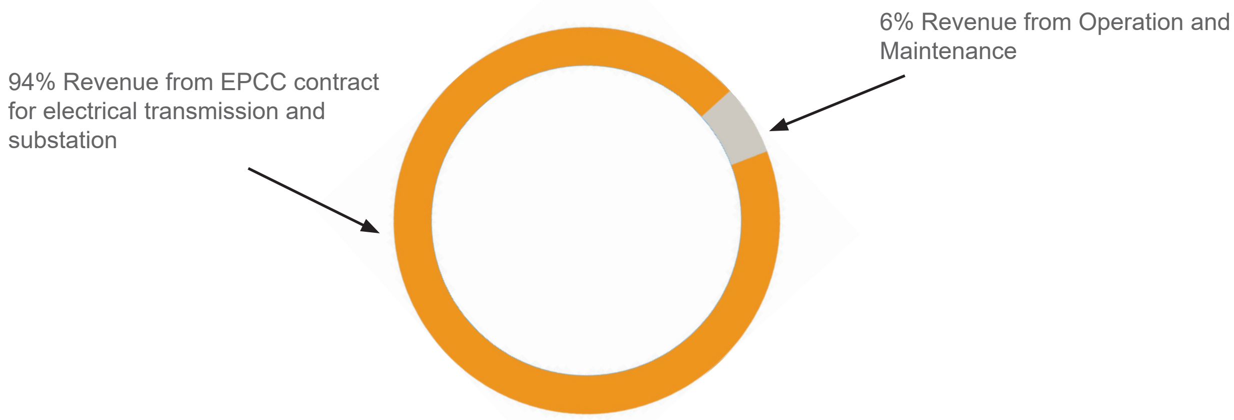
DESCRIPTION		2022	2021	2020
FINANCIAL POSITION				
Total Assets (KHR'mil)		1,202,282	1,166,882	1,016,112
Total Liabilities (KHR'mil)		1,092,266	1,072,985	946,155
Total Shareholders' Equity (KHR'mil)		110,016	93,897	69,957
PROFIT/(LOSS)				
Total Revenues (KHR'mil)		216,355	273,628	203,014
Profit Before Tax (KHR'mil)		5,483	10,088	37,776
Profit After Tax (KHR'mil)		2,470	5,980	29,443
Total Comprehensive Income (KHR'mil)		18,104	11,662	13,325
FINANCIAL RATIOS				
Solvency Ratio		1.68%	2.40%	7.43%
Solvency Ratio (General Borrowings)*		15.95%	49.93%	203.87%
Debt to Equity Ratio		9.93	11.43	13.52
Gearing Ratio (excluding Term Loan)**		0.40	0.22	0.24
Liquidity Ratio	Current Ratio	0.93	0.90	0.28
	Quick Ratio	0.92	0.88	0.24
Profitability Ratio	Return on Assets	0.21%	0.51%	2.90%
	Return on Equity	2.25%	6.37%	42.09%
	Profit Margin	1.14%	2.19%	14.50%
	Gross Profit Margin	17.56%	16.34%	38.02%
	Earnings Per Share (riel)	KHR32.96	KHR75.86	KHR414.86
Interest Coverage Ratio		0.79	1.22	2.39
Dividend Per Share		-	KHR26.49	-

* General Borrowings include revolving credit and bank overdraft, and exclude term loans which have been ring fenced by the proceeds of the deferred payment projects with direct payment agreement with EDC.

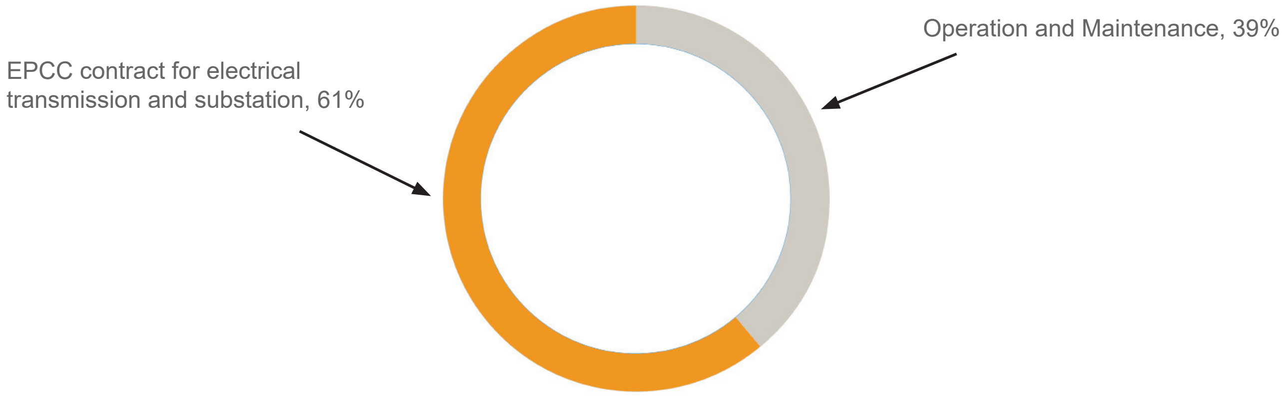
** Term Loan refers to borrowings which have been ring fenced by the proceeds of the deferred payment projects with direct payment agreement with EDC.

FINANCIAL SUMMARY

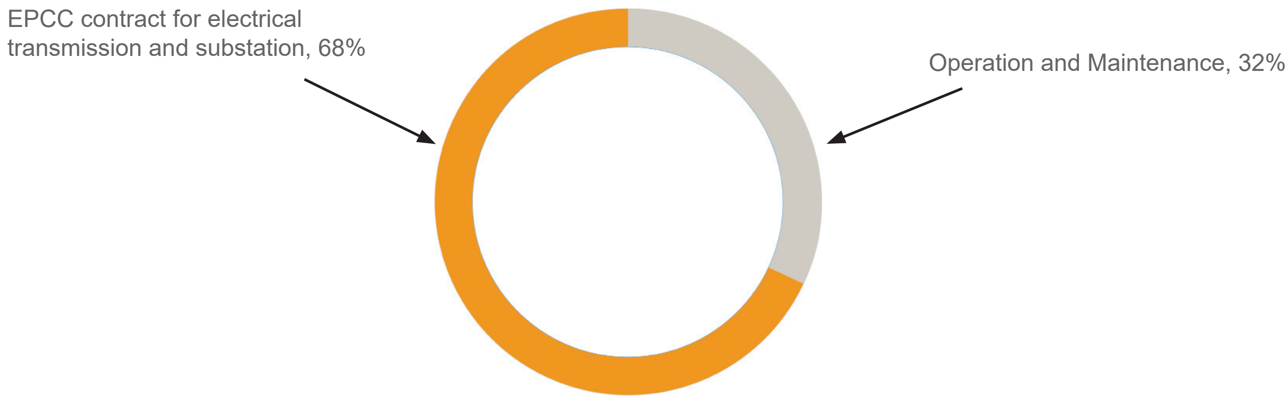
REVENUE BY SEGMENT FOR FY2022



EARNINGS BEFORE INTEREST AND TAX CONTRIBUTION BY SEGMENT



COLLECTIONS BY SEGMENT FOR FY2022



BOARD OF DIRECTORS

DAV ANSAN
Independent Non-Executive Director

PAUL LIM PAY CHUAN
Executive Chairman

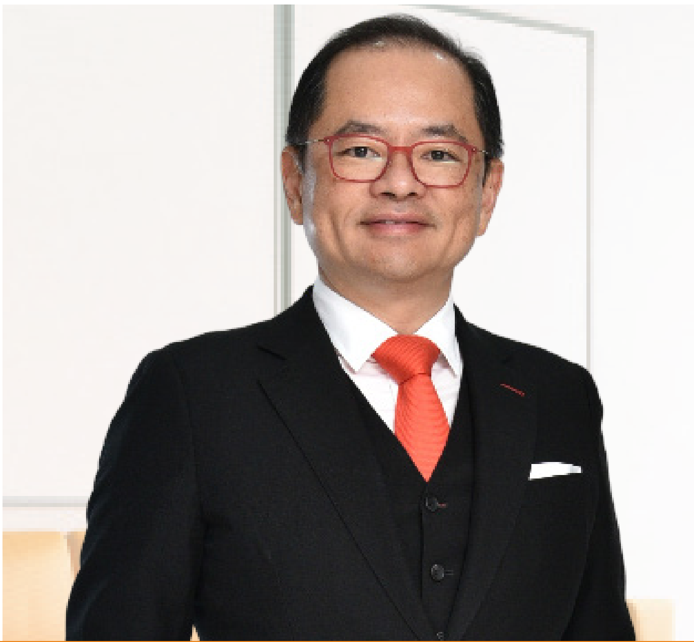
HAN FATT JUAN
Executive Director and Chief Executive Officer

LIM AH HOCK
Executive Director

CHARLES TAN PU HOOI
Executive Director

MESSAGE FROM EXECUTIVE CHAIRMAN

Dear Shareholders,



PAUL LIM PAY CHUAN
Executive Chairman

Thank you for joining me in this third financial year of PESTECH (Cambodia) Plc. ("PEPC" or "Company") being a publicly listed company on the Cambodia Securities Exchange ("CSX").

Cambodia power infrastructure improvement drive was well sustained throughout the past financial year. Continuous development in this area helps to provide certain confidence to the industry for future growth potentials amidst challenging time that affects the industry lately.

Although overall prospects for regional power infrastructure development remains positive, persisting negative amalgamated impacts from uncertainties of geo-political situations, volatility in commodity prices, rising interest rates, and complications in logistic arrangement, had, unfortunately, brought about dismal performance for the Company during the current financial year.

Thus, we are cautiously optimistic on the performance of the upcoming financial year, bearing in mind the lingering external obstacles that may continue to bring challenges towards the operation of the Company. In this respect, the management is currently reining on costs and expenses through scrutinizing essential aspects of operation in order to identify areas of possible improvements to enhance overall cashflow position going forward.

Nonetheless, as mentioned in our previous quarter statement, PEPC machinery are geared and ready to weather through this unusually trying period. The commitment towards on-time project execution remains steadfast. And, we are fully obligated to serve our customers with our best effort and dependable deliveries.

In the aspect of business development, the management will steer towards procurement of projects with positive cash flow and reasonable margin in order to build a healthy portfolio for the benefit of our shareholders. Backed by our ample order book in hand, the Company will be able to selectively identify those projects that meet our intended requirements, without hampering or restricting the near term performance.

In the meantime, we continue to work closely with our partner, and shareholder, Maschinenfabrik Reinhausen ("MR") of Germany in order to gradually develop technical knowhow for its engineering team in Cambodia, through which the cultivation of enhanced capability will be fostered in order to better serve the regional market in Indochina, especially in the field involving the rendering of operation and maintenance services for power infrastructure in Cambodia and also around the region.

We thank our devoted shareholders, supportive customers, reliable suppliers, and last but not least, our team of dedicated staff force, in carrying the Company towards further growth in the coming financial year.

Thank you.

Ir. Paul Lim Pay Chuan
Executive Chairman

Date: 21 September 2022

MESSAGE FROM EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER

HAN FATT JUAN
Executive Director & Chief Executive Officer

Greetings dear Shareholders!

PESTECH (Cambodia) Plc. ("PEPC") had experienced a challenging financial year 2022.

During the financial year, undesirable global events had made a notable dent in our performance results. Alas, the less upbeat financial performance shrouded the immense effort and dedication of our team in delivering projects during the course of the past financial year.

We managed to complete several projects during the financial year, whilst continue our effort in securing further in roads into renewable energy segment, in particular the commercial based rooftop solar solution for local industry players. In this respect, we foresee PEPC to engage more intensely into renewable energy generation solution to serve the impending needs for sustainable power resources in the country, as higher volume of foreign investors set foot into the Kingdom to tap on its business friendly policies, strategic geographical location, and fast growing business environment.

The management is also looking into further developing our involvement in the operation and maintenance ("O&M") of power infrastructure assets in Cambodia. Fortified with our capable team of O&M personnel for the full fledge day to day management of the power transmission system and photovoltaic power generation plant, we will tap on our existing strengths to offer effective, efficient and excellent O&M services to asset owners in Cambodia.

In this respect, we will be able to build on recurring cashflow positive businesses, whilst exploring green power generation projects along the way to establish a growth path for the Company that is sustainable in the long run.

Thank you.

Han Fatt Juan
Executive Director & Chief Executive Officer

Date: 21 September 2022

GENERAL INFORMATION OF THE LISTED ENTITY

A. IDENTITY OF THE LISTED ENTITY

Entity name in Khmer	ផេសថិក (ខេមបូឌា) ម.ក
In Latin	PESTECH (CAMBODIA) PLC
Standard Code	KH1000140009
Symbol	PEPC
Address	10th Floor, Building No. 35, Mao Tse Toung Boulevard, Phum 09, Sangkat Boeung Keng Kang I, Khan Boeung Keng Kang, Phnom Penh.
Phone number	+855 23 882 105
Fax	+855 23 882 106
Website	www.pestech.com.kh
Email	info@pestech.com.my
Company registration number	00000957 dated on February 5, 2021, issued by Ministry of Commerce
License number	326 Brk.DRK.ASN, dated on December 20, 2018, issued by MLMUPC
Disclosure document registration number	171/20 SECC/SSR dated on July 22, 2020, issued by Securities and Exchange Committee of Cambodia (Currently known as the Securities and Exchange Regulator of Cambodia "SERC")
Representative of PESTECH (CAMBODIA) PLC	Mr. Paul Lim Pay Chuan

PEPC was previously known as Tajri-Pestech JV Limited and was incorporated on 5 February 2010 as a Single Member Private Limited Company in Cambodia. PEPC adopted its present name on 11 July 2013.

PEPC was subsequently converted from a private limited company to a public limited company on 27 June 2018 as approved by Ministry of Commerce on even date and assumed its present name to facilitate its listing on the CSX.

PEPC is an integrated electric power technology company. We are principally engaged in the provision of comprehensive power system engineering and technical solutions for the design, procurement, construction, installation and commissioning of HV and EHV substations, HV and EHV transmission lines as well as underground power cable systems for electricity transmission and distribution and trading of proprietary and non-proprietary power system components and equipment.

GENERAL INFORMATION OF THE LISTED ENTITY

PEPC
PESTECH (Cambodia) PLC.

100%
PESTECH (Myanmar) Limited

Our subsidiary PESTECH (Myanmar) Limited ("PML") was incorporated on 24 March 2017 as a private limited company under the Myanmar Companies Act. PML's principal activities are to provide comprehensive powers system engineering, construction, design and installation related services in power industry.

60%
PESTECH Hinthar Corporation Limited

PESTECH Hinthar Corporation Limited ("PHC"), a majority-owned subsidiary of PESTECH (Myanmar), was incorporated on 24 June 2019 as a private limited company under the Myanmar Companies Act. PHC's principal activities are to establish the infrastructure of power sector and promote the power segments such as power generation, power transmission and power distribution, microgrid system and other power infrastructure to the rural areas in Myanmar.

90%
PESTECH Microgrid Company Limited

PESTECH Microgrid Corporation Limited ("PMC"), a majority-owned subsidiary of PHC, was incorporated on 14 February 2020 as a private limited company under the Myanmar Companies Act. The principal activities of PMC are to provide microgrid system and other power infrastructure to the rural areas in Myanmar.

B. THE LISTED ENTITY'S MILESTONES

PEPC commenced commercial operations in 2010 when we secured a contract involving the construction of HV substations and a HV transmission link between the North Phnom Penh transmission network to the Kampong Cham network in Cambodia (North Phnom Penh – Kampong Cham Project) from Cambodia Transmission Limited. The project involved the design, building, testing and commissioning of approximately 110km long, 230kV double-circuit transmission line from North Phnom Penh to Kampong Cham, along with two (2) substation facilities and upgrades.

PEPC had successfully completed and handed over the North Phnom Penh – Kampong Cham Project to its owner, Cambodia Transmission Limited in 2013. This project was a major milestone for PEPC, as it had completed the project eight (8) months ahead of schedule.

GENERAL INFORMATION OF THE LISTED ENTITY

In addition, in 2012, PEPC secured a contract from the EDC involving the construction of a 115kV transmission line connection from the 230/115kV substation of Cambodia Power Grid Co., Ltd ("CPG") to the 115/22kV substation of Cambodia Power Transmission Lines Co., Ltd. ("CPTL") in Battambang Province measuring 0.97km. The project involved the design, engineering, procurement and installation of the transmission line. The project was completed in August 2012.

In 2014, PEPC entered into a contract with Alex Corporation, a Cambodian multi-faceted business entity, in relation to the design, engineering, installation, testing and commissioning of the West Phnom Penh – Sihanoukville Project for the:

- 230kV West Phnom Penh – Sihanoukville Transmission Line; and
- 230/115/22kV substation extension project.

This project involved the construction of a transmission line of approximately 198km, which transmits electricity from the power plants in the Sihanoukville area to Phnom Penh city. This involved the upgrading of the existing Stung Hav substation with two (2) 230kV new outgoing transmission line bays that will be connected to the West Phnom Penh substation in Phnom Penh through the new 230kV transmission line to be constructed under this project.

GENERAL INFORMATION OF THE LISTED ENTITY

In 2015, PEPC entered into a contract with Diamond Power Limited to undertake the Kampong Cham – Kratie Project. The project involved the design, engineering, test delivery, installation and commissioning of the 230kV switchyard in the existing Kampong Cham substation, new Kratie 230/22kV substation and interconnecting 125km transmission line from Kampong Cham substation to Kratie substation. PEPC had successfully completed the project in October 2017.

In addition, during the same year, PEPC completed a project in Sarawak, Malaysia, where PEPC had provided project management and civil construction management service for the construction of 275kV/32kV and 132kV/11kV substations ("Sarawak Project").

Subsequently on 8 February 2017, an amendment was made to the earlier contract with Alex Corporation to upgrade the specifications of the West Phnom Penh – Sihanoukville Project. Under this amended contract, the upgraded work comprised the design, engineering, installation, testing and commissioning of the:

- 230kV double circuit transmission line of approximately 50km from Stung Hav Substation to Chamkar Loung; and
- 500kV double circuit transmission line of approximately 140km from Chamkar Loung to the proposed new Bek Chan substation.

On 13 December 2017, PEPC entered into a contract with Schneitec Co. Ltd. for the Siem Reap – Oddor Meanchey Project for a contact value of USD26 million. The project involved the development of a 115kV transmission line from Siem Reap to Oddor Meanchey, 115/22kV Oddor Meanchey Substation and 230/22kV Bek Chan Substation. The project was completed in January 2020.

GENERAL INFORMATION OF THE LISTED ENTITY

Amidst the pandemic year of 2020, PEPC managed to complete 230/11kV Okvau Transmission Substation for Okvau Gold Mine Project ahead of time. The Okvau Gold Mine Project involved the development of the Okvau Deposit in the Mondulkiri province of eastern Cambodia.

Following the completion of 230kV West Phnom Penh – Sihanoukville Transmission Line, PEPC was engaged to provide operation and maintenance service of the extended two (2) bays Stung Hav substation and 500kV transmission line under this project in year 2020.

PEPC secured its first large scale solar farm turnkey engineering, procurement, construction, and commissioning project in Cambodia when PESTECH International Berhad, its holding company, acquired 94% stake in Green Sustainable Ventures (Cambodia) Co. Ltd. ("GSV") through its subsidiary company. GSV holds the 20 years concession Power Purchase Agreement over the development of the 20-megawatt alternative current (24 megawatt direct current) large scale solar photovoltaic power plant in Bavet City, Svey Rieng Province. This solar project in Bavet is the first large scale solar project undertaken by PEPC in Cambodia. The solar farm was commissioned on 31 January 2022.

GENERAL INFORMATION OF THE LISTED ENTITY

Current Ongoing Projects

As at to-date, PEPC is undertaking the following projects:

1. **Stung Tatay Hydro Power Plant – Phnom Penh Transmission System Project**

   This involves the design, engineering, installation, testing and commissioning of the 230kV transmission line of approximately 220km from the Stung Tatay Hydro Power Plant to the proposed new Bek Chan substation in Phnom Penh and supply, installation and connection of two (2) 230kV line bays at Stung Tatay Hydro Power Plant switchyard.

2. **Phnom Penh City Transmission and Distribution System Expansion Project Phase 2 (I) Package 3, Procurement of Underground Transmission and Distribution Line Works**

   This is the first 230kV underground cable work project undertaken by EDC in Cambodia, as well as PESTECH's successful venture to export extra high voltage underground cable design and laying capability overseas.

   Under this Project, the scope of works comprise all the necessary works for the construction of the 230kV and 22kV underground cable on a turnkey basis, including design, survey, manufacturing, testing, shipping, insurance, delivery to site, erection/ installation with suitable manner, training, setting up of site work for:

   - the double-circuit, 3-single-core per circuit, 230kV XLPE (Cross-linked Polyethylene) insulated underground power cable, optical fiber cable ("OFC"), cable joints for power cable, cable joint for OFC, power cable outdoor/ SF6 gas-immersed sealing ends and all other associated accessories of approximately 9.0km route length between expanded GS5 outdoor substation and proposed National Control Center ("NCC") indoor substation. Total 230kV XLPE cable involved is estimated at around 53.48km;
   - the turnkey construction of 22kV underground distribution cable from the new NCC 230/115/22kV GIS substation to the five (5) existing distribution substations and from the new Toul Kork 115/22kV GIS substation to the five (5) existing distribution substations for an approximate route length of 19km in total. Total 22kV cable involved is estimated at around 19.25km

     .

3. **Development of 230kV Transmission Line from Oddor Meanchey to East Siem Reap Grid Substation on a Build-Transfer basis**

   The main components of the Project are the engineering, procurement, construction and testing commissioning of the following:

   - 35km long 230kV double circuit transmission line (2 x bittern 630mm$_2$ conductor) from EDC's 230kV East Grid Substation at Siem Reap to Proposed EDC's Substation near the new Airport.
   - 100km long 230kV double circuit transmission line (1 x bittern 630mm^2 conductor) from Proposed EDC's Substation near the new Airport to Oddor Meanchey Coal Fire Power Plant switchyard.
   - Interconnection facilities at the Power Plant switchyard.
   - Construction of Extension of two 230kV bays of EDC's 230kV East Grid Substation at Siem Reap.

4. **Engineering, Procurement and Construction of Rooftop Solar Project for Vanco Industrial Co, Ltd for construction of 751kWp rooftop solar system**

   Provision of full turnkey design, engineering, procurement, manufacture, construction, erection, installation, testing and commissioning a 750kWp grid-tier rooftop photovoltaic power generation system for a cut and sew apparel manufacturing facility in Kandal Province, Cambodia.

C. MARKET SITUATION

Cambodia's real growth is projected to reach 4.5% in 2022. The relatively subdued growth projection reflects anticipated impacts of the negative terms of trade shock caused by rising oil prices, a cyclical slowdown in the United States and China, Cambodia's main trading partners. In addition, the path of the economy continues to depend on the course of the virus. Thanks to continued progress on vaccinations, further relaxations of travel restrictions support continued gains in economic activity and employment, domestic economic activity and agricultural commodity exports are expected to remain robust, contributing to economic recovery. Over the medium term, the economy is expected to trend back to potential, growing at around 6%. The new Law on Investment, together with the newly ratified Cambodia-China Free Trade Agreement and Regional Comprehensive Economic Partnership, are expected to boost investment and trade in the coming years. Similarly, trade and investment will be further boosted when the Cambodia-Republic of Korea free trade agreement is ratified. However, the negative impacts of the coronavirus on jobs and welfare are expected to continue as the services sectors, especially the travel, tourism, and hospitality industries, continue to face persistent headwinds.[(1)]

Cambodian Prime Minister Hun Sen stated that the Government is subsidizing more than USD100 million to the state-owned Electricité du Cambodge ("EDC") in 2022 to stabilize electricity tariffs due to Russia-Ukraine conflict and the sanctions and embargoes imposed by certain Western countries on Russia have driven a sharp rise in global energy price, affecting all countries around the world. He highlighted the importance of hydropower dams and solar power plants in helping supply stable electricity and stabilize electricity tariffs amid the global energy crisis.[(2)]

Cambodia's power system has proven highly adaptable over the past 20 years. At the turn of the century, only 17% of the population had access to the grid, and the system was three-quarters powered by fuel oil. By 2014, this had switched to nearly two-thirds hydropower. In 2021, Cambodia has a remarkably improved electrification rate of 93% and is in the middle of another transition, with over half of its power now coming from fossil fuels. Plans approved after power shortages in 2019 catalysed a return to fossil fuels, which were expected to supply 75% of power by 2030. In Cambodia, solar and wind power are the cheapest source of new power supply, with sale prices to EDC between USD3.9 – USD6.9 cents per kilowatt hour (kWh), well below the proposed coal-power purchase price of USD7.7 cents per kWh for the 2,400 MW Lamam and Xekong thermal power plants. Analysis for the Ministry of Mines and Energy's renewable energy working group shows that replacing this unbuilt coal power with solar, wind and some non-mainstream hydropower, as well as fast-responding battery storage and gas engine plants, would actually lower electricity system costs for Cambodia and ensure reliability. Diversity of the system will be key over the next 10 and 20 years. Cambodia can replace the unbuilt, unfinanced coal plants with a combination of solar, wind, hydro, gas engine plants and storage to maintain the same level of renewables share it has now – half. Higher shares of renewable energy will support global industries investing and operating in Cambodia who are under pressure to decarbonise their supply chains. Last year, major international clothing brands in Cambodia such as H&M, Puma, Adidas, Nike and Gap requested a higher share of renewables in the energy mix. They have made global renewable and climate commitments to their customers and they remain alarmed by the plans to further carbonise Cambodia's grid.[(3)]

Work completed last year by the Intelligent Energy Systems (IES), supported by the Australian government, concluded that Cambodia has 44GW of high potential solar, 6GW of wind, far higher than the 15GW Cambodia is projected to need by 2040. Back in 2017, expert electricity analysis funded by the Asian Development Bank showed the Cambodian electricity grid can take 10% to 20% capacity solar with no problem, up to 40% with manageable limited impacts. Today, the grid is doing really well with eight per cent solar capacity, but that share will now decline as more coal projects come online. Cambodia now has excellent and commendable experience in integrating solar output into the grid – from 2016 when no solar was on the grid to over 0.23GW of solar by the end of last year.[(4)]

(1) Source: Cambodia Economic Update – Weathering the Oil Price Shock (Special Focus : Post-Pandemic Supply Chain Disruptions: Strategies to reduce Logistics Costs

(2) Source: Khmer Times published on 7 July 2022

(3) Source: https://chinadialogue.net published on 27 October 2021

(4) Source: The Phnom Penh Post dated 22 February 2021

GENERAL INFORMATION OF THE LISTED ENTITY

D. COMPETITIVE SITUATION

PEPC is well positioned to benefit from the growth in electricity demand in Cambodia. With a strong technical expertise in power system engineering, PEPC possesses an integrated business model across the transmission and distribution segment of power system engineering. The experienced and dedicated management that is focused on growing the business places strong emphasis on quality as a key focus in the delivery of services.

The opportunity to undertake the large scale solar projects for 20MW Bavet solar farm had enabled PEPC having a good reference to participate in renewable energy projects. This is also aligned with the Cambodia Government strategy to tap into renewable energy potential for the country.

E. FUTURE PLAN

PEPC intends to continue to enhance its market position in the power transmission and distribution market segment in Cambodia and countries at Mekong region to meet the increasing power demand. In the meantime, diversification of power system engineering and technical solutions to include the O&M of power infrastructure is well in place to offer a comprehensive power solution to clients.

PEPC endeavours to incorporate sustainable development programme by taking into account, the context of economic, environment, social and governance in the undertaking of its future business plans. Efforts are made in innovation works and R&D development, to bring renewable energy efficiency through building up of solar farm, energy storage system and microgrid system, to create new renewable offerings for utility players and to bring sustainable electric supply to remote areas at the Mekong region.

F. RISK FACTORS

a. Interest rate risks

Interest rate risks refer to risks from fluctuations of interest rate in the future, which may adversely affect financing costs and returns to the Company.

PEPC's ability to expand its business operation is dependent upon its ability to raise sufficient financing either in the form of external debt financing, equity financing or internally generated cash flows.

There has been no material impact of interest rate fluctuations on the Company's historical profits. However, PEPC has entered into interest rate swaps contract to hedge the Company's exposure to interest rate risks on its borrowings. The swap contract allows the Company to raise borrowings at floating rates and swap into fixed rates.

Management will continue to diligently assess the interest rate risk and determine the need to enter into interest rate hedging contract in the future.

b. Exchange rate risks

PEPC's foreign currency exchange risk arises from the transactions denominated in currency other than the USD.

Management possesses vast experience in purchasing materials and/or equipment and constantly monitors the market trends on the prices of the materials and/or equipment to ensure the exposure to foreign exchange risk is kept to the minimal.

Notwithstanding the above, there is no assurance that any foreign exchange fluctuations in the future will not adversely affect the Company's financial performance.

c. Industry risks, risks related to changes in national and international contexts and changes in rules and regulations

i. Dependency on the demand for electricity supply

PEPC customers are mainly utility and industrial companies and power infrastructure concessionaires who give out contracts of the relevant electricity infrastructure turnkey works. Therefore, the business performance is tied closely to the pace of the social and economic growth of the region, which is dependent on the aspiration of each nation.

Any slowdown of expansion or upgrades of power infrastructure in the region, resulting from negative social and economic growth, will have a direct impact on the business operations and prospects of the Company.

In most countries, especially in developing countries in the region, there will normally be an underlying electricity demand in tandem with the economic growth and overall power accessibility improvement activities.

It is also a challenge for most underdeveloped and developing countries to continuously invest in power grid to provide a reliable and secured electricity supply to its citizen and industries. In mitigation, PEPC is making effort to expand its services to utility players across the region and to countries such as Papua New Guinea, Myanmar and Ivory Coast to diversify its customer base.

ii. Changes in political, social and regulatory conditions in Cambodia and other countries that we may operate in

PEPC is susceptible to changes in political and regulatory conditions in Cambodia, as well as other countries in which we may operate in the future. Adverse situations in such countries may potentially cause significant interruptions to the business activities, thus affecting the financial performance and profitability. These situations include, but are not limited to, current global and local economic climates, inflation, credit conditions, political leadership, government regulations and policies, risks of war, methods of taxation, nationalisation, expropriation and renegotiation or nullification of existing contracts.

PEPC had adopted a proactive approach in keeping abreast with economic, political, social and regulatory developments in Cambodia as well as that of the other countries in which we could operate in the future.

However, the nature of business and the strategy do not require PEPC to make a significant capital investment to generate business. As such PLC is expected to be less impacted by any adverse political, economic, social and regulatory factors as it believes that it will be able to adapt to such changes due to its minimal capital requirement and geographical diversification.

d. Operational risks

i. Day-to-day operational risk and insurance coverage

As PEPC is involved in electricity supply industry, its business activities are susceptible to operational risks. Risks in day-to-day operations include risks of accidents, disruption in supply of key components, disruption in supply of utilities, as well as fire, flood, and/or other natural disasters that may cause disruption or delay in implementing the projects and may also cause damage to the materials and equipment thereby possibly disrupting its business operations. In addition, as its projects involve use of heavy equipment and machineries, PEPC may encounter accidents or dangerous incidents at the project sites.

GENERAL INFORMATION OF THE LISTED ENTITY

PEPC seeks to limit the above risks through, inter-alia, the following risk measures:

(i) taken up personal accident policy for all staff;
(ii) project sites comply with safety requirements stipulated in various relevant licenses issued by relevant authorities and its approved internal work procedures;
(iii) established an internal project implementation procedure and supply chain management to ensure effective and efficient business operations;
(iv) In-house training and briefing on safety requirements and proper use of equipment are conducted to ensure employees are adequately trained to minimise risk of accidents at project sites; and
(v) ensure materials supplied by suppliers are in accordance to the specifications of the projects and the materials are covered by product warranty.

All projects are covered by sufficient insurance to secure against potential damages and accidents.

ii. Project-driven performance

PEPC's performance is project-driven. Its ability to replenish contracts in the future is dependent on, inter-alia, government policies and general economic conditions, the need to build infrastructure for the electricity supply industry in the region, and changes in general business and credit conditions both locally and abroad.

In addition, PEPC's performance in a particular financial year may depend substantially on a single project and its phases of its execution. PEPC takes the necessary steps to establish a broad customer base in the region as its services and products are similarly in demand in all countries in the region. It strives to ensure high degree of customers' satisfaction, customer retention and referrals by:

(i) offering value added solutions or services to its customers through its comprehensive in-house test equipment for commissioning of substation; and
(ii) providing appropriate solutions to customers at hand and ensuring that customers are satisfied with project quality and services; and timely execution.

iii. Project risk

PEPC's revenue is heavily derived from projects which are entered into on a contractual basis, subject to performance of certain terms and conditions. If its projects are delayed as a result of factors that it is contractually responsible for, especially on those that are within its control, PEPC is liable to pay liquidated and ascertained damages on termination or delay. As such, any delay may affect its ability to complete its projects and achieve its revenue target and its business plans in a particular period. The difficulties faced in executing projects may also result in incurring higher cost. These types of developments may, in turn, have an adverse effect on the business, financial condition and results of operations.

Apart from the above, the projects could be subject to cancellation, deferral or rescheduling which could affect the Company's anticipated profitability. Furthermore, any termination of material projects will have an adverse impact on future revenue.

For those situations which are out of its control, such as adverse weather conditions and/or floods, such delays would be compensated by its customer via an extension of time to complete the project. In addition, under the terms of most of the contracts with its customers, its customers may request changes to the contract specifications that may result from unanticipated events affecting the projects. Its contracts generally provide that such additional direct costs and extra time resulting from these types of changes in specifications are allowed in its contracts.

All PEPC projects are based on contractual agreements. Any cancellation and termination of projects shall be subject to terms and conditions set out in the contracts. Generally, claims for works rendered prior to such cancellation or termination would be allowable in any contracts.

In addition, PEPC will seek legal advice before entering into any contracts to ensure the company's interest is safeguarded.

iv. Dependency and inability to retain executive directors and senior officers

PEPC believes that its Company's continued success will depend, to a significant extent, upon the abilities, capabilities and continued efforts of the Executive Directors and senior officers to effectively market its services and products to grow the business. PEPC is led by experienced Directors and is managed by a team of qualified senior officers who have extensive knowledge and experience in the industry.

Accordingly, the loss of any of Directors and senior officers may affect its ability to effectively carry out its business activities.

The Board recognises the importance of the Company's ability to attract and retain Executive Directors and senior officers through the implementation of human resource strategies which include suitable compensation packages and the adoption of succession planning for key positions.

In addition, PEPC adopted business continuity management to ensure uninterrupted business operations.

However, there can be no assurance that the above measures will be successful in attracting and retaining Executive Directors and senior officers. Nevertheless, PEPC believes, any loss of Executive Directors or senior officers would have only short-term impact on its business activities.

v. Dependency on related companies within PESTECH International Berhad Group ("PESTECH Group")

PEPC expands through capitalising the competencies and know-how of other related companies within PESTECH Group. While this enable PEPC to accelerate its growth with the support from PESTECH Group, it also creates dependency on the part of PEPC to rely on the competencies of other related companies to deliver its services to customers.

However, naturally such dependency is benefitting PEPC in terms of expanding PEPC's scope of services to its customers, enhancing the competencies and know-how of the local term and thereby bring value adds to its customers.

vi. Third party technical utilisation risk

In the course of implementation of projects, PEPC needs to use third party equipment or products. If such equipment or products are faulty, PEPC would need to request for technical assistance from the original manufacturer to help resolving the problems. Although normally the manufacturer would have a team of experts ready to assist in these circumstances, PEPC would not be able to ascertain that such assistance can be always delivered in a timely and efficient manner.

PEPC would ensure that third party components or equipment are sourced from established brand names with long standing track record on the reliability of their equipment or products to reduce the risk of faulty third party equipment. In addition, the supply chain management of PEPC requires registration of suppliers, progress monitoring and factory inspection to ensure quality of products and timely delivery.

GENERAL INFORMATION OF THE LISTED ENTITY

vii. Reliance on major customers

As PEPC's revenue mainly generated from projects, PEPC could be reliant on certain projects and thereby certain customers during a particular period of time.

PEPC does not expect to rely on any particular customers on a recurring basis, it is the nature of its business that it could be reliant on a particular customer at any period of time in the future. The loss of any of these customers, if not replaced, will adversely affect its financial condition and results of operations. However, the Board is of the view that these risks are mitigated to a certain extent, by the following:-

(i) the track record offering value add solutions and quality services have ensured customer retention and referral; and
(ii) by securing more contracts from different customers and thereby replenishing the project works, we are able to minimise its dependency on any particular customers in the future.

In addition, the Company has maintained and will continuously strive to meet its customers' expectations by working in tandem with their requirements to further improve its service quality. Despite its efforts to broaden its customer base, there is no assurance that the financial performance and operations of PEPC will not be adversely affected by its dependence on major customers.

viii. Reliance on licenses, permits and other relevant approvals issued by various regulatory authorities in Cambodia

PEPC is required by the regulatory authorities in the countries where it is operating to possess the required licenses, permits and other approvals in order to operate its businesses. Any change in the laws, regulations and government policies could affect its operations. In particular, any decisions by the government or regulatory authorities related to grant or renewal of licenses or permits could disrupt its operations and have material adverse effect on its business and financial condition. Even though PEPC has obtained the required licenses, permits and approvals, it is subject to continuous review under the applicable laws and regulations, the implementation of which is subject to change from time to time.

PEPC will continue to remain compliant with the laws and regulations in the countries where it is operating by ensuring reviewing of the regulations, conditions imposed and new directives on an on-going basis. Nonetheless, there is no assurance that its effort is sufficient to mitigate such risk.

e. Non-operational risks

i. Financial Risks Including Liquidity Risk and Credit Risk

Liquidity risk

Liquidity risk is the risk that PEPC will encounter difficulty in raising funds to meet its short term payment commitments.

PEPC is exposed to liquidity risk as it is generally extend credit terms to its customers and in some cases, it only get paid beyond the construction period. As a result, it may be facing liquidity risk if it is unable to fund the construction cost and the purchase of the machinery and equipment used in the projects.

PEPC seeks to maintain sufficient cash and cash equivalents to meet its working capital needs, and also maintain good relationships with the financial institutions.

The Company will also endeavour to balance the projects with longer payment term via-a-vis projects with shorter payment term in order to lessen the liquidity burden on the Company.

Credit risk

PEPC is exposed to credit risk as it usually invoices customers based on the stages of completion of projects or based on terms of payment set out in the contracts with customers. Terms of payment are usually negotiated up front between the contracted parties.

Adverse economic conditions affecting, or financial difficulties of customers could impair the ability of customers to pay for services or fulfil their contractual obligations or cause them to delay those payments or obligations. PEPC depends on its customers to remit payments on a timely basis.

PEPC is of the opinion that the billing method is in line with the industry standards. The majority of customers or end-customers are state-owned companies and PEPC has thus far managed to receive payments on timely manner.

In general, PEPC only provides extended credit terms to customers when it has the direct payment arrangement in place with the end-customers, which are generally the state-owned utility companies.

ii. Future capital needs which will require additional financing

PEPC may need to raise additional funds in the future, through public or private financing, to support the growth of the Company, undertake acquisitions, respond to competitive pressure and/or acquire complementary businesses and technologies. There is no assurance that such additional funding, if needed, will be available on favourable terms. Furthermore, any debt financing if available, may involve restrictive covenants, which may limit PEPC's operating flexibility. If additional funds are raised through the issuance of equity or equity-linked instruments, PEPC's earnings per share will be diluted and its shareholders may experience dilution in their equity shareholdings in the Company. In addition, such equity or equity-linked instruments may have rights, preferences or privileges over those of the existing shares. Failure to secure adequate funds on acceptable terms would have a material adverse effect on the Company's business, competitiveness and financial performance.

PEPC maintains good relationships with financial institutions and in the Board's opinion, PEPC has good prospects of establishing banking relationship with them, should the need arises. Furthermore, PEPC expects most of the future debts funding requirements are projects related which have clear source of repayment.

f. Non-operational risks

i. Litigation risk

PEPC is not involved in any litigation in Cambodia. Nevertheless, the Company is subject to the risk of litigation and regulatory enforcement actions in the ordinary course of business, particularly in respect of any breach of contractual covenants, the environmental and construction requirements in relation to projects, taxation law and labour law requirements.

Any litigation or regulatory enforcement actions could potentially damage its reputation and could expose the Company to financial liability, divert our resources and management's attention away from day-to-day business and adversely affect the Company's reputation and financial performance.

ii. Tax disputes

There were no subsisting tax disputes between PEPC and the General Department of Taxation

INFORMATION ON
BUSINESS OPERATION PERFORMANCE

A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENT

The undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation is the main contributor to the revenue for the year amounting to KHR202,508 million (FY2021: KHR260,845 million), which comprised about 93.6% (FY2021: 95.3%) of the total revenue.

Supplemented to our EPCC services, our operation and maintenance services ("O&M") comprised KHR13,847 million or 6.4% of the total revenue (FY2021: KHR12,783 million or 4.7%).

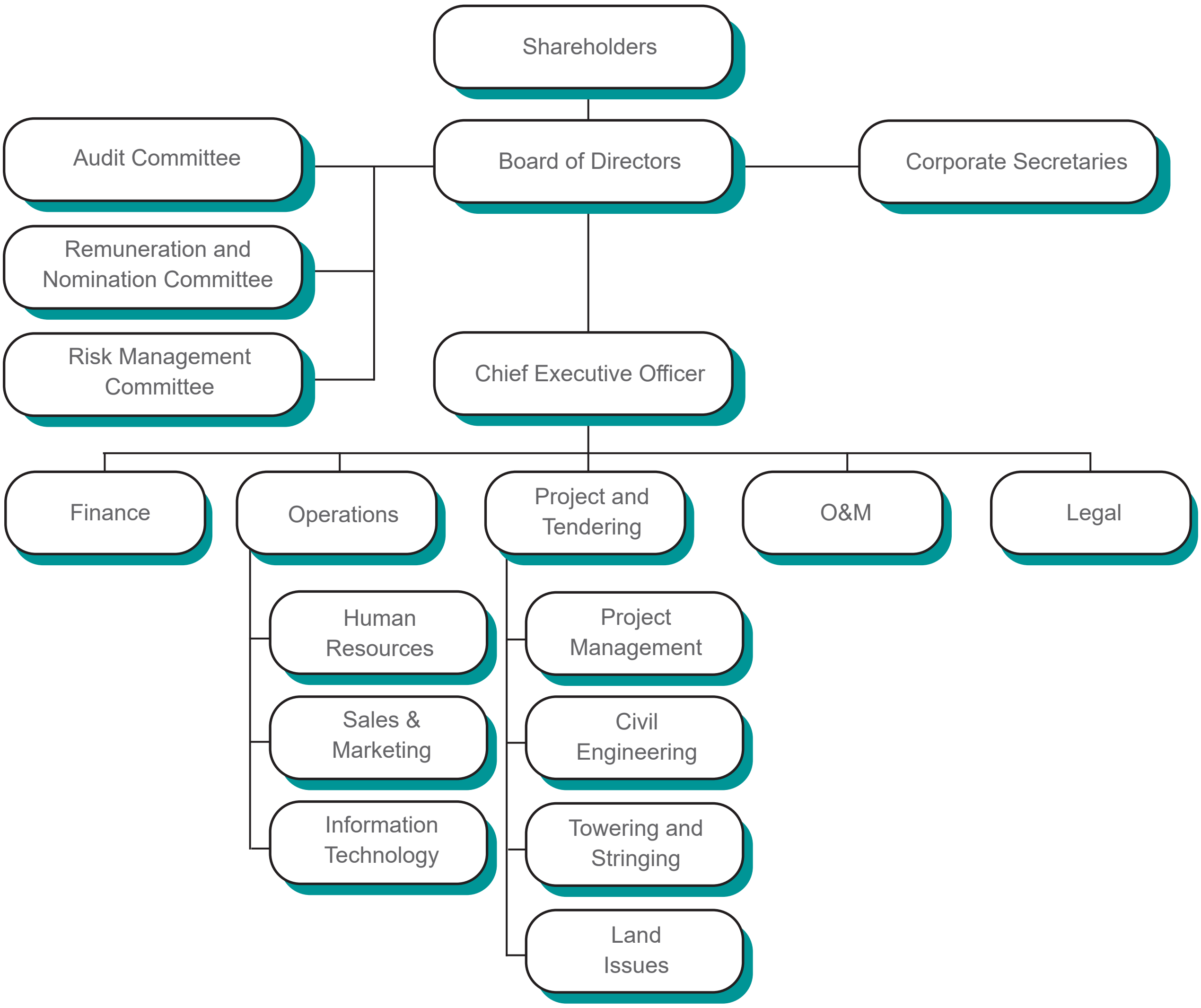
During the year, the Group had recognised finance income amounting to KHR11,448 million (FY2021: KHR4,266 million) in compliance with the Cambodian International Financial Reporting Standards ("CIFRS") 15, for contract assets from some of our projects.

B. REVENUE STRUCTURE

No	Source of Revenue	FY2022		FY2021		FY2020	
		KHR' mil	%	KHR' mil	%	KHR' mil	%
1	EPCC contract for electrical transmission and substation	202,508	93.6	260,845	95.3	193,845	95.5
2	Operation and Maintenance	13,847	6.4	12,783	4.7	9,169	4.5
	Total Revenue	216,355	100.0	273,628	100.0	203,014	100.0
	Finance income from contract assets	11,448	-	4,266	-	-	-
	Total income	227,803	-	277,894	-	203,014	-

INFORMATION ON
CORPORATE GOVERNANCE

A. ORGANIZATION STRUCTURE



B. BOARD OF DIRECTORS

No	Name	Position	Appointment Date	Expired Date of Being Director
1	Paul Lim Pay Chuan	Executive Chairman	5 February 2010	9 December 2023
2	Lim Ah Hock	Executive Director	5 February 2010	9 December 2023
3	Han Fatt Juan	Executive Director/ Chief Executive Officer	27 June 2018	9 December 2023
4	Charles Tan Pu Hooi	Executive Director	27 June 2018	9 December 2023
5	Dav Ansan	Independent Non-Executive Director	29 August 2018	28 August 2023

C. CORPORATE SECRETARY

No	Name	Position	Appointment Date
1	Lynda Pan Seng Wee	Corporate Secretary	4 August 2021

INFORMATION ON SECURITIES' TRADING AND SHAREHOLDERS OF THE LISTED ENTITY

A. INFORMATION ON SECURITIES

1. Information on Equity Securities (for equity listed entity)

Name of Equity Securities	:	**PESTECH (Cambodia) PLC.**
Equity Securities' Symbol	:	**PEPC**
Class of Equity Securities	:	**Ordinary Share**
Par Value Per Equity Securities	:	**USD0.10 or KHR400**
IPO Price	:	**USD0.76 or KHR3,120**
Total Number of Outstanding Shares	:	**74,945,000**
Market Capitalization	:	**KHR235,327,300,000** **(KHR3,140 per share as at 1 September 2022)**
Permitted Securities Market	:	**Cambodia Securities Exchange**
Listing Date	:	**12 August 2020**

B. SECURITIES' PRICE AND TRADING VOLUME

Securities		Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22
Trading Price	Max	3,150	3,220	3,170	3,180	3,140	3,160	3,060	3,200	3,240	3,170	3,260	3,230
	*Avr	3,135	3,180	3,150	3,155	3,135	3,155	3,055	3,190	3,170	3,155	3,245	3,215
	Min	3,120	3,140	3,130	3,130	3,130	3,130	3,050	3,180	3,200	3,140	3,230	3,200
Trading Volume	Max	5,023	25,517	2,595	2,674	1,661	3,426	13,552	15,440	9,328	4,442	20,362	105,556
	*Avr	2,540.5	12,837	1,301.5	1,388	832.50	1,719	6,789	7,880	4,826.5	2,223.5	10,215	52,778.5
	Min	58	157	8	102	4	12	26	320	325	5	68	1

The above information was extracted from CSX's website based on information as at 1 September 2022, where available.

** Being the average between the maximum and minimum trading price and volume.*

C. CONTROLLING SHAREHOLDER(S) (30% OR MORE)

No	Name	National	Number of Shares	Percentage
1	PESTECH International Berhad	Malaysia	71,000,000	94.74%
Total			71,000,000	94.74%

The above information was extracted from CSX's website based on information as at 1 September 2022, where available.

D. INFORMATION ON DIVIDEND DISTRIBUTION IN THE LAST 3 (THREE) YEARS (FOR EQUITY LISTED ENTITY)

The Board had declared a dividend of USD0.0065 per ordinary share in respect of the financial year ended 30 June 2021. The dividend payment was paid to all shareholders on 28 December 2021 based on the record date of 20 December 2021.

INTERNAL CONTROL AUDIT REPORT
BY THE INTERNAL AUDITOR

HT&P Partners
Certified Public Accountants

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The Board of Directors
PESTECH (Cambodia) Plc.
AAA Tower, 10th Floor, Mao Tse Tong Blvd
Sangkat Bueong Keng Kong I, Khan Chamkarmorn
Phnom Penh, Cambodia

Ref: HTP/HP/LUN

Date: 15 July 2022

PESTECH (CAMBODIA) PLC.
INTERNAL AUDIT REPORT

We refer to above matter and enclose a copy of our internal audit report for your perusal. The internal audit report has already been discussed with the Management of PESTECH (Cambodia) Plc. ("the Company").

We have performed audit procedures on Billing & Collection, Payables, Finance Department Management process of the Company for the period from 1 July 2020 to 30 June 2021 which was concluded in the financial year ended 30 June 2022. We set out in the attached report certain matterswhich came to our attention during the course of our internal audit and which we would like to bring to your attention.

We have prepared this report solely for the use of the Audit Committee, the Management and your intended use for the purpose of the engagement. Therefore, we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy without our prior written consent, we would not accept any responsibility for any reliance that they might place on it.

We have incorporated the Management's responses to the various comments enclosed in the attached report for your attention.

Finally, we would like to acknowledge the assistance and co-operation extended to us by your staffs during the course of the internal audit.

Yours faithfully,

HT & P Partners

HT & P Partners Co., Ltd.
KINGDOM OF CAMBODIA

HT & P Partners
Certified Public Accountants

Phnom Penh, Cambodia

FINANCIAL SECTION

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submits this report and the audited financial statements of PESTECH (Cambodia) Plc ("the Company") and the audited financial statements of the Company and its subsidiaries (together hereinafter referred to as "the Group") as at 30 June 2022 and for the year then ended.

The Company

PESTECH (Cambodia) Plc was incorporated on 5 February 2010 as a single member private company and is a 100% owned subsidiary of PESTECH International Berhad, a company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad, with a registered and fully paid share capital totalling USD7,100,000, consisting of 71,000,000 shares, each with a par value of USD0.10 per share. The Company is registered with the Ministry of Commerce ("MOC") under company registration number 00000957.

On 12 August 2020, the Company was successfully listed on the Cambodia Securities Exchange ("CSX"). The number of new issued shares are 3,945,000 shares with a par value of KHR400 or USD0.10 per share, at an offering price of KHR3,120 or USD0.76 per share. Upon the completion of listing, PESTECH International Berhad owned 94.74% shares of the Company.

On 26 May 2022, the Company obtained an approval from MOC to amend its Memorandum of Articles and Association.

The principal activity of the Company is engaged in the construction of electrical substation and transmission lines.

PESTECH (Myanmar) Limited ("PML") was incorporated as a private limited company which is 100% owned by the Company under registration No. 1171FC/2016-2017 dated 24 March 2017 issued by the Government of the Republic of the Union of Myanmar, Ministry of Planning and Finance. The registered share capital is USD50,000 comprising 50,000 ordinary shares.

The principal activity of PML is the provision of comprehensive power system engineering, construction, design, installation and related services in power industry.

PESTECH Hinthar Corporation Limited ("PHC") was incorporated as a private limited company which is 60% owned by PML under Myanmar Companies Law 2017 on 24 June 2019. The registered share capital is USD50,000 comprising 50,000 ordinary shares.

The principal activity of PHC is to establish the infrastructure of power sector and promote the power segments such as power generation, power transmission, power distribution, microgrid system and other power infrastructure to the rural areas in Myanmar.

PESTECH Microgrid Company Limited ("PMG") was incorporated as a private limited company which is 90% owned by PHC under Myanmar Companies Law 2017 on 14 February 2020. The registered and issued share capital is USD10,000 comprising 10,000 ordinary shares.

The principal activity of PMG is the provision of microgrid system and other power infrastructure to rural areas in Myanmar.

The Company considers PHC and PMG as indirect subsidiaries.

The registered office of the Company is located at 10th Floor, Building No. 35, Mao Tse Toung Boulevard, Phum 09, Sangkat Boeung Keng Kang I, Khan Boeung Keng Kang, Phnom Penh, Kingdom of Cambodia.

The registered office of PML, PHC and PMG are at Building 24-26 South Race Course Road, Room PH-C, Penthouse floor, Race Course Condo, Tamwe Township, Yangon Region, Myanmar.

There have been no significant changes in the nature of the Company's and its subsidiaries' activities during the reporting year.

REPORT OF THE BOARD OF DIRECTORS

Result of Operations
The results of the Group's and of the Company's operations for the year ended 30 June 2022 and the state of their affairs as at that date are set out in the financial statements.

The Company paid final dividend of USD0.0065 per ordinary share amounting to USD487,000 in respect of the financial year ended 30 June 2021 on 28 December 2021.

Board of Directors
The members of the Board of Directors of the Group and the Company during the year and to the date of this report are as follows:

Name	Position	Date of Appointment
Mr. Lim Pay Chuan	Executive Chairman	5 February 2010
Mr. Lim Ah Hock	Executive Director	5 February 2010
Mr. Tan Pu Hooi	Executive Director	27 June 2018
Mr. Han Fatt Juan	Executive Director/ Chief Executive Officer	27 June 2018
Mr. Dav Ansan	Independent Non-Executive Director	29 August 2018

Auditors
The financial statements of the Group and of the Company as at 30 June 2022 for the year then ended have been audited by Grant Thornton (Cambodia) Limited.

Directors' Benefits
During and at the end of the financial year, no arrangements subsisted to which the Group and the Company are a party, with the object or objects of enabling the directors of the Group and the Company to acquire benefits by means of the acquisition of shares in or debentures of the Group and the Company or any other corporate body.

Since the end of the previous financial year, the directors have not received or become entitled to receive any benefits by reason of a contract made by the Group and the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for the benefit as disclosed in note 29 to the financial statements.

Board of Directors' Responsibility in Respect of the Financial Statements
The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and cash flows for the year then ended. When preparing these financial statements, the Board of Directors is required to:

i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
ii. comply with the disclosure requirements of Cambodian International Financial Reporting Standards or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
iii. maintain adequate accounting records and an effective system of internal control;
iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Company will continue their operations in the foreseeable future; and
v. control and direct effectively the Group and the Company in all material decisions affecting their operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

Board of Directors' Responsibility in Respect of the Financial Statements (continued)
The Board of Directors is also responsible for safeguarding the assets of the Group and of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Group and the Company have complied with the above requirements in preparing the financial statements.

Statement by the Board of Directors
In the opinion of the Board of Directors, the accompanying statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards.

On behalf of the Board of Directors

Lim Pay Chuan
Executive Chairman

Kuala Lumpur, Malaysia
21 September 2022

INDEPENDENT AUDITOR'S REPORT

Grant Thornton (Cambodia) Limited
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To the Shareholders of
PESTECH (Cambodia) Plc

Opinion
We have audited the financial statements of PESTECH (Cambodia) Plc ("the Company") and the consolidated financial statements of the Company and its subsidiaries (together hereinafter referred to as "the Group"), which comprise the statements of financial position as at 30 June 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 30 June 2022, and their financial performance and their cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis For Opinion
We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below are the key audit matters identified in our audit of the financial statements of the Group and of the Company:

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue and cost recognition for construction contracts The revenue and cost recognition for construction contracts are recognised in accordance with the accounting policies and significant estimates, assumptions and judgement as detailed in notes 4.4 and 5 to the financial statements, respectively. We focus on this area as significant Management's judgement and estimates are involved in determining the followings: i. transaction price for construction contracts which include significant financing component; ii. relative fair values of the services delivered and allocation of the consideration received or receivable of each concession service; iii. stage of completion using the output method, which is based on the stage of completion of the development phase of the projects certified by professional engineers or consultants; iv. extent of contract cost incurred to-date; v. total construction contract cost and cost to completion; and vi. provision for liquidated ascertained damages.	In addressing this area of focus, we have performed, amongst others, the following procedures: - perused terms and conditions stipulated in the contracts with customers and subcontractors/suppliers to determine individually significant contract and assessed their relationship with revenue and costs recognised; - assessed total construction contract revenue by examining evidences such as construction contracts, approved variation orders and correspondences with customers and verified the progress billings. In instances where projects have been delayed, assessed the necessity and sufficiency of the provision for liquidated ascertained damages based on the Management's estimates and reviewed the supporting documentations such as correspondences with customers or consultants, extension of time approvals and work progress reports indicating reasons for delays; - evaluated the appropriateness and the consistency of key assumptions used by the Management to determine the transaction price for construction contracts which include significant financing component, fair value of the services to be delivered and the basis of the allocation of the consideration received and/or receivable to each service; - evaluated the competence, capabilities and objectivity of independent engineering consultant or in-house engineers; - checked the stage of completion of construction contracts on a sampling basis to internal progress reports certified by professional engineers or consultants; - assessed the basis used in determining the budgeted contract cost; - assessed actual costs incurred and accrued costs by examining evidences such as contractors' progress claims and suppliers' invoices issued during the financial year and/or subsequent to the financial year; - interviewed independent engineering consultant to understand the basis used in verifying the stage of completion; and - interviewed Management's project team on the achievability of the forecasted costs to completion of the individually significant projects.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Recoverability of trade receivables and contract assets CIFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of significant assumptions about future economic conditions and credit risk of the customers in the calculation of loss allowance. The Group and the Company have assessed the lifetime expected credit loss of trade receivables and contract assets amounts using the simplified approach. As disclosed in notes 10 and 12 to the financial statements, the Group and the Company have significant contract assets and trade receivables as at 30 June 2022 and these are subject to credit risk exposure. We focused on this area because Management's assessment of ECL requires significant judgement over the expected loss rates, forward looking information and probability-weighted estimates. The details of the accounting policies, significant estimates and assumptions and credit risk management used by the Group and the Company have been disclosed in notes 4.8, 5(a) and 33(a) to the financial statements, respectively.	In addressing this area of focus, we have performed, amongst others, the following procedures: - obtained an understanding on how the Group and the Company identify and assess ECL for trade receivables and contract assets; - reviewed the key data sources and assumptions for data used in the determination of default rate and the current and forward-looking adjustment factor; - considered the age of the debts as well as the trend of collections to assess collection risks; - obtained debtors confirmation and review collectability by way of obtaining evidence of receipts from the debtors on a sampling basis subsequent to year end.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements
The Management of the Group and the Company is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Management, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton
GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

Ng Yee Zent
Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia
21 September 2022

GROUP'S STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
ASSETS					
Non-current					
Property, plant and equipment	7	**13,604**	14,150	**55,368**	57,661
Intangible assets		**9**	3	**37**	12
Contract assets	10	**109,262**	122,167	**444,696**	497,831
Non-current assets		**122,875**	136,320	**500,101**	555,504
Current					
Inventories	11	**3,338**	3,508	**13,586**	14,295
Contract assets	10	**155,950**	122,851	**634,717**	500,618
Trade and other receivables	12	**3,142**	6,503	**12,788**	26,501
Amount due from related parties	28	**224**	2	**911**	8
Cash and bank balances	13	**9,872**	17,167	**40,179**	69,956
Current assets		**172,526**	150,031	**702,181**	611,378
Total assets		**295,401**	286,351	**1,202,282**	1,166,882
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	**7,494**	7,494	**30,725**	30,725
Share premium	15	**2,541**	2,541	**10,422**	10,422
Reserves	16	**(400)**	(4,269)	**(1,883)**	(17,435)
Retained earnings		**17,310**	17,190	**70,452**	70,040
Cumulative currency translation difference		**-**	-	**(51)**	(206)
Total equity attributable to the owners of the Company		**26,945**	22,956	**109,665**	93,546
Non-controlling interests		**86**	86	**351**	351
Total equity		**27,031**	23,042	**110,016**	93,897
LIABILITIES					
Non-current					
Borrowings	18	**82,071**	91,575	**334,029**	373,168
Lease liabilities	8	**230**	148	**934**	603
Deferred tax liability	26	**986**	777	**4,013**	3,166
Derivative financial instruments	19	**452**	4,321	**1,838**	17,608
Non-current liabilities		**83,739**	96,821	**340,814**	394,545

The accompanying notes are an integral part of these financial statements.

GROUP'S STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
LIABILITIES (CONT'D)					
Current					
Contract liability	10	**162**	-	**659**	-
Trade and other payables	17	**46,997**	33,396	**191,275**	136,089
Amount due to holding company	28	**26,834**	27,054	**109,214**	110,245
Amount due to related parties	28	**89,597**	90,668	**364,659**	369,472
Borrowings	18	**20,281**	13,544	**82,544**	55,192
Lease liabilities	8	**118**	14	**482**	58
Income tax payable		**642**	1,812	**2,619**	7,384
Current liabilities		**184,631**	166,488	**751,452**	678,440
Total liabilities		**268,370**	263,309	**1,092,266**	1,072,985
Total equity and liabilities		**295,401**	286,351	**1,202,282**	1,166,882

The accompanying notes are an integral part of these financial statements.

COMPANY'S STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
ASSETS					
Non-current					
Investment in a subsidiary	9	**50**	50	**204**	204
Property, plant and equipment	7	**13,604**	14,150	**55,368**	57,661
Intangible assets		**9**	3	**37**	12
Contract assets	10	**109,262**	122,167	**444,696**	497,831
Non-current assets		**122,925**	136,370	**500,305**	555,708
Current					
Inventories	11	**3,338**	3,508	**13,586**	14,295
Contract assets	10	**155,950**	122,851	**634,717**	500,618
Trade and other receivables	12	**3,142**	6,497	**12,788**	26,475
Amount due from related parties	28	**224**	2	**911**	8
Amount due from a subsidiary	28	**97**	79	**395**	322
Cash and bank balances	13	**9,866**	17,154	**40,155**	69,903
Current assets		**172,617**	150,091	**702,552**	611,621
Total assets		**295,542**	286,461	**1,202,857**	1,167,329
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	**7,494**	7,494	**30,725**	30,725
Share premium	15	**2,541**	2,541	**10,422**	10,422
Reserves	16	**(400)**	(4,269)	**(1,883)**	(17,435)
Retained earnings		**17,542**	17,400	**71,395**	70,912
Cumulative currency translation difference		**-**	-	**(50)**	(223)
Total equity		**27,177**	23,166	**110,609**	94,401
LIABILITIES					
Non-current					
Borrowings	18	**82,071**	91,575	**334,029**	373,168
Lease liabilities	8	**230**	148	**934**	603
Deferred tax liability	26	**986**	777	**4,013**	3,166
Derivative financial instruments	19	**452**	4,321	**1,838**	17,608
Non-current liabilities		**83,739**	96,821	**340,814**	394,545

The accompanying notes are an integral part of these financial statements.

COMPANY'S STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
LIABILITIES (CONT'D)					
Current					
Contract liability	10	**162**	-	**659**	-
Trade and other payables	17	**46,992**	33,382	**191,257**	136,032
Amount due to holding company	28	**26,834**	27,054	**109,214**	110,245
Amount due to related parties	28	**89,597**	90,668	**364,659**	369,472
Borrowings	18	**20,281**	13,544	**82,544**	55,192
Lease liabilities	8	**118**	14	**482**	58
Income tax payable		**642**	1,812	**2,619**	7,384
Current liabilities		**184,626**	166,474	**751,434**	678,383
Total liabilities		**268,365**	263,295	**1,092,248**	1,072,928
Total equity and liabilities		**295,542**	286,461	**1,202,857**	1,167,329

The accompanying notes are an integral part of these financial statements.

GROUP'S STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	For the year ended **30 June 2022 USD'000**	 30 June 2021 USD'000	For the year ended **30 June 2022 KHR'mil (Note 4.2)**	 30 June 2021 KHR'mil (Note 4.2)
Revenue	20	**53,202**	67,214	**216,355**	273,628
Operating expenses	21	**(47,659)**	(59,740)	**(193,812)**	(243,201)
Other operating income	22	**65**	144	**264**	586
Other gains		**11**	5	**45**	20
Operating profit		**5,619**	7,623	**22,852**	31,033
Finance income	23	**2,874**	1,098	**11,688**	4,470
Finance costs	24	**(7,145)**	(6,243)	**(29,057)**	(25,415)
Profit before income tax		**1,348**	2,478	**5,483**	10,088
Income tax expense	25	**(741)**	(1,009)	**(3,013)**	(4,108)
Profit for the year		**607**	1,469	**2,470**	5,980
Profit for the year attributable to:					
Owners of the Company		**607**	1,388	**2,470**	5,650
Non-controlling interests		**-**	81	**-**	330
		607	1,469	**2,470**	5,980
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss					
Fair value gain on cash flow hedges		**3,869**	1,546	**15,734**	6,294
Exchange translation difference		**-**	-	**(100)**	(612)
Total comprehensive income for the financial year		**4,476**	3,015	**18,104**	11,662
Total comprehensive income for the year attributable to:					
Owners of the Company		**4,476**	2,853	**18,104**	11,002
Non-controlling interests		**-**	162	**-**	660
		4,476	3,015	**18,104**	11,662

Earnings per share attributable to shareholders of the Group during the year are as follows:

Basic earnings per share (cent/riel)	32	**0.81**	1.86	**32.96**	75.86
Diluted earnings per share (cent/riel)	32	**0.81**	1.86	**32.96**	75.86

The accompanying notes are an integral part of these financial statements.

COMPANY'S STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	For the year ended **30 June 2022 USD'000**	 30 June 2021 USD'000	For the year ended **30 June 2022 KHR'mil (Note 4.2)**	 30 June 2021 KHR'mil (Note 4.2)
Revenue	20	**53,202**	67,214	**216,355**	273,628
Operating expenses	21	**(47,638)**	(59,661)	**(193,727)**	(242,880)
Other operating income	22	**65**	144	**264**	586
Other gains		**12**	16	**49**	65
Operating profit		**5,641**	7,713	**22,941**	31,399
Finance income	23	**2,874**	1,098	**11,688**	4,470
Finance costs	24	**(7,145)**	(6,243)	**(29,057)**	(25,415)
Profit before income tax		**1,370**	2,568	**5,572**	10,454
Income tax expense	25	**(741)**	(1,009)	**(3,013)**	(4,108)
Profit for the year		**629**	1,559	**2,559**	6,346
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss					
Fair value gain on cash flow hedges		**3,869**	1,546	**15,734**	6,294
Exchange translation difference		**-**	-	**(100)**	(614)
Total comprehensive income for the financial year		**4,498**	3,105	**18,193**	12,026

The accompanying notes are an integral part of these financial statements.

GROUP'S STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Attributable to owners of the Company							
		Non-distributable			Distributable				
	Note	Share capital USD'000	Share premium USD'000	Reserves USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total Equity USD'000	Total Equity KHR'mil (Note 4.2)
Balance at 1 July 2021		**7,494**	**2,541**	**(4,269)**	**17,190**	**22,956**	**86**	**23,042**	**93,897**
Profit for the year		**-**	**-**	**-**	**607**	**607**	**-**	**607**	**2,470**
Fair value gain on cash flow hedges		**-**	**-**	**3,869**	**-**	**3,869**	**-**	**3,869**	**15,734**
Dividends paid to owners of the Company	**34**	**-**	**-**	**-**	**(487)**	**(487)**	**-**	**(487)**	**(1,985)**
Currency translation difference		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(100)**
Balance at 30 June 2022		**7,494**	**2,541**	**(400)**	**17,310**	**26,945**	**86**	**27,031**	**110,016**
Balance at 1 July 2020		7,100	-	(5,815)	15,802	17,087	5	17,092	69,957
Shares issued	14	394	2,541	-	-	2,935	-	2,935	12,278
Profit for the year		-	-	-	1,388	1,388	81	1,469	5,980
Fair value gain on cash flow hedges		-	-	1,546	-	1,546	-	1,546	6,294
Currency translation difference		-	-	-	-	-	-	-	(612)
Balance at 30 June 2021		7,494	2,541	(4,269)	17,190	22,956	86	23,042	93,897

The accompanying notes are an integral part of these financial statements.

COMPANY'S STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		← Non-distributable →			Distributable	Total Equity	
	Note	Share capital USD'000	Share premium USD'000	Reserves USD'000	Retained earnings USD'000	USD'000	KHR'mil (Note 4.2)
Balance at 1 July 2021		**7,494**	**2,541**	**(4,269)**	**17,400**	**23,166**	**94,401**
Profit for the year		**-**	**-**	**-**	**629**	**629**	**2,559**
Fair value gain on cash flow hedges		**-**	**-**	**3,869**	**-**	**3,869**	**15,734**
Dividends paid to owners of the Company	**34**	**-**	**-**	**-**	**(487)**	**(487)**	**(1,985)**
Currency translation difference		**-**	**-**	**-**	**-**	**-**	**(100)**
Balance at 30 June 2022		**7,494**	**2,541**	**(400)**	**17,542**	**27,177**	**110,609**
Balance at 1 July 2020		7,100	-	(5,815)	15,841	17,126	70,097
Shares issued	14	394	2,541	-	-	2,935	12,278
Profit for the year		-	-	-	1,559	1,559	6,346
Fair value gain on cash flow hedges		-	-	1,546	-	1,546	6,294
Currency translation difference		-	-	-	-	-	(614)
Balance at 30 June 2021		7,494	2,541	(4,269)	17,400	23,166	94,401

The accompanying notes are an integral part of these financial statements.

GROUP'S STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	**For the year ended 30 June 2022 USD'000**	For the year ended 30 June 2021 USD'000	**For the year ended 30 June 2022 KHR'mil (Note 4.2)**	For the year ended 30 June 2021 KHR'mil (Note 4.2)
Operating Activities					
Profit before income tax		**1,348**	2,478	**5,483**	10,088
Adjustments for:					
Depreciation	21	**1,113**	1,059	**4,526**	4,311
Amortisation	21	**4**	3	**16**	12
Interest income	23	**(2,874)**	(1,098)	**(11,688)**	(4,470)
Interest expense	24	**7,145**	6,243	**29,057**	25,415
Gain on termination of lease		**(9)**	-	**(37)**	-
Unrealised foreign exchange gain		**(3)**	(10)	**(12)**	(41)
Operating profit before working capital changes		**6,724**	8,675	**27,345**	35,315
Changes in working capital					
Changes in:					
Trade and other receivables		**3,361**	(2,627)	**13,668**	(10,695)
Contract assets/liability		**(17,217)**	(28,029)	**(70,016)**	(114,106)
Inventories		**170**	827	**691**	3,367
Amount due to holding company		**(1,040)**	(35,838)	**(4,229)**	(145,896)
Amounts due from/to related parties		**(1,293)**	56,341	**(5,258)**	229,364
Trade and other payables		**12,050**	22,503	**49,003**	91,610
Cash generated from operations		**2,755**	21,852	**11,204**	88,959
Income tax paid		**(1,702)**	(513)	**(6,921)**	(2,088)
Net cash from operating activities		**1,053**	21,339	**4,283**	86,871

The accompanying notes are an integral part of these financial statements.

GROUP'S STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	For the year ended 30 June 2022 USD'000	30 June 2021 USD'000	For the year ended 30 June 2022 KHR'mil (Note 4.2)	30 June 2021 KHR'mil (Note 4.2)
Investing Activities					
Acquisitions of property, plant and equipment		**(319)**	(202)	**(1,297)**	(822)
Acquisitions of intangible assets		**(10)**	(1)	**(41)**	(4)
Interest received		**59**	50	**240**	204
Net cash used in investing activities		**(270)**	(153)	**(1,098)**	(622)
Financing Activities					
Dividends paid	34	**(487)**	-	**(1,985)**	-
Proceeds from borrowings	27	**14,506**	7,997	**58,991**	32,556
Repayment of borrowings	27	**(22,453)**	(15,613)	**(91,309)**	(63,561)
Issuance of additional share capital	14	**-**	2,935	**-**	11,948
Interest paid		**(5,590)**	(6,209)	**(22,733)**	(25,277)
Repayment of lease liabilities		**(54)**	(124)	**(218)**	(505)
Advances from holding company		**820**	-	**3,335**	-
Placement of fixed deposit		**(362)**	(204)	**(1,472)**	(830)
Deposit of cash in bank accounts pledge to borrowings		**-**	(2,463)	**-**	(10,027)
Net cash used in financing activities		**(13,620)**	(13,681)	**(55,391)**	(55,696)
Net change in cash and cash equivalents		**(12,837)**	7,505	**(52,206)**	30,553
Cash and cash equivalents, beginning of year		**6,599**	(906)	**26,892**	(3,708)
Currency translation difference		**-**	-	**(78)**	47
Cash and cash equivalents, end of year	13	**(6,238)**	6,599	**(25,392)**	26,892

The accompanying notes are an integral part of these financial statements.

COMPANY'S STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	**For the year ended 30 June 2022 USD'000**	30 June 2021 USD'000	For the year ended **30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Operating Activities					
Profit before income tax		**1,370**	2,568	**5,572**	10,454
Adjustments for:					
Depreciation	21	**1,113**	1,059	**4,526**	4,311
Amortisation	21	**4**	3	**16**	12
Interest income	23	**(2,874)**	(1,098)	**(11,688)**	(4,470)
Interest expense	24	**7,145**	6,243	**29,057**	25,415
Gain on termination of lease		**(9)**	-	**(37)**	-
Unrealised foreign exchange gain		**(2)**	(10)	**(8)**	(41)
Operating profit before working capital changes		**6,747**	8,765	**27,438**	35,681
Changes in working capital					
Changes in:					
Trade and other receivables		**3,355**	(2,636)	**13,644**	(10,731)
Contract assets/liability		**(17,217)**	(28,029)	**(70,016)**	(114,106)
Inventories		**170**	827	**691**	3,367
Amount due to holding company		**(1,040)**	(35,838)	**(4,229)**	(145,896)
Amounts due from/to related parties		**(1,293)**	56,341	**(5,258)**	229,364
Trade and other payables		**12,058**	22,489	**49,036**	91,553
Amount due from a subsidiary		**-**	(41)	**-**	(167)
Cash generated from operations		**2,780**	21,878	**11,306**	89,065
Income tax paid		**(1,702)**	(513)	**(6,921)**	(2,088)
Net cash from operating activities		**1,078**	21,365	**4,385**	86,977

The accompanying notes are an integral part of these financial statements.

COMPANY'S STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	**For the year ended 30 June 2022 USD'000**	For the year ended 30 June 2021 USD'000	**For the year ended 30 June 2022 KHR'mil (Note 4.2)**	For the year ended 30 June 2021 KHR'mil (Note 4.2)
Investing Activities					
Acquisitions of property, plant and equipment		**(319)**	(202)	**(1,297)**	(822)
Acquisitions of intangible assets		**(10)**	(1)	**(41)**	(4)
Investment in a subsidiary		**-**	(15)	**-**	(61)
Interest received		**59**	50	**240**	204
Net cash used in investing activities		**(270)**	(168)	**(1,098)**	(683)
Financing Activities					
Dividends paid	34	**(487)**	-	**(1,985)**	-
Proceeds from borrowings	27	**14,506**	7,997	**58,991**	32,556
Repayment of borrowings	27	**(22,453)**	(15,613)	**(91,309)**	(63,561)
Issuance of additional share capital	14	**-**	2,935	**-**	11,948
Interest paid		**(5,590)**	(6,209)	**(22,733)**	(25,277)
Repayment of lease liabilities		**(54)**	(124)	**(218)**	(505)
Placement of fixed deposits		**(362)**	(204)	**(1,472)**	(830)
Deposit of cash in bank accounts pledge to borrowings		**-**	(2,463)	**-**	(10,027)
Advance to a subsidiary		**(18)**	-	**(73)**	-
Advance from holding company		**820**	-	**3,335**	-
Net cash used in financing activities		**(13,638)**	(13,681)	**(55,464)**	(55,696)
Net change in cash and cash equivalents		**(12,830)**	7,516	**(52,177)**	30,598
Cash and cash equivalents, beginning of year		**6,586**	(930)	**26,839**	(3,806)
Currency translation difference		**-**	-	**(78)**	47
Cash and cash equivalents, end of year	13	**(6,244)**	6,586	**(25,416)**	26,839

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

PESTECH (Cambodia) Plc ("the Company") was incorporated on 5 February 2010 as a single member private company and is a 100% owned subsidiary of PESTECH International Berhad, a company incorporated and domiciled in Malaysia, and is listed on the main market of Bursa Malaysia Securities Berhad, with a registered and fully paid share capital totalling USD7,100,000, consisting of 71,000,000 shares, each with a par value of USD0.10 per share. The Company is registered with the Ministry of Commerce ("MOC") under company registration number 00000957.

On 12 August 2020, the Company was successfully listed on the Cambodia Securities Exchange ("CSX"). The number of new issued shares are 3,945,000 shares with a par value of KHR400 or USD0.10 per share, at an offering price of KHR3,120 or USD0.76 per share. Upon the completion of listing, PESTECH International Berhad owned 94.74% shares of the Company.

On 26 May 2022, the Company obtained an approval from MOC to amend its Memorandum of Articles and Association.

The principal activity of the Company is engaged in the construction of electrical substations and transmission lines.

PESTECH (Myanmar) Limited ("PML") was incorporated as a private limited company which is 100% owned by the Company under registration No. 1171FC/2016-2017 dated 24 March 2017 issued by the Government of the Republic of the Union of Myanmar, Ministry of Planning and Finance. The registered share capital is USD50,000 comprising 50,000 ordinary shares.

The principal activity of PML is the provision of comprehensive power system engineering, construction, design, installation and related services in power industry.

PESTECH Hinthar Corporation Limited ("PHC") was incorporated as a private limited company which is 60% owned by PML under Myanmar Companies Law 2017 on 24 June 2019. The registered share capital is USD50,000 comprising 50,000 ordinary shares.

The principal activity of PHC is to establish the infrastructure of power sector and promote the power segments such as power generation, power transmission, power distribution, microgrid system and other power infrastructure to the rural areas in Myanmar.

PESTECH Microgrid Company Limited ("PMG") was incorporated as a private limited company which is 90% owned by PHC under Myanmar Companies Law 2017 on 14 February 2020. The registered and issued share capital is USD10,000 comprising 10,000 ordinary shares.

The principal activity of PMG is the provision of microgrid system and other power infrastructure to rural areas in Myanmar.

The Company considers PHC and PMG as indirect subsidiaries.

The registered office of the Company is located at 10th Floor, Building No. 35, Mao Tse Toung Boulevard, Phum 09, Sangkat Boeung Keng Kang I, Khan Boeung Keng Kang, Phnom Penh, Kingdom of Cambodia.

The registered office of PML, PHC and PMG are at Building 24-26 South Race Course Road, Room PH-C, Penthouse floor, Race Course Condo, Tamwe Township, Yangon Region, Myanmar.

There have been no significant changes in the nature of the Company's and its subsidiaries' activities during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH CIFRSs

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

The National Accounting Council of Cambodia, now the Accounting and Auditing Regulator, as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia on the adoption of Cambodian Financial Reporting Standards, has decided to fully adopt International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") without modifications. The standards are referred to as CIFRSs.

3. NEW OR REVISED STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments and interpretations to existing standards that are effective as at 1 July 2021

The Group and the Company adopted all accounting standards and interpretations as at 1 July 2021. The new and revised accounting standards and interpretations assessed to be applicable to the Group's and the Company's financial statements follows:

- Definition of a Business (Amendments to CIFRS 3)
- Definition of Material (Amendments to CIAS 1 and CIAS 8)
- Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform (Amendments to CIFRS 9, CIAS 39 and CIFRS 7)

The management has assessed that the adoption of these accounting standards has no material impact on the financial statements of the Group and the Company.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group and the Company

At the date of authorization of these financial statements, the following new and revised accounting standards that have been issued but are not yet effective and have not been adopted early by the Group and the Company:

- CIFRS 17 Insurance Contracts
- Interest Rate Benchmark Reform - Phase 2 (Amendments to CIFRS 9, CIAS 39, CIFRS 7, and CIFRS 16)
- Reference to the Conceptual Framework (Amendments to CIFRS 3)
- Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to CIAS 1)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to CIAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to CIAS 37)
- Annual Improvements to CIFRS Standards 2018–2020
- Disclosure of Accounting Policies (Amendments to CAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CIAS 8)
- Covid-19-Related Rent Concessions (Amendment to CIFRS 16)

Management does not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Group and the Company in the future periods.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements of the Group and the Company, which are expressed in United States Dollars ("USD"), are prepared under the historical cost convention and drawn up in accordance with CIFRSs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Functional and presentation currency

The national currency of Cambodia is Khmer Riel ("KHR"). However, as the Group and the Company transacts their business and maintain their accounting records primarily in United States Dollars ("USD"), the Board of Directors has determined the USD to be the Group's and the Company's currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Group and 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 recognised in other comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements 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 ("NBC"):

	30 June 2022	30 June 2021
Average rate*	**4,067**	4,071
Closing rate	**4,070**	4,075

* The average rate is calculated using the monthly rates during the year

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 of exchange. USD and KHR amounts are presented in the nearest thousands and millions, respectively, unless otherwise stated.

4.3 Basis of consolidation

The Group's financial statements consolidate those of the parent company and of its subsidiaries. The Company obtains and exercises control through ownership of more than half of the voting rights of its subsidiaries.

Unrealised gains and losses on transactions between the companies in the Group are eliminated. When unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment. Amounts reported in financial statements of the subsidiaries has been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

Profit or loss of the subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition or up to the effective date of disposal as applicable.

4.4 Revenue recognition

Revenue is recognised 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.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as value-added taxes or goods and services taxes.

NOTES TO THE FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Revenue recognition (continued)

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at a point in time.

The Group and the Company recognise revenue from construction over time if it creates an asset with no alternative use and the Group and the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's and the Company's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the survey of work performed, i.e. the stage of completion).

Revenue from construction and operation contracts is recognised on the percentage of completion method which is assessed through a combination of an expert evaluation, and through consideration of contract costs incurred compared to the total estimated costs provided there are no significant uncertainties with respect to the ultimate receipt of the proceeds and the associated costs can be reasonably determined.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of construction costs incurred that is probable will be recovered, and the construction costs shall be recognised as expenses in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether construction has commenced or not, or of the stage of completion of construction activity, or of the amounts of profits expected to arise on other unrelated contracts.

The excess of revenue recognised in the profit or loss over the billings to contract customers is recognised as contract assets.

The excess of billings to contract customers over revenue recognised in the profit or loss is recognised as contract liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Revenue recognition (continued)

Other revenue earned by the Group and the Company represent interest income which is recognised on a time proportion basis.

Construction contract and service rendered
Revenue from engineering services rendered and sale of materials are recognised in the profit or loss when the service is performed and when the Group and the Company have transferred the control of materials to the buyer, respectively.

To determine whether to recognise revenue, the Group and 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. Recognising revenue when/as performance obligation(s) are satisfied

Notional income on unwinding of discounting
Notional income on unwinding of discounting of construction receivable is accrued on a time proportion basis taking into consideration the outstanding receivables and the effective applicable discount rate.

The amount is derived from the difference of the present value of future revenue and the revenue recognised over the construction period.

4.5 Operational expenses

Operating expenses are recognised in the profit or loss in the year in which they are incurred.

4.6 Property, plant and equipment

All items of property, plant and equipment are initially stated at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company, and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation
Depreciation is calculated using the straight-line method at the following annual rates:

	Rate
Equipment	4% - 10%
Motor vehicles	20%
Computers	30%
Furniture and fittings	20%
Signage	10%
Renovation	10%

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Property, plant and equipment (continued)

The residual values, useful life and depreciation method are reviewed at each financial year to ensure that the amount, method and years of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the year which the asset is disposed of. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the disposed assets. Gains and losses are included in the profit or loss.

4.7 Impairment testing of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All assets subject to depreciation or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's and the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any intangible assets allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge would be reversed if the cash-generating unit's recoverable amount exceeded its carrying amount.

4.8 Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expired, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with CIFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where applicable.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost;
- fair value through profit or loss (FVTPL); or,
- fair value through other comprehensive income (FVOCI).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 **Financial instruments (continued)**

The classification is determined by both:
- the Group's and the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented in statement of profit or loss and other comprehensive income.

At the reporting date, the Group and the Company only carry financial assets measured at amortised cost on their statements of financial position.

Financial assets - subsequent measurement
Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's trade and certain other receivables, amounts due from related parties, amounts due from a subsidiary and cash and bank balances fall into this category of financial instruments.

Derecognition
A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expired or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in the profit or loss.

Financial assets - impairment
The Group and the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and,
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial instruments (continued)

Financial assets - impairment (continued)

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables and contract assets
The Group and the Company applies a simplified approach in accounting for trade receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the finacial instrument. In calculating, the Group and the Company use their historical experience, external indicators and forward-looking information to calculate the expected credit losses using external benchmarking approach.

The Group and the Company assess impairment of trade receivables and contract assets on a collective basis as the customers shared similar credit characteristics. A detailed analysis of how the impairment requirements of CIFRS 9 are applied is in note 33 to the financial statements.

Financial liabilities - classification and measurement
The Group's and the Company's financial liabilities comprise trade and certain other payables, amount due to holding company, amounts due to related parties, borrowings and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance income or finance costs.

Derivatives and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting year.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Company designate certain derivatives as either:

(i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
(ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(iii) Hedges of a net investment in a foreign operation (net investment hedge).

At inception of the hedge relationship, the Group and the Company document the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Company document its risk management objective and strategy for undertaking its hedge transactions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 **Financial instruments (continued)**

Derivatives and hedging activities (continued)

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 30 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity of the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recordedin the profit of loss, together with any changes in the fair value of hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the profit of loss within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the profit or loss within 'other gains/(losses) - net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the profit or loss within 'finance cost'.

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If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used and is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within 'other gains/losses - net'. Where the Group and the Company exclude the foreign currency basis spread the designation of derivatives used as hedging instruments, the change in the foreign currency basis spread of the hedging instrument is recognised in other comprehensive income and accumulated in costs of hedging reserve within equity. The Group and the Company designate the cost of hedging application in relation to foreign currency basis spread on a hedge by hedge basis.

Amounts accumulated in equity (including the cost of hedging reserve) are reclassified to profit or loss in the period when the hedged cash flows affect the profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within 'finance cost'. The gain or loss relating to the ineffective portion is recognised in the profit or loss within 'other gains/losses - net'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows affect profit or loss.

(iii) Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within 'other gains/losses - net'.

Gains and losses accumulated in equity are included in the profit or loss when the foreign operation is partially disposed or disposed.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in 'other gains/losses - net'.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of acquiring construction materials including cost incurred in bringing each item to their present location and condition are accounted using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost to sell or the current replacement cost of the asset.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, as well as other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

4.11 Equity, reserves and retained earnings

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current year's profit and prior years' profits.

Capital contribution reserve represents the fair value of the shares granted under the share grant plan. It is a share-based compensation plan granted by the holding company, PESTECH International Berhad to the employees of the Company. The fair value of shares granted is measured at the fair value of grant date and is recognised as an employee benefit expense with corresponding increase in equity.

Reserve represents the changes in fair value of interest rate swaps contracts that are designated as hedges are included as hedging reserve in equity and continuously released to other comprehensive income/loss until the repayment of the borrowings or maturing of the contracts, whichever is earlier. For the contracts that are not designated as hedges, the changes in fair value are recognised in the profit or loss.

4.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group or the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those case where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Group or the Company that do not yet meet the recognition criteria of an asset are considered as contingent assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 **Operating segment**

An operating segment is a component of the Group 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 Group'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 Group has one reportable segment, namely engineering, procurement, construction and commissioning. 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.

4.14 **Income taxes**

Tax expense recognised in the profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Group's and the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally provided for in full.

Deferred tax assets and liabilities are offset only when the Group and the Company have a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the profit or loss, except where they relate to items that are recognised in other profit or loss (such as revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other profit or loss or equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Leases

The Group and the Company as a lessee

The Group and the Company make use of leasing arrangements principally for the provision of the office spaces, staff accommodation and storage. The rental contract for office, staff accommodation and storage are typically negotiated for terms of from three to five years. The Group and the Company do not enter into sale and leaseback arrangements. All the lease is negotiated on an individual basis and contain a wide variety of different terms and conditions such as restriction from assigning and subleasing the leased asset and must deliver regularly the rental payment in accordance with the contract and provide a good care on the existing property, plant and equipment.

The Group and the Company assess whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability on the statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group and the Company depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group and the Company also assess the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group and the Company measure the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group and the Company’s incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Right-of-use asset and lease liability have been individually disclosed on the statements of financial position.

The Group and the Company have elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as expenses in the statements of comprehensive income on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 **Related parties**

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged. For the purpose of these financial statements, a person or entity is considered as a related party if it meets one of the following criteria:

a. A person or a close member of that person's family is related to the Group and the Company if that person:

i. Has control or joint control over the Group and the Company;
ii. Has significant influence over the Group and the Company; or
iii. Is a member of the key management personnel of the ultimate holding company of the Group and the Company, or the Group and the Company.

b. An entity is related to the Group and the Company if any of the following conditions applies:

i. The Group and the Company are members of the same group.
ii. One entity is an associate or joint venture of the other entity.
iii. Both entities are joint ventures of the same third party.
iv. On entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v. The entity is a post-employment benefit plan for the benefits of employees of the Group and the Company.
vi. The entity is controlled or jointly-controlled by a person identified in a. above.
vii. A person identified in i.e above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group and the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Group and the Company make estimates, assumptions and judgements concerning future transactions which may not equal actual results. The accounting estimates, assumptions and judgements which may cause significant impact on the current recognition and measurement of assets, liabilities, income and expenses are summarised as follows:

a. Significant accounting estimates and assumptions

Impairment
In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful life of depreciable assets
The Group and the Company review the estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets.

Construction contract – contract revenues
Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going construction contracts and the older backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

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5. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

a. Significant accounting estimates and assumptions (continued)

Inventories
Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

Leases – estimating the incremental borrowing rate
The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group and the Company estimate the IBR using average borrowing rates in Cambodia.

Income tax expense
The Group and the Company recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through management's current interpretation of the various tax legislations which are subject to period changes. The final determination of tax expenses will be made following examination by the General Department of Taxation.

When the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

b. Significant accounting judgements

Recognition of construction contract revenues
Recognising construction contract requires significant judgement in determining milestones, actual work performed and the estimated costs to complete the work.

6. GOING CONCERN

The Group's and the Company's financial statements have been prepared on a going concern basis, the validity of which depends on the continuing support from holding company, PESTECH International Berhad, a company incorporated and domiciled in Malaysia. The holding company has pledged to provide the necessary financial support for the Group and the Company to meet their liabilities as and when they fall due.

Management strongly believes that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis given the financial support forthcoming from holding company. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and the Company are not appropriate.

7. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Equipment USD'000	Motor vehicles USD'000	Computers USD'000	Furniture and fittings USD'000	Right-of-use assets USD'000	Signage USD'000	Renovation USD'000	Total USD'000	Total KHR'mil (Note 4.2)
Cost									
At 1 July 2021	16,775	559	32	78	306	19	59	17,828	72,649
Additions	21	253	7	21	390	-	17	709	2,886
Write-off due to termination of lease contract	-	-	-	-	(204)	-	-	(204)	(830)
Currency translation difference	-	-	-	-	-	-	-	-	(90)
Balance at 30 June 2022	16,796	812	39	99	492	19	76	18,333	74,615
Accumulated depreciation									
At 1 July 2021	(3,064)	(436)	(25)	(31)	(121)	(1)	-	(3,678)	(14,988)
Depreciation	(885)	(88)	(5)	(14)	(112)	(2)	(7)	(1,113)	(4,526)
Write-off due to termination of lease contract	-	-	-	-	62	-	-	62	252
Currency translation difference	-	-	-	-	-	-	-	-	15
Balance at 30 June 2022	(3,949)	(524)	(30)	(45)	(171)	(3)	(7)	(4,729)	(19,247)
Carrying amount at 30 June 2022	12,847	288	9	54	321	16	69	13,604	55,368

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Equipment USD'000	Motor vehicles USD'000	Computers USD'000	Furniture and fittings USD'000	Right-of-use assets USD'000	Signage USD'000	Renovation USD'000	Total USD'000	Total KHR'mil (Note 4.2)
Cost									
At 1 July 2020	17,292	559	26	31	162	-	-	18,070	73,961
Additions	71	-	6	47	205	19	59	407	1,657
Transfer	(588)	-	-	-	-	-	-	(588)	(2,394)
Reversal	-	-	-	-	(61)	-	-	(61)	(248)
Currency translation difference	-	-	-	-	-	-	-	-	(327)
Balance at 30 June 2021	16,755	559	32	78	306	19	59	17,828	72,649
Accumulated depreciation									
At 1 July 2020	(2,199)	(348)	(21)	(28)	(70)	-	-	(2,666)	(10,912)
Depreciation	(865)	(88)	(4)	(3)	(98)	(1)	-	(1,059)	(4,311)
Reversal	-	-	-	-	47	-	-	47	191
Currency translation difference	-	-	-	-	-	-	-	-	44
Balance at 30 June 2021	(3,064)	(436)	(25)	(31)	(171)	(1)	-	(3,678)	(14,988)
Carrying amount at 30 June 2021	13,711	123	7	47	185	18	59	14,150	57,661

8. LEASE LIABILITIES

Group and Company as a lessee

The Group and the Company have lease contracts for the properties that are used as their office space, staff accommodation and storage.

Lease liabilities are presented in the statements of financial position as follows:

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Current	**118**	14	**482**	58
Non-current	**230**	148	**934**	603
	348	162	**1,416**	661

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
At beginning of the year	**162**	95	**661**	389
Addition	**390**	205	**1,591**	835
Accretion of interest	**22**	15	**91**	61
Termination	**(150)**	(14)	**(615)**	(57)
Payments	**(76)**	(139)	**(309)**	(566)
Currency translation difference	**-**	-	**(3)**	(1)
At end of the year	**348**	162	**1,416**	661

The weighted average incremental borrowing rate applied to lease liabilities recognised under CIFRS 16 was 7.2% per annum.

The table below describes the nature of the Group's and the Company's leasing activities by type of right-of-use assets recognised on the statement of financial position:

Right-of-use assets	**No. of right-of-use assets**	**Range of remaining term**	**Average remaining lease term**	**No. of leases with extension options**	**No. of leases with terminiation options**
House	5	0.5 to 2.1 years	2.1 years	1	5
Office building	1	3.2 years	3.2 years	1	1
Storage	1	3.5 years	3.5 years	-	1

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8. LEASE LIABILITIES (CONTINUED)

The details of future minimum lease payments are summarized below:

	Minimum lease payments due				
	Within one year USD'000	**From one to three years USD'000**	**From three to five years USD'000**	**Total USD'000**	**Total KHR'mil (Note 4.2)**
30 June 2022					
Lease payments	**140**	**228**	**18**	**386**	**1,571**
Finance charges	**(22)**	**(16)**	**-**	**(38)**	**(155)**
Net present value	**118**	**212**	**18**	**348**	**1,416**
30 June 2021					
Lease payments	15	25	157	197	804
Finance charges	(1)	(22)	(12)	(35)	(143)
Net present value	14	3	145	162	661

9. INVESTMENT IN A SUBSIDIARY

	Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
At cost - unquoted shares				
Balance brought forward	**50**	35	**204**	143
Additions	**-**	15	**-**	61
	50	50	**204**	204

Details of the subsidiaries are as follows:

Name	**Country of incorporation and operation**	**Effective interest % 30 June 2022**	30 June 2021	**Principal activities**
PESTECH (Myanmar) Limited ("PML")	Myanmar	**100.00%**	100.00%	Provision of comprehensive power system engineering, construction, design, installation and related services in power industry.
Subsidiary of PML PESTECH Hinthar Corporation Limited ("PHC")	Myanmar	**60.00%**	60.00%	Establish the infrastructure of power sector and promote the power segments such as power generation, power transmission, power distribution, microgrid system and other power infrastructure to the rural areas in Myanmar.
Subsidiary of PHC PESTECH Microgrid Company Limited	Myanmar	**54.00%**	54.00%	Provision of microgrid system and other power infrastructure to rural areas in Myanmar.

10. CONTRACT ASSETS/LIABILITY

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
At beginning of the year	**245,018**	216,989	**998,449**	888,136
Revenue recognized	**53,202**	67,214	**216,355**	273,628
Billing issued	**(35,985)**	(40,233)	**(146,339)**	(163,789)
Finance income recognized	**2,815**	1,048	**11,448**	4,266
Currency translation difference	**-**	-	**(1,159)**	(3,792)
At end of the year	**265,050**	245,018	**1,078,754**	998,449
Presented as:				
Contract assets				
Current	**155,950**	122,851	**634,717**	500,618
Non-current	**109,262**	122,167	**444,696**	497,831
	265,212	245,018	**1,079,413**	998,449
Contract liability				
Current	**(162)**	-	**(659)**	-
	265,050	245,018	**1,078,754**	998,449

Contract assets represent the Group's and the Company's right to consideration for work completed on construction contracts but not yet billed at the reporting date. The amount will be billed according to the billing schedule as stipulated in the construction contracts.

Contract liability is recognised if billing have been issued to a customer before the Group or the Company earns the right to the consideration for work completed.

11. INVENTORIES

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Construction materials	**3,338**	3,508	**13,586**	14,295

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12. TRADE AND OTHER RECEIVABLES

	Group			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Trade receivables	**1,375**	2,950	**5,596**	12,021
Deposits	**37**	241	**151**	984
Staff advances	**37**	30	**151**	122
Financial assets	**1,449**	3,221	**5,898**	13,127
Prepayment	**1,434**	2,146	**5,836**	8,745
Value-added tax	**259**	1,136	**1,054**	4,629
Non-financial assets	**1,693**	3,282	**6,890**	13,374
	3,142	6,503	**12,788**	26,501

	Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Trade receivables	**1,375**	2,950	**5,596**	12,021
Deposits	**37**	235	**151**	958
Staff advances	**37**	30	**151**	122
Financial assets	**1,449**	3,215	**5,898**	13,101
Prepayment	**1,434**	2,146	**5,836**	8,745
Value-added tax	**259**	1,136	**1,054**	4,629
Non-financial assets	**1,693**	3,282	**6,890**	13,374
	3,142	6,497	**12,788**	26,475

13. CASH AND BANK BALANCES

	Group			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Cash in banks (a)	**8,091**	15,753	**32,930**	64,194
Deposits with licensed banks (b)	**1,766**	1,404	**7,188**	5,721
Cash on hand	**15**	10	**61**	41
	9,872	17,167	**40,179**	69,956

13. CASH AND BANK BALANCES (CONTINUED)

	Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Cash in banks (a)	**8,085**	15,741	**32,906**	64,145
Deposits with licensed banks (b)	**1,766**	1,404	**7,188**	5,721
Cash on hand	**15**	9	**61**	37
	9,866	17,154	**40,155**	69,903

(a) Two of the bank accounts have been pledged to syndicated financing facilities and one of the bank account has been pledged to bank overdraft as disclosed in note 18(c.5) and note 18(a.3).

(b) Deposits with licensed banks of the Group and of the Company have been pledged as security for bank overdrafts and term loan as disclosed in note 18(a.2) and note 18(c.6). The deposits earn interest of 4.25% per annum.

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

	Group			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Cash and banks balances (as above)	**9,872**	17,167	**40,179**	69,956
Bank overdrafts (note 18)	**(7,701)**	(2,521)	**(31,345)**	(10,273)
Fixed deposits pledged to borrowings	**(1,766)**	(1,404)	**(7,188)**	(5,721)
Cash in banks pledged to borrowings	**(6,643)**	(6,643)	**(27,038)**	(27,070)
Cash and cash equivalents per statement of cash flows	**(6,238)**	6,599	**(25,392)**	26,892

	Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Cash and banks balances (as above)	**9,866**	17,154	**40,155**	69,903
Bank overdrafts (note 18)	**(7,701)**	(2,521)	**(31,345)**	(10,273)
Fixed deposits pledged to borrowings	**(1,766)**	(1,404)	**(7,188)**	(5,721)
Cash in banks pledged to borrowings	**(6,643)**	(6,643)	**(27,038)**	(27,070)
Cash and cash equivalents per statement of cash flows	**(6,244)**	6,586	**(25,416)**	26,839

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14. SHARE CAPITAL

	Group and Company					
	Number of shares		Amount			
	30 June 2022	30 June 2021	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Share issued and fully paid:						
Beginning of the year	**74,945,000**	**71,000,000**	**7,494**	7,100	**30,725**	28,869
Shares issued	**-**	**3,945,000**	**-**	394	**-**	1,856
End of the year	**74,945,500**	**74,945,500**	**7,494**	7,494	**30,725**	30,725

On 12 August 2020, the Company was successfully listed on the Cambodia Securities Exchange ("CSX"). The number of new issued shares are 3,945,000 shares with a par value of KHR400 or USD0.10 per share, at an offering price of KHR3,120 or USD0.76 per share.

15. SHARE PREMIUM

The share premium mainly represents the excess amount received by the Company over the par value of its shares pursuant to the issuance of shares, net of transaction costs directly attributable to the issuance.

16. RESERVES

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Capital contribution reserve	**52**	52	**212**	212
Cash flow hedge reserve	**(452)**	(4,231)	**(1,838)**	(17,608)
Currency translation difference	**-**	-	**(257)**	(39)
	(400)	(4,269)	**(1,883)**	(17,435)

Capital contribution reserve represents the fair value of equity–settled share options granted to employees of the Company by its holding company in October 2017. The reserve is made up of the cumulative value of services received from employees recorded over the vesting year commencing from the grant date of equity-settled share options and is reduced upon the expiry of the share options or payments made to the holding company.

17. TRADE AND OTHER PAYABLES

	Group			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Provision for project cost	**44,141**	31,615	**179,654**	128,831
Trade payables	**1,780**	892	**7,245**	3,635
Accruals	**802**	730	**3,262**	2,975
Other payables	**160**	34	**650**	139
Financial liabilities	**46,883**	33,271	**190,811**	135,580
Taxes payable	**114**	125	**464**	509
Non-financial liability	**114**	125	**464**	509
	46,997	33,396	**191,275**	136,089

	Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Provision for project cost	**44,141**	31,615	**179,654**	128,831
Trade payables	**1,780**	892	**7,245**	3,635
Accruals	**802**	721	**3,264**	2,938
Other payables	**155**	29	**630**	119
Financial liabilities	**46,878**	33,257	**190,793**	135,523
Taxes payable	**114**	125	**464**	509
Non-financial liability	**114**	125	**464**	509
	46,992	33,382	**191,257**	136,032

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18. BORROWINGS

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Current				
Secured:				
Bank overdrafts	**7,701**	2,521	**31,345**	10,273
Revolving credit	**3,080**	2,523	**12,536**	10,281
Term loans	**9,500**	8,500	**38,663**	34,638
Total current	**20,281**	13,544	**82,544**	55,192
Non-current				
Secured:				
Term loans	**82,071**	91,575	**334,029**	373,168
Total non-current	**82,071**	91,575	**334,029**	373,168
	102,352	105,119	**416,573**	428,360

The effective interest rates of the borrowings are as follows:

	Group and Company	
	30 June 2022 %	30 June 2021 %
Bank overdrafts (a)	**7.0 to 8.5**	7.5 to 8.5
Revolving credit (b)	**7.2**	7.2
Term loans (c)	**4.9 to 7.5**	4.1 to 7.5

The above facilities are secured by the following:

Bank overdrafts

a.1 Granting facilities to the Company under letter of offer.
a.2 Deposits with a licensed bank of the Company as disclosed in note 13.
a.3 Pledge of bank accounts.
a.4 Corporate guarantee from holding company, PESTECH International Berhad.

Revolving credit

b.1 Corporate guarantee from holding company, PESTECH International Berhad.

Term loans

c.1 Assignment of rights and benefits of the Project Documents entered into between the Company and customer;
c.2 Corporate guarantee from holding company, PESTECH International Berhad;
c.3 Insurance covering the projects;
c.4 Granting certain direct rights to the Company of the Direct Agreement dated 17 February 2015, entered into between the Company and customer;
c.5 Pledge of bank accounts; and,
c.6 Deposits with a licensed bank of the Company as disclosed in note 13.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company					
	30 June 2022	30 June 2021	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
	Notional value		**Fair value liabilities**			
	USD'000	USD'000	**USD'000**	USD'000	**KHR'mil (Note 4.2)**	KHR'mil (Note 4.2)
Interest rate swaps	**42,100**	47,250	**452**	4,321	**1,838**	17,608

On 25 October 2018 and 27 December 2018, the Group entered into interest rate swaps contracts ("IRS") to hedge the Group's exposure to interest rate risks on its borrowings. The IRS entitles the Group to receive interest at floating rates on notional amounts and obliges the Group to pay interest at fixed interest rates on the same notional amounts, thus allowing the Group to raise borrowings at floating rates and swap into fixed rates.

The changes in fair value of these IRS that are designated as hedges are included as hedging reserve in equity and continuously released to other comprehensive income until the repayment of the borrowings or maturity of the IRS, whichever is earlier. For the IRS that are not designated as hedges, the changes in fair value are recognised in profit or loss.

20. REVENUE

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Construction contract and service rendered	**53,202**	67,214	**216,355**	273,628

20.1 Disaggregated revenue information

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Timing of revenue recognition:				
Over time	**53,202**	67,214	**216,355**	273,628

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21. OPERATING EXPENSES

	Group			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Direct costs				
Raw materials and consumables	**40,170**	52,611	**163,358**	214,179
Operation overheads	**2,476**	2,538	**10,069**	10,332
	42,646	55,149	**173,427**	224,511
Employee benefits				
Salaries, wages, bonuses and other emoluments	**1,527**	1,295	**6,210**	5,272
Directors' remuneration	**468**	394	**1,903**	1,604
Amortisation				
Intangible assets	**4**	3	**16**	12
Depreciation				
Property, plant and equipment	**1,001**	961	**4,071**	3,912
Right-of-use assets	**112**	98	**455**	399
	1,113	1,059	**4,526**	4,311
General expenses				
Withholding tax	**861**	732	**3,501**	2,980
Management fees	**4**	565	**16**	2,300
Professional fees	**212**	151	**862**	615
Bank charges	**201**	69	**817**	281
Other expenses	**623**	323	**2,534**	1,315
	1,901	1,840	**7,730**	7,491
	47,659	59,740	**193,812**	243,201

21. OPERATING EXPENSES (CONTINUED)

	Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Direct costs				
Raw materials and consumables	**40,170**	52,611	**163,358**	214,179
Operation overheads	**2,476**	2,538	**10,069**	10,332
	42,646	55,149	**173,427**	224,511
Employee benefits				
Salaries, wages, bonuses and other emoluments	**1,524**	1,273	**6,198**	5,183
Directors' remuneration	**468**	394	**1,903**	1,604
Amortisation				
Intangible assets	**4**	3	**16**	12
Depreciation				
Property, plant and equipment	**1,001**	961	**4,071**	3,912
Right-of-use assets	**112**	98	**455**	399
	1,113	1,059	**4,526**	4,311
General expenses				
Withholding tax	**861**	732	**3,501**	2,981
Management fees	**4**	565	**16**	2,300
Professional fees	**206**	147	**838**	598
Bank charges	**201**	68	**817**	277
Other expenses	**611**	271	**2,485**	1,103
	1,883	1,783	**7,657**	7,259
	47,638	59,661	**193,727**	242,880

22. OTHER OPERATING INCOME

	Group and Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Management fees charged to related parties	**48**	-	**195**	-
Project management fees charged to a related party	**17**	142	**69**	578
Others	**-**	2	**-**	8
	65	144	**264**	586

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23. FINANCE INCOME

	Group and Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Interest income for:				
Contract assets	**2,815**	1,048	**11,448**	4,266
Term deposits	**59**	50	**240**	204
	2,874	1,098	**11,688**	4,470

24. FINANCE COSTS

	Group and Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Interest expense for:				
Term loans	**5,068**	5,493	**20,608**	22,362
Charged by intercompany	**1,631**	413	**6,633**	1,681
Bank overdrafts	**205**	187	**834**	761
Revolving credit	**219**	135	**891**	550
Lease liabilities	**22**	15	**91**	61
	7,145	6,243	**29,057**	25,415

25. INCOME TAX EXPENSE

Cambodia

In accordance with Cambodian tax laws, the Company has the obligation to pay tax on income ("ToI") at the rate of 20% of taxable income.

Besides the ToI, taxpayers in Cambodia are 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 value-added tax, and is due irrespective of the taxpayer's profit or loss position. The Company pays the higher of ToI or minimum tax.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

Myanmar

In accordance with the Income Tax Law of the Republic of the Union of Myanmar, the direct and indirect subsidiaries have the obligation to pay corporate income tax at the rate of 25% of taxable income. The subsidiaries are not subject to corporate income tax for the years ended 30 June 2022 and 2021 as they have not started their commercial operations.

25. INCOME TAX EXPENSE (CONTINUED)

Income tax expense for the years ended 30 June 2022 and 2021 consists of:

	Group and Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Current tax	**532**	685	**2,163**	2,789
Deferred tax	**209**	324	**850**	1,319
Income tax expense	**741**	1,009	**3,013**	4,108

25.1 Reconciliation between profit before income tax and taxable income

A reconciliation between accounting profit before income tax and taxable income for the years ended 30 June 2022 and 2021 follows:

	Group			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Accounting profit before tax	**1,348**	2,478	**5,483**	10,088
Add:				
Non-deductible expenses	**1,376**	947	**5,596**	3,855
Taxable profit	**2,724**	3,425	**11,079**	13,943
Income tax expense at the applicable tax rate 20%	**545**	685	**2,216**	2,789
Reduction in tax rate 2.76%*	**(75)**	-	**(306)**	-
Income tax expense at the effective tax rate 17.24%/20% (A)	**470**	685	**1,910**	2,789
Minimum tax (B)	**532**	672	**2,163**	2,736
Income tax expense (higher of A or B)	**532**	685	**2,163**	2,789

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25. INCOME TAX EXPENSE (CONTINUED)

25.1 **Reconciliation between profit before income tax and taxable income (continued)**

	Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Accounting profit before tax	**1,370**	2,568	**5,572**	10,454
Add:				
Non-deductible expenses	**1,354**	857	**5,506**	3,489
Taxable profit	**2,724**	3,425	**11,078**	13,943
Income tax expense at the applicable tax rate 20%	**545**	685	**2,216**	2,789
Reduction in tax rate 2.76%*	**(75)**	-	**(306)**	-
Income tax expense at the effective tax rate 17.24%/20% (A)	**470**	685	**1,910**	2,789
Minimum tax (B)	**532**	672	**2,163**	2,736
Income tax expense (higher of A or B)	**532**	685	**2,163**	2,789

* In accordance with Prakas No. 183 dated 25 February 2020 issued by the Ministry of Economy and Finance, which implements tax on income incentives under Sub-decree 01, entities that list or offer either stock or debt security are entitled to enjoy 50% reduction of the annual tax on income liability for three years. The tax on income incentive is calculated based on percentage of stock securities issued. On 26 August 2021, the Company has obtained letter No. 14331 issued by the GDT to approve its application for this tax on income incentive.

25.2 **Taxation contigencies**

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is subject to interpretation. Often times, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to reviews and investigations by a number of authorities that are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of tax legislation. However, the relevant authorities may have different interpretations and the effects since the incorporation could be significant.

26. DEFERRED TAX LIABILITY

	Group and Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Property, plant and equipment				
Beginning balance	**777**	453	**3,166**	1,854
Recognised in profit or loss	**209**	324	**850**	1,319
Translation difference	**-**	-	**(3)**	(7)
Ending balance	**986**	777	**4,013**	3,166

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's and the Company's liabilities arising from financing activities can be classified as follows:

	1 July 2021	**Non-cash flow**		**Cash flows**		**30 June 2022**	
		Additions	**Reversal**	**Proceeds**	**Repayments**		
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**KHR'mil (Note 4.2)**
Term loans	**100,075**	**-**	**-**	**-**	**(8,504)**	**91,571**	**372,692**
Revolving credit	**2,523**	**-**	**-**	**14,506**	**(13,949)**	**3,080**	**12,536**
Lease liabilities	**162**	**412**	**(150)**	**-**	**(76)**	**348**	**1,416**
	102,760	**412**	**(150)**	**14,506**	**(22,529)**	**94,999**	**386,644**

	1 July 2020	Non-cash flow		Cash flows		30 June 2021	
		Additions	Reversal	Proceeds	Repayments		
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	KHR'mil (Note 4.2)
Term loans	108,582	-	-	-	(8,507)	100,075	407,806
Revolving credit	1,632	-	-	7,997	(7,106)	2,523	10,281
Lease liabilities	95	220	(14)	-	(139)	162	661
	110,309	220	(14)	7,997	(15,752)	102,760	418,748

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28. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

Related party	Relationship	For the year ended 30 June 2022 USD'000	30 June 2021 USD'000	For the year ended 30 June 2022 KHR'mil (Note 4.2)	30 June 2021 KHR'mil (Note 4.2)
Group and Company					
Amount due from related parties					
Diamond Power Limited	Fellow subsidiary	**4**	2	**16**	8
Green Sustainable Ventures (Cambodia) Co., Ltd.	Fellow subsidiary	**220**	-	**895**	-
		224	2	**911**	8
Amount due to related parties					
PESTECH Sdn Bhd	Fellow subsidiary	**11,464**	16,308	**46,658**	66,455
Enersol Co., Ltd	Fellow subsidiary	**36,566**	34,828	**148,824**	141,924
PESTECH Energy Sdn Bhd	Fellow subsidiary	**15**	-	**61**	-
ODM Power Line Co Ltd	Fellow subsidiary	**38,032**	27,006	**154,790**	110,049
PESTECH Transmission Sdn Bhd	Fellow subsidiary	**3,520**	3,500	**14,326**	14,263
Green Sustainable Ventures (Cambodia) Co., Ltd.	Fellow subsidiary	**-**	9,026	**-**	36,781
		89,597	90,668	**364,659**	369,472
Amount due to holding company					
PESTECH International Berhad	Holding company	**26,834**	27,054	**109,214**	110,245
Company					
Amount due from a subsidiary					
PESTECH (Myanmar) Limited	Subsidiary	**97**	79	**395**	322

The amounts due from/to related parties are mainly trade related, unsecured, interest free and repayable on demand, except for certain amounts due to PESTECH International Berhad, Enersol Co. Ltd. and PESTECH Sdn Bhd which bear interest at the rate from 2.32% to 4.5% (30 June 2021: 4.5% to 5%) per annum, respectively.

28. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

During the year, the following transactions with related parties are recorded:

Group and Company

Related party	Relationship	Transactions	For the year ended 30 June 2022 USD'000	For the year ended 30 June 2021 USD'000	For the year ended 30 June 2022 KHR'mil (Note 4.2)	For the year ended 30 June 2021 KHR'mil (Note 4.2)
Diamond Power Limited	Fellow subsidiary	Management service income	**10**	-	**39**	-
		Operation and maintenance service	**1,533**	1,289	**6,235**	5,248
PESTECH Sdn Bhd	Fellow subsidiary	Progress billing	**3,523**	-	**14,327**	-
		Contract cost incurred	**11,325**	20,193	**46,060**	82,206
		Interest charged	**146**	42	**596**	171
Enersol Co., Ltd	Fellow subsidiary	Contract cost incurred/ (reversed)	**1,166**	(83)	**4,740**	(338)
		Interest charged	**639**	-	**2,599**	-
PESTECH Transmission Sdn Bhd	Fellow subsidiary	Contract cost incurred	**39**	726	**159**	2,956
		Project management service income	**17**	142	**69**	578
ODM Power Line Co Ltd	Fellow subsidiary	Contract cost incurred	**-**	10,000	**-**	40,710
		Management service income	**20**	-	**81**	-
		Rental income	**-**	2	**-**	8
PESTECH International Berhad	Holding company	Management service expense	**-**	565	**-**	2,300
		Interest charged	**846**	371	**3,440**	1,510
Green Sustainable Ventures (Cambodia) Co., Ltd.	Fellow subsidiary	Management service income	**18**	-	**75**	-
		Operation and maintenance service	**60**	-	**244**	-
		Progress billing	**19,008**	2,592	**77,306**	10,552

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29. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. Key management includes the directors of the Group and the Company.

	Group and Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Salaries and bonus	**468**	394	**1,903**	1,604

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The carrying amounts of cash and bank balances, amounts due to/from related parties, amount due from a subsidiary, amount due to holding company, trade and other receivables, trade and other payables, and borrowings are reasonable approximation of their fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting year.

The different levels in the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identified assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3).

	Group and Company			
	30 June 2022		30 June 2021	
Financial liabilities	**Carrying amount USD'000**	**Level 2 USD'000**	Carrying amount USD'000	Level 2 USD'000
Derivative financial instruments	**452**	**452**	4,321	4,321

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

31. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments in each category:

	Group			
Financial assets	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
At amortised cost				
Cash and bank balances	**9,872**	17,167	**40,179**	69,956
Trade and other receivables	**1,449**	3,221	**5,898**	13,127
Amounts due from related parties	**224**	2	**911**	8
	11,545	20,390	**46,988**	83,091

	Company			
Financial assets	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
At amortised cost				
Cash and bank balances	**9,866**	17,154	**40,155**	69,903
Trade and other receivables	**1,449**	3,215	**5,898**	13,101
Amount due from a subsidiary	**97**	79	**395**	322
Amounts due from related parties	**224**	2	**911**	8
	11,636	20,450	**47,359**	83,334

	Group			
Financial liabilities	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
At amortised cost				
Trade and other payables	**46,883**	33,271	**190,811**	135,580
Amount due to holding company	**26,834**	27,054	**109,214**	110,245
Amounts due to related parties	**89,597**	90,668	**364,659**	369,472
Borrowings	**102,352**	105,119	**416,573**	428,360
Derivatives used for hedging				
Derivatives financial instruments	**452**	4,321	**1,838**	17,608
Not within scope of CIFRS 9				
Lease liabilities	**348**	162	**1,416**	661
	266,466	260,595	**1,084,511**	1,061,926

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31. CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below provides an analysis of financial instruments in each category: (continued)

	Company			
Financial liabilities	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
At amortised cost				
Trade and other payables	**46,878**	33,257	**190,793**	135,523
Amount due to holding company	**26,834**	27,054	**109,214**	110,245
Amounts due to related parties	**89,597**	90,668	**364,659**	369,472
Borrowings	**102,352**	105,119	**416,573**	428,360
Derivatives used for hedging				
Derivatives financial instruments	**452**	4,321	**1,838**	17,608
Not within scope of CIFRS 9				
Lease liabilities	**348**	162	**1,416**	661
	266,461	260,581	**1,084,493**	1,061,869

32. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average numbers of ordinary shares in issue during the respective year as shown below:

	Group			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Profit attributable to the owners of the Company	**607**	1,388	**2,470**	5,650
Weighted average number of shares	**74,945,000**	74,480,247	**74,945,000**	74,480,247
Basic earnings per share (cent/riel)	**0.81**	1.86	**32.96**	75.86
Diluted earnings per share (cent/riel)	**0.81**	1.86	**32.96**	75.86

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Group had no dilutive potential ordinary shares as at each of the year end. As such, the diluted earnings per share were equivalent to the basic earnings per share.

33. RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk (continued)

The main areas of financial risks faced by the Group and the Company and their policies in respect of the major areas of treasury activities are set out as follows:

(a) Credit risk
Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the Group's and the Company's policy to enter into financial instruments with creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of their financial assets or other financial instruments.

The concentration of credit risk exists when changes in economic, industry and geographical factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's transactions are entered into with creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

The areas where the Group and the Company are exposed to credit risk are as follows:

<u>Receivables and contract assets</u>
The net carrying amount of receivables is considered a reasonable approximation of fair value.

In measuring the expected credit losses, trade and other receivables and contract assets have been assessed individually by benchmarking the risk characteristics of customers to external rating as published by international credit rating agency, and the corresponding default rates are being used to compute ECL.

The customers have been rated as "AAA" as the Company did not incur any losses from this customer in the past hence a 0% default rate is used. As such, the ECL is nil as at 30 June 2022.

<u>Cash and cash equivalents</u>
The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable local banks.

<u>Financial instruments used in hedging activities</u>
The Group and the Company are exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but do not expect any counterparties to fail to meet their obligations.

(b) Liquidity risk
Liquidity of funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The liquidity risks arise principally from their borrowings, trade and certain other payables and payables to related parties.

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33. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date:

Group

30 June 2022	**On demand or within 1 year USD'000**	**1 to 5 years USD'000**	**More than 5 years USD'000**	**Total contractual cash flows USD'000**	**Total contractual cash flows KHR'mil (Note 4.2)**
Trade and other payables	**46,883**	**-**	**-**	**46,883**	**190,811**
Amount due to holding company	**26,834**	**-**	**-**	**26,834**	**109,214**
Amounts due to related parties	**89,597**	**-**	**-**	**89,597**	**364,659**
Lease liabilities	**140**	**246**	**-**	**386**	**1,571**
Borrowings	**24,136**	**59,319**	**33,379**	**116,834**	**475,515**
	187,590	**59,565**	**33,379**	**280,534**	**1,141,770**

30 June 2021	On demand or within 1 year USD'000	1 to 5 years USD'000	Total contractual cash flows USD'000	Total contractual cash flows KHR'mil (Note 4.2)
Trade and other payables	33,271	-	33,271	135,580
Amount due to holding company	27,054	-	27,054	110,245
Amounts due to related parties	90,668	-	90,668	369,472
Lease liabilities	15	182	197	804
Borrowings	18,507	101,595	120,102	489,416
	169,515	101,777	271,292	1,105,517

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk (continued)

(b) Liquidity risk (continued)

Company

30 June 2022	**On demand or within 1 year USD'000**	**1 to 5 years USD'000**	**More than 5 years USD'000**	**Total contractual cash flows USD'000**	**Total contractual cash flows KHR'mil (Note 4.2)**
Trade and other payables	**46,878**	**-**	**-**	**46,878**	**190,793**
Amount due to holding company	**26,834**	**-**	**-**	**26,834**	**109,214**
Amounts due to related parties	**89,597**	**-**	**-**	**89,597**	**364,659**
Lease liabilities	**140**	**246**	**-**	**386**	**1,571**
Borrowings	**24,136**	**59,319**	**33,379**	**116,834**	**475,515**
	187,585	**59,565**	**33,379**	**280,529**	**1,141,752**

30 June 2021	On demand or within 1 year USD'000	1 to 5 years USD'000	Total contractual cash flows USD'000	Total contractual cash flows KHR'mil (Note 4.2)
Trade and other payables	33,257	-	33,257	135,523
Amount due to holding company	27,054	-	27,054	110,245
Amounts due to related parties	90,668	-	90,668	369,472
Lease liabilities	15	182	197	804
Borrowings	18,507	101,595	120,102	489,416
	169,501	101,777	271,278	1,105,460

(c) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

Interest rate sensitivity analysis
The Group and the Company are exposed to changes in market interest rates through bank loans at variable interest rates. Below is the Group's and the Company's interest rate profile of the significant interest-bearing financial instruments, based on carrying amounts as at the reporting date:

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Floating rate instrument				
Financial liabilities				
Borrowings	**54,687**	57,869	**222,576**	235,816
Net financial liabilities	**54,687**	57,869	**222,576**	235,816

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33. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk (continued)

(c) Interest rate risk (continued)

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 0.25%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group and Company profit for the year			
		+0.25%		**-0.25%**
	USD'000	**KHR'mil (Note 4.2)**	**USD'000**	**KHR'mil (Note 4.2)**
For the year ended 30 June 2022	**(137)**	**(558)**	**137**	**558**
For the year ended 30 June 2021	(145)	(591)	145	591

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The foreign currency exchange risk of the Group arises from the transactions denominated in foreign currency, Ringgit Malaysia ("RM"). During the year, the Group's and the Company's exposure to risk normally from changes in foreign currency exchange rates is minimal as most of its transactions are transacted in USD.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the year was:

Denominated in RM	**30 June 2022 USD'000**	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
Amounts due to related parties	**42**	-	**171**	-

Foreign currency sensitivity analysis:
The following table demonstrates the sensitivity of the Group's and of the Company's profit for the year to as +/- 5% change in the RM at the reporting year against the respective functional currency of the Group and of the Company, with all variables held constant:

	Group and Company			
	For the year ended		For the year ended	
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
RM/USD				
Strengthened	**(2)**	-	**(8)**	-
Weakened	**2**	-	**8**	-

34. DIVIDENDS

During the year, the following dividend have been paid by the Company to the owners of the Company:

	Group and Company			
	30 June 2022 USD'000	30 June 2021 USD'000	**30 June 2022 KHR'mil (Note 4.2)**	30 June 2021 KHR'mil (Note 4.2)
In respect of the year ended 30 June 2021: USD 0.0065 per ordinary share declared on 10 December 2021 and paid on 28 December 2021	**487**	-	**1,985**	-

35. COMMITMENTS

The Company has committed to purchase a 10-year political risk insurance for the construction of the 230kV Stung Tatay Hydro Power Plant-Phnom Penh Transmission System Project for a total amount of USD4,968,600 to secure the borrowing facility as disclosed in note 18c.3. As at 30 June 2022, the amount yet to be paid amounted to USD2,081,427 (30 June 2021: USD2,761,733).

In addition, the Company has committed to purchase a 7-year political risk insurance for the construction of the 230kV and 500kV double circuit transmission line from Phnom Penh to Sihanouk Ville for a total amount of USD3,222,125 to secure the borrowing facility as disclosed in note 18c.3. As at 30 June 2022, the amount yet to be paid amounted to USD1,826,646 (30 June 2021: USD2,320,005).

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains an adequate capital ratio in order to support its business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividends payable to shareholder, return capital to shareholder or issue new capital. No changes were made in the objectives, policies or processes for the years ended 30 June 2022 and 2021.

37. EVENTS AFTER REPORTING DATE

No significant events occurred after the end of the reporting year and the date of authorisation of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

38. AUTHORIZATION OF THE FINANCIAL STATEMENTS

The Group and the Company's financial statements as at 30 June 2022 and for the year then ended were approved for issue by the Board of Directors on 21 September 2022.

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INFORMATION ON RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

The listed entity shall disclose material transactions information, with related parties in the last 2 (two) years, specifying name, relation between the listed entity and related parties, size of transaction and the type of interest which arise from that relationship as follows:

A. Material Transactions with shareholder who hold at least 5% or more shares of outstanding equity securities

Company	Relationship	Transactions	For the year ended		For the year ended	
			30 June 2022	30 June 2021	30 June 2022	30 June 2021
			USD'000	USD'000	KHR'mil	KHR'mil
PESTECH International Berhad	Holding Company	Management fee	-	565	-	2,300
PESTECH International Berhad	Holding Company	Interest charge	846	371	3,440	1,510

B. Material Transactions with Director and Senior Officer

There were no material transactions with Director and Senior Officer in the last two (2) years.

C. Transactions with Director and Shareholder related to buy/sell asset and service

There were no transactions with Director and Shareholder to buy/sell asset and service in the last two (2) years.

D. Material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares

There were no material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares in the last two (2) years.

E. Material transactions with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occurred in any transactions or have been made by the listed entity

There were no material transactions with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occurred in any transactions or have been made by the listed entity.

F. Material transactions with former director or person who involved with former director

There were no material transactions with former director or person who involved with former director.

G. Material transactions with director who is holding any position in a non-profit organization or in any other company other than the listed entity

There were no material transactions with director who is holding any position in a non-profit organization or in any other company other than the listed entity.

H. Material transactions with directors who get benefit either financial or non-financial from the listed entity

There were no material transactions with directors who get benefit either financial or non-financial from the listed entity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

A. Overview of Operations

1. Revenue Analysis

   The revenue for the financial year 2022 recorded at KHR216,355 million representing a decrease of KHR57,273 million or 20.93% as compared to the financial year 2021 recorded at KHR273,628 million. The changes in revenue reflected the execution progress of various projects in Cambodia. The decrease was mainly derived from less significant amount of revenue recognition at the completion stage of Bavet project and lesser contribution from East Siem Reap project which has been progressing to the tail end of the project cycle.

2. Revenue by Segment Analysis

   The undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation is the main contributor to the revenue for the years amounting to KHR202,508 million (FY2021: KHR260,845 million), which comprised about 93.6% (FY2021: 95.3%) of the total revenue.

   Supplemented to our EPCC services, our operation and maintenance services ("O&M") comprised KHR13,847 million or 6.4% of the total revenue (FY2021: KHR12,783 million or 4.7%).

3. Gross Profit Margin Analysis

   Gross profit in the financial year 2022 was recorded at 17.56% as compared to 16.34% in the financial year 2021, representing an increase of 1.22%. The changes in gross profit margin were due to the individual margin of each particular project being executed during the year. Overall, the gross profit margin for the financial year was within the Group's expectation.

4. Profit Before Tax Analysis

   Profit before tax ("PBT") for the financial year recorded at KHR5,483 million, representing a decrease of KHR4,605 million or 45.65% as compared to the PBT for the financial year 2021 at KHR10,088 million. Lower PBT was mainly attributable to the higher finance costs as compared to previous financial year.

5. Profit After Tax Analysis

   Profit after tax ("PAT") recorded at KHR2,470 million, representing a decrease of KHR3,510 million as compared to the PAT for the financial year 2021 at KHR5,980 million.

B. Significant Factors Affecting Profit

During the financial year, there was no significant factors affecting operating profit of the Group.

C. Material Changes in Sales and Revenue

The revenue for the financial year 2022 recorded at KHR 216,355 million, representing a decrease of KHR57,273 million or 20.93% as compared to the financial year 2021 recorded at KHR273,628 million. The changes in revenue reflected the execution progress of various project in Cambodia. The decrease was mainly derived from completion of Bavet project and the progress of East Siem Reap project which has been progressing to the tail end of the project cycle.

D. Impact of Foreign Exchange, Interest Rates and Commodity Prices

Our sales revenue and purchases are mainly denominated in USD. As such, we have not been materially affected by the fluctuations of the foreign exchange during the financial year. The exposure on foreign exchange is mainly due to reporting purpose.

For interest rate risk, PCL is exposed to the changes through floating rate instrument, i.e. borrowings at variable rates.

There was no material impact due to fluctuations of commodity prices.

E. Impact of Inflation

Our overheads are subject to the impact of inflation, which is about 14% of our revenue. However, the inflation in Cambodia of 6.5% (as of 3 August 2022, source: *Khmer Times: Inflation in Kingdom expected to drop to 3.2 pct*), only posed about 1% impact to our profit. All other operating costs are fixed price for the whole duration of the contract. Other than the aforesaid, there was no other material impact due to inflation.

F. Economic / Fiscal / Monetary Policy of Royal Government

There was no material change in the economic, fiscal, monetary policy of Royal Government or factors that have materially impacted to the financial result during the year.

OTHER NECESSARY INFORMATION FOR INVESTORS PROTECTION

Our Executive Director, Mr. Charles Tan is tasked to oversee the corporate development activities for PEPC, which involve investor relations. He has been constantly engaged with analysts, fund managers and other stakeholders to promote the corporate growth potential of PEPC as well as periodically updating them with the latest developments of 'the Company.'

PEPC's corporate website at www.pestech.com.kh serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information on the Company's activities, financial results, major strategic development and other matters affecting stakeholders' interests.

SIGNATURE OF DIRECTORS OF THE LISTED ENTITY

Date: 21 September 2022

Read and Approved by:

Signature

Name: Paul Lim Pay Chuan

Position: Executive Chairman

Date: 21 September 2022

Read and Approved by:

Signature

Name: Lim Ah Hock

Position: Executive Director

Date: 21 September 2022

Read and Approved by:

Signature

Name: Han Fatt Juan

Position: Executive Director/ Chief Executive Officer

Date: 21 September 2022

Read and Approved by:

Signature

Name: Charles Tan Pu Hooi

Position: Executive Director

Date: 21 September 2022

Read and Approved by:

Signature

Name: Dav Ansan

Position: Independent Non- Executive Director

ANNUAL CORPORATE GOVERNANCE REPORT

PART 1 - SHAREHOLDERS

A. Shareholders Structure

Shareholder Information (based on Shareholders' list as at 1 September 2022)

Description	Nationality	Types of Shareholders	Number of Shareholders	Number of Shares	Percentage
Less than 5%	Cambodian	Individual	979	732,042	0.98%
		Legal Person	2	165,068	0.22%
	Non-Cambodian	Individual	111	416,311	0.56%
		Legal Person	1	2,631,579	3.51%
From 5% to 30%	Cambodian	Individual	0	0	0.00%
		Legal Person	0	0	0.00%
	Non-Cambodian	Individual	0	0	0.00%
		Legal Person	0	0	0.00%
From 30%	Cambodian	Individual	0	0	0.00%
		Legal Person	0	0	0.00%
	Non-Cambodian	Individual	0	0	0.00%
		Legal Person	1	71,000,000	94.74%
			TOTAL	74,945,000	100.00%

Shareholders Who Are Directors and Employees of Listed Company
(based on Shareholders' list as at 1 September 2022)'

Shareholders	Number of Shareholders	Number of Shares	Percentage (%)
Directors	4	165,305	0.22
Employees	47	114,442	0.15
Total	51	279,747	0.37

B. Shareholders' and Protection of Shareholders' Rights

The protection of shareholders and minority shareholders' rights and the Company's Practice of the Protection of Shareholders' Rights are as follows:-

a) Each ordinary share shall be entitled to one (1) vote and the manner of voting is to be carried out by way of polling.
b) Upon dissolution of the Company, each ordinary share shall confer with the rights to receive distribution of assets and monies of the Company, in accordance with the proportion of shareholdings.

c) A holder of each share shall be entitled to:
- vote and voice opinion at any meeting of the shareholder of the Company;
- receive any dividend declared by the Company;
- receive the remaining property of the Company on dissolution;
- examine the list of shareholders during usual business hours at the registered office of the Company, at the place where its central securities register is maintained or at the general shareholder meeting which the list was prepared; and
- may examine the annual financial statements during the normal business hours of the Company and may make extracts free of charge in accordance with Article 225 of the Law on Commercial Enterprises.

C. General Shareholder Meeting

1. Procedures of General Shareholder Meeting and Voting

(a) Any Shareholder may appoint a proxy to vote for and on his behalf, provided the power given to the proxy is in writing. The instrument appointing a proxy shall be dated and signed by the Shareholder and shall contain the following particulars:

(i) The number of shares held by the Shareholder;
(ii) The full name and address of the proxy; and
(iii) The meeting or meetings or the period for which the proxy is appointed.

b) If a proxy proposes to vote at a meeting, the instrument of appointment of the proxy must be deposited with the Chairman of the Board of Directors at or before the commencement of that meeting.

c) At any meeting of the shareholders, a majority of all the shares entitled to vote on a matter, represented by shareholders of record in person or by proxy, shall constitute a quorum of that voting group for action on that matter. Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for quorum purposes for the remainder of the meeting and for any adjournment to a new date, time, or place unless a new record date is or must be set for the adjourned meeting.

d) If a quorum exists, action on a matter is approved by a voting group if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the question is one upon which by express provisions laws, or of the Articles of Incorporation a different vote is required.

e) In casting votes at a general meeting, each Shareholder shall have one (1) vote for each share held. Only Shareholders duly registered and having paid all sums due and payable to the Company in respect of their shares, shall be entitled to vote on any question either personally or by proxy at any general meeting.

f) Decisions of the Shareholder are binding on the Company only if made by a Shareholder's resolution. All resolutions of the Shareholder shall require the affirmative votes of at least a majority of voting shares held by Shareholder and Proxies present at the meeting in the case of Ordinary Resolution, and in the case of Special Resolution, a resolution passed by a majority of not less than 2/3 (two-thirds) of the votes cast by the Shareholder who voted on the particular Special Resolution. No Shareholder's resolution shall be binding on the Company unless approved in this manner.

ANNUAL CORPORATE GOVERNANCE REPORT

2. Information of General Shareholder Meeting

The General Shareholder Meeting was held on 10 December 2021, with majority of the shareholders present, had received or approved the following resolutions:

a. Receipt of the Annual Business Performance for the financial year ended 30 June 2021

b. Approval on the remuneration of the Board of Directors

c. Approval on the re-election of the following Executive Directors:
(i) Mr. Paul Lim Pay Chuan
(ii) Mr. Lim Ah Hock
(iii) Mr. Han Fatt Juan
(iv) Mr. Charles Tan Pu Hooi

d. Approval on the dividend distribution of USD0.0065 per share for the financial year ended 30 June 2021

e. Approval on the authority to declare and distribute dividend for the financial year ending 30 June 2022

f. Approval on the authority to issue shares pursuant to the Company's Articles of Incorporation

g. Approval on the change of registered office's address

h. Approval on the amendments to the Company's Articles of Incorporation by deleting the old Articles in its entirety and replace with the new Articles, details of which are set out in the Notice of General Meeting of Shareholders.

D. Dividend Distribution

Dividend Policy

PEPC intends to recommend and distribute a minimum dividend of thirty percent (30.0%) of its Profit After Tax, subject to financial performance, cash flow requirements, availability of retained earnings, capital expenditure requirements and any other factors considered relevant by our Board.

The Group may consider making payment of such dividend in the form of cash, shares in the Company for reinvestment opportunities or the combination of the above. When there is an option, the shareholders shall have the rights to elect for cash, shares or the combination of both, subject to compliance with the law and regulatory requirements in Cambodia.

Historical Information of Dividend Distribution for the last 3 years

The Board had declared a dividend of USD0.0065 in respect of the financial year ended 30 June 2021. The dividend payment was paid to all shareholders on 28 December 2021 based on the record date of 20 December 2021.

PART 2 - BOARD OF DIRECTORS

Board of Directors

No	Name	Position	Appointment Date	Expired Date of Being Director
1	Paul Lim Pay Chuan	Executive Chairman	5 February 2010	9 December 2023
2	Lim Ah Hock	Executive Director	5 February 2010	9 December 2023
3	Han Fatt Juan	Executive Director/ Chief Executive Officer	27 June 2018	9 December 2023
4	Charles Tan Pu Hooi	Executive Director	27 June 2018	9 December 2023
5	Dav Ansan	Independent Non-Executive Director	29 August 2018	28 August 2023

Profile of Directors

PAUL LIM PAY CHUAN,
Executive Chairman

Paul Lim Pay Chuan, a Malaysian, aged 52, male, is an Executive Chairman of PEPC. He was appointed to the Board on 5 February 2010.

He graduated from the University of Mississippi, USA with a Bachelor of Science in Electrical Engineering (Summa Cum Laude) in 1993. Subsequently, he obtained his Master of Engineering (Electrical) from Cornell University, USA in 1994. He is currently registered as a Fellow Member of the Institute of Engineers Malaysia and a Professional Engineer with the Board of Engineers Malaysia since 2007 in the field of electrical engineering. Since 2011, he is also a certified Project Management Professional® with the Project Management Institute, a global professional association that certifies project management expertise which is based in the US with regional offices worldwide. He is registered as an ASEAN Chartered Professional Engineer since 2016. In 2017, he was registered under The Asia Pacific Economic Co-Operation Register and The International Register of Professional Engineer and the ASEAN Engineering Register.

In 1994, he began his career with Motorola Malaysia Sdn Bhd as a Product Engineer. He then joined Toprank Corporation Sdn Bhd (now known as Toshiba Transmission & Distribution Systems Asia Sdn Bhd) in 1995 as a Project Engineer, where he was promoted to Project Manager in 1997, and subsequently promoted to Assistant General Manager in 1998, a position he held for two (2) years. In 2000, he joined PESTECH Sdn Bhd as a General Manager and was promoted to CEO in 2008. At present, he is the Managing Director and Group Chief Executive Officer of PESTECH Group.

He has been playing an instrumental role in the growth and development of PESTECH International Berhad Group ("PESTECH Group" or "Group") from a small player primarily involved in trading, to an established homegrown integrated electric power technology company in the power transmission and distribution business with operations locally and abroad.

In 2010, he was awarded the Outstanding Entrepreneurship Award 2010 by Enterprise Asia, for his dedication and leadership in guiding the Group to being an important player in the power transmission and distribution business locally and abroad.

As of to-date, the list of directorships held by Paul Lim is as follows:-

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List of Directorships		
PESTECH International Berhad	PESTECH Power One Sdn Bhd	BETSOL (Sarawak) Sdn Bhd
Astoria Solar Farm Sdn Bhd	PESTECH REI Sdn Bhd	BETSOL International Sdn Bhd
CRSE Sdn Bhd	PESTECH Sdn Bhd	BETSOL Sdn Bhd
Diamond Power Ltd	PESTECH Solutions Sdn Bhd	Enlightyx Sdn Bhd
Enersol Co., Ltd	PESTECH System Siam Ltd	Fornix Biotech Sdn Bhd
Fornix Sdn Bhd	PESTECH Technology Sdn Bhd	Fornix Capital Sdn Bhd
Forward Metal Works Sdn Bhd	PESTECH Transmission Sdn Bhd	Fornix Foodstuffs Sdn Bhd
PESTECH (Brunei) Sdn Bhd	PESTECH Transmission Ltd	Imbiss Sdn Bhd
PESTECH (Myanmar) Limited	PESTECH Vietnam Company Limited	JAP Wylis Sdn Bhd
PESTECH (PNG) Ltd	PESTECH Hinthar Corporation Limited	Mercula Sdn Bhd
PESTECH (Sarawak) Sdn Bhd	PESTECH Microgrid Co. Ltd	PC Wylis Sdn Bhd
PESTECH Aerotrain Sdn Bhd	PESTECH Power Sdn Bhd	Riviera Wylis Sdn Bhd
PESTECH Energy Sdn Bhd	PESTECH Transmission CDI SARL	Wylis Corporation Sdn Bhd
PESTECH GTI Sdn Bhd	PESTECH Corporation	Wylis Sdn Bhd
ODM Power Line Company Limited	Asiapac Builders Sdn Bhd	Transmission Energy Inc
Green Sustainable Ventures (Cambodia) Co. Ltd.	Asiapac Machineries Sdn Bhd	PESTECH Pluginfinite Sdn Bhd

LIM AH HOCK

Lim Ah Hock, a Malaysian, aged 70, male, is the Director of PEPC. He was appointed to the Board on 5 February 2010.

In 1978, he graduated from the University of Strathclyde in Glasgow, United Kingdom with a Bachelor of Science Degree majoring in Mechanical Engineering (First Class Honours). He is a member of the Institute of Engineers, Malaysia ("IEM") since 1981.

He began his career in 1979 as a Lecturer in Ngee Ann Technical College in Singapore (renamed to Ngee Ann Polytechnic in 1982) lecturing in thermodynamics and fluid mechanics. In 1980, he joined Mechmar Kejuruteraan Sdn Bhd ("Mechmar") as a Service Engineer where he managed the service division and was involved in the provision of after-sales service and major boiler repairs. Subsequently, he left Mechmar in 1984 and joined SingMah Pressure Vessels Co. as a Branch Manager during the period of 1984 to 1989 where he was in charge of the Southern branch's overall sales to the oil palm refineries, food and timber industries as well as other existing industries in Southern Peninsular, Sabah and Sarawak. In 1989, he became a Director of VESTECH Engineering Sdn Bhd, a position he holds until today.

In 1991, he set up PESTECH Sdn Bhd in Johor Bahru. To-date, he is the Executive Chairman of PESTECH Group and his responsibilities in the Group include charting major corporate development plans, steering macro business growth direction together with the stewardship of the Managing Director and Group Chief Executive Officer, monitor the overall financial well-being and activities of the Group which includes providing management guidance and direction for the Group.

As of to-date, the list of directorships held by Mr. Lim Ah Hock is as follows:-

List of Directorships		
PESTECH International Berhad Astoria Solar Farm Sdn Bhd CRSE Sdn Bhd Diamond Power Ltd Enersol Co., Ltd Fornix Sdn Bhd Forward Metal Works Sdn Bhd PESTECH (Sarawak) Sdn Bhd PESTECH Aerotrain Sdn Bhd	PESTECH Energy Sdn Bhd PESTECH Engineering Technology China Co., Ltd PESTECH GTI Sdn Bhd PESTECH Hinthar Corporation Limited PESTECH Power Sdn Bhd PESTECH Power One Sdn Bhd PESTECH REI Sdn Bhd PESTECH Sdn Bhd ODM Power Line Company Limited	PESTECH Solutions Sdn Bhd PESTECH System Siam Ltd PESTECH Technology Sdn Bhd PESTECH Transmission Sdn Bhd Asiapac Machineries Sdn Bhd Fornix Biotech Sdn Bhd Fornix Capital Sdn Bhd Fornix Foodstuffs Sdn Bhd Vestech Engineering Sdn Bhd PESTECH Pluginfinite Sdn Bhd

HAN FATT JUAN

Han Fatt Juan, a Malaysian, aged 57, male, is the Executive Director and CEO of PEPC. He was appointed to the Board on 27 June 2018.

He is responsible for achieving the revenue and profitability goals of our Company in accordance with our business plan and ensures that we have requisite goals, plans and budgets to achieve current and long term financial and operational goals as noted in the company's business plan.

He began his career in 1984 with Metral Villar Sdn Bhd as a Site Supervisor where he was responsible for supervising and coordinates activities of workers engaged in transporting and mixing ingredients to make concrete. He left in 1988 to pursue further studies at South Dakota State University, USA. While pursuing his Master's degree, he held a Teaching Assistant post in South Dakota State University, USA. In 1992, he joined Zafas Sdn Bhd as a Site Engineer and stayed on for 17 years up to 2009, where he last held the position of Project Director. During his tenure, he was involved in various projects, including transmission line and underground cable installation works, across Malaysia as well as Brunei.

He joined PESTECH Group in 2009 as a Project Manager and was promoted to General Manager of Strategic Planning (Business Development) in 2011 and later to General Manager of Power Line and Cable Unit of PESTECH Group. As the General Manager of Power Line and Cable Unit, the team is responsible for EPCC contract, which covers project management process, procurement of equipment, implementation of site construction and installation specifically for power transmission line and underground cable.

As of to-date, the directorships held by Han Fatt Juan are PESTECH (Myanmar) Ltd, PESTECH Hinthar Corporation Limited, PESTECH Transmission Ltd, PESTECH Transmission CDI SARL and Imbiss Sdn Bhd.

CHARLES TAN PU HOOI

Charles Tan, a Malaysian, aged 50 is the Executive Director of PEPC and was appointed to the Board on 27 June 2018. He is responsible for structuring and executing various corporate exercises such as initial public offering, bonus issue, share split, share grant plan and structuring and executing fund raising activities.

He has extensive corporate finance experience since 1997 working with investment banks in Malaysia and also co-founded a licensed corporate finance advisory firm accredited by the Securities Commission of Malaysia.

He is a Corporate Finance qualification holder issued by the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Financial Planning Association of Malaysia ("FPAM").

As of to-date, the directorships held by Charles Tan are Diamond Power Limited, PESTECH (PNG) Ltd., PESTECH System Siam Ltd, Fornix Biotech Sdn Bhd, Fornix Foodstuffs Sdn Bhd, PESTECH Corporation and Green Sustainable Ventures (Cambodia) Co. Ltd.

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DAV ANSAN

Dav Ansan, a Cambodian, aged 43, is an Independent Non-Executive Director and was appointed on 29 August 2018.

He is a notary public and is a Vice Chairman of Sethavitou Notary Public Office (“SH Notary”) since 2014. He has over 10 years of working experience in legal practice and socio-political and economic field. His area of expertise is project and corporate finance. Prior to joining SH Notary, he was a legal practitioner at the Office of the Co-Investigating Judges of the Trial Chamber of the Extraordinary Chambers in the Court of Cambodia (“ECCC”) from 2009 to 2013. Prior to joining the ECCC, he was an advisor and researcher of the Embassy of Republic of Korea in Phnom Penh and a public research institution of the Cambodian Government in the fields of law, advocacy, economics, cross-border trade, and business enabling environment. He also gave lectures in public and private universities in Phnom Penh from 2003 to 2013.

Dav Ansan is an advisor to Samdech Akka Moha Ponhea Chakrei Heng Samrin, President of the National Assembly of Cambodia. He is also a member of the Central Committee of the Union of Youth Federations of Cambodia, a non-governmental organization chaired by H.E. Hun Many, a member of the National Assembly of Cambodia.

Dav Ansan graduated with Master in Policy Economics from Williams College, Massachusetts, USA in 2009 and a Master of Development Economics from the Royal Academy of Cambodia in 2003.

He speaks Khmer as his mother tongue, advanced level of English and he is able to communicate in French.

As of to-date, the directorships held by Dav Ansan are Sethavitou Notary and Propey Microfinance Plc.

Board Roles, Duties, and Responsibilities and Performance

The Board’s primary responsibilities, based on a predetermined assessment of materiality, include giving strategic direction, identifying key risk areas and key performance indicators of the Company’s business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of executive management against business plans, budgets and industry standards.

The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations, the Board assumes responsibility in the following areas:

(a) retain full and effective control over the Company, and monitor management in implementing Board plans and strategies;
(b) ensure that a comprehensive system of policies and procedures is operative;
(c) identify and monitor non-financial aspects relevant to the business;
(d) ensure ethical behaviour and compliance with relevant laws and regulations audit and accounting principles, and the Company’s own governing documents and codes of conduct;
(e) strive to act above and beyond the minimum requirements and benchmark performance against international best practices and not only to comply in practice;
(f) define levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions;
(g) act responsibly towards the Company’s relevant stakeholders; and
(h) be aware of, and commit to, the underlying principles of good governance and that compliance with corporate governance principles is reviewed regularly.

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board, with the assistance of the Remuneration and Nomination Committee, shall review and evaluate the performance of the Board, Board Committees and individual Directors, including independence assessment of the Independent Non-Executive Director, on an annual basis.

Board Meetings

During the financial year ended 30 June 2022, there were five (5) Board meetings held and all Directors had attended the following committees and Board meetings:-

No.	Date	Type of Meetings
1	12 August 2021	Board of Directors' Meeting Audit Committee Meeting Nomination and Remuneration Committee Meeting
2	23 September 2021	Board of Directors' Meeting Audit Committee Meeting
3	11 November 2021	Board of Directors' Meeting Audit Committee Meeting
4	10 February 2022	Board of Directors' Meeting Audit Committee Meeting
5	6 May 2022	Board of Directors' Meeting Audit Committee Meeting Risk Management Committee Meeting

BOARD COMMITTEES

Audit Committee

No.	Name	Position	Date of Appointment	Number of Meetings Attended	Total Number of Meetings
1	Dav Ansan	Independent Non-Executive Director	29 August 2018	5	5
2	Paul Lim Pay Chuan	Executive Chairman	29 August 2018	5	
3	Charles Tan Pu Hooi	Executive Director	29 August 2018	5	

Roles and Responsibilities of Audit Committee:-

(i) Review of financial statements;
(ii) Review internal control;
(iii) Review internal auditing;
(iv) Review external auditing; and
(v) Report the committee activities to the Board of Directors.

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Remuneration and Nomination Committee

No.	Name	Position	Date of Appointment	Number of Meetings Attended	Total Number of Meetings
1	Dav Ansan	Independent Non-Executive Director	29 August 2018	1	1
2	Lim Ah Hock	Executive Director	29 August 2018	1	
3	Charles Tan Pu Hooi	Executive Director	29 August 2018	1	

Roles and Responsibilities of Nomination and Remuneration Committee:

(i) Reviewing and evaluating the qualifications of candidates for the position of directors or senior officers appointed by the Board of Directors;
(ii) Reviewing and recommending the compensation and remuneration of the Directors and Senior Officers; and
(iii) Reviewing and updating the mechanism and assessing the effectiveness of the Board of Directors, Directors and Committees at least once (1) per year.

Risk Management Committees

No.	Name	Position	Date of Appointment	Number of Meetings Attended	Total Number of Meetings
1	Dav Ansan	Independent Non-Executive Director	29 August 2018	1	1
2	Paul Lim Pay Chuan	Executive Chairman	29 August 2018	1	
3	Han Fatt Juan	Executive Director/Chief Executive Officer	29 August 2018	1	

Roles and Responsibilities of Risk Management Committee:

(i) Risk analysis including: risk description, risk identification, risk estimation;
(ii) Risk evaluation;
(iii) Risk reporting;
(iv) Risk treatment; and
(v) Risk monitoring.

Remuneration or Compensation

Brief Policies of Remuneration or Compensation for Directors and Senior Officers

(a) The Board will propose and recommend the level of remuneration paid to directors and tabled for shareholders' approval.

(b) The levels and make-up of remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully.

(c) Non-executive Directors receive no share options nor significant benefits from the Company, other than their directors' fees and meeting allowance.

(d) Executive members will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.

(e) A formal and transparent procedure shall be established for developing policy on remuneration and fixing of remuneration packages for individual Board members.

(f) The Director shall abstain from deliberations and voting in respect of his own remuneration packages during board or committee meetings.

Remuneration and Compensation Receivers

No.	Remuneration and Compensation Receivers	Remuneration and Compensation Amount (USD)	Other
1	Directors	438,353.19	-
2	Top 5 Employees receiving Remuneration and Compensation Receivers	267,946.12	-

Annual Performance Evaluation of Board of Directors, Directors, Committees and CEO

No.	Description	Evaluation	Marking Criteria
1	Board of Directors	The performance self/peer assessment was made based on the following ratings or ticking for Yes or No: 1. Weak 2. Needs improvement 3. Adequate 4. Consistently good 5. Strong	The Remuneration and Nomination Committee to assess the performance of the Board as a whole collectively, where Board's structure and performance of the Board in discharging its roles and responsibilities and operations of Board will be reviewed and considered.
2	Directors		An Self and Peer Evaluation will be performed by each individual director to assess the level of contribution to interaction, quality of input and understanding of roles of Directors and Board Chairman.
3	Committees		The Remuneration and Nomination Committee to assess the performance of the Audit Committee in terms of quality and composition, skills and competencies, meeting administration and conduct, duties and responsibilities, external audit and internal audit.
4	CEO		The evaluation of CEO is included in the Self and Peer Evaluation where evaluation will be performed by each individual director to assess the level of contribution to interaction, quality of input and understanding of roles of Directors and Board Chairman.

The Remuneration and Nomination Committee expressed satisfactorily over the performance of the Board of Directors, Directors, Committees and CEO.

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Training for Directors

The Board, via the Remuneration and Nomination Committee, shall identify the training needs of the Directors through the annual assessment on Board, Board Committees and individual Directors to determine the type of training that may be required by each Director. The cost of the induction, and/or continuing education programme shall be borne by the Company.

During the financial year, the Directors have participated in the following training programme:

No.	Name	Position	Training Courses
1	Paul Lim Pay Chuan	Executive Chairman	• Maybank Invest Asean 2021 Country Week: Market Strategy & Economic Outlook Malaysia: Cautiously Constructive • Maybank Invest Asean 2021 Country Week: Market Strategy & Economic Outlook Indonesia: Entering A New Chapter • Maybank Invest Asean 2021 Country Week: Market Strategy & Economic Outlook Philippines: Marching On • Maybank Invest Asean 2021 Country Week: Market Strategy & Economic Outlook Thailand: Against All Odds • AI4S Enhanced Programme • Double Tax Agreement Benefits for Malaysian Businesses in Cambodia • Post COVID-19 Strategies and the Way Forward • Malaysia Budget 2022: Reinforcing the Nascent Recovery • Navigating the Regional Comprehensive Economic Partnership (RCEP) Series 2: How to Leverage on RCEP for Market Access of Manufactured Goods • Coverage on Foreign Source Income Exemption and Prosperities Tax • HSBC Investment Outlook 2022: Remaking Asia's Future • HSBC Investment Outlook 2022: Great Transition to a Digital and Net Zero World • Maybank: Tax Measures and Impact on Businesses and Households – Malaysia Budget 2022 • HSBC Investment Outlook 2022: Capturing Opportunities from Technological Innovation in the Greater Bay Area • HSBC Investment Outlook 2022: Southeast Asia Investment Outlook • BNP Paribas: Global Insights 2022 • HSBC Investment Outlook 2022: 2022 Asia's Credit Market Outlook • Affin Hwang Macro Outlook and Environmental Sustainability • Asia Pacific Rail 2022 Exhibition
2	Han Fatt Juan	Executive Director and Chief Executive Officer	• Briefing Session on the Technical and Commercial Aspects of Rooftop Solar
3	Lim Ah Hock	Executive Director	• CIMB Webinar: A Bumpy, Transitional Year – Recovery to continue despite headwinds

No.	Name	Position	Training Courses
4	Charles Tan Pu Hooi	Executive Director	• 1st Asia Europe Economic and Business Forum
5	Dav Ansan	Independent Non-Executive Director	• Roles of a Technical University in High-Tech Startup Ecosystem • STI Survey on Manufacturing in Cambodia • The Role of Plant Biotechnology in Response to Climate Change • Model of Technology Transfer • Resource Efficiency and Cleaner Production Strategy and Action Plan for Industry and SME Sectors • Building Soil Organic Carbon for Sustainable Agricultural Soil Health Management • Roadmap for Automobiles and Electronic Industry in Cambodia • Innovation, Technology and Firm Productivity • Protected Horticulture • Technology Consumption and Transfer in Cambodia • Innovation of Agricultural Product Development • Understanding Ground Water Flow System • Introduction to Photovoltaic Thermal (PVT) Modules and its Application

PART 3 - CODE OF BUSINESS CONDUCTS PRACTICES

A. Code of Business Conducts Practices for Director and Senior Officers Policies

Conflict of Interest

Article 22.2 of the Company's Articles of Incorporation provides that if a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the Company in which a director is interested, that director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes, unless the contract is:-

(i) an arrangement by way of security for money lent to or obligations undertaken by him for the benefit of the Company or an affiliate;
(ii) one relating primarily to his remuneration as a director, officer, employee or agent of the Company or an affiliate;
(iii) one for indemnity or insurance; or
(iv) one with an affiliate.

Conduct of Business and Fair Dealing

As part of the shared values in the PESTECH Group's Code of Conduct, We believe it is an attainment of moral or ethical corrections, rationality, law, equity and fairness and perceived appropriateness of the application of interpersonal treatment, rules and procedures, in the conduct of business and fair dealing.

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Respect Trade Secret

Under PESTECH Group's Employee Handbook, every employee of the Group shall respect confidentiality, expressed or implied. On employment, all employees are required to sign-off a Non-Disclosure statement.

Use of Company Funds, Assets and Information

PEPC puts in place proper process and procedures in managing the Company's funds, assets and information. Any petty cash or advance paid to employee to facilitate his works for the Company's operations, will be recorded and acknowledged properly, and all payments made must be properly supported by invoice or receipts. Meanwhile, Company's information are preserved and stored in safe location or encrypted in soft copy with confidentiality where access permission must be granted. All users are required to sign off and acknowledge for use of any Company's assets and information and bound by confidentiality clause.

Labor Law and Related Policies

PEPC complies with the prevailing laws and its related policies pertaining to labour in Cambodia.

Working Policy and Internal Rules

PEPC adopts various working policies and internal rules related to human resource, procurement, administration, project operation and operation and maintenance to ensure employees understand the work expectations with respect to standards of behaviour and performance, uniformity and consistency in decision-making and operational procedures.

Whistle Blower

PEPC provides all directors, management staff, employees, vendors of PESTECH and its subsidiaries as well as members of the public ("Persons") with mechanisms to confidentially and anonymously bring to the attention of the Board any concerns related to matters covered by the Company's Code of Business Conduct and Ethics, legal issues and accounting or audit matters.

The Whistle-Blowing Guidelines allow the management to take appropriate preventive and corrective actions within the Company without the negative effects that come with public disclosure, such as loss of company image or reputation, financial distress, loss of investor confidence or drop in value of share prices.

Persons are able to report their concerns to the dedicated whistleblowing email address at whistleblower@pestech.com.my

Conflict Resolution

PEPC seeks to resolve any conflict situation through mediation by taking steps to clarify the source of conflict and let both the conflicting parties to have their say. Upon investigating the situation, to determine ways to meet the common goal and agree on the best solution.

B. Publishing of Code of Business Conducts Practices

In serving our customers and in dealing with our suppliers, vendors and subcontractors, PESTECH strives to put their interest ahead of other personal interests and to uphold reputation and trust in us. PESTECH is committed to provide efficient, effective and excellent products and services in an impartial manner.

PESTECH believes that ethics must be based, amongst the following common values that are essential for personal leadership, let alone leading, treating and serving others:

TRUTH/ HONESTY	:	We believe it is a facet of moral character and connotes other positive and virtuous attributes, such as sincerity, trust and integrity that are essential parts of our character.
TRUST	:	We believe it is an attribute for circular relationships and interactions, social influence (trusting and trustworthiness) and hence, leadership – the commitment to deliver on a promise.
INTEGRITY	:	We believe it is an uncompromising and predictably consistent commitment to honour a set of moral values and principles; it is a big part of good character – to do what is good and right even when no one is watching.
EQUALITY	:	We believe it 'levelises' status, positions and conditions for the application of rules, regulations and justice.
JUSTICE	:	We believe it is an attainment of moral/ethical corrections, rationality, law, equity and fairness.
FAIRNESS	:	We believe it is a perceived appropriateness of the application of interpersonal treatment, rules and procedures.
CARE FOR OTHERS	:	We believe it is the ability to consider others above ourselves and treat others in the way that we want to be treated, not to condone selfish ambition, deception and vengeance.

C. Mechanisms and Procedures to Assess Code of Business Conducts Practices

The Code of Conduct of PEPC can be accessed at its holding company's website, i.e., https://pestech-international.com/code-of-conduct-0.

D. Related Parties Transaction

1. Related Parties Transactions Policies

As the holding company of PEPC, PESTECH International Berhad is listed on the stock exchange of Malaysia, Bursa Malaysia Securities Berhad, PEPC is directly subjected to the relevant provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad governing the related party transactions with holding company, joint venture, subsidiary, major shareholders and controlling shareholders, directors/employees and their family.

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2. Important Transactions with Related Parties

No.	Transacting Parties	Nature of the relationship	Nature of transaction	FYE 30 June 2022 (USD'000)
1	Diamond Power Ltd	Fellow subsidiary	a) Management service income b) Operation and maintenance service	10 1,533
2	PESTECH Sdn Bhd	Fellow subsidiary	a) Progress billing b) Contract cost incurred c) Interest charged	3,523 11,325 146
3	ENERSOL Co., Ltd	Fellow subsidiary	a) Contract cost (reversed)/incurred b) Interest charged	1,166 639
4	PESTECH Transmission Sdn Bhd	Fellow subsidiary	a) Contract cost incurred b) Project management service income	39 17
5	ODM Power Line Company Limited	Fellow subsidiary	a) Contract cost incurred b) Management service income c) Rental income	- 20 -
6	PESTECH International Berhad	Holding company	a) Management service expense b) Interest charged	- 846
7	Green Sustainable Ventures (Cambodia) Co., Ltd.	Fellow subsidiary	a) Management service income b) Operation and maintenance service c) Progress billing	18 60 19,008

PART 4 - RISK MANAGEMENT, INTERNAL CONTROL AND AUDITING

A. Brief Risk Management System or Risk Management Policies

PEPC's Risk Management Framework is covered by PESTECH International Berhad Group ("the Group") Risk Management Policy and Guidelines Document which ensures that pertinent roles, responsibilities and accountabilities on risk management are clearly defined and communicated at all levels.

The Group's Risk Management Framework covers the six (6) key elements as below such that any key risk or significant control weaknesses could be identified, assessed, reported, monitored and duly rectified timely and effectively:-

- Risk Strategy & Appetite
- Risk Governance
- Risk Culture
- Risk Assessment & Measure
- Risk Management & Monitoring
- Risk Reporting

During the financial year, the Risk Management Committee had revised the Risk Management Policy and Guideline Document after taking into consideration, amongst others, the business environment that PEPC is operating in organization structure and operation requirements, with the objective to improve the internal control system.

B. Brief Internal Control System

The main components of the PEPC's internal control system are summarised as follows:-

- **Control Environment**

  The importance of a proper control environment is emphasised throughout the organisation. The focus of which is accentuated towards elevating the quality and capability of the employees by means of continuous education and training, which may be orgainsed from time to time on need basis, both on technical hard skill sets and soft skill sets such as risk management, professionalism and integrity.

- **Control Structure**

  The Board and Management have established an organisation structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities of the Board committees and various management levels, including authorisation levels for all aspects of the business.

  The key elements of PEPC's internal control structure cover series of documented Policy and Procedures to govern the key business processes. These policies and procedures deal with, amongst others, control issues for procurement, information technology, health and safety, human capital, safeguarding of assets, and communication with stakeholders. The procurement, credit control, warehousing, cash management and related party transactions are being revamped/reviewed to further tighten our internal control processes and procedures.

- **Internal Audit**

  PEPC outsourced the internal control audit function to HT & P Partners Co. Ltd. ("HTP"). The internal control function reports directly to the Audit Committee ("AC") on the adequacy and effectiveness of the system of internal controls in the operating units and the extent of compliance to the established processes, policies and procedures and applicable laws and regulations.

  HTP had audited on the process of billing and collection, payables and finance department management process and presented the audit findings on the following areas to the AC:

  1. Supplier Statement Reconcilation
  2. Accounting Policy

  On overall, the audit findings on the procurements and project management are mainly procedural and the risks associated to them are minor risks.

  Any significant control lapses and/or deficiencies noted from the reviews will be documented and communicated to Management for review and corrective actions. The Internal Auditors report to the AC on all significant non-compliance, internal control weaknesses and actions taken by Management to resolve the audit issues identified.

  The Internal Auditors are responsible for planning, implementing and reporting on the internal audit timeline and activities of the Company.

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C. Auditing

Internal Audit

Roles and Responsibilities of Internal Auditors

- Development of Internal Audit Plan for each financial year for the approval of the Audit Committee/Board of Directors;
- Plan, coordinate and execute the audits;
- Allocate adequate and appropriate internal audit resources to complete the audit assignments within the agreed time line;
- To immediately highlight any difficulties and concerns encountered during the course of the audit that may hinder/ impact the outcome of the audit, to PEPC appointed representative;
- Present the findings on internal control reviews to Management at its meetings as and when required and to the audit committee members; and
- Coordinate/conduct the follow-up reviews on the status of management action plans arising from the internal control reviews conducted (where necessary).

External Auditors

No.	Name of Audit Firms	Services	Agreement Date	Auditing Fees (USD)	Non-audit Fees (USD)
1	Grant Thornton (Cambodia) Limited	Quarterly review and audit for financial year 2022	11 October 2021	32,500	-

PART 5 - STAKEHOLDERS

Management of Employees and Protection

PEPC prioritises the wellbeing of our employees. PEPC is committed to protect the safe and healthy of its employees and stakeholders wherever they work. An Occupational Health and Safety policy and procedures in accordance of ISO 45001:2018 Occupational Health and Safety Management has been established to monitor the safe and health aspects of our workplace.

PESTECH Group implements high quality standard in its day-to-day operations, where the importance of traceability, consistency and reliability are emphasised throughout the organisation.

As part of our safety and health requirements, Hazard Identification Risk Assessment and Determining Control process is imposed in our business operations and has been executed and recorded systematically. This process helps to identify the potential hazard in our working environment in order to provide applicable and suitable control measures.

We instil a strong preventive culture that integrates safety, health and well-being at work, our Quality, Health, Safety and Environment ("QHSE") team engages and educates our employees on regular basis. Trainings and awareness programmes are conducted to equip our employees and subcontractors (if necessary) with relevant and updated information to meet safety and health requirements.

Customer Welfare and Suppliers and Subcontractors Selection

The nature of PEPC's businesses requires the Management to deal directly or indirectly with its customers, who are mainly utility players. Engagement with senior officials of the utility players is being handled directly by the Executive Directors to ensure formal and transparent communications in addressing the customer requirements which involved national interests.

On the other hand, being an EPCC contractor, PEPC has also put adopted the Group Procurement Policy to ensure selection of suppliers and subcontractors are carried out based on arm's length basis, in compliance with relevant laws and regulations governing the tax and related party transactions.

Anti-Corruption Program

The Group's Anti-Bribery and Anti-Corruption Policy states ZERO-TOLERANCE towards any form of bribery or corruption. Bribery and corruption in all forms relating to business activities are strictly prohibited. Governance processes for day-to-day operations in its business functions where there is an adequate check and balance to cultivate work integrity. Employees shall not, directly, for or through any external party, promise, offer, make, authorize, solicit or accept any financial or other advantage, to obtain or retain business or secure an improper personal advantage in the conduct of business. Adequate due diligence shall be performed when PEPC engage with third parties such as agents, distributors or joint venture partners for any business arrangements to ensure that they are not acting corruptly, and to periodically monitor their performance to ensure ongoing compliance. PEPC is committed to acting professionally, fairly, honestly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to prevent or counter bribery and corruption.

Environment Protection

PEPC is committed to protect the environment and comply with applicable environmental laws and regulations. PEPC implemented the Environmental Aspect Identification and Impact Assessment ("EAIA") to identify and evaluate the environmental aspect and impact related to organisation activities, products and services respectively.

During the impact assessment, PEPC has taken into consideration the prevailing environment laws and regulations, consequences and severity of the issue and possibility of occurrence. The assessment on the significance of the impact is then evaluated based on the established criteria, i.e. scale of severity/risk, duration of the impact, probability of occurrence and etc. From the outcome of the assessment, PEPC will establish effective action plans and control to mitigate the significant impacts.

Community Interaction

PEPC believes access to electrical power facilities is crucial in breaking the poverty cycle in Cambodia. In line with the Cambodia Government making constant effort to establish electrical infrastructure in providing electrical access to the rural communities. PESTECH has been playing a major role in bringing electrical power infrastructure to the communities of Cambodia since 2012.

Over the years, PEPC had successfully completed multiple significant projects amongst others, including the Phnom Penh-Kampong Cham Transmission Project, the 230kV Kampong Cham-Kratie Transmission System Project and 230kV and 500kV Phnom-Preah Sihanouk Transmission System Project.

Completion of the aforesaid projects has allowed electricity be connected to the rural areas where villages are widespread. While monetary donation is commendable, we believe the real core of social responsibility lies in getting behind causes that are meaningful for our business. The feedback we gathered through our engagement with the villagers on how electricity connection has brought tremendous changes to their lives, was aspiring and encouraging. PEPC eyes to expand their good cause to more communities around the regions whilst doing our business sustainably.

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Amidst the pandemic period, it did not stop PEPC from continue pursuing its CSR programme, which revolves with four (4) underlying CARE principles of **C**ommunity, **A**dvancement, **R**ecuperation and **E**nvironment, as follows:-

No.	Beneficiaries	Amount	Purposes of CSR
1	Cambodian Red Cross	USD35,000.00	To serve charitable activities in helping people who are suffering from natural disasters and other disasters.

PART 6 - DISCLOSURE AND TRANSPARENCY

Describe the Mechanism of Disclosure Including Means, Procedures and Responsible Person in Charge of Disclosure

The Board, assisted by the Disclosure Officers, shall be responsible for the following:-

a) determining whether information constitutes material information under the Cambodia Securities Exchange (“CSX”) and Securities and Exchange Commission of Cambodia (“SECC”) rules;
b) ensuring timely disclosure of material information in accordance with CSX and SECC rules; and
c) responding to rumors or reports, and unusual market activity.

The Disclosure Officers, upon consultation with the Board, is authorized to manage the contents to be provided to the media, investment community and other external parties, including the contents to be published in the Investor Relations section of the Company’s corporate website.

Investor Relations

Our Executive Director, Mr. Charles Tan is tasked to oversee the corporate development activities for PEPC, which involve investor relations. He has been constantly engaged with analysts, fund managers and other stakeholders to promote the corporate growth potential of PEPC as well as periodically updating them with the latest developments of ‘the Company.’

PEPC’s corporate website at www.pestech.com.kh serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information on the Company’s activities, financial results, major strategic development and other matters affecting stakeholders’ interests.

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Phnom Penh, Kingdom of Cambodia

Our Projects/Products Reach:

Australia | Brunei | Cambodia | China | Ghana | Indonesia | Iraq | Kyrgyzstan | Malaysia | Mali | Myanmar
Papua New Guinea | Philippines | Singapore | South Africa | Sri Lanka | Tanzania | Thailand | Vietnam