

**Statement by the Directors
and
Interim condensed financial information**

**PESTECH (Cambodia) Plc and its
subsidiaries**

As at 30 September 2022 and for the three-month
period then ended

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Statement by the Directors

In the opinion of the Directors, the accompanying interim condensed statements of financial position of PESTECH (Cambodia) Plc ("the Company") and its subsidiaries as at 30 September 2022, and the related interim condensed statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the quarter and 3-month period then ended, and notes to the interim condensed financial information are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 Interim Financial Reporting.

Signed on behalf of the Board of Directors,



Kim Pay Chhon
Chairman

Phnom Penh, Kingdom of Cambodia
10 November 2022



Grant Thornton

Report on review of interim condensed financial information

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To the Shareholders of PESTECH (Cambodia) Plc

We have reviewed the interim condensed financial information of PESTECH (Cambodia) Plc (“the Company”) and the interim condensed financial information of the Company and its subsidiaries (together hereinafter referred to as “the Group”), which comprise the interim statements of financial position as at 30 September 2022, and the interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 3-month period then ended, and explanatory notes (“financial information”). The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed financial information in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410 *Review of Interim condensed financial information Performed by the Independent Auditor of the Entity*. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information of the Group and the Company are not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Certified Public Accountants and Auditors

A member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.



Other matter

The comparative information on the statements of financial position is based on the Group's and the Company's audited financial statements as at 30 June 2022. The comparative information for the 3-month period ended 30 September 2021 on the statements of profit or loss and other comprehensive income, cash flows and related explanatory notes were reviewed but unaudited.




Ng Yee Zent
 Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
 10 November 2022

Group's interim statement of financial position

		(Reviewed)	(Audited)	(Reviewed)	(Audited)
	Note	30 September 2022	30 June 2022	30 September 2022	30 June 2022
		USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Assets					
Non-current					
Property, plant and equipment	6	13,534	13,604	55,747	55,368
Intangible assets		10	9	41	37
Contract assets	9	105,565	109,262	434,822	444,696
Derivative financial instruments		606	-	2,490	-
Non-current assets		119,715	122,875	493,100	500,101
Current					
Inventories	10	3,338	3,338	13,749	13,586
Contract assets	9	163,323	155,950	672,727	634,717
Trade and other receivables	11	4,452	3,142	18,339	12,788
Amounts due from related parties	27	209	224	861	911
Cash and bank balances	12	8,533	9,872	35,147	40,179
Current assets		179,855	172,526	740,823	702,181
Total assets		299,570	295,401	1,233,923	1,202,282

Group's interim statement of financial position (continued)

	Note	[Reviewed] 30 September 2022 USD'000	[Audited] 30 June 2022 USD'000	[Reviewed] 30 September 2022 KHR'mil (Note 3)	[Audited] 30 June 2022 KHR'mil (Note 3)
Equity and liabilities					
Equity					
Share capital	13	7,494	7,494	30,725	30,725
Share premium	14	2,541	2,541	10,422	10,422
Reserves	15	658	(400)	2,703	(1,883)
Retained earnings		16,013	17,310	65,956	70,452
Cumulative translation differences		-	-	197	(51)
Total equity attributable to owners of the Company		26,706	26,945	110,003	109,665
Non-controlling interests		86	86	351	351
Total equity		26,792	27,031	110,354	110,016
Liabilities					
Non-current					
Borrowings	17	80,548	82,071	331,777	334,029
Lease liabilities	7	393	230	1,619	934
Deferred tax liability	25	1,019	986	4,197	4,013
Derivative financial instruments	18	-	452	-	1,838
Non-current liabilities		81,960	83,739	337,593	340,814
Current					
Contract liability	9	-	162	-	659
Trade and other payables	16	50,296	46,997	207,166	191,275
Amount due to holding company	27	27,040	26,834	111,378	109,214
Amounts due to related parties	27	90,369	89,597	372,230	364,659
Borrowings	17	22,278	20,281	91,762	82,544
Lease liabilities	7	113	118	465	482
Income tax payable		722	642	2,975	2,619
Current liabilities		190,818	184,631	785,976	751,452
Total liabilities		272,778	268,370	1,123,569	1,092,266
Total equity and liabilities		299,570	295,401	1,233,923	1,202,282

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

Company's interim statement of financial position

	Note	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Assets					
Non-current					
Investment in a subsidiary	8	50	50	204	204
Property, plant and equipment	6	13,534	13,604	55,747	55,368
Intangible assets		10	9	41	37
Contract assets	9	105,565	109,262	434,822	444,696
Derivative financial instruments		606	-	2,490	-
Non-current assets		119,765	122,925	493,304	500,305
Current					
Inventories	10	3,338	3,338	13,749	13,586
Contract assets	9	163,323	155,950	672,727	634,717
Trade and other receivables	11	4,452	3,142	18,339	12,788
Amounts due from related parties	27	209	224	861	911
Amount due from a subsidiary	27	108	97	445	395
Cash and bank balances	12	8,525	9,866	35,114	40,155
Current assets		179,955	172,617	741,235	702,552
Total assets		299,720	295,542	1,234,539	1,202,857

Company's interim statement of financial position (continued)

	Note	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Equity and liabilities					
Equity					
Share capital	13	7,494	7,494	30,725	30,725
Share premium	14	2,541	2,541	10,422	10,422
Reserves	15	658	(400)	2,703	(1,883)
Retained earnings		16,252	17,542	66,942	71,395
Cumulative translation differences		-	-	187	(50)
Total equity		26,945	27,177	110,979	110,609
Liabilities					
Non-current					
Borrowings	17	80,548	82,071	331,777	334,029
Lease liabilities	7	393	230	1,619	934
Deferred tax liability	25	1,019	986	4,197	4,013
Derivative financial instruments	18	-	452	-	1,838
Non-current liabilities		81,960	83,739	337,593	340,814
Current					
Contract liability	9	-	162	-	659
Trade and other payables	16	50,293	46,992	207,157	191,257
Amount due to holding company	27	27,040	26,834	111,378	109,214
Amounts due to related parties	27	90,369	89,597	372,230	364,659
Borrowings	17	22,278	20,281	91,762	82,544
Lease liabilities	7	113	118	465	482
Income tax payable		722	642	2,975	2,619
Current liabilities		190,815	184,626	785,967	751,434
Total liabilities		272,775	268,365	1,123,560	1,092,248
Total equity and liabilities		299,720	295,542	1,234,539	1,202,857

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

Group's interim statement of profit or loss and other comprehensive income

		(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) 30 September 2021 KHR'mil (Note 3)
Revenue	19	7,973	18,189	32,756	74,157
Operating expenses	20	(7,418)	(16,293)	(30,476)	(66,427)
Other operating income	21	34	26	140	106
Other gains		10	3	39	12
Operating profit		599	1,925	2,459	7,848
Finance income	22	677	741	2,781	3,021
Finance cost	23	(2,460)	(1,320)	(10,107)	(5,382)
(Loss)/profit before income tax		(1,184)	1,346	(4,867)	5,487
Income tax expense	24	(113)	(250)	(465)	(1,019)
(Loss)/profit for the period		(1,297)	1,096	(5,332)	4,468
(Loss)/profit for the period attributable to:					
Owners of the Company		(1,297)	1,096	(5,332)	4,468
Non-controlling interests		-	-	-	-
		(1,297)	1,096	(5,332)	4,468

Group's interim statement of profit or loss and other comprehensive income (continued)

	Note	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		For the 3-month period ended 30 September 2022 USD'000	30 September 2021 USD'000	For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	30 September 2021 KHR'mil (Note 3)
(Loss)/profit for the period		(1,297)	1,096	(5,332)	4,468
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Fair value gain on cash flow hedges		1,058	429	4,347	1,749
Currency translation difference		-	-	1,323	94
Total comprehensive (loss)/income for the period		(239)	1,525	338	6,311
Total comprehensive (loss)/ income for the period attributable to:					
Owners of the Company		(239)	1,525	338	6,311
Non-controlling interests		-	-	-	-
		(239)	1,525	338	6,311

The (loss)/earnings per share attributable to shareholders of the Group during the period are as follows:

Basic (loss)/earnings per share (cent/riel)	31	(1.73)	1.46	(71.15)	59.62
Diluted (loss)/earnings per share (cent/riel)	31	(1.73)	1.46	(71.15)	59.62

Company's interim statement of profit or loss and other comprehensive income

		(Reviewed)		(Reviewed)	
		For the 3-month period ended		For the 3-month period ended	
		30 September	30 September	30 September	30 September
		2022	2021	2022	2021
	Note	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Revenue	19	7,973	18,189	32,756	74,157
Operating expenses	20	(7,411)	(16,283)	(30,448)	(66,386)
Other operating income	21	34	26	140	106
Other gains		10	3	41	12
Operating profit		606	1,935	2,489	7,889
Finance income	22	677	741	2,781	3,021
Finance cost	23	(2,460)	(1,320)	(10,107)	(5,382)
(Loss)/profit before income tax		(1,177)	1,356	(4,837)	5,528
Income tax expense	24	(113)	(250)	(465)	(1,019)
(Loss)/profit for the period		(1,290)	1,106	(5,302)	4,509
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value gain on cash flow hedges		1,058	429	4,347	1,749
Currency translation differences		-	-	1,331	96
Total comprehensive (loss)/income for the period		(232)	1,535	376	6,354

Group's interim statement of changes in equity

Note	← Attributable to owners of the Company →				Total USD'000	Non-controlling interests USD'000	Total equity	
	Share capital USD'000	Share premium USD'000	Reserves USD'000	Distributable Retained earnings USD'000			USD'000	KHR'mil (Note 3)
(Reviewed)								
Balance at 1 July 2022	7,494	2,541	(400)	17,310	26,945	86	27,031	110,016
Loss for the three-month period	-	-	-	(1,297)	(1,297)	-	(1,297)	(5,332)
Fair value gain on cash flow hedges	-	-	1,058	-	1,058	-	1,058	4,347
Currency translation difference	-	-	-	-	-	-	-	1,323
Balance at 30 September 2022	7,494	2,541	658	16,013	26,706	86	26,792	110,354
(Reviewed)								
Balance at 1 July 2021	7,494	2,541	(4,269)	17,190	22,956	86	23,042	93,897
Profit for the three-month period	-	-	-	1,096	1,096	-	1,096	4,468
Fair value gain on cash flow hedges	-	-	429	-	429	-	429	1,749
Currency translation difference	-	-	-	-	-	-	-	94
Balance at 30 September 2021	7,494	2,541	(3,840)	18,286	24,481	86	24,567	100,208

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

Company's interim statement of changes in equity

	Note	← Non-distributable →			Distributable Retained earnings USD'000	Total equity USD'000	KHR'mil (Note 3)
		Share capital USD'000	Share premium USD'000	Reserves USD'000			
(Reviewed)							
Balance at 1 July 2022		7,494	2,541	(400)	17,542	27,177	110,609
Loss for the three-month period		-	-	-	(1,290)	(1,290)	(5,302)
Fair value gain on cash flow hedges		-	-	1,058	-	1,058	4,347
Currency translation difference		-	-	-	-	-	1,325
Balance at 30 September 2022		7,494	2,541	658	16,252	26,945	110,979
(Reviewed)							
Balance at 1 July 2021		7,494	2,541	(4,269)	17,400	23,166	94,401
Profit for the three-month period		-	-	-	1,106	1,106	4,509
Fair value gain on cash flow hedges		-	-	429	-	429	1,749
Currency translation difference		-	-	-	-	-	96
Balance at 30 September 2021		7,494	2,541	(3,840)	18,506	24,701	100,755

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

Group's interim statement of cash flows

		(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) 30 September 2021 KHR'mil (Note 3)
	Note				
Operating activities					
(Loss)/profit before income tax		(1,184)	1,346	(4,867)	5,487
Adjustments for:					
Depreciation	20	280	293	1,151	1,195
Amortisation	20	1	1	4	4
Interest income	22	(677)	(741)	(2,781)	(3,021)
Interest expense	23	2,460	1,320	10,107	5,382
Gain on termination of lease		(20)	-	(82)	-
Unrealised foreign exchange gain		-	(1)	-	(4)
Operating profit before working capital changes		860	2,218	3,532	9,043
Changes in working capital					
Changes in:					
Trade and other receivables		(1,310)	417	(5,382)	1,699
Contract assets/liability		(3,161)	(14,468)	(12,986)	(58,986)
Amount due to holding company		-	(1,859)	-	(7,579)
Amounts due from related parties		117	6,502	481	26,509
Trade and other payables		2,444	3,664	10,041	14,938
Cash used in operations		(1,050)	(3,526)	(4,314)	(14,376)
Income tax paid		-	(486)	-	(1,981)
Net cash used in operating activities		(1,050)	(4,012)	(4,314)	(16,357)

Group's interim statement of cash flows (continued)

		(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) 30 September 2021 KHR'mil (Note 3)
	Note				
Investing activities					
Acquisitions of property, plant and equipment		(8)	(188)	(33)	(766)
Acquisitions of intangible assets		(2)	(5)	(8)	(20)
Interest received		13	9	53	37
Net cash from/(used in) investing activities		3	(184)	12	(749)
Financing activities					
Proceeds from borrowings	26	5,459	3,761	22,427	15,334
Repayment of borrowings	26	(5,560)	(6,280)	(22,842)	(25,604)
Interest paid		(1,610)	(1,061)	(6,614)	(4,326)
Repayment of lease liabilities	26	(32)	(15)	(98)	(61)
Advances from holding company		206	-	846	-
Repayment to holding company		-	(300)	-	(1,223)
Advance due from/ to related parties		670	(900)	2,753	(3,669)
Placement of fixed deposits		(75)	(50)	(308)	(204)
Net cash used in financing activities		(942)	(4,845)	(3,836)	(19,753)
Net change in cash and cash equivalents		(1,989)	(9,041)	(8,139)	(36,859)
Cash and cash equivalents, beginning of period		(6,238)	9,120	(25,392)	37,165
Currency translation difference		-	-	(358)	16
Cash and cash equivalents, end of period	12	(8,227)	79	(33,888)	322

Company's interim statement of cash flows

		(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) For the 3-month period ended 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) For the 3-month period ended 30 September 2021 KHR'mil (Note 3)
	Note				
Operating activities					
(Loss)/profit before income tax		(1,177)	1,356	(4,837)	5,528
Adjustments for:					
Depreciation	20	280	293	1,151	1,195
Amortisation	20	1	1	4	4
Interest income	22	(677)	(741)	(2,781)	(3,021)
Interest expense	23	2,460	1,320	10,107	5,382
Gain on termination of lease		(20)	-	(82)	-
Operating profit before working capital changes		867	2,229	3,562	9,088
Changes in working capital					
Changes in:					
Trade and other receivables		(1,310)	415	(5,382)	1,692
Contract assets/liability		(3,161)	(14,468)	(12,986)	(58,986)
Amount due to holding company		-	(1,859)	-	(7,579)
Amounts due from related parties		117	6,502	481	26,509
Trade and other payables		2,446	3,668	10,049	14,954
Cash used in operations		(1,041)	(3,513)	(4,276)	(14,322)
Income tax paid		-	(486)	-	(1,981)
Net cash used in operating activities		(1,041)	(3,999)	(4,276)	(16,303)

Company's interim statement of cash flows (continued)

		(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) For the 3-month period ended 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) For the 3-month period ended 30 September 2021 KHR'mil (Note 3)
	Note				
Investing activities					
Acquisitions of property, plant and equipment		(8)	(188)	(33)	(766)
Acquisitions of intangible assets		(2)	(5)	(8)	(20)
Interest received		13	9	53	37
Net cash from/(used in) investing activities		3	(184)	12	(749)
Financing activities					
Proceeds from borrowings	26	5,459	3,761	22,427	15,334
Repayment of borrowings	26	(5,560)	(6,280)	(22,842)	(25,604)
Interest paid		(1,610)	(1,061)	(6,614)	(4,326)
Payment of lease liabilities	26	(32)	(15)	(98)	(61)
Placement of fixed deposits		(75)	(50)	(308)	(204)
Advance from holding company		206	-	846	-
Repayment to holding company		-	(300)		(1,223)
Advance due from/ to related parties		670	(900)	2,753	(3,669)
Advance to a subsidiary		(11)	(10)	(45)	(41)
Net cash used in financing activities		(953)	(4,855)	(3,881)	(19,794)
Net change in cash and cash equivalents		(1,991)	(9,038)	(8,145)	(36,846)
Cash and cash equivalents, beginning of period		(6,244)	9,107	(25,416)	37,112
Currency translation difference		-	-	(360)	15
Cash and cash equivalents, end of period	12	(8,235)	69	(33,921)	281

Notes to the interim condensed financial information

1. General information

PESTECH (Cambodia) Plc (“the Company”) was incorporated on 5 February 2010 as a single member private company and was 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.

1. General information (continued)

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 at 10th Floor, Building No. 35, Mao Tse Toung Boulevard, Phum 06, Sangkat Boeung Keng Kong I, Khan Boeung Keng Kong, 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 period.

The interim condensed financial information for the 3-month period ended 30 September 2022 has been reviewed.

The interim condensed financial information of PESTECH (Cambodia) Plc and its subsidiaries ("the Group") as at 30 September 2022 and for the quarter and 3-month period then ended was approved for issue by the Board of Directors on 10 November 2022.

2. Basis of preparation

The interim condensed financial information for the 3-month period ended 30 September 2022 has been prepared in accordance with Cambodian International Accounting Standards 34 - Interim Financial Reporting ("CIAS 34"). This interim condensed financial information does not include all the notes normally included in the annual audited financial statements. Accordingly, this report is to be read in conjunction with the audited financial statements as at 30 June 2022 and for the year then ended, which have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). The significant accounting policies used in preparing this interim condensed financial information are consistent with the significant accounting policies used in the preparation of the audited financial statements as at 30 June 2022 and for the year then ended.

3. Functional and presentation currency

The national currency of Cambodia is Khmer Riel ("KHR"). However, as the Group and the Company transact 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 of the Company.

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

3. Functional and presentation currency (continued)

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

	3-month period ended 30 September 2022	12-month period ended 30 June 2022	3- month period ended 30 September 2021	12- month period ended 30 June 2021
Average rate*	4,108	4,067	4,077	4,071
Closing rate	4,119	4,070	4,079	4,075

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

Such translated amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate. USD and KHR amounts are presented in the nearest thousands and millions, respectively, unless otherwise stated.

3.1 Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the USD are translated into USD upon consolidation. The functional currencies of entities within the Group remained unchanged during the reporting period.

On consolidation, assets and liabilities are being translated into USD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into USD at the closing rate. Income and expenses have been translated into USD at the average rate over the reporting periods. Exchange differences are charged or credited to other comprehensive income and recognised in the cumulative translation differences in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

4. Significant accounting policies

The accounting policies and methods of computation adopted are consistent with those adopted in the Group's audited financial statements as at 30 June 2022 and for the year then ended.

4.1 Segment reporting

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. As such, no further segmentation is required.

4.2 Seasonality

The principal business of the Group and the Company are mainly to provide engineering, procurement, construction and commissioning services. There is no significant seasonality factor associated with these services.

5. Management estimates

When preparing the interim condensed financial information, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim condensed financial information, including the key sources of estimation uncertainty, were the same as those applied in the Group's audited financial statements as at 30 June 2022 and for the year then ended.

6. Property, plant and equipment

Group and Company	Equipment	Motor vehicles	Computers	Furniture and fittings	Right-of-use assets	Signage	Renovation	Total	
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	KHR'mil (Note 3)
(Reviewed)									
Cost									
At 1 July 2022	16,796	812	39	99	492	19	76	18,333	74,615
Additions	4	-	4	-	385	-	-	393	1,619
Write-off due to termination of lease contract	-	-	-	-	(214)	-	-	(214)	(881)
Currency translation difference	-	-	-	-	-	-	-	-	899
Balance at 30 September 2022	16,800	812	43	99	663	19	76	18,512	76,252
Accumulated depreciation									
At 1 July 2022	(3,949)	(524)	(30)	(45)	(171)	(3)	(7)	(4,729)	(19,247)
Depreciation	(212)	(27)	(1)	(4)	(34)	-	(2)	(280)	(1,151)
Write-off due to termination of lease contract	-	-	-	-	31	-	-	31	128
Currency translation difference	-	-	-	-	-	-	-	-	(235)
Balance at 30 September 2022	(4,161)	(551)	(31)	(49)	(174)	(3)	(9)	(4,978)	(20,505)
Carrying amount at 30 September 2022	12,639	261	12	50	489	16	67	13,534	55,747

6. Property, plant and equipment (continued)

Group and Company	Equipment	Motor vehicles	Computers	Furniture and fittings	Right-of-use assets	Signage	Renovation	Total	
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	KHR'mil (Note 3)
Audited									
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

7. 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 interim statements of financial position as follows:

	Group and Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Non-current	393	230	1,619	934
Current	113	118	465	482
	506	348	2,084	1,416

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

	Group and Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Beginning of the period/year	348	162	1,416	661
Addition	365	390	1,499	1,591
Accretion of interest	8	22	33	91
Termination	(183)	(150)	(750)	(615)
Payments	(32)	(76)	(131)	(309)
Currency translation difference	-	-	17	(3)
End of the period/year	506	348	2,084	1,416

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 termination options
House	5	0.25 to 1.75 years	1.75 years	1	5
Office building	1	6 years	6 years	1	1
Storage	1	3.25 years	3.25 years	-	1

7. 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 3)
30 September 2022					
Lease payments	145	210	247	602	2,480
Finance charges	(32)	(43)	(21)	(96)	(396)
Net present value	113	167	226	506	2,084
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

8. Investment in a subsidiary

	Company			
	(Reviewed)	(Audited)	(Reviewed)	(Audited)
	30 September 2022 USD'000	30 June 2022 USD'000	30 September 2022 KHR'mil (Note 3)	30 June 2022 KHR'mil (Note 3)
At cost – unquoted shares	50	50	204	204

Details of the subsidiaries are as follows:

Name	Country of incorporation and operation	Effective interest %		Principal activities
		30 September 2022	30 June 2022	
PESTECH (Myanmar) Limited (“PML”)	Myanmar	100.00%	100.00%	Provision of comprehensive power system engineering, construction, design, installation and related services in power industry
<u>Subsidiary of PML</u>				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 Hinthar Corporation Limited (“PHC”)	Myanmar	60.00%	60.00%	
<u>Subsidiary of PHC</u>				Provision of microgrid system and other power infrastructure to rural areas in Myanmar
PESTECH Microgrid Company Limited	Myanmar	54.00%	54.00%	

9. Contract assets/liability

	Group and Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Beginning of period/year	265,050	245,018	1,078,754	998,449
Revenue recognized	7,973	53,202	32,756	216,355
Billing issued	(4,799)	(35,985)	(19,716)	(146,339)
Finance income recognized	664	2,815	2,728	11,448
Translation difference	-	-	13,027	(1,159)
End of period/year	268,888	265,050	1,107,549	1,078,754
Presented as:				
Contract assets				
Current	163,323	155,950	672,727	634,717
Non-current	105,565	109,262	434,822	444,696
	268,888	265,212	1,107,549	1,079,413
Contract liability				
Current	-	(162)	-	(659)
	268,888	265,050	1,107,549	1,078,754

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.

10. Inventories

	Group and Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Construction materials	3,338	3,338	13,749	13,586

11. Trade and other receivables

	Group			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Trade receivables	2,862	1,375	11,789	5,596
Deposits	30	37	124	151
Staff advances	24	37	99	151
Financial assets	2,916	1,449	12,012	5,898
Value-added tax	362	259	1,491	1,054
Prepayment	1,174	1,434	4,836	5,836
Non-financial assets	1,536	1,693	6,327	6,890
	4,452	3,142	18,339	12,788

11. Trade and other receivables (continued)

	Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Trade receivables	2,862	1,375	11,789	5,596
Deposits	30	37	124	151
Staff advances	24	37	99	151
Financial assets	2,916	1,449	12,012	5,898
Value-added tax	362	259	1,491	1,054
Prepayment	1,174	1,434	4,836	5,836
Non-financial assets	1,536	1,693	6,327	6,890
	4,452	3,142	18,339	12,788

12. Cash and bank balances

	Group			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Cash in banks (a)	6,682	8,091	27,523	32,930
Deposits with licensed banks (b)	1,841	1,766	7,583	7,188
Cash on hand	10	15	41	61
	8,533	9,872	35,147	40,179

	Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Cash in banks (a)	6,674	8,085	27,490	32,906
Deposits with licensed banks (b)	1,841	1,766	7,583	7,188
Cash on hand	10	15	41	61
	8,525	9,866	35,114	40,155

(a) Two of the bank accounts have been pledged to syndicated financing facilities and one of the bank accounts have been pledged to bank overdraft as disclosed in note 17(a.2) and note 17(c.5) respectively.

(b) Deposits with licensed banks of the Group and the Company have been pledged as security for bank overdrafts and term loan as disclosed in note 17(a.2) and note 17(c.5) respectively. The deposits earn interest of 4.25% (2021:4.25%) per annum.

12. Cash and bank balances (continued)

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

	Group			
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	For the 3-month period ended		For the 3-month period ended	
	30 September 2022 USD'000	30 September 2021 USD'000	30 September 2022 KHR'mil (Note 3)	30 September 2021 KHR'mil (Note 3)
Cash and bank balances	8,533	9,679	35,147	39,481
Bank overdrafts (note 17)	(8,276)	(1,503)	(34,089)	(6,131)
Fixed deposit pledged to borrowings	(1,841)	(1,454)	(7,583)	(5,931)
Cash in banks pledged to borrowings	(6,643)	(6,643)	(27,363)	(27,097)
Cash and cash equivalents per statement of cash flows	(8,227)	79	(33,888)	322

	Company			
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	For the 3-month period ended		For the 3-month period ended	
	30 September 2022 USD'000	30 September 2021 USD'000	30 September 2022 KHR'mil (Note 3)	30 September 2021 KHR'mil (Note 3)
Cash and cash equivalents	8,525	9,669	35,114	39,440
Bank overdrafts (note 17)	(8,276)	(1,503)	(34,089)	(6,131)
Fixed deposit pledged to borrowings	(1,841)	(1,454)	(7,583)	(5,931)
Cash in banks pledged to borrowings	(6,643)	(6,643)	(27,363)	(27,097)
Cash and cash equivalents per statement of cash flows	(8,235)	69	(33,921)	281

13. Share capital

	Group and Company					
	Number of shares		Amount			
	30 September 2022	30 June 2022	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Shares issue and fully paid:						
- Beginning/end of the period/year	74,945,000	74,945,000	7,494	7,494	30,725	30,725

14. Share premium

Share premium 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.

15. Reserves

	Group and Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Capital contribution reserve	52	52	214	212
Cash flow hedge reserve (note 18)	606	(452)	2,490	(1,838)
Currency translation difference	-	-	(1)	(257)
	658	(400)	2,703	(1,883)

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 period 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.

16. Trade and other payables

	Group			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Provision for project cost	45,806	44,141	188,675	179,654
Trade payables	2,279	1,780	9,387	7,245
Accruals	2,062	802	8,491	3,262
Other payables	51	160	209	650
Financial liabilities	50,198	46,883	206,762	190,811
Taxes payable	98	114	404	464
Non-financial liability	98	114	404	464
	50,296	46,997	207,166	191,275

	Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Provision for project cost	45,806	44,141	188,675	179,654
Trade payables	2,279	1,780	9,387	7,245
Accruals	2,062	802	8,493	3,264
Other payables	48	155	198	630
Financial liabilities	50,195	46,878	206,753	190,793
Taxes payable	98	114	404	464
Non-financial liability	98	114	404	464
	50,293	46,992	207,157	191,257

17. Borrowings

	Group and Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Current				
Secured:				
Bank overdrafts	8,276	7,701	34,089	31,345
Revolving credit	948	3,080	3,905	12,536
Term loans	9,750	9,500	40,160	38,663
Trust receipt	3,304	-	13,608	-
Total current	22,278	20,281	91,762	82,544
Non-current				
Secured:				
Term loans	80,548	82,071	331,777	334,029
Total non-current	80,548	82,071	331,777	334,029
	102,826	102,352	423,539	416,573

The effective interest rates of the borrowings are as follows:

	Group and Company	
	(Reviewed) 30 September 2022 %	(Audited) 30 June 2022 %
Bank overdrafts (a)	6.75 to 8.5	7.0 to 8.5
Revolving credit (b)	7.2	7.2
Term loans (c)	4.9 to 7.5	4.9 to 7.5
Trust receipt (b)	6.5	-

The borrowings are secured by the following:

Bank overdrafts

- a.1 Granting facilities to the Company under letter of offer;
- a.2 Pledge of bank accounts and deposits with a licensed bank of the Company as disclosed in note 12; and
- a.3 Corporate guarantee from holding company, PESTECH International Berhad.

Revolving credit/Trust receipt

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

Term loans

- c.1 Assignment of rights and benefits of the Power Transmission Agreement dated 15 March 2017, 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; and
- c.5 Pledge of bank accounts and deposits with a licensed bank of the Company as disclosed in note 12.

18. Derivative financial instruments

	[Reviewed]		[Audited]		Group and Company		[Reviewed]		[Audited]	
	30 September		30 June		30 September		30 June		30 June	
	2022		2022		2022		2022		2022	
	Notional value		Fair value assets/(liabilities)		USD'000		USD'000		KHR'mil	
	USD'000	USD'000	USD'000	USD'000	USD'000	KHR'mil	KHR'mil	(Note 3)	(Note 3)	(Note 3)
Interest rate swaps	42,700	42,100	606	(452)	2,490	(1,838)				

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.

19. Revenue

	[Reviewed]		[Reviewed]		Group and Company		[Reviewed]	
	For the 3-month period ended		For the 3-month period ended		For the 3-month period ended		For the 3-month period ended	
	30 September		30 September		30 September		30 September	
	2022		2021		2022		2021	
	USD'000	USD'000	USD'000	USD'000	KHR'mil	KHR'mil	KHR'mil	KHR'mil
					(Note 3)	(Note 3)	(Note 3)	(Note 3)
Construction contract and service rendered		7,973	18,189	32,756	74,157			

19.1 Disaggregated revenue information

	[Reviewed]		[Reviewed]		Group and Company		[Reviewed]	
	For the 3-month period ended		For the 3-month period ended		For the 3-month period ended		For the 3-month period ended	
	30 September		30 September		30 September		30 September	
	2022		2021		2022		2021	
	USD'000	USD'000	USD'000	USD'000	KHR'mil	KHR'mil	KHR'mil	KHR'mil
					(Note 3)	(Note 3)	(Note 3)	(Note 3)
Timing of revenue recognition:								
Over time		7,973	18,189	32,756	74,157			

20. Operating expenses

	Group			
	(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) 30 September 2021 KHR'mil (Note 3)
<u>Direct costs</u>				
Raw materials and consumables	5,539	14,472	22,756	59,002
Operation overheads	533	749	2,190	3,054
	6,072	15,221	24,946	62,056
<u>Employee benefits</u>				
Salaries, wages, bonuses and other emoluments	383	351	1,573	1,431
Directors' remuneration	128	100	526	408
<u>Amortisation</u>				
Intangible assets	1	1	4	4
<u>Depreciation</u>				
Property, plant and equipment	246	261	1,011	1,065
Right-of-use assets	34	32	140	130
	280	293	1,151	1,195
<u>General expenses</u>				
Withholding tax	233	127	957	518
Management fees	-	1	-	4
Professional fees	84	32	345	130
Bank charges	73	32	300	130
Other expenses	164	135	674	551
	554	327	2,276	1,333
	7,418	16,293	30,476	66,427

20. Operating expenses (continued)

	Company			
	(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) For the 3-month period ended 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) For the 3-month period ended 30 September 2021 KHR'mil (Note 3)
<u>Direct costs</u>				
Raw materials and consumables	5,539	14,472	22,756	59,002
Operation overheads	533	749	2,190	3,054
	6,072	15,221	24,946	62,056
<u>Employee benefit expenses</u>				
Salaries and other benefits	380	350	1,561	1,427
Directors' remuneration	128	100	526	408
<u>Amortisation</u>				
Intangible assets	1	1	4	4
<u>Depreciation</u>				
Property, plant and equipment	246	261	1,011	1,065
Right of use assets	34	32	140	130
	280	293	1,151	1,195
<u>General expenses</u>				
Withholding tax	233	127	957	518
Management fee	-	1	-	4
Professional fees	82	30	337	122
Bank charges	73	32	300	130
Other expenses	162	128	666	522
	550	318	2,260	1,296
	7,411	16,283	30,448	66,386

21. Other operating income

	Group and Company			
	(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) For the 3-month period ended 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) For the 3-month period ended 30 September 2021 KHR'mil (Note 3)
Gain on lease termination	20	-	82	-
Management fees charged to related parties	14	10	58	40
Project management fees charged to a related party	-	16	-	66
	34	26	140	106

22. Finance income

	Group and Company			
	(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) 30 September 2021 KHR'mil (Note 3)
Interest income for:				
Contract assets	664	732	2,728	2,984
Term deposits	13	9	53	37
	677	741	2,781	3,021

23. Finance cost

	Group and Company			
	(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) 30 September 2021 KHR'mil (Note 3)
Interest expense for:				
Term loans	1,556	1,236	6,392	5,040
Charged by intercompany	652	-	2,679	-
Bank overdrafts	156	23	641	94
Revolving credit	53	56	218	228
Trust receipt	35	-	144	-
Lease liabilities	8	5	33	20
	2,460	1,320	10,107	5,382

24. Income tax expenseCambodia

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

Besides the Tol, 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 and sundry income 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 Tol 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 periods ended 30 September 2022 and 2021 as they have not yet started their commercial operations.

24. Income tax expense (continued)

Income tax expense for the periods ended 30 September 2022 and 2021 consists of:

	Group and Company			
	(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) 30 September 2021 KHR'mil (Note 3)
Current income tax	80	216	329	880
Deferred tax	33	34	136	139
Income tax expense	113	250	465	1,019

24.1 Reconciliation between profit before income tax and taxable income

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

	Group			
	(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) 30 September 2021 KHR'mil (Note 3)
Accounting (loss)/profit before tax	(1,184)	1,346	(4,866)	5,487
Add:				
Non-deductible expenses/(non-taxable income)	1,482	(93)	6,089	(379)
Taxable profit	298	1,253	1,223	5,108
Income tax expense at the applicable tax rate 20%	60	251	245	1,021
Reduction in tax rate 2.76%*	(8)	(35)	(34)	(141)
Income tax expense at the effective tax rate 17.24%/20% (A)	51	216	211	880
Minimum tax (B)	80	182	329	741
Estimated income tax expense (higher of A or B)	80	216	329	880

24. Income tax expense (continued)

	Company			
	(Reviewed) For the 3-month period ended 30 September 2022 USD'000	(Reviewed) For the 3-month period ended 30 September 2021 USD'000	(Reviewed) For the 3-month period ended 30 September 2022 KHR'mil (Note 3)	(Reviewed) For the 3-month period ended 30 September 2021 KHR'mil (Note 3)
Accounting (loss)/profit before tax	(1,177)	1,356	(4,834)	5,528
Add:				
Non-deductible expenses/(non-taxable income)	1,484	(103)	6,098	(419)
Taxable profit	307	1,253	1,264	5,109
Income tax expense at the applicable tax rate 20%	61	251	253	1,021
Reduction in tax rate 2.76%*	(8)	(35)	(35)	(141)
Income tax expense at the effective tax rate 17.24%/20% (A)	53	216	218	880
Minimum tax (B)	80	182	329	741
Estimated income tax expense (higher of A or B)	80	216	329	880

* 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 incentives.

24.2 Taxation contingencies

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 differed interpretations and the effects since the incorporation could be significant.

25. Deferred tax liability

	Group and Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Property, plant and equipment				
Beginning balance	986	777	4,013	3,166
Recognised in profit or loss	33	209	136	850
Translation difference	-	-	48	(3)
Ending balance	1,019	986	4,197	4,013

26. Reconciliation of liabilities arising from financing activities

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

	(Audited) 1 July 2022	Non-cash flows		Cash flows		(Reviewed) 30 September 2022	
	USD'000	Additions USD'000	Reversal USD'000	Proceeds USD'000	Repayments USD'000	USD'000	KHR'mil (Note 3)
Term loans	91,571	-	-	978	(2,251)	90,298	371,937
Revolving credit	3,080	-	-	1,177	(3,309)	948	3,905
Trust receipt	-	-	-	3,304	-	3,304	13,609
Lease liabilities	348	372	(182)	-	(32)	506	2,084
	94,999	372	(182)	5,459	(5,592)	95,056	391,535

	(Audited) 1 July 2021	Non-cash flows		Cash flows		(Reviewed) 30 September 2021	
	USD'000	Additions USD'000	Reversal USD'000	Proceeds USD'000	Repayments USD'000	USD'000	KHR'mil (Note 3)
Term loans	100,075	-	-	-	(2,000)	98,075	400,048
Revolving credit	2,523	-	-	3,761	(4,280)	2,004	8,174
Lease liabilities	162	139	-	-	(15)	286	1,167
	102,760	139	-	3,761	(6,295)	100,365	409,389

27. Related party balances and transactions

The following balances are outstanding with related parties:

Related party	Relationship	(Reviewed)	(Audited)	(Reviewed)	(Audited)
		30 September 2022 USD'000	30 June 2022 USD'000	30 September 2022 KHR'mil (Note 3)	30 June 2022 KHR'mil (Note 3)
Group and Company					
Amounts due from related parties					
Diamond Power Limited	Fellow subsidiary	3	4	12	16
Green Sustainable Ventures (Cambodia) Co., Ltd	Fellow subsidiary	206	220	849	895
		209	224	861	911
Amounts due to related parties					
PESTECH Sdn Bhd	Fellow subsidiary	11,328	11,464	46,660	46,658
Enersol Co. Ltd.	Fellow subsidiary	36,821	36,566	151,666	148,824
PESTECH Energy Sdn Bhd	Fellow subsidiary	-	15	-	61
ODM Power Line Co Ltd	Fellow subsidiary	38,702	38,032	159,414	154,790
PESTECH Transmission Sdn Bhd	Fellow subsidiary	3,518	3,520	14,490	14,326
		90,369	89,597	372,230	364,659
Amount due to holding company					
PESTECH International Berhad	Holding company	27,040	26,834	111,378	109,214
Company					
Amount due from a subsidiary					
PESTECH (Myanmar) Limited	Subsidiary	108	97	445	395

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.

27. Related party balances and transactions (continued)

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

Group and Company			[Reviewed]		[Reviewed]	
			For the 3-month period ended		For the 3-month period ended	
Related party	Relationship	Transactions	30 September 2022 USD'000	30 September 2021 USD'000	30 September 2022 KHR'mil (Note 3)	30 September 2021 KHR'mil (Note 3)
Diamond Power Limited	Fellow subsidiary	Management service income	5	-	20	-
		Operation and maintenance service	339	328	1,394	1,338
PESTECH Sdn Bhd	Fellow subsidiary	Progress billing	141	-	579	-
		Contract cost incurred	2,000	4,959	8,216	20,227
		Interest charged	66	-	271	-
Enersol Co. Ltd.	Fellow subsidiary	Contract cost incurred	-	1,166	-	4,754
		Interest charged	280	-	1,152	-
PESTECH Transmission Sdn Bhd	Fellow subsidiary	Contract cost incurred	-	13	-	51
		Project management service income	-	16	-	66
ODM Power Line Co Ltd	Fellow subsidiary	Management service income	5	5	20	20
PESTECH International Berhad	Holding company	Interest charged	306	-	1,256	-
Green Sustainable Ventures (Cambodia) Co., Ltd	Fellow subsidiary	Management service income	4	5	18	20
		Operation and maintenance service	36	-	148	-
PESTECH Energy Sdn Bhd	Fellow subsidiary	Contract cost incurred	-	6	-	26

28. 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			
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	For the 3-month period ended		For the 3-month period ended	
	30 September 2022 USD'000	30 September 2021 USD'000	30 September 2022 KHR'mil (Note 3)	30 September 2021 KHR'mil (Note 3)
Salaries and bonus	128	100	526	408

29. 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 period.

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).

Financial assets/(liabilities)	Group and Company			
	30 September 2022		30 June 2022	
	Carrying amount USD'000	Level 2 USD'000	Carrying amount USD'000	Level 2 USD'000
Derivative financial instruments	606	606	(452)	(452)

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.

29. 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.

30. Categories of financial instruments

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

	Group			
	(Reviewed)	(Audited)	(Reviewed)	(Audited)
	30 September 2022	30 June 2022	30 September 2022	30 June 2022
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Financial assets				
At amortised cost				
Cash and bank balances	8,533	9,872	35,147	40,179
Trade and other receivables	2,916	1,449	12,012	5,898
Amounts due from a related party	209	224	861	911
Derivatives used for hedging				
Derivative financial instruments	606	-	2,490	-
	12,264	11,545	50,510	46,988

	Company			
	(Reviewed)	(Audited)	(Reviewed)	(Audited)
	30 September 2022	30 June 2022	30 September 2022	30 June 2022
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Financial assets				
At amortised cost				
Cash and bank balances	8,525	9,866	35,114	40,155
Trade and other receivables	2,916	1,449	12,012	5,898
Amount due from a subsidiary	108	97	445	395
Amounts due from related parties	209	224	861	911
Derivatives used for hedging				
Derivative financial instruments	606	-	2,490	-
	12,364	11,636	50,922	47,359

	Group			
	(Reviewed)	(Audited)	(Reviewed)	(Audited)
	30 September 2022	30 June 2022	30 September 2022	30 June 2022
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Financial liabilities				
At amortised cost				
Trade and other payables	50,198	46,883	206,762	190,811
Amount due to holding company	27,040	26,834	111,378	109,214
Amounts due to related parties	90,369	89,597	372,230	364,659
Borrowings	102,826	102,352	423,539	416,573
Derivatives used for hedging				
Derivative financial instruments	-	452	-	1,838
Not within scope of CIFRS 9				
Lease liabilities	506	348	2,084	1,416
	270,939	266,466	1,115,993	1,084,511

30. Categories of financial instruments (continued)

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

	Company			
	(Reviewed) 30 September 2022 USD'000	(Audited) 30 June 2022 USD'000	(Reviewed) 30 September 2022 KHR'mil (Note 3)	(Audited) 30 June 2022 KHR'mil (Note 3)
Financial liabilities				
At amortised cost				
Trade and other payables	50,195	46,878	206,753	190,793
Amount due to holding company	27,040	26,834	111,378	109,214
Amounts due to related parties	90,369	89,597	372,230	364,659
Borrowings	102,826	102,352	423,539	416,573
Derivatives used for hedging				
Derivative financial instruments	-	452	-	1,838
Not within scope of CIFRS 9				
Lease liabilities	506	348	2,084	1,416
	270,936	266,461	1,115,984	1,084,493

31. (Loss)/earnings per share

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

	Group			
	(Reviewed)		(Reviewed)	
	For the 3-month period ended		For the 3-month period ended	
	30 September 2022 USD'000	30 September 2021 USD'000	30 September 2022 KHR'mil (Note 3)	30 September 2021 KHR'mil (Note 3)
(Loss)/profit attributable to the owners of the Company	(1,297)	1,096	(5,332)	4,468
Weighted average number of shares (units)	74,945,000	74,945,000	74,945,000	74,945,000
Basic (loss)/earnings per share (cent/riel)	(1.73)	1.46	(71.15)	59.62
Diluted (loss)/earnings per share (cent/riel)	(1.73)	1.46	(71.15)	59.62

Diluted earnings/(loss) 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 period end. As such, the diluted earnings per share were equivalent to the basic earnings per share.

32. 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 17c.3. As at 30 September 2022, the insurance premium payable is USD 2,081,427 (30 June 2022: USD2,081,427).

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 Sihanoukville for a total amount of USD3,222,125 to secure the borrowing facility as disclosed in note 17c.3. As at 30 September 2022, the insurance premium payable is USD 1,826,646 (30 June 2022: USD1,826,646).

33. Events after reporting period

There are no significant events occurred after the end of the reporting period and the date of authorization of these interim financial statements, which would require adjustments or disclosures to be made in the interim financial statements.