

# Interim condensed financial information

## Pestech (Cambodia) Plc and its subsidiaries

As at 31 December 2020 and for the quarter and six-month period then ended

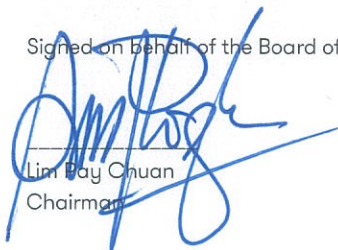
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# Statement by the Directors

In the opinion of the Directors, the accompanying interim condensed statements of financial position of Pestech (Cambodia) Plc (“the Company”) and its subsidiaries (“the Group”) as at 31 December 2020, 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 six-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 Director,



Lim Tay Chuan  
Chairman

Kuala Lumpur, Malaysia  
5 February 2021

# 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 statements of Pestech (Cambodia) Plc (“the Company”) and its subsidiaries (“the Group”), which comprise the interim condensed statements of financial position as at 31 December 2020, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and six-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 these 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 Financial Information Performed by the Independent Auditor of the Entity*. A review of interim 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 Company is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.



### Other matter

The comparative information on the statement of financial position is based on the Group's and the Company's audited financial statements as at 30 June 2020. The comparative information on the statements of profit or loss and other comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 31 December 2019 were reviewed but not audited.

Grant Thornton

**GRANT THORNTON (CAMBODIA) LIMITED**

Certified Public Accountants

Registered Auditors



*Ronald C. Almera*

**Ronald C. Almera**

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

5 February 2021

**Certified Public Accountants and Auditors**

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# Group's interim statement of financial position

		(Unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Assets					
Non-current					
Property, plant and equipment	6	14,344	15,404	58,021	63,049
Intangible assets		5	5	20	20
Contract assets	9	128,173	198,200	518,460	811,233
<b>Non-current assets</b>		<b>142,522</b>	<b>213,609</b>	<b>576,501</b>	<b>874,302</b>
Current					
Trade and other receivables	10	4,178	3,667	16,901	15,009
Inventories	11	3,626	4,335	14,667	17,743
Contract assets	9	102,544	18,789	414,790	76,903
Amounts due from related parties	23	3	2,332	12	9,545
Cash and bank balances	12	6,426	5,524	25,993	22,610
<b>Current assets</b>		<b>116,777</b>	<b>34,647</b>	<b>472,363</b>	<b>141,810</b>
<b>Total assets</b>		<b>259,299</b>	<b>248,256</b>	<b>1,048,864</b>	<b>1,016,112</b>

# Group's interim statement of financial position (continued)

	Note	(Unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	13	7,494	7,100	30,725	28,869
Share premium	13.1	2,541	-	10,422	-
Reserves	13.2	(5,347)	(5,815)	(21,821)	(23,729)
Retained earnings		15,078	15,802	61,438	64,390
Currency translation difference		-		(813)	406
<b>Total equity attributable to the parent</b>		<b>19,766</b>	<b>17,087</b>	<b>79,951</b>	<b>69,936</b>
<b>Non-controlling interests</b>		<b>1</b>	<b>5</b>	<b>4</b>	<b>21</b>
<b>Total equity</b>		<b>19,767</b>	<b>17,092</b>	<b>79,955</b>	<b>69,957</b>
<b>Liabilities</b>					
<b>Non-current</b>					
Borrowings	15	93,279	100,077	377,314	409,615
Lease liabilities – net of current portion	7	-	23	-	94
Deferred tax liability	21	456	453	1,845	1,854
Derivative financial instruments	16	5,400	5,868	21,843	24,018
<b>Non-current liabilities</b>		<b>99,135</b>	<b>106,421</b>	<b>401,002</b>	<b>435,581</b>
<b>Current</b>					
Trade and other payables	14	26,710	10,858	108,042	44,442
Amount due to holding company	23	61,750	62,892	249,779	257,417
Amounts due to related parties	23	35,529	36,667	143,715	150,078
Borrowings	15	14,719	12,614	59,539	51,629
Lease liabilities	7	65	72	263	295
Income tax payable		1,624	1,640	6,569	6,713
<b>Current liabilities</b>		<b>140,397</b>	<b>124,743</b>	<b>567,907</b>	<b>510,574</b>
<b>Total liabilities</b>		<b>239,532</b>	<b>231,164</b>	<b>968,909</b>	<b>946,155</b>
<b>Total equity and liabilities</b>		<b>259,299</b>	<b>248,256</b>	<b>1,048,864</b>	<b>1,016,112</b>

# Company's interim statement of financial position

		(Unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
<b>Assets</b>					
<b>Non-current</b>					
Investment in a subsidiary	8	50	35	202	143
Property, plant and equipment	6	14,344	15,404	58,021	63,049
Intangible assets		5	5	20	20
Contract assets	9	128,173	198,200	518,460	811,233
<b>Non-current assets</b>		<b>142,572</b>	<b>213,644</b>	<b>576,703</b>	<b>874,445</b>
<b>Current</b>					
Trade and other receivables	10	4,164	3,652	16,844	14,948
Inventories	11	3,626	4,335	14,667	17,743
Contract assets	9	102,544	18,789	414,790	76,903
Amounts due from related parties	23	3	2,332	12	9,545
Amount due from a subsidiary	23	79	38	320	156
Cash and bank balances	12	6,401	5,500	25,892	22,512
<b>Current assets</b>		<b>116,817</b>	<b>34,646</b>	<b>472,525</b>	<b>141,807</b>
<b>Total assets</b>		<b>259,389</b>	<b>248,290</b>	<b>1,049,228</b>	<b>1,016,252</b>



# Company's interim statement of financial position (continued)

	Note	(Unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Equity and liabilities					
Equity					
Share capital	13	7,494	7,100	30,725	28,869
Share premium	13.1	2,541	-	10,422	-
Reserves	13.2	(5,347)	(5,815)	(21,821)	(23,729)
Retained earnings		15,171	15,841	61,835	64,566
Currency translation difference		-	-	(835)	391
<b>Total equity</b>		<b>19,859</b>	<b>17,126</b>	<b>80,326</b>	<b>70,097</b>
Non-current					
Borrowings	15	93,279	100,077	377,314	409,615
Lease liabilities	7	-	23	-	94
Deferred tax liability	21	456	453	1,845	1,854
Derivative financial instruments	16	5,400	5,868	21,843	24,018
<b>Non-current liabilities</b>		<b>99,135</b>	<b>106,421</b>	<b>401,002</b>	<b>435,581</b>
Liabilities					
Current					
Trade and other payables	14	26,708	10,858	108,035	44,442
Amount due to holding company	23	61,750	62,892	249,779	257,417
Amounts due to related parties	23	35,529	36,667	143,715	150,078
Borrowings	15	14,719	12,614	59,539	51,629
Lease liabilities	7	65	72	263	295
Income tax payable		1,624	1,640	6,569	6,713
<b>Current liabilities</b>		<b>140,395</b>	<b>124,743</b>	<b>567,900</b>	<b>510,574</b>
<b>Total liabilities</b>		<b>239,530</b>	<b>231,164</b>	<b>968,902</b>	<b>946,155</b>
<b>Total equity and liabilities</b>		<b>259,389</b>	<b>248,290</b>	<b>1,049,228</b>	<b>1,016,252</b>

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

	Note	(Reviewed but unaudited) For the 6-month period ended		(Reviewed but unaudited) For the 6-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Revenue	17	27,026	21,317	110,158	86,376
Operating expenses	18	(24,074)	(10,150)	(98,126)	(41,128)
Other gains		13	4	53	16
Operating profit		2,965	11,171	12,085	45,264
Finance income		27	11	110	45
Finance cost	19	(3,447)	(3,071)	(14,050)	(12,444)
(Loss)/profit before income tax		(455)	8,111	(1,855)	32,865
Tax expense	20	(273)	(1,507)	(1,113)	(6,106)
(Loss)/profit for the period		(728)	6,604	(2,968)	26,759
(Loss)/profit for the period attributable to:					
Owners of the Company		(724)	6,605	(2,952)	26,763
Non-controlling interests		(4)	(1)	(16)	(4)
		(728)	6,604	(2,968)	26,759

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

	Note	(Reviewed but unaudited) For the 6-month period ended		(Reviewed but unaudited) For the 6-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
(Loss)/profit for the period		(728)	6,604	(2,968)	26,759
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Fair value gain/(loss) on cash flow hedges		468	(784)	1,908	(3,177)
Exchange translation differences		-	-	(1,219)	-
Total comprehensive (loss)/profit For the period		(260)	5,820	(2,279)	23,582
Total comprehensive (loss)/income for the period attributable to:					
Owners of the Company		(256)	5,821	(2,263)	23,586
Non-controlling interests		(4)	(1)	(16)	(4)
		(260)	5,820	(2,279)	23,582
The (loss)/earnings per share attributable to shareholders of the Group during the period are as follows:					
Basic (loss)/earnings per share (cent/riel)	27	(0.98)	9.30	(39.88)	376.94
Diluted (loss)/earnings per share (cent/riel)	27	(0.98)	9.30	(39.88)	376.94

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

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

	Note	(Reviewed but unaudited) For the 3-month period ended		(Reviewed but unaudited) For the 3-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Revenue	17	8,868	10,867	35,924	44,153
Operating expenses	18	(7,553)	(463)	(30,597)	(1,881)
Other losses		(5)	(787)	(20)	(3,198)
Operating profit		1,310	9,617	5,307	39,074
Finance income		18	6	73	24
Finance cost	19	(1,737)	(1,958)	(7,037)	(7,955)
(Loss)/profit before income tax		(409)	7,665	(1,657)	31,143
Tax expense		(3)	(1,213)	(12)	(4,928)
(Loss)/profit for the period		(412)	6,452	(1,669)	26,215
(Loss)/profit for the period attributable to:					
Owners of the Company		(411)	6,452	(1,665)	26,215
Non-controlling interests		(1)	-	(4)	-
		(412)	6,452	(1,669)	26,215

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

	(Reviewed but unaudited) For the 3-month period ended		(Reviewed but unaudited) For the 3-month period ended	
	31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
(Loss)/profit for the period	(412)	6,452	(1,669)	26,215
Other comprehensive income				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Fair value gain/(loss) on cash flow hedges	354	(784)	1,434	(3,185)
Exchange translation differences	-	-	(815)	-
Total comprehensive (loss)/income for the period	(58)	5,668	(1,050)	23,030
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(57)	5,668	(1,046)	23,030
Non-controlling interests	(1)	-	(4)	-
	(58)	5,668	(1,050)	23,030
The earnings per share attributable to shareholders of the Group during the period are as follows:				
Basic (loss)/earnings per share (cent/riel)	27	(0.56)	9.09	(22.49)
Diluted (loss)/earnings per share (cent/riel)	27	(0.56)	9.09	(22.49)

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

	Note	(Reviewed but unaudited) For the 6-month period ended		(Reviewed but unaudited) For the 6-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Revenue	17	27,026	21,317	110,158	86,376
Operating expense	18	(24,012)	(10,146)	(97,873)	(41,112)
Other gains		9	4	37	16
Operating profit		3,023	11,175	12,322	45,280
Finance income		27	11	110	45
Finance cost	19	(3,447)	(3,071)	(14,050)	(12,444)
(Loss)/profit before income tax		(397)	8,115	(1,618)	32,881
Tax expense	20	(273)	(1,507)	(1,113)	(6,106)
(Loss)/profit for the period		(670)	6,608	(2,731)	26,775
Other comprehensive loss					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange translation differences		-	-	(1,226)	-
Fair value gain/(loss) on cash flow hedges		468	(784)	1,908	(3,177)
Total comprehensive (loss)/income		(202)	5,824	(2,049)	23,598

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

	Note	(Reviewed but unaudited) For the 3-month period ended		(Reviewed but unaudited) For the 3-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Revenue	17	8,868	10,867	35,924	44,153
Operating expense	18	(7,533)	(459)	(30,517)	(1,865)
Other losses		(4)	(787)	(16)	(3,198)
Operating profit		1,331	9,621	5,391	39,090
Finance income		18	6	73	24
Finance cost	19	(1,737)	(1,958)	(7,037)	(7,955)
(Loss)/profit before income tax		(388)	7,669	(1,573)	31,159
Tax expense		(3)	(1,213)	(12)	(4,928)
(Loss)/profit for the period		(391)	6,456	(1,585)	26,231
Other comprehensive loss					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange translation differences		-	-	(1,410)	(17,533)
Fair value gain on cash flow hedges		354	(784)	1,434	(3,185)
Total comprehensive (loss)/income		(37)	5,672	(1,561)	5,513

# 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 USD'000	KHR'mil (Note 3)
		Share capital USD'000	Share premium USD'000	Reserves USD'000	Distributable Retained earnings USD'000				
(Reviewed but unaudited)									
Balance at 1 July 2020	12.1	7,100	-	(5,815)	15,802	17,087	5	17,092	69,956
Shares issued	13	394	2,541	-	-	2,935	-	2,935	12,278
Loss for the six-month period		-	-	-	(724)	(724)	(4)	(728)	(2,968)
Fair value gain on cash flow hedges		-	-	468	-	468	-	468	1,908
Currency translation difference		-	-	-	-	-	-	-	(1,219)
<b>Balance at 31 December 2020</b>		<b>7,494</b>	<b>2,541</b>	<b>(5,347)</b>	<b>15,078</b>	<b>19,766</b>	<b>1</b>	<b>19,767</b>	<b>79,955</b>
(Reviewed but unaudited)									
Balance at 1 July 2019	12.1	7,100	-	(1,772)	8,594	13,922	-	13,922	56,607
Profit for the six-month period		-	-	-	6,605	6,605	(1)	6,604	26,759
Fair value loss on cash flow hedges		-	-	(784)	-	(784)	-	(784)	(3,185)
Currency translation difference		-	-	-	-	-	-	-	268
<b>Balance at 31 December 2019</b>		<b>7,100</b>	<b>-</b>	<b>(2,556)</b>	<b>15,199</b>	<b>19,743</b>	<b>(1)</b>	<b>19,742</b>	<b>80,449</b>



# Company's interim statement of changes in equity

		←	Non-distributable		→		
	Note	Share capital	Share premium	Reserves	Distributable Retained earnings	Total equity	KHR'mil
		USD'000	USD'000	USD'000	USD'000	USD'000	(Note 3)
(Reviewed but unaudited)							
Balance at 1 July 2020	12.1	7,100	-	(5,815)	15,841	17,126	70,097
Shares issued	13	394	2,541	-	-	2,935	12,278
Loss for the six-month period		-	-	-	(670)	(670)	(2,731)
Fair value gain on cash flow hedges		-	-	468	-	468	1,908
Currency translation difference		-	-	-	-	-	(1,226)
<b>Balance at 31 December 2020</b>		<b>7,494</b>	<b>2,541</b>	<b>(5,347)</b>	<b>15,171</b>	<b>19,859</b>	<b>80,326</b>
(Reviewed but unaudited)							
Balance at 1 July 2019	12.1	7,100	-	(1,772)	8,607	13,935	56,662
Profit for the six-month period		-	-	-	6,608	6,608	26,775
Fair value loss on cash flow hedges		-	-	(784)	-	(784)	(3,177)
Currency translation difference		-	-	-	-	-	259
<b>Balance at 31 December 2019</b>		<b>7,100</b>	<b>-</b>	<b>(2,556)</b>	<b>15,215</b>	<b>19,759</b>	<b>80,519</b>

# Group's interim statement of cash flows

	Note	(Reviewed but unaudited) For the 6-month period ended		(Reviewed but unaudited) For the 6-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Operating activities					
(Loss)/profit before income tax		(455)	8,111	(1,855)	32,865
Adjustments for:					
Depreciation	18	481	589	1,961	2,387
Amortisation	18	1	1	4	4
Interest income		(27)	(11)	(110)	(45)
Interest expense	19	3,447	3,071	14,050	12,444
Operating profit before working capital changes		3,447	11,761	14,050	47,655
Changes in working capital:					
Trade and other receivables		(435)	6,275	(1,773)	25,426
Contract assets		(13,728)	(19,421)	(55,955)	(78,694)
Inventories		709	(3,626)	2,890	(14,693)
Amount due to holding company		(1,622)	1,245	(6,611)	5,045
Amounts due from/to related parties		1,191	232	4,855	940
Trade and other payables		15,531	(762)	63,304	(3,088)
Cash generated from/(used in) Operations		5,093	(4,296)	20,760	(17,409)
Income tax paid		(283)	(476)	(1,154)	(1,929)
Net cash from/(used in) operating activities		4,810	(4,772)	19,606	(19,338)

# Group's interim statement of cash flows (continued)

	Note	(Reviewed but unaudited) For the 6-month period ended		(Reviewed but unaudited) For the 6-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Investing activities					
Acquisition of property, plant and equipment		(9)	(14,138)	(37)	(57,287)
Interest received		27	11	110	45
Acquisition of intangible assets		(1)	(5)	(4)	(20)
Net cash from/(used in) investing activities		17	(14,132)	69	(57,262)
Financing activities					
Proceeds from borrowings	22	-	17,385	-	70,444
Repayment of borrowings	22	(4,503)	(4,175)	(18,354)	(16,917)
Issuance of additional share capital	13	2,935	-	11,963	-
Interest paid		(3,034)	(2,476)	(12,367)	(10,033)
Repayment of lease liabilities	7	(30)	(30)	(122)	(122)
Advances from holding company		480	-	1,956	-
Placement of fixed deposits		(50)	(387)	(204)	(1,568)
Net cash (used in)/from financing activities		(4,202)	10,317	(17,128)	41,804
Net change in cash and cash equivalents		625	(8,587)	2,547	(34,796)
Cash and cash equivalents, beginning of period		1,823	9,662	7,462	39,288
Translation exchange difference		-	-	(108)	(112)
Cash and cash equivalents, end of period	12	2,448	1,075	9,901	4,380

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

# Company's interim statement of cash flows

	Note	(Reviewed but unaudited) For the 6-month period ended		(Reviewed but unaudited) For the 6-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Operating activities					
Profit before income tax		(397)	8,115	(1,618)	32,881
Adjustments for:					
Depreciation	18	481	589	1,961	2,387
Amortisation	18	1	1	4	4
Interest income		(27)	(11)	(110)	(45)
Interest expense	19	3,447	3,071	14,050	12,444
Operating profit before working capital changes		3,505	11,765	14,287	47,671
Changes in working capital:					
Trade and other receivables		(460)	6,271	(1,875)	25,410
Contract assets		(13,728)	(19,421)	(55,955)	(78,694)
Inventories		709	(3,626)	2,890	(14,693)
Amount due to holding company		(1,622)	1,245	(6,611)	5,045
Amounts due from/to related parties		1,150	232	4,687	940
Trade and other payables		15,529	(659)	63,296	(2,670)
Cash generated from/(used in) operations		5,083	(4,193)	20,719	(16,991)
Income tax paid		(283)	(476)	(1,154)	(1,929)
Net cash from/(used in) operating activities		4,800	(4,669)	19,565	(18,920)

# Company's interim statement of cash flows (continued)

	Note	(Reviewed but unaudited) For the 6-month period ended		(Reviewed but unaudited) For the 6-month period ended	
		31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Investing activities					
Acquisitions of property, plant and equipment		(9)	(14,138)	(37)	(57,287)
Acquisition of intangible assets		(1)	(5)	(4)	(20)
Investment in a subsidiary		(15)	-	(61)	-
Interest received		27	11	110	45
Net cash from/(used) in investing activities		2	(14,132)	8	(57,262)
Financing activities					
Proceeds from borrowings		-	17,385	-	70,444
Repayment of borrowings		(4,503)	(4,175)	(18,354)	(16,917)
Issuance of additional share capital 13		2,935	-	11,963	-
Interest paid		(3,034)	(2,476)	(12,367)	(10,033)
Payment of lease liabilities		(30)	(30)	(122)	(122)
Advances from holding company		480	-	1,956	-
Placement of fixed deposits		(50)	(387)	(204)	(1,568)
Net cash (used in)/from financing activities		(4,202)	10,317	(17,128)	41,804
Net change in cash and cash equivalents					
Cash and cash equivalents, beginning of period		1,823	9,550	7,462	39,222
Translation exchange difference		-	-	(107)	(500)
Cash and cash equivalents, end of period	12	2,423	1,066	9,800	4,344

# Notes to the interim condensed financial information

## 1 General information

Pestech (Cambodia) Plc (“the Company”), previously known as Pestech (Cambodia) Limited, was incorporated on 5 February 2010 as a single member private company and is 94.74% 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 capital of USD7,494,500, consisting of 74,945,000 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.

The principal activity of the Company is to engage in the construction of electrical sub-stations and transmission lines.

On 12 August 2020, the Company has completed its initial public offering exercise and listed its shares for trading on the main market of the Cambodia Securities Exchange.

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 principal activity of PML is the provision of project management, electrical substations, transmission line erection and installation, supervision of testing and commission and civil works.

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.

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 issued share capital is USD10,000 comprising 10,000 ordinary shares.

The Company considers PHC and PMG as indirect subsidiaries.

The registered office of the Company is located at No. 6, Street 588, Sangkat Boeung Kok II, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia. The registered offices of the direct and indirect subsidiaries are located at Unit 01-05, Level 10, Junction City Office Tower, corner of 27 street and Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar and Thapyaynyo Street, No. 3E, Shinsawpu Ward, Sannchaung Township Yangon, Republic of the Union of Myanmar, respectively.

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

The condensed interim financial information of Pestech (Cambodia) Plc and its subsidiaries ("the Group") was approved for issue by the Board of Directors on 5 February 2021.

The condensed interim financial information for the six-month period ended 31 December 2020, has been reviewed but not audited.

## 2 Basis of preparation

This condensed interim financial information for the quarter and six-month period ended 31 December 2020 has been prepared in accordance with Cambodian International Accounting Standards 34 – Interim financial reporting ("CIAS 34"). This condensed interim financial information does not include all the notes of the type normally included in the annual audited financial statements. Accordingly, this report is to be read in conjunction with the annual audited financial statements as at 30 June 2020 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 the condensed interim financial information are consistent with the significant accounting policies used in the preparation of the 30 June 2020 audited financial statements.

## 3 Functional and presentation currency

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

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

The translations of USD amounts into KHR as presented in the financial information are included solely to comply with the requirement of Law on Accounting and Auditing (April 2016) and have been made using the prescribed official exchange rate as presented in KHR based on the following applicable exchange rate per USD1 as announced by the National Bank of Cambodia (General Department of Taxation prior to 1 January 2020):

	31 December 2020	30 June 2020	31 December 2019
Average rate	4,076*	4,087	4,052
Closing rate	4,045	4,093	4,075

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

Such translation 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 thousand and million, 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 have remained unchanged during the reporting periods.

On consolidation, assets and liabilities are been 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 currency translation reserve 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 for the financial year ended 30 June 2020.

##### 4.1 Segment Reporting

The Group has only one operating segment- construction. As such, no further segmentation is required.

##### 4.2 Seasonality

The principal business of the Group and the Company are mainly to provide construction 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 last annual audited financial statements for the year ended 30 June 2020.



## 6 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	Total USD'000	KHR'mil (Note 3)
(Reviewed but unaudited)								
Gross carrying amount								
At 1 July 2020	17,292	559	26	31	162	-	18,070	73,961
Additions	-	-	2	-	-	7	9	37
Transfer	(588)	-	-	-	-	-	(588)	(2,397)
Currency translation difference	-	-	-	-	-	-	-	(850)
<b>Balance 31 December 2020</b>	<b>16,704</b>	<b>559</b>	<b>28</b>	<b>31</b>	<b>162</b>	<b>7</b>	<b>17,491</b>	<b>70,751</b>
Accumulated depreciation								
At 1 July 2020	(2,199)	(348)	(21)	(28)	(70)	-	(2,666)	(10,912)
Depreciation	(462)	(45)	(1)	(2)	(35)	-	(545)	(2,221)
Transfer	64	-	-	-	-	-	64	261
Currency translation difference	-	-	-	-	-	-	-	142
<b>Balance 31 December 2020</b>	<b>(2,597)</b>	<b>(393)</b>	<b>(22)</b>	<b>(30)</b>	<b>(105)</b>	<b>-</b>	<b>(3,147)</b>	<b>(12,730)</b>
<b>Carrying amount 31 December 2020</b>	<b>14,107</b>	<b>166</b>	<b>6</b>	<b>1</b>	<b>57</b>	<b>7</b>	<b>14,344</b>	<b>58,021</b>
	Equipment USD'000	Motor vehicles USD'000	Computers USD'000	Furniture and fittings USD'000	Right-of-use assets USD'000	Signage USD'000	Total USD'000	KHR'mil (Note 3)
(Audited)								
Gross carrying amount								
At 1 July 2019, as restated	3,187	525	24	31	162	-	3,929	15,977
Additions	14,105	76	2	-	-	-	14,183	57,966
Disposals	-	(42)	-	-	-	-	(42)	(172)
Currency translation difference	-	-	-	-	-	-	-	190
<b>Balance 30 June 2020</b>	<b>17,292</b>	<b>559</b>	<b>26</b>	<b>31</b>	<b>162</b>	<b>-</b>	<b>18,070</b>	<b>73,961</b>
Accumulated depreciation								
At 1 July 2019	(1,211)	(268)	(16)	(25)	-	-	(1,520)	(6,179)
Depreciation	(988)	(112)	(5)	(3)	(70)	-	(1,178)	(4,814)
Disposals	-	32	-	-	-	-	32	131
Currency translation difference	-	-	-	-	-	-	-	(50)
<b>Balance 30 June 2020</b>	<b>(2,199)</b>	<b>(348)</b>	<b>(21)</b>	<b>(28)</b>	<b>(70)</b>	<b>-</b>	<b>(2,666)</b>	<b>(10,912)</b>
<b>Carrying amount 30 June 2020</b>	<b>15,093</b>	<b>211</b>	<b>5</b>	<b>3</b>	<b>92</b>	<b>-</b>	<b>15,404</b>	<b>63,049</b>

## 7 Lease liabilities

### Company as a lessee

The Company has a lease contract for the properties that are used as its office space and staff accommodation for a period of 3 to 5 years.

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

	Group and Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Current	65	72	263	295
Non-current	-	23	-	94
	<b>65</b>	<b>95</b>	<b>263</b>	<b>389</b>

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

	Group and Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
At 1 July 2020/2019	95	162	389	660
Accretion of interest	3	9	12	37
Payments	(33)	(76)	(135)	(311)
Currency translation difference	-	-	(3)	3
At 31 December 2020/30 June 2020	<b>65</b>	<b>95</b>	<b>263</b>	<b>389</b>

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

7.1 The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised on interim 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	1 to 2 years	1.5 years	1	5

The details of future minimum lease payments are summarized below:

	Minimum lease payments due		
	Within one year	Total USD	Total KHR'000
			(Note 3)
Lease payments	68	68	275
Finance charges	(3)	(3)	(12)
Net present value	65	65	263

## 8 Investment in a subsidiary

	Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
At cost – unquoted shares				
Balance brought forward	35	25	143	102
Additions	15	10	61	41
Translation difference	-	-	(2)	-
	50	35	202	143

Details of the subsidiaries are as follows:

Name	Country of incorporation and operation	Effective interest %		Principal activities
		31 December 2020	30 June 2020	
Pestech (Myanmar) Limited (“PML”)	Myanmar	100.00%	99.99%	Provision of project management, electrical substations and transmission line erection, installation, supervision of testing, commissioning and civil works.
<u>Subsidiary of PML</u> 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 and power distribution.
<u>Subsidiary of PHC</u> Pestech Microgrid Company Limited	Myanmar	54.00%	53.99%	Provision of microgrid system and other power infrastructure to rural areas in Myanmar.

On 14 February 2020, Pestech Hinthar Corporation Limited incorporated a 90%-owned subsidiary, namely Pestech Microgrid Company Limited under Myanmar Companies Law 2017 as a private limited company.

## 9 Contract assets

	Group and Company			
	(Reviewed but unaudited)	(Audited)	(Reviewed but unaudited)	(Audited)
	31 December	30 June	31 December	30 June
	2020	2020	2020	2020
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Balance at 1 July	216,989	179,101	888,136	728,223
Revenue recognised	27,026	49,349	110,158	201,689
Receipts entitled	(13,298)	(11,461)	(54,203)	(46,841)
Translation difference	-	-	(10,841)	5,065
<b>Balance at 30 December/June</b>	<b>230,717</b>	<b>216,989</b>	<b>933,250</b>	<b>888,136</b>

Presented as:

	Group and Company			
	(Reviewed but unaudited)	(Audited)	(Reviewed but unaudited)	(Audited)
	31 December	30 June	31 December	30 June
	2020	2020	2020	2020
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Current	102,544	18,789	414,790	76,903
Non-current	128,173	198,200	518,460	811,233
	230,717	216,989	933,250	888,136

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

## 10 Trade and other receivables

	Group			
	(Reviewed but unaudited)	(Audited)	(Reviewed but unaudited)	(Audited)
	31 December	30 June	31 December	30 June
	2020	2020	2020	2020
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Trade receivables	1,950	1,391	7,888	5,693
Deposits	38	38	153	156
Staff advances	12	23	49	94
<b>Financial assets</b>	<b>2,000</b>	<b>1,452</b>	<b>8,090</b>	<b>5,943</b>
Value-added tax	1,118	1,301	4,523	5,325
Prepayments	1,060	914	4,288	3,741
<b>Non-financial assets</b>	<b>2,178</b>	<b>2,215</b>	<b>8,811</b>	<b>9,066</b>
	4,178	3,667	16,901	15,009

	Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Trade receivables	1,950	1,391	7,888	5,693
Deposits	32	21	129	86
Staff advances	12	25	49	103
Financial assets	1,994	1,437	8,066	5,882
Value-added tax	1,118	1,301	4,523	5,325
Prepayments	1,052	914	4,255	3,741
Non-financial assets	2,170	2,215	8,778	9,066
	4,164	3,652	16,844	14,948

## 11 Inventories

	Group and Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Construction materials	3,626	4,335	14,667	17,743
	3,626	4,335	14,667	17,743

## 12 Cash and bank balances

	Group			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Cash in banks (a)	5,117	4,319	20,698	17,678
Deposits with a licensed bank (b)	1,300	1,200	5,259	4,912
Cash on hand	9	5	36	20
	6,426	5,524	25,993	22,610

	Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Cash in banks (a)	5,095	4,295	20,609	17,579
Deposits with a licensed bank (b)	1,300	1,200	5,259	4,912
Cash on hand	6	5	24	21
	6,401	5,500	25,892	22,512

(a) One of the bank accounts has been pledged to syndicated financing facilities as disclosed in note 15(c.5).

(b) Deposits with a licensed bank of the Group have been pledged as security for bank overdrafts as disclosed in note 15(a.2). The deposits earn interest of 4.25% per annum.

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

	Group			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 6-month period ended		For the 6-month period ended	
	31 December	31 December	December	31 December
2020	2019	2020	2019	
USD'000	USD'000	KHR'mil	KHR'mil	
		(Note 3)	(Note 3)	
Cash and bank balances (as above)	6,426	5,006	25,993	20,399
Bank overdrafts (note 15)	(2,678)	(2,831)	(10,833)	(11,536)
Fixed deposit pledged to borrowings	(1,300)	(1,100)	(5,259)	(4,483)
Cash and cash equivalents per statement of cash flows	2,448	1,075	9,901	4,380

	Company			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 6-month period ended		For the 6-month period ended	
	31 December	31 December	31 December	31 December
2020	2019	2020	2019	
USD'000	USD'000	KHR'mil	KHR'mil	
		(Note 3)	(Note 3)	
Cash and cash equivalents (as above)	6,401	4,997	25,892	20,363
Bank overdrafts (note 15)	(2,678)	(2,831)	(10,833)	(11,536)
Fixed deposit pledged for borrowings	(1,300)	(1,100)	(5,259)	(4,483)
Cash and cash equivalents per statement of cash flows	2,423	1,066	9,800	4,344

### 13 Share capital

	Group and Company					
	Number of shares		Amount			
	31 December	30 June	31 December	30 June	31 December	30 June
	2020	2020	2020	2020	2020	2020
		(Reviewed but	(Audited)	(Reviewed but	(Audited)	
		unaudited)	USD'000	unaudited)	KHR'mil	
		USD'000	USD'000	(Note 3)	(Note 3)	
Shares issued and fully paid:						
- Beginning of the period	71,000,000	71,000,000	7,100	7,100	28,869	28,869
- Shares issue	3,945,000	-	394	-	1,856	-
	74,945,000	71,000,000	7,494	7,100	30,725	28,869

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.

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### 13.1 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 distributable to the issuance.

### 13.2 Reserves

	Group and Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Capital contribution reserve	52	52	210	213
Cash flow hedge reserve	(5,399)	(5,867)	(21,839)	(24,014)
Currency translation difference	-	-	(192)	72
	<u>(5,347)</u>	<u>(5,815)</u>	<u>(21,821)</u>	<u>(23,729)</u>

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 payment made to the holding company.

### 14 Trade and other payables

	Group			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Trade payables	790	1,854	3,196	7,588
Accruals	688	724	2,783	2,963
Provision for project cost	25,047	8,070	101,315	33,031
Other payables	87	147	352	602
Financial liabilities	<u>26,612</u>	<u>10,795</u>	<u>107,646</u>	<u>44,184</u>
Taxes payable	98	63	396	258
Non-financial liabilities	<u>98</u>	<u>63</u>	<u>396</u>	<u>258</u>
	<u>26,710</u>	<u>10,858</u>	<u>108,042</u>	<u>44,442</u>

	(Reviewed but unaudited) 31 December 2020 USD'000	Company		(Audited) 30 June 2020 KHR'mil (Note 3)
		(Reviewed but unaudited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	
Trade payables	790	1,854	3,196	7,588
Accruals	688	724	2,783	2,963
Provision for project cost	25,047	8,070	101,316	33,031
Other payables	85	147	344	602
<b>Financial liabilities</b>	<b>26,610</b>	<b>10,795</b>	<b>107,639</b>	<b>44,184</b>
Taxes payable	98	63	396	258
Non-financial liabilities	98	63	396	258
	26,708	10,858	108,035	44,442

Trade payables are unsecured, interest free and repayable on demand.

## 15 Borrowings

	(Reviewed but unaudited) 31 December 2020 USD'000	Group and Company		(Audited) 30 June 2020 KHR'mil (Note 3)
		(Reviewed but unaudited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	
Current				
Secured:				
Bank overdrafts	2,678	2,477	10,833	10,138
Revolving credit	1,241	1,632	5,020	6,680
Term loans	10,800	8,505	43,686	34,811
<b>Total current</b>	<b>14,719</b>	<b>12,614</b>	<b>59,539</b>	<b>51,629</b>
Non-current				
Secured:				
Term loans	93,279	100,077	377,314	409,615
<b>Total non-current</b>	<b>93,279</b>	<b>100,077</b>	<b>377,314</b>	<b>409,615</b>
	107,998	112,691	436,853	461,244

The effective interest rates of the borrowings are as follows:

	Group and Company	
	(Reviewed but unaudited) 31 December 2020 %	(Audited) 30 June 2020 %
Bank overdrafts (a)	7.2 to 8.5	7.2 to 8.5
Revolving credit (b)	6.3 to 6.5	6.3 to 6.5
Term loan (c)	4.41 to 7.5	4.68 to 8

The above facilities are secured by the following:

### *Bank overdrafts*

(a.1) Granting facilities to the Company under letter of offer dated 17 October 2017.

(a.2) Deposits with a licensed bank of the Company amounting to USD1,300,000 have been pledged as securities for overdraft.



*Revolving credit*

(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 premium covered of 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 account.

## 16 Derivative financial instruments

	(Reviewed but unaudited)		Group and Company (Reviewed but unaudited)		(Audited)
	31 December 2020	31 December 2020	(Audited) 30 June 2020	31 December 2020	(Audited) 30 June 2020
Notional value	USD'000	USD'000	Fair value liabilities USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Interest rate swaps	50,000	5,400	5,868	21,843	24,018

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/(loss) until the repayment of the borrowings or maturing of the IRS, whichever is earlier. For the IRS that are not designated as hedges, the changes in fair value are recognised in the profit or loss.

## 17 Revenue

	Group and Company (Reviewed but unaudited)		Group and Company (Reviewed but unaudited)	
	For the 6-month period ended 31 December 2020	31 December 2019	For the 6-month period ended 31 December 2020	31 December 2019
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Construction contract and service rendered	27,026	21,317	110,158	86,367

	Group and Company (Reviewed but unaudited)		Group and Company (Reviewed but unaudited)	
	For the 3-month period ended 31 December 2020	31 December 2019	For the 3-month period ended 31 December 2020	31 December 2019
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Construction contract and service rendered	8,868	10,867	35,924	44,153

## 17.1 Disaggregated revenue information

	Group and Company			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 6-month period ended		For the 6-month period ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)	
Timing of revenue recognition:				
Over time	27,026	21,317	110,158	86,376

	Group and Company			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 3-month period ended		For the 3-month period ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)	
Timing of revenue recognition:				
Over time	8,868	10,867	35,924	44,153

## 18 Operating expenses

	Group			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 6-month period ended		For the 6-month period ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)	
<u>Direct costs</u>				
Raw materials and consumables	20,609	4,490	84,002	18,193
Production overheads	1,239	2,140	5,050	8,671
	21,848	6,630	89,052	26,864
<u>Employee benefit expenses</u>				
Salaries, wages, bonuses and other emoluments	695	2,149	2,833	8,708
Director's remuneration	189	156	770	632
<u>Amortisation</u>				
Intangible assets	1	1	4	4
<u>Depreciation</u>				
Property, plant and equipment	446	589	1,818	2,387
Right of use assets	35	-	143	-
	481	589	1,961	2,387
<u>General expenses</u>				
Withholding tax	339	530	1,382	2,148
Management fee	280	-	1,141	-
Bank charges	59	24	240	97
Professional fees	112	15	457	61
Other expenses	70	56	286	227
	860	625	3,506	2,533
	24,074	10,150	98,126	41,128

## 18 Operating expenses (continued)

	Group			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 3-month period ended		For the 3-month period ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	USD'000	USD'000	KHR'mil	KHR'mil
			(Note 3)	(Note 3)
<u>Direct costs</u>				
Raw materials and consumables	5,645	(2,707)	22,868	(10,999)
Production overheads	745	1,283	3,018	5,213
	6,390	(1,424)	25,886	(5,786)
<u>Employee benefit expenses</u>				
Salaries, wages, bonuses and other emoluments	348	1,137	1,410	4,620
Director's remuneration	92	82	373	333
<u>Depreciation</u>				
Property, plant and equipment	176	442	713	1,796
Right of use assets	17	-	69	-
	193	442	782	1,796
<u>General expenses</u>				
Management fees	262	-	1,061	-
Withholding tax	227	177	919	719
Professional fee	34	10	138	41
Bank charges	4	18	16	73
Other expenses	3	21	12	85
	530	226	2,146	918
	7,553	463	30,597	1,881

## 18 Operating expenses (continued)

	Company			
	(Reviewed but unaudited) For the 6-month period ended 31 December 2020 USD'000	(Reviewed but unaudited) For the 6-month period ended 31 December 2019 USD'000	(Reviewed but unaudited) For the 6-month period ended 31 December 2020 KHR'mil (Note 3)	(Reviewed but unaudited) For the 6-month period ended 31 December 2019 KHR'mil (Note 3)
<u>Direct costs</u>				
Raw materials and consumables	20,609	4,490	84,002	18,193
Production overheads	1,239	2,140	5,050	8,671
	21,848	6,630	89,052	26,864
<u>Employee benefit expenses</u>				
Salaries and other benefits	677	2,146	2,759	8,696
Director's remuneration	189	156	770	632
<u>Amortisation</u>				
Intangible assets	1	1	4	4
<u>Depreciation</u>				
Property, plant and equipment	446	589	1,818	2,387
Right of use assets	35	-	143	-
	481	589	1,961	2,387
<u>General expenses</u>				
Withholding tax	339	530	1,382	2,148
Management fee	280	-	1,141	-
Professional fees	108	13	440	53
Bank charges	58	24	236	97
Other expenses	31	57	128	231
	816	624	3,327	2,529
	24,012	10,146	97,873	41,112

## 18 Operating expenses (continued)

	Company			
	(Reviewed but unaudited)	(Reviewed but unaudited)	(Reviewed but unaudited)	(Reviewed but unaudited)
	For the 3-month period ended	For the 3-month period ended	For the 3-month period ended 31 December	For the 3-month period ended
	31 December 2020 USD'000	31 December 2019 USD'000	2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
<u>Direct costs</u>				
Raw materials and consumables	5,645	(2,707)	22,868	(10,999)
Production overheads	745	1,283	3,018	5,213
	6,390	(1,424)	25,886	(5,786)
<u>Employee benefit expenses</u>				
Salaries and other benefits	340	1,135	1,377	4,612
Director's remuneration	92	82	373	333
<u>Depreciation</u>				
Property, plant and equipment	176	442	713	1,796
Right of use assets	17	-	69	-
	193	442	782	1,796
<u>General expenses</u>				
Withholding tax	227	177	920	719
Management fee	262	-	1,061	-
Professional fees	34	8	138	33
Bank charges	3	18	12	73
Other (gain)/expenses	(8)	21	(32)	85
	518	224	2,099	910
	7,533	459	30,517	1,865

## 19 Finance cost

	Group and Company			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 6-month period ended		For the 6-month period ended	
	31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Interest expense for:				
Term loans	2,874	2,879	11,714	11,666
Bank overdrafts	123	115	501	466
Revolving credit	34	72	139	292
Interest expense charged by intercompany	413	-	1,684	-
Interest expenses related to lease liabilities	3	5	12	20
	3,447	3,071	14,050	12,444

	Group and Company			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 3-month period ended		For the 3-month period ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	USD'000	USD'000	KHR'mil	KHR'mil
			(Note 3)	(Note 3)
Interest expense for:				
Term loans	1,418	1,829	5,744	7,431
Bank overdrafts	51	63	207	256
Revolving credit	31	61	126	248
Interest expense charged by intercompany	236	-	956	-
Interest expenses related to lease liabilities	1	5	4	20
	<b>1,737</b>	<b>1,958</b>	<b>7,037</b>	<b>7,955</b>

## 20 Income tax expense

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 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.

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 December 2019 and 2020 as they have not started their commercial operations.

Income tax expense for the periods ended 31 December 2020 and 31 December 2019 consists of:

	Group and Company			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 6-month period ended		For the 6-month period ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	USD'000	USD'000	KHR'mil	KHR'mil
			(Note 3)	(Note 3)
Current tax	270	1,507	1,101	6,106
Deferred tax	3	-	12	-
Estimated income tax expense	<b>273</b>	<b>1,507</b>	<b>1,113</b>	<b>6,106</b>

## 20.1 Reconciliation between (loss)/profit before income tax and taxable income

A reconciliation between accounting (loss)/profit before income tax and taxable income for the periods ended 31 December 2020 and 31 December 2019 follows:

	Group			
	For the 6-month period ended 31 December 2020 USD'000	For the 6-month period ended 31 December 2019 USD'000	For the 6-month period ended 31 December 2020 KHR'mil (Note 3)	For the 6-month period ended 31 December 2019 KHR'mil (Note 3)
Accounting (loss)/profit before tax	(455)	8,111	(1,855)	32,865
Add:				
Non-deductible expenses	(412)	(576)	(1,679)	(2,347)
Taxable (loss)/profit	(867)	7,535	(3,534)	30,518
Income tax expense at the applicable tax of rate 20% (A)	(173)	1,507	(707)	6,106
Minimum tax (B)	270	213	1,101	863
Estimated income tax expense (higher of A or B)	270	1,507	1,101	6,106

	Company			
	For the 6-month period ended 31 December 2020 USD'000	For the 6-month period ended 31 December 2019 USD'000	For the 6-month period ended 31 December 2020 KHR'mil (Note 3)	For the 6-month period ended 31 December 2019 KHR'mil (Note 3)
Accounting (loss)/profit before tax	(397)	8,115	(1,618)	32,881
Add:				
Non-deductible expenses	(412)	(576)	(1,679)	(2,347)
Taxable (loss)/profit	(809)	7,539	(3,297)	30,534
Income tax expense at the applicable tax of rate 20% (A)	(162)	1,507	(659)	6,106
Minimum tax (B)	270	213	1,101	863
Estimated income tax expense (higher of A or B)	270	1,507	1,101	6,106

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Often 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.

## 21 Deferred tax liability

	Group and Company			
	Property, plant and equipment USD'000	Unused tax losses USD,000	USD'000	Total KHR'mil (Note 3)
Beginning balance	453	-	453	1,854
Recognised in profit or loss	164	(161)	3	12
Translation difference	-	-	-	(21)
	617	(161)	456	1,845

## Group and Company

	(Audited) 30 June 2020	
	USD'000	KHR'mil (Note 3)
<u>Property, plant and equipment</u>		
Beginning balance	-	-
Recognised in profit or loss	453	1,854
	<u>453</u>	<u>1,854</u>

## 22 Reconciliation of liabilities arising from financing activities

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

	(Audited) 1 July 2020	Cash flows		(Reviewed but unaudited) 31 December 2020	
	USD'000	Proceeds USD'000	Repayment USD'000	USD'000	KHR'mil (Note 3)
Borrowings	108,582	-	(4,503)	104,079	421,000
Lease liabilities	95	-	(30)	65	263
	<u>108,677</u>	<u>-</u>	<u>(4,533)</u>	<u>104,144</u>	<u>421,263</u>

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### 23 Related party balances and transactions

The following balances are outstanding with related parties:

Related party	Relationship	(Reviewed but unaudited)	(Audited)	(Reviewed but unaudited)	(Audited)
		31 December 2020	30 June 2020	31 December 2020	30 June 2020
		USD'000	USD'000	KHR'mil	KHR'mil
Group and Company				(Note 3)	(Note 3)
Amounts due from related parties					
Diamond Power Limited	Fellow subsidiary	3	32	12	131
Pestech Power Sdn Bhd	Fellow subsidiary	-	2,300	-	9,414
		3	2,332	12	9,545
Amounts due to related parties					
Pestech Sdn Bhd	Fellow subsidiary	6,425	4,729	25,989	19,356
Enersol Co., Ltd	Fellow subsidiary	26,017	27,991	105,239	114,567
Pestech Energy Sdn Bhd	Fellow subsidiary	-	862	-	3,528
Pestech Transmission Sdn Bhd	Fellow subsidiary	3,087	3,085	12,487	12,627
		35,529	36,667	143,715	150,078
Amount due to holding company					
Pestech International Berhad	Holding company	61,750	62,892	249,779	257,417
Company					
Amount due from a subsidiary					
Pestech (Myanmar) Limited	Subsidiary	79	38	320	156

The amounts due from/to related parties are unsecured, interest free and repayable on demand, except for certain amounts due to Pestech International Berhad and Pestech Sdn Bhd bear interest of 4.5% and 5% per annum, respectively.

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

Related party	Relationship	Transactions	(Reviewed but unaudited) For the 6-month period ended		(Reviewed but unaudited) For the 6-month period ended	
			31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Diamond Power Limited	Fellow subsidiary	Operation and maintenance service	898	676	3,660	2,739
Pestech Power Sdn Bhd	Fellow subsidiary	(Repayment)/receipt of advances	(2,300)	1,030	(9,375)	4,174
Pestech Sdn Bhd	Fellow subsidiary	Contract cost	1,840	2,929	7,500	11,868
		Advance received	-	750	-	3,039
		Interest charge	42	-	171	-
Enersol Co., Ltd	Fellow subsidiary	Contract cost	(1,974)	1,050	(8,046)	4,255
Pestech Transmission Sdn Bhd	Fellow subsidiary	Contract cost	-	1,955	-	7,922
Pestech International Berhad	Holding company	Repayment of advances	(1,820)	-	(7,418)	-
		Management fee	279	1,208	1,137	4,895
		Interest charge	371	-	1,512	-

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

Related party	Relationship	Transactions	(Reviewed but unaudited) For the 3-month period ended		(Reviewed but unaudited) For the 3-month period ended	
			31 December 2020 USD'000	31 December 2019 USD'000	31 December 2020 KHR'mil (Note 3)	31 December 2019 KHR'mil (Note 3)
Diamond Power Limited	Fellow subsidiary	Operation and maintenance service	449	227	1,830	920
Pestech Sdn Bhd	Fellow subsidiary	Contract cost	1,840	8	7,500	32
		Advance received	-	750	-	3,039
		Interest charge	28	-	114	-
Enersol Co., Ltd	Fellow subsidiary	Contract cost	-	1,050	-	4,255
Pestech Transmission Sdn Bhd	Fellow subsidiary	Contract cost	-	844	-	3,419
Pestech International Berhad	Holding company	Advance	480	-	1,956	-
		Management fee	261	1,208	1,064	4,895
		Interest charge	208	-	848	-

## 24 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.

	<i>Group and Company</i>			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 6-month period ended		For the 6-month period ended	
	31 December		31 December	
	2020	31 December 2019	31 December 2020	31 December 2019
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Salaries and bonus	189	156	770	632

	<i>Group and Company</i>			
	(Reviewed but unaudited)		(Reviewed but unaudited)	
	For the 3-month period ended		For the 3-month period ended	
	31 December		31 December	
	2020	31 December 2019	31 December 2020	31 December 2019
	USD'000	USD'000	KHR'mil (Note 3)	KHR'mil (Note 3)
Salaries and bonus	92	82	373	333

## 25 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 from related parties, contract assets and trade and other receivables, are reasonable approximation of their fair value, either due to their short-term nature or that they are floating period.

The different levels have been defined 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 liabilities	Group and Company			
	31 December 2020		30 June 2020	
	Carrying amount	Level 2	Carrying amount	Level 2
	USD'000	USD'000	USD'000	USD'000
Derivative financial instruments	5,400	5,400	5,868	5,868
	5,400	5,400	5,868	5,868

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. 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 which is calculated as the present value of the estimated future cash flows based on observable yield curves.

## 26 Categories of financial instruments

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

	Group			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Financial assets				
At amortised cost				
Cash and bank balance	6,426	5,524	25,993	22,610
Trade and other receivables	2,000	1,452	8,090	5,943
Amounts due from related parties	3	2,332	12	9,545
	8,429	9,308	34,095	38,098

	Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Financial assets				
At amortised cost				
Cash and bank balance	6,401	5,500	25,892	22,512
Trade and other receivables	1,994	1,437	8,066	5,882
Amounts due from a subsidiary	79	38	320	156
Amounts due from related parties	3	2,332	12	9,545
	8,477	9,307	34,290	38,095

	Group			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Financial liabilities				
At amortised cost				
Trade and other payables	26,612	10,795	107,646	44,184
Amount due to holding company	61,750	62,892	249,779	257,417
Amounts due to related parties	35,529	36,667	143,715	150,078
Borrowings	107,998	112,691	436,853	461,244
Derivatives used for hedging				
Derivative financial instruments	5,400	5,868	21,843	24,018
	237,289	228,913	959,836	936,941

	Company			
	(Reviewed but unaudited) 31 December 2020 USD'000	(Audited) 30 June 2020 USD'000	(Reviewed but unaudited) 31 December 2020 KHR'mil (Note 3)	(Audited) 30 June 2020 KHR'mil (Note 3)
Financial liabilities				
At amortised cost				
Trade and other payables	26,610	10,795	107,639	44,184
Amount due to holding company	61,750	62,892	249,779	257,417
Amounts due to related parties	35,529	36,667	143,715	150,078
Borrowings	107,998	112,691	436,853	461,244
Derivatives used for hedging				
Derivative financial instruments	5,400	5,868	21,843	24,018
	<b>237,287</b>	<b>228,913</b>	<b>959,829</b>	<b>936,941</b>

## 27 Earnings per share

Basic 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.

	Group			
	(Reviewed but unaudited) For the 6-month period ended 31 December 2020 USD'000		(Reviewed but unaudited) For the 6-month period ended 31 December 2020 KHR'mil (Note 3)	
(Loss)/profit attributable to ordinary equity holders	(724)	6,605	(2,952)	26,763
Weighted average number of shares	74,023,071	71,000,000	74,023,071	71,000,000
Basic (loss)/earnings per share (cent/riel)	(0.98)	9.30	(39.88)	376.94
Diluted (loss)/earnings per share (cent/riel)	(0.98)	9.30	(39.88)	376.94

	(Reviewed but unaudited) For the 3-month period ended 31 December 2020 USD'000		(Reviewed but unaudited) For the 3-month period ended 31 December 2019 KHR'mil (Note 3)	
	(Loss)/profit attributable to ordinary equity holders	(411)	6,452	(1,665)
Weighted average number of shares	74,023,071	71,000,000	74,023,071	71,000,000
Basic (loss)/earnings per share (cent/riel)	(0.56)	9.09	(22.49)	369.23
Diluted (loss)/earnings per share (cent/riel)	(0.56)	9.09	(22.49)	369.23

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 period end. As such, the diluted earnings per share were equivalent to the basic earnings per share.

## 28 Commitments

The Company has committed to purchase a 10-year political risk insurance for the construction of 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 15c.3. As at 31 December 2020, the amount yet to be paid amounted to USD3,195,067.

The Company has committed to purchase a 7-year political risk insurance for the construction of 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 15c.3. As at 31 December 2020, the amount yet to be paid amounted to USD2,668,875.

## 29 Contingencies

### Contingent liabilities

In 2011, the GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax and value-added tax amounting to USD546,971 (KHR2,222,344,011) pertaining to the period from 1 May 2011 to 31 July 2011.

In 2015, The GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax and value-added tax amounting to USD490,912 (KHR1,994,575,785) pertaining to the period from 10 January 2013 to 16 October 2013.

In 2017, The GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax, value-added tax and 14% withholding tax on service amounting to USD267,956 (KHR1,088,704,839) for the 2010 comprehensive tax audit.

In response, the Company has filed protest letters to the GDT to contest the misinterpreted reassessments. Management considers this assessment letter to be of no basis and unjustified and the probability that they will be required to settle the assessed taxes to be remote. The protest is still pending as of the date of these financial information.

## 30 Significant events and transactions

Management believes that the Group and the Company are well positioned to cope with a downturn in the economy.

Factors contributing to the Group's and the Company's strong position are:

- No cancellation of significant contracts. In addition, the Group and the Company have several long-term contracts with a number of the existing customers; and
- The Group's and the Company's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 31 December 2020 is considered to be good.

Overall, the Group and the Company are in a strong position and have sufficient capital and liquidity to service their operating activities and debt. The Group's and the Company's objectives and policies for managing capital, credit risk and liquidity risk are described in their recent annual financial statements.

### Initial public offering

On 12 August 2020, the Company has completed its initial public offering exercise and listed its shares for trading on the main market of Cambodia Securities Exchange.

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