Report of the Board of Directors
and
Audited financial statements

PESTECH (Cambodia) Plc and its subsidiaries

30 June 2021

Contents

Report of the Board of Directors

The Board of Directors submits this report and the audited financial statements of PESTECH (Cambodia) Plc ("the Company") and the audited financial statements of the Company and its subsidiaries (together hereinafter referred to as "the Group") as at 30 June 2021 and for the year then ended.

The Company

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

On 12 August 2020, the Company was successfully listed on the Cambodia Securities Exchange ("CSX"). The number of new issued shares are 3,945,000 shares with a par value of KHR400 or USD0.10 per share, at an offering price of KHR3,120 or USD0.76 per share. Upon the completion of listing, PESTECH International Berhad owned 94.74% shares of the Company. As at the date of the report, the Memorandum and Articles of Association of the Company is yet to be updated and it is expected to be updated upon approval of shareholders in the upcoming annual general meeting in November 2021.

The principal activity of the Company is engaged in the construction of electrical sub-stations 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.

The Company (continued)

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

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

The Company considers PHC and PMG as indirect subsidiaries.

The registered office of the Company is located at No. 6, Street 588, Sangkat Boeung Kok II, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia. The registered office of PML and PMG is 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 PHC is located at Thapyaynyo Street, No. 3E, Shinsawpu Ward, Sannchaung Township Yangon, Republic of the Union of Myanmar.

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

Results of operations

The results of the Group's and of the Company's operations for the year ended 30 June 2021 and the state of their affairs as at that date are set out in the financial statements.

The Board of Directors recommend a final dividend of USD0.0065 per share in respect of the current year for shareholders' approval at the forthcoming Annual General Meeting. The current financial statements do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 30 June 2022.

Board of Directors

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

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

Auditors

The financial statements of the Group and of the Company as at 30 June 2021 for the year then ended have been audited by Grant Thornton (Cambodia) Limited.

Directors' benefits

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

Since the end of the previous financial year, the directors have not received or become entitled to receive any benefit by reason of a contract made by the Group and the Company or a related corporation with the director or with a firm of which the Director is a member, or with a company in which the director has a substantial financial interest, except for the benefit as disclosed in note 27 to the financial statements.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the year then ended. When preparing these financial statements, the Board of Directors is required to:

i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;

ii. comply with the disclosure requirements of Cambodian International Financial Reporting Standards or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

iii. maintain adequate accounting records and an effective system of internal control;

iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Company will continue their operations in the foreseeable future; and

v. control and direct effectively the Group and the Company in all material decisions affecting their operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Group and of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards.

On behalf of the Board of Directors

Lim Pay Chuan
Executive Chairman

Kuala Lumpur, Malaysia
23 September 2021

Grant Thornton

Independent auditor's report

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

Opinion

We have audited the financial statements of PESTECH (Cambodia) Plc ("the Company") and the consolidated financial statements of the Company and its subsidiaries (together hereinafter referred to as "the Group"), which comprise the statements of financial position as at 30 June 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 30 June 2021, and their financial performance and their cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for opinion

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

Key audit matters

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

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Below is the key audit matter identified in our audit of the financial statements of the Group and of the Company:

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

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Key audit matters	**How our audit addressed the key audit matter**
Recoverability of trade receivables and contract assets CIFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of significant assumptions about future economic conditions and credit risk of the customers in the calculation of loss allowance. The Group and the Company have assessed the lifetime expected credit loss of trade receivables and contract assets amounts using the simplified approach. As disclosed in notes 10 and 12 to the financial statements, the Group and the Company have significant contract assets and trade receivables as at 30 June 2021 and these are subject to credit risk exposure. We focused on this area because Management's assessment of ECL requires significant judgement over the expected loss rates, forward looking information and probability-weighted estimates. The details of the accounting policies, significant estimates and assumptions and credit risk management used by the Group and the Company have been disclosed in notes 4.8, 5(a) and 31(a) to the financial statements, respectively.	In addressing this area of focus, we have performed, amongst others, the following procedures: - obtained an understanding on how the Group and the Company identify and assess ECL for trade receivables and contract assets; - reviewed the key data sources and assumptions for data used in the determination of default rate and the current and forward-looking adjustment factor; - considered the age of the debts as well as the trend of collections to assess collection risks; - obtained debtors confirmation and review collectability by way of obtaining evidence of receipts from the debtors on a sampling basis subsequent to year end.

Other information

Management is responsible for the other information. The other information comprises the Report of the Board of Directors, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit assurance nor conclusion thereon.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to that matter in accordance with the requirements of CISA 720 (revised).

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Responsibilities of the Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

Ng Yee Zent
Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
23 September 2021

Group's statement of financial position

	Note	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Assets					
Non-current					
Property, plant and equipment	7	14,150	15,404	57,661	63,049
Intangible assets		3	5	12	20
Contract assets	10	122,167	198,200	497,831	811,233
Non-current assets		136,320	213,609	555,504	874,302
Current					
Inventories	11	3,508	4,335	14,295	17,743
Contract assets	10	122,851	18,789	500,618	76,903
Trade and other receivables	12	6,503	3,667	26,501	15,009
Amounts due from related parties	26	2	2,332	8	9,545
Cash and bank balances	13	17,167	5,524	69,956	22,610
Current assets		150,031	34,647	611,378	141,810
Total assets		286,351	248,256	1,166,882	1,016,112

Group's statement of financial position (continued)

	Note	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Equity and liabilities					
Equity					
Share capital	14	7,494	7,100	30,725	28,869
Share premium	15	2,541	-	10,422	-
Reserves	16	(4,269)	(5,815)	(17,435)	(23,729)
Retained earnings		17,190	15,802	70,040	64,390
Currency translation difference		-	-	(206)	406
Total equity attributable to the owners of the Company		22,956	17,087	93,546	69,936
Non-controlling interests		86	5	351	21
Total equity		23,042	17,092	93,897	69,957
Liabilities					
Non-current					
Borrowings	18	91,575	100,077	373,168	409,615
Lease liabilities	8	148	23	603	94
Deferred tax liability	24	777	453	3,166	1,854
Derivative financial instruments	19	4,321	5,867	17,608	24,014
Non-current liabilities		96,821	106,420	394,545	435,577
Current					
Trade and other payables	17	33,396	10,859	136,089	44,446
Amount due to holding company	26	27,054	62,892	110,245	257,417
Amounts due to related parties	26	90,668	36,667	369,472	150,078
Borrowings	18	13,544	12,614	55,192	51,629
Lease liabilities	8	14	72	58	295
Income tax payable		1,812	1,640	7,384	6,713
Current liabilities		166,488	124,744	678,440	510,578
Total liabilities		263,309	231,164	1,072,985	946,155
Total equity and liabilities		286,351	248,256	1,166,882	1,016,112

Company's statement of financial position

	Note	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Assets					
Non-current					
Investment in a subsidiary	9	50	35	204	143
Property, plant and equipment	7	14,150	15,404	57,661	63,049
Intangible assets		3	5	12	20
Contract assets	10	122,167	198,200	497,831	811,233
Non-current assets		136,370	213,644	555,708	874,445
Current					
Inventories	11	3,508	4,335	14,295	17,743
Contract assets	10	122,851	18,789	500,618	76,903
Trade and other receivables	12	6,497	3,652	26,475	14,948
Amounts due from related parties	26	2	2,332	8	9,545
Amount due from a subsidiary	26	79	38	322	156
Cash and bank balances	13	17,154	5,500	69,903	22,512
Current assets		150,091	34,646	611,621	141,807
Total assets		286,461	248,290	1,167,329	1,016,252

Company's statement of financial position (continued)

	Note	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Equity and liabilities					
Equity					
Share capital	14	7,494	7,100	30,725	28,869
Share premium	15	2,541	-	10,422	-
Reserves	16	(4,269)	(5,815)	(17,435)	(23,729)
Retained earnings		17,400	15,841	70,912	64,566
Currency translation difference		-	-	(223)	391
Total equity		23,166	17,126	94,401	70,097
Liabilities					
Non-current					
Borrowings	18	91,575	100,077	373,168	409,615
Lease liabilities	8	148	23	603	94
Deferred tax liability	24	777	453	3,166	1,854
Derivative financial instruments	19	4,321	5,867	17,608	24,014
Non-current liabilities		96,821	106,420	394,545	435,577
Current					
Trade and other payables	17	33,382	10,859	136,032	44,446
Amount due to holding company	26	27,054	62,892	110,245	257,417
Amounts due to related parties	26	90,668	36,667	369,472	150,078
Borrowings	18	13,544	12,614	55,192	51,629
Lease liabilities	8	14	72	58	295
Income tax payable		1,812	1,640	7,384	6,713
Current liabilities		166,474	124,744	678,383	510,578
Total liabilities		263,295	231,164	1,072,928	946,155
Total equity and liabilities		286,461	248,290	1,167,329	1,016,252

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

	Note	For the year ended 30 June 2021 USD'000	30 June 2020 USD'000	For the year ended 30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Revenue	20	67,214	49,673	273,628	203,014
Operating expenses	21	(59,596)	(33,834)	(242,615)	(138,281)
Other gains/(losses)		5	(13)	20	(53)
Operating profit		7,623	15,826	31,033	64,680
Finance income		1,098	29	4,470	119
Finance cost	22	(6,243)	(6,612)	(25,415)	(27,023)
Profit before income tax		2,478	9,243	10,088	37,776
Income tax expense	23	(1,009)	(2,039)	(4,108)	(8,333)
Profit for the year		1,469	7,204	5,980	29,443
Profit for the year attributable to:					
Owners of the Company		1,388	7,207	5,650	29,455
Non-controlling interests		81	(3)	330	(12)
		1,469	7,204	5,980	29,443

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

	Note	For the year ended 30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	For the year ended 30 June 2020 KHR'mil (Note 4.2)
Profit for the year		**1,469**	7,204	**5,980**	29,443
Other comprehensive income -					
Item that will be reclassified subsequently to profit or loss					
Fair value gain/(loss) on cash flow hedges		**1,546**	(4,043)	**6,294**	(16,524)
Exchange translation difference		**-**	-	**(612)**	406
Total comprehensive income for the year		**3,015**	3,161	**11,662**	13,325
Total comprehensive income for the year attributable to:					
Owners of the Company		**2,853**	3,164	**11,002**	13,337
Non-controlling interests		**162**	(3)	**660**	(12)
		3,015	3,161	**11,662**	13,325

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

Basic earnings per share (cent/riel)	30	**1.86**	10.15	75.86	414.86
Diluted earnings per share (cent/riel)	30	**1.86**	10.15	75.86	414.86

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

	Note	For the year ended 30 June 2021 USD'000	30 June 2020 USD'000	For the year ended 30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Revenue	20	67,214	49,673	273,628	203,014
Operating expenses	21	(59,517)	(33,797)	(242,294)	(138,127)
Other gains/(losses)		16	(20)	65	(82)
Operating profit		7,713	15,856	31,399	64,805
Finance income		1,098	29	4,470	119
Finance cost	22	(6,243)	(6,612)	(25,415)	(27,023)
Profit before income tax		2,568	9,273	10,454	37,901
Income tax expense	23	(1,009)	(2,039)	(4,108)	(8,333)
Profit for the year		1,559	7,234	6,346	29,568
Other comprehensive (loss)/income -					
Items that will be reclassified subsequently to profit or loss					
Fair value gain/(loss) on cash flow hedges		1,546	(4,043)	6,294	(16,524)
Exchange translation difference		-	-	(614)	391
Total comprehensive income for the year		3,105	3,191	12,026	13,435

Group's statement of changes in equity

		Attributable to owners of the Company							
			Non-distributable		Distributable				
	Note	Share capital USD'000	Share premium USD'000	Reserves USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000	KHR'mil (Note 4.2)
Balance at 1 July 2020		7,100	-	(5,815)	15,802	17,087	5	17,092	69,957
Shares issued	14	394	2,541	-	-	2,935	-	2,935	12,278
Profit for the year		-	-	-	1,388	1,388	81	1,469	5,980
Fair value gain on cash flow hedges		-	-	1,546	-	1,546	-	1,546	6,294
Currency translation difference		-	-	-	-	-	-	-	(612)
Balance at 30 June 2021		7,494	2,541	(4,269)	17,190	22,956	86	23,042	93,897
Balance at 1 July 2019		7,100	-	(1,772)	8,595	13,923	-	13,923	56,611
Profit for the year		-	-	-	7,207	7,207	(3)	7,204	29,443
Subscription of new shares by non-controlling interests in a subsidiary		-	-	-	-	-	8	8	33
Fair value loss on cash flow hedges		-	-	(4,043)	-	(4,043)	-	(4,043)	(16,524)
Currency translation difference		-	-	-	-	-	-	-	394
Balance at 30 June 2020		7,100	-	(5,815)	15,802	17,087	5	17,092	69,957

Company's statement of changes in equity

	Note	Share capital USD'000	Share premium USD'000	Reserves USD'000	Retained earnings USD'000	Total equity USD'000	Total equity KHR'mil (Note 4.2)
		← Non-distributable		→	Distributable		
Balance at 1 July 2020		7,100	-	(5,815)	15,841	17,126	70,097
Shares issued	14	394	2,541	-	-	2,935	12,278
Profit for the year		-	-	-	1,559	1,559	6,346
Fair value gain on cash flow hedges		-	-	1,546	-	1,546	6,294
Currency translation difference		-	-	-	-	-	(614)
Balance at 30 June 2021		7,494	2,541	(4,269)	17,400	23,166	94,401
Balance at 1 July 2019		7,100	-	(1,772)	8,607	13,935	56,662
Profit for the year		-	-	-	7,234	7,234	29,568
Fair value loss on cash flow hedges		-	-	(4,043)	-	(4,043)	(16,524)
Currency translation difference		-	-	-	-	-	391
Balance at 30 June 2020		7,100	-	(5,815)	15,841	17,126	70,097

Group's statement of cash flows

	Note	For the year ended 30 June 2021 USD'000	30 June 2020 USD'000	For the year ended 30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Operating activities					
Profit before income tax		2,478	9,243	10,088	37,776
Adjustments for:					
Depreciation	21	1,059	1,178	4,311	4,814
Amortisation	21	3	2	12	8
Gain on disposal of property, plant and equipment		-	(5)	-	(20)
Interest income		(1,098)	(29)	(4,470)	(119)
Interest expense	22	6,243	6,612	25,415	27,023
Unrealised foreign exchange (gain)/loss		(10)	10	(41)	41
Operating profit before working capital changes		8,675	17,011	35,315	69,523
Changes in working capital					
Changes in:					
Trade and other receivables		(2,627)	7,137	(10,695)	29,169
Contract assets		(28,029)	(37,888)	(114,106)	(154,848)
Inventories		827	(4,335)	3,367	(17,717)
Amount due to holding company		(35,838)	3,334	(145,896)	13,626
Amounts due from/to related parties		56,341	13,259	229,364	54,190
Trade and other payables		22,503	1,665	91,610	6,805
Cash generated from operations		21,852	183	88,959	748
Income tax paid		(513)	(874)	(2,088)	(3,572)
Net cash from/(used in) operating activities		21,339	(691)	86,871	(2,824)

Group's statement of cash flows (continued)

	Note	For the year ended 30 June 2021 USD'000	30 June 2020 USD'000	For the year ended 30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Investing activities					
Acquisitions of property, plant and equipment		(202)	(14,183)	(822)	(57,966)
Acquisitions of intangible assets		(1)	(4)	(4)	(16)
Proceeds from sale of property, plant and equipment		-	15	-	61
Interest received		50	29	204	119
Net cash used in investing activities		(153)	(14,143)	(622)	(57,802)
Financing activities					
Proceeds from borrowings	25	7,997	25,598	32,556	104,619
Repayment of borrowings	25	(15,613)	(12,290)	(63,561)	(50,229)
Issuance of additional share capital	14	2,935	-	11,948	-
Interest paid		(6,209)	(5,735)	(25,277)	(23,439)
Repayment of lease liabilities		(124)	(67)	(505)	(274)
Placement of fixed deposits		(204)	(487)	(830)	(1,990)
Deposit of cash in bank accounts pledge to borrowings		(2,463)	(2,753)	(10,027)	(11,252)
Net cash (used in)/from financing activities		(13,681)	4,266	(55,696)	17,435
Net change in cash and cash equivalents		7,505	(10,568)	30,553	(43,191)
Cash and cash equivalents, beginning of year		(906)	9,662	(3,708)	39,288
Currency translation difference		-	-	47	195
Cash and cash equivalents, end of year	13	6,599	(906)	26,892	(3,708)

Company's statement of cash flows

	Note	For the year ended 30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	For the year ended 30 June 2020 KHR'mil (Note 4.2)
Operating activities					
Profit before income tax		2,568	9,273	10,454	37,901
Adjustments for:					
Depreciation	21	1,059	1,178	4,311	4,814
Amortisation	21	3	2	12	8
Gain on disposal of property, plant and equipment		-	(5)	-	(20)
Interest income		(1,098)	(29)	(4,470)	(119)
Interest expense	22	6,243	6,612	25,415	27,023
Unrealised foreign exchange (gain)/loss		(10)	10	(41)	41
Operating profit before working capital changes		8,765	17,041	35,681	69,648
Changes in working capital					
Changes in:					
Trade and other receivables		(2,636)	7,152	(10,731)	29,230
Contract assets		(28,029)	(37,888)	(114,106)	(154,848)
Inventories		827	(4,335)	3,367	(17,717)
Amount due to holding company		(35,838)	3,334	(145,896)	13,626
Amounts due from/to related parties		56,341	13,251	229,364	54,157
Trade and other payables		22,489	1,667	91,553	6,813
Amount due from a subsidiary		(41)	(37)	(167)	(151)
Cash generated from operations		21,878	185	89,065	758
Income tax paid		(513)	(874)	(2,088)	(3,572)
Net cash from/(used in) operating activities		21,365	(689)	86,977	(2,814)

Company's statement of cash flows (continued)

	Note	For the year ended 30 June 2021 USD'000	30 June 2020 USD'000	For the year ended 30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Investing activities					
Acquisitions of property, plant and equipment		(202)	(14,183)	(822)	(57,966)
Acquisitions of intangible assets		(1)	(4)	(4)	(16)
Proceeds from disposals of property, plant and equipment		-	15	-	61
Investment in a subsidiary		(15)	(10)	(61)	(41)
Interest received		50	29	204	119
Net cash used in investing activities		(168)	(14,153)	(683)	(57,843)
Financing activities					
Proceeds from borrowings	25	7,997	25,598	32,556	104,619
Repayment of borrowings	25	(15,613)	(12,290)	(63,561)	(50,229)
Issuance of additional share capital	14	2,935	-	11,948	-
Interest paid		(6,209)	(5,735)	(25,277)	(23,439)
Payment of lease liabilities		(124)	(67)	(505)	(274)
Placement of fixed deposits		(204)	(487)	(830)	(1,990)
Deposit of cash in bank accounts pledge to borrowings		(2,463)	(2,753)	(10,027)	(11,252)
Net cash (used in)/from financing activities		(13,681)	4,266	(55,696)	17,435
Net change in cash and cash equivalents		7,516	(10,576)	30,598	(43,222)
Cash and cash equivalents, beginning of year		(930)	9,646	(3,806)	39,288
Currency translation difference		-	-	47	128
Cash and cash equivalents, end of year	13	6,586	(930)	26,839	(3,806)

Notes to the financial statements

1. General information

PESTECH (Cambodia) Plc ("the Company") was incorporated on 5 February 2010 as a single member private company and is a 100% owned subsidiary of PESTECH International Berhad, a company incorporated and domiciled in Malaysia, and is listed on the main market of Bursa Malaysia Securities Berhad, with a registered and fully paid share capital totaling 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. As at the date of the report, the Memorandum and Articles of Association of the Company is yet to be updated and it is expected to be updated upon approval of shareholders in the upcoming annual general meeting in November 2021.

The principal activity of the Company is engaged in the construction of electrical sub-stations 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 located at No. 6, Street 588, Sangkat Boeung Kok II, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia. The registered office of PML and PMG is 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 PHC is located at 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 financial year.

COVID-19 outbreak

The novel coronavirus ("COVID-19"), declared as a pandemic, has spread into Cambodia since late January 2020. Since then, the country is facing sustained risk of further national spread causing disruption to business and economic activity.

On 14 April 2021, the Royal Government of Cambodia imposed a lockdown in Cambodia starting from 15 April to 28 April 2021, which was further extended until 5 May 2021, to curb the spread of COVID-19 outbreak in Cambodia. The COVID-19 pandemic and lockdown has caused disruptions to businesses and various macroeconomics globally and locally in Cambodia.

The Group and the Company has assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cash flows, and concluded that there is no material adverse effect on the Group's and the Company's financial statements as at 30 June 2021 and for the year then ended. 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 30 June 2021 is considered to be good.

As of the date of the issuance of the financial statements, the outbreak in Cambodia is still manageable as backed up by the continuing roll out of its national vaccination program and timely intervention by the government through the legislation of additional regulations to curb the spread of the virus in Cambodia.

The management is closely monitoring the evolution of this pandemic, including how it may affect the Group and the Company, the economy and the general population. The Group and the Company are ensuring that all staff adhere to the government's protocol in curbing the spread of COVID-19 such as wearing of mask, social distancing and regular disinfection.

2. Statement of compliance with Cambodian International Financial Reporting Standards ("CIFRSs")

The financial statements of the Group and the Company have been prepared in accordance with Cambodian International Financial Reporting Standards. CIFRSs are equivalent to full International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board because IFRSs are adopted by the National Accounting Council without modification as CIFRSs.

3. New or revised standards and interpretations

3.1 Standards, amendments and interpretations to existing standards that are effective as at 1 July 2020

The Group and the Company adopted all accounting standards and interpretations as at 30 June 2021. The new and revised accounting standards and interpretations assessed to be applicable to the Group's and the Company's financial statements follows:

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

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

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

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

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

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

4. Significant accounting policies

4.1 Basis of preparation

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

4.2 Functional and presentation currency

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

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

4. Significant accounting policies (continued)

4.2 Functional and presentation currency (continued)

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with 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 (General Department of Taxation prior to 1 January 2020):

	30 June 2021	30 June 2020
Average rate*	4,071	4,087
Closing rate	4,075	4,093

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

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

4.3 Basis of consolidation

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

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

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

4.4 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied i.e., when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

4. Significant accounting policies (continued)

4.4 Revenue recognition (continued)

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

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

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

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

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

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

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

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

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

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

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

Construction contract and service rendered

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

To determine whether to recognise revenue, the Group and the Company follows a 5-step process:

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

4. Significant accounting policies (continued)

4.4 Revenue recognition (continued)

Notional income on unwinding of discounting

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

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

4.5 Operating expenses

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

4.6 Property, plant and equipment

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

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

Depreciation

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

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

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

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

4.7 Impairment testing of non-financial assets

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

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

4. Significant accounting policies (continued)

4.7 Impairment testing of non-financial assets (continued)

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

4.8 Financial instruments

Initial recognition and measurement

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

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

Classification and initial measurement of financial assets

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

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or,
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the Group's and the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

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

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

Financial assets – subsequent measurement

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Derecognition

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

4. Significant accounting policies (continued)

4.8 Financial instruments (continued)

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

Financial assets - impairment

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

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

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

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

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

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

<u>Trade receivables and contract assets</u>

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

The Group and the Company assess impairment of trade receivables and contract assets on a collective basis as the customers shared similar credit characteristics. A detailed analysis of how the impairment requirements of CIFRS 9 are applied is in note 31 to the financial statements.

Financial liabilities – classification and measurement

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

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

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

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

Derivatives and hedging activities

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

4. Significant accounting policies (continued)

4.8 Financial instruments (continued)

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

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

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

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 28 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity of the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

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

4. Significant accounting policies (continued)

4.8 Financial instruments (continued)

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

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

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

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

4.9 Inventories

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

4.10 Cash and cash equivalents

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

4.11 Equity, reserves and retained earnings

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

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

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

4.12 Provisions, contingent liabilities and contingent assets

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

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

4. Significant accounting policies (continued)

4.12 Provisions, contingent liabilities and contingent assets (continued)

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

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

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

4.13 Operating segment

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

The Group has one reportable segment, namely engineering, procurement, construction and commissioning. The chief operating decision maker reviews the internal management report, which reports the performance of the segment as a whole, to assess performance of the reportable segment.

4.14 Income taxes

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

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

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

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

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

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

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

4. Significant accounting policies (continued)

4.15 Leases

The Group and the Company as a lessee

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

4. Significant accounting policies (continued)

4.16 Related parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

a. A person or a close member of that person's family is related to the Group and the Company if that person:
   i. Has control or joint control over the Group and the Company;
   ii. Has significant influence over the Group and the Company; or
   iii. Is a member of the key management personnel of the ultimate holding company of the Group and the Company, or the Group and the Company.

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

5. Significant accounting estimates, assumptions and judgements

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

a. Significant accounting estimates and assumptions

Impairment

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

Useful life of depreciable assets

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

Construction contract – contract revenues

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

Inventories

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

Leases – estimating the incremental borrowing rate

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

5. Significant accounting estimates, assumptions and judgements (continued)

a. Significant accounting estimates and assumptions (continued)

Income tax expense

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

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

b. Significant accounting judgements

Recognition of construction contract revenues

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

6. Going concern

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

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

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7. 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 4.2)
Cost									
At 1 July 2020	17,292	559	26	31	162	-	-	18,070	73,961
Additions	71	-	6	47	205	19	59	407	1,657
Transfer	(588)	-	-	-	-	-	-	(588)	(2,394)
Reversal	-	-	-	-	(61)	-	-	(61)	(248)
Currency translation difference	-	-	-	-	-	-	-	-	(327)
Balance at 30 June 2021	16,775	559	32	78	306	19	59	17,828	72,649
Accumulated depreciation									
At 1 July 2020	(2,199)	(348)	(21)	(28)	(70)	-	-	(2,666)	(10,912)
Depreciation	(865)	(88)	(4)	(3)	(98)	(1)	-	(1,059)	(4,311)
Reversal	-	-	-	-	47	-	-	47	191
Currency translation difference	-	-	-	-	-	-	-	-	44
Balance 30 June 2021	(3,064)	(436)	(25)	(31)	(121)	(1)	-	(3,678)	(14,988)
Carrying amount at 30 June 2021	13,711	123	7	47	185	18	59	14,150	57,661

7. Property, plant and equipment (continued)

	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 4.2)
Cost									
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
Balance at 30 June 2020	17,292	559	26	31	162	-	-	18,070	73,961
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)
Balance 30 June 2020	(2,199)	(348)	(21)	(28)	(70)	-	-	(2,666)	(10,912)
Carrying amount at 30 June 2020	15,093	211	5	3	92	-	-	15,404	63,049

8. Lease liabilities

Group and Company as a lessee

The Group and the Company have lease contracts for the properties that are used as their office space and staff accommodation for a period of three to five years.

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

	Group and Company			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Current	14	72	58	295
Non-current	148	23	603	94
	162	95	661	389

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

	Group and Company			
	2021 USD'000	2020 USD'000	2021 KHR'mil (Note 4.2)	2020 KHR'mil (Note 4.2)
At 1 July	95	162	389	660
Addition	205	-	835	-
Accretion of interest	15	9	61	37
Reversal	(14)	-	(57)	-
Payments	(139)	(76)	(566)	(311)
Currency translation difference	-	-	(1)	3
At 30 June	162	95	661	389

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	1 to 2 years	1.5 years	1	5
Office building	1	4.2 years	4.2 years	1	1

8. Lease liabilities (continued)

The details of future minimum lease payments are summarized below:

	Minimum lease payments due				
	Within one year	From one to three years	From three to five years	Total USD'000	Total KHR'mil (Note 4.2)
30 June 2021					
Lease payments	**15**	**25**	**157**	**197**	**804**
Finance charges	**(1)**	**(22)**	**(12)**	**(35)**	**(143)**
Net present value	**14**	**3**	**145**	**162**	**661**
30 June 2020					
Lease payments	76	24	-	100	408
Finance charges	(4)	(1)	-	(5)	(19)
Net present value	72	23	-	95	389

9. Investment in a subsidiary

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
At cost – unquoted shares				
Balance brought forward	**35**	25	**143**	102
Additions	**15**	10	**61**	41
	50	35	**204**	143

Details of the subsidiaries are as follows:

Name	Country of incorporation and operation	Effective interest % 30 June 2021	Effective interest % 30 June 2020	Principal activities
PESTECH (Myanmar) Limited ("PML")	Myanmar	**100.00%**	99.99%	Provision of comprehensive power system engineering, construction, design, installation and related services in power industry.
Subsidiary of PML PESTECH Hinthar Corporation Limited ("PHC")	Myanmar	**60.00%**	60.00%	Establish the infrastructure of power sector and promote the power segments such as power generation, power transmission, power distribution, microgrid system and other power infrastructure to the rural areas in Myanmar.
Subsidiary of PHC PESTECH Microgrid Company Limited	Myanmar	**54.00%**	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, PESTECH Microgrid Company Limited, under Myanmar Companies Law 2017 as a private limited company.

10. Contract assets

	Group and Company			
	2021	2020	2021	2020
	USD'000	USD'000	KHR'mil	KHR'mil
			(Note 4.2)	(Note 4.2)
Contract assets				
Balance at 1 July	216,989	179,101	888,136	728,223
Revenue recognized	67,214	49,349	273,628	201,689
Receipts entitled	(40,233)	(11,461)	(163,789)	(46,841)
Finance income recognized	1,048	-	4,271	-
Currency translation difference	-	-	(3,797)	5,065
Balance at 30 June	245,018	216,989	998,449	888,136
Presented as:				
Current	122,851	18,789	500,618	76,903
Non-current	122,167	198,200	497,831	811,233
	245,018	216,989	998,449	888,136

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.

11. Inventories

	Group and Company			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil	KHR'mil
			(Note 4.2)	(Note 4.2)
Construction materials	3,508	4,335	14,295	17,743

12. Trade and other receivables

	Group			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil	KHR'mil
			(Note 4.2)	(Note 4.2)
Trade receivables	2,950	1,391	12,021	5,693
Deposits	241	38	984	156
Staff advances	30	23	122	94
Financial assets	3,221	1,452	13,127	5,943
Value-added tax	1,136	1,301	4,629	5,325
Prepayments	2,146	914	8,745	3,741
Non-financial assets	3,282	2,215	13,374	9,066
	6,503	3,667	26,501	15,009

12. Trade and other receivables (continued)

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Trade receivables	2,950	1,391	12,021	5,693
Deposits	235	21	958	86
Staff advances	30	25	122	103
Financial assets	3,215	1,437	13,101	5,882
Value-added tax	1,136	1,301	4,629	5,325
Prepayments	2,146	914	8,745	3,741
Non-financial assets	3,282	2,215	13,374	9,066
	6,497	3,652	26,475	14,948

13. Cash and bank balances

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Cash in banks (a)	15,753	4,319	64,194	17,678
Deposits with a licensed bank (b)	1,404	1,200	5,721	4,912
Cash on hand	10	5	41	20
	17,167	5,524	69,956	22,610

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Cash in banks (a)	15,741	4,295	64,145	17,579
Deposits with a licensed bank (b)	1,404	1,200	5,721	4,912
Cash on hand	9	5	37	21
	17,154	5,500	69,903	22,512

(a) Two of the bank accounts have been pledged to syndicated financing facilities as disclosed in note 18(c.5).
(b) Deposits with a licensed bank of the Group have been pledged as security for bank overdrafts and term loan as disclosed in note 18(a.2). The deposits earn interest of 4.25% per annum.

13. Cash and bank balances (continued)

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

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Cash and bank balances (as above)	17,167	5,524	69,956	22,610
Bank overdrafts (note 18)	(2,521)	(2,477)	(10,273)	(10,138)
Fixed deposit pledged to borrowings	(1,404)	(1,200)	(5,721)	(4,912)
Cash in banks pledged to borrowings	(6,643)	(2,753)	(27,070)	(11,268)
Cash and cash equivalents per statement of cash flows	6,599	(906)	26,892	(3,708)

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Cash and cash equivalents (as above)	17,154	5,500	69,903	22,512
Bank overdrafts (note 18)	(2,521)	(2,477)	(10,273)	(10,138)
Fixed deposit pledged to borrowings	(1,404)	(1,200)	(5,721)	(4,912)
Cash in banks pledged to borrowings	(6,643)	(2,753)	(27,070)	(11,268)
Cash and cash equivalents per statement of cash flows	6,586	(930)	26,839	(3,806)

14. Share capital

	Group and Company					
	Number of shares		Amount			
	30 June 2021	30 June 2020	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Shares issued and fully paid:						
- Beginning of the year	71,000,000	71,000,000	7,100	7,100	28,869	28,869
- Shares issued	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. As at the date of the report, the Memorandum and Articles of Association of the Company is yet to be updated and it is expected to be updated upon approval of shareholders in the upcoming annual general meeting in November 2021.

15. Share premium

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

16. Reserves

	Group and Company			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Capital contribution reserve	52	52	212	213
Cash flow hedge reserve	(4,321)	(5,867)	(17,608)	(24,014)
Currency translation difference	-	-	(39)	72
	(4,269)	(5,815)	(17,435)	(23,729)

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

17. Trade and other payables

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Provision for project cost	31,615	8,070	128,831	33,031
Trade payables	892	1,855	3,635	7,592
Accruals	730	724	2,975	2,963
Other payables	34	147	139	602
Financial liabilities	33,271	10,796	135,580	44,188
Taxes payable	125	63	509	258
Non-financial liabilities	125	63	509	258
	33,396	10,859	136,089	44,446

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Provision for project cost	31,615	8,070	128,831	33,031
Trade payables	892	1,855	3,635	7,592
Accruals	721	724	2,938	2,963
Other payables	29	147	119	602
Financial liabilities	33,257	10,796	135,523	44,188
Taxes payable	125	63	509	258
Non-financial liabilities	125	63	509	258
	33,382	10,859	136,032	44,446

18. Borrowings

	Group and Company			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Current				
Secured:				
Bank overdrafts	2,521	2,477	10,273	10,138
Revolving credit	2,523	1,632	10,281	6,680
Term loans	8,500	8,505	34,638	34,811
Total current	13,544	12,614	55,192	51,629
Non-current				
Secured:				
Term loans	91,575	100,077	373,168	409,615
Total non-current	91,575	100,077	373,168	409,615
	105,119	112,691	428,360	461,244

The effective interest rates of the borrowings are as follows:

	Group and Company	
	30 June 2021 %	30 June 2020 %
Bank overdrafts (a)	7.5 to 8.5	7.5 to 8.5
Revolving credit (b)	7.2	7.2
Term loans (c)	4.1 to 7.5	4.7 to 8.0

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 as disclosed in note 13 which 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 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.

19. Derivative financial instruments

	Group and Company					
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Notional value		Fair value liabilities			
	USD'000	USD'000	USD'000	USD'000	KHR'mil (Note 4.2)	KHR'mil (Note 4.2)
Interest rate swaps	47,250	50,000	4,321	5,867	17,608	24,014

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

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

20. Revenue

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil (Note 4.2)	KHR'mil (Note 4.2)
Construction contract and service rendered	67,214	49,673	273,628	203,014

20.1 Disaggregated revenue information

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil (Note 4.2)	KHR'mil (Note 4.2)
Timing of revenue recognition:				
Over time	67,214	49,673	273,628	203,014

21. Operating expenses

	Group			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Direct costs				
Raw materials and consumables	52,611	23,681	214,179	96,784
Production overheads	2,538	3,845	10,332	15,715
	55,149	27,526	224,511	112,499
Employee benefits				
Salaries, wages, bonuses and other emoluments	1,295	3,539	5,272	14,464
Directors' remuneration	394	353	1,604	1,443
Amortisation				
Intangible assets	3	2	12	8
Depreciation				
Property, plant and equipment	961	1,108	3,912	4,528
Right-of-use assets	98	70	399	286
	1,059	1,178	4,311	4,814
General expenses				
Withholding tax	732	681	2,980	2,785
Management fees	565	260	2,300	1,063
Professional fees	151	61	615	249
Bank charges	69	36	281	147
Other expenses	179	198	729	809
	1,696	1,236	6,905	5,053
	59,596	33,834	242,615	138,281

21. Operating expenses (continued)

	Company			
	For the year ended		For the year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil (Note 4.2)	KHR'mil (Note 4.2)
Direct costs				
Raw materials and consumables	52,611	23,681	214,179	96,784
Production overheads	2,538	3,841	10,332	15,698
	55,149	27,522	224,511	112,482
Employee benefits				
Salaries and other benefits	1,273	3,518	5,183	14,378
Directors' remuneration	394	353	1,604	1,443
Amortisation				
Intangible assets	3	2	12	8
Depreciation				
Property, plant and equipment	961	1,108	3,912	4,528
Right-of-use assets	98	70	399	286
	1,059	1,178	4,311	4,814
General expenses				
Withholding tax	732	681	2,981	2,783
Management fees	565	260	2,300	1,063
Professional fees	147	59	598	241
Bank charges	68	35	277	143
Other expenses	127	189	517	772
	1,639	1,224	6,673	5,002
	59,517	33,797	242,294	138,127

22. Finance cost

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil (Note 4.2)	KHR'mil (Note 4.2)
Interest expense for:				
Term loans	5,493	6,148	22,362	25,127
Bank overdrafts	187	223	761	911
Revolving credit	135	153	550	625
Charged by intercompany	413	79	1,681	323
Lease liabilities	15	9	61	37
	6,243	6,612	25,415	27,023

23. Income tax expense

Cambodia

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

Besides the ToI, taxpayers in Cambodia are subject to a separate minimum tax. The minimum tax is an annual tax with a liability equal to 1% of annual turnover inclusive of all taxes except value-added tax, and is due irrespective of the taxpayer's profit or loss position. The Company pays the higher of ToI or minimum tax.

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

Myanmar

In accordance with the Income Tax Law of the Republic of the Union of Myanmar, the direct and indirect subsidiaries have the obligation to pay corporate income tax at the rate of 25% of taxable income. The subsidiaries are not subject to corporate income tax for the years ended 30 June 2020 and 2021 as they have not yet started their commercial operations.

Income tax expense for the years ended 30 June 2021 and 2020 consists of:

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Current tax	685	1,586	2,789	6,482
Deferred tax	324	453	1,319	1,851
Estimated income tax expense	1,009	2,039	4,108	8,333

23.1 Reconciliation between profit before income tax and taxable income

A reconciliation between accounting profit before income tax and taxable income for the years ended 30 June 2021 and 30 June 2020 follows:

	Group			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Accounting profit before tax	2,478	9,243	10,088	37,776
Add:				
Non-deductible expenses	947	(1,313)	3,855	(5,366)
Taxable profit	3,425	7,930	13,943	32,410
Income tax expense at the applicable tax of rate 20% (A)	685	1,586	2,789	6,482
Minimum tax (B)	672	496	2,736	2,030
Estimated income tax expense (higher of A or B)	685	1,586	2,789	6,482

23. Income tax expense (continued)

23.1 Reconciliation between profit before income tax and taxable income (continued)

	Company			
	For the year ended		For the year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil (Note 4.2)	KHR'mil (Note 4.2)
Accounting profit before tax	2,568	9,273	10,454	37,901
Add:				
Non-deductible expenses	857	(1,343)	3,489	(5,489)
Taxable profit	3,425	7,930	13,943	32,412
Income tax expense at the applicable tax of rate 20% (A)	685	1,586	2,789	6,482
Minimum tax (B)	672	496	2,736	2,030
Estimated income tax expense (higher of A or B)	685	1,586	2,789	6,482

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 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 changes.

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.

24. Deferred tax liability

	Group and Company			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil (Note 4.2)	KHR'mil (Note 4.2)
Property, plant and equipment				
Beginning balance	453	-	1,854	-
Recognised in profit or loss	324	453	1,319	1,851
Translation difference	-	-	(7)	3
Ending balance	777	453	3,166	1,854

25. Reconciliation of liabilities arising from financing activities

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

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

25. Reconciliation of liabilities arising from financing activities (continued)

	1 July 2019	Non-cash flow		Cash flows		30 June 2020	
		Additions	Reversal	Proceeds	Repayments		
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	KHR'mil (Note 4.2)
Term loans	95,407	-	-	13,926	(751)	108,582	444,426
Revolving credit	1,499	-	-	11,672	(11,539)	1,632	6,680
Lease liabilities	162	9	-	-	(76)	95	389
	97,068	9	-	25,598	(12,366)	110,309	451,495

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26. Related party balances and transactions

The following balances are outstanding with related parties:

Related party	Relationship	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Group and Company					
Amounts due from related parties					
Diamond Power Limited	Fellow subsidiary	2	32	8	131
PESTECH Power Sdn Bhd	Fellow subsidiary	-	2,300	-	9,414
		2	2,332	8	9,545
Amounts due to related parties					
PESTECH Sdn Bhd	Fellow subsidiary	16,308	4,729	66,455	19,356
Enersol Co., Ltd	Fellow subsidiary	34,828	27,991	141,924	114,567
PESTECH Energy Sdn Bhd	Fellow subsidiary	-	862	-	3,528
ODM Power Line Co Ltd	Fellow subsidiary	27,006	-	110,049	-
PESTECH Transmission Sdn Bhd	Fellow subsidiary	3,500	3,085	14,263	12,627
Green Sustainable Ventures Cambodia Co., Ltd	Fellow subsidiary	9,026	-	36,781	-
		90,668	36,667	369,472	150,078
Amount due to holding company					
PESTECH International Berhad	Holding company	27,054	62,892	110,245	257,417
Company					
Amount due from a subsidiary					
PESTECH (Myanmar) Limited	Subsidiary	79	38	322	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 which bear interest at the rate of 4.5% and 5% per annum, respectively.

26. Related party balances and transactions (continued)

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

Group and Company

Related party	Relationship	Transactions	For the year ended 30 June 2021 USD'000	For the year ended 30 June 2020 USD'000	For the year ended 30 June 2021 KHR'mil (Note 4.2)	For the year ended 30 June 2020 KHR'mil (Note 4.2)
Diamond Power Limited	Fellow subsidiary	Operation and maintenance service	1,289	1,245	5,248	5,090
PESTECH Sdn Bhd	Fellow subsidiary	Contract cost	20,193	7,255	82,206	29,651
		Interest charges	42	34	171	139
Enersol Co., Ltd	Fellow subsidiary	Contract cost (reversed)/incurred	(83)	12,635	(338)	51,639
PESTECH Transmission Sdn Bhd	Fellow subsidiary	Contract cost	726	2,645	2,956	10,810
		Project management fee	142	-	578	-
ODM Power Line Co Ltd	Fellow subsidiary	Progress billing	10,000	-	40,710	-
PESTECH International Berhad	Holding company	Management fee	565	260	2,300	1,063
		Interest charges	371	44	1,510	180
Green Sustainable Ventures Cambodia Co., Ltd	Fellow subsidiary	Progress billing	2,592	-	10,552	-

27. Transactions with key management personnel

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

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Salaries and bonus	394	353	1,604	1,443

28. Fair value of financial instruments

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

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

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

	Group and Company			
	30 June 2021		30 June 2020	
Financial liabilities	Carrying amount USD'000	Level 2 USD'000	Carrying amount USD'000	Level 2 USD'000
Derivative financial instruments	4,321	4,321	5,867	5,867

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

29. Categories of financial instruments

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

	Group			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil	KHR'mil
Financial assets			(Note 4.2)	(Note 4.2)
At amortised cost				
Cash and bank balances	17,167	5,524	69,956	22,610
Trade and other receivables	3,221	1,452	13,127	5,943
Amounts due from related parties	2	2,332	8	9,545
	20,390	9,308	83,091	38,098

	Company			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil	KHR'mil
Financial assets			(Note 4.2)	(Note 4.2)
At amortised cost				
Cash and bank balances	17,154	5,500	69,903	22,512
Trade and other receivables	3,215	1,437	13,101	5,882
Amount due from a subsidiary	79	38	322	156
Amounts due from related parties	2	2,332	8	9,545
	20,450	9,307	83,334	38,095

	Group			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil	KHR'mil
Financial liabilities			(Note 4.2)	(Note 4.2)
At amortised cost				
Trade and other payables	33,271	10,796	135,580	44,188
Amount due to holding company	27,054	62,892	110,245	257,417
Amounts due to related parties	90,668	36,667	369,472	150,078
Borrowings	105,119	112,691	428,360	461,244
Derivatives used for hedging				
Derivative financial instruments	4,321	5,867	17,608	24,014
	260,433	228,913	1,061,265	936,941

	Company			
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	KHR'mil	KHR'mil
Financial liabilities			(Note 4.2)	(Note 4.2)
At amortised cost				
Trade and other payables	33,257	10,796	135,523	44,188
Amount due to holding company	27,054	62,892	110,245	257,417
Amounts due to related parties	90,668	36,667	369,472	150,078
Borrowings	105,119	112,691	428,360	461,244
Derivatives used for hedging				
Derivative financial instruments	4,321	5,867	17,608	24,014
	260,419	228,913	1,061,208	936,941

30. Earnings per share

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

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Profit attributable to the owners of the Company	1,388	7,207	5,650	29,455
Weighted average number of shares	74,480,247	71,000,000	74,480,247	71,000,000
Basic earnings per share (cent/riel)	1.86	10.15	75.86	414.86
Diluted earnings per share (cent/riel)	1.86	10.15	75.86	414.86

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

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

31. Risk management objectives and policies

Financial risk

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

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

(a) Credit risk

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

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

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

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

Receivables and contract assets

The net carrying amount of receivables is considered a reasonable approximation of fair value.

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

The customers have been rated as "AAA" as the Company did not incur any losses from this customer in the past hence a 0% default rate is used. As such, the ECL is nil as at 30 June 2021.

31. Risk management objectives and policies (continued)

Financial risk (continued)

(a) Credit risk (continued)

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable local banks.

Financial instruments used in hedging activities

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

(b) Liquidity risk

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

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

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

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

Analysis of financial instruments by contractual maturities

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

Group

30 June 2021	On demand or within 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total contractual cash flows USD'000	Total contractual cash flows KHR'mil (Note 4.2)
Trade and other payables	33,271	-	-	33,271	135,580
Amount due to holding company	27,054	-	-	27,054	110,245
Amounts due to related parties	90,668	-	-	90,668	369,472
Lease liabilities	14	148	-	162	661
Borrowings	18,507	101,595	-	120,102	489,416
	169,514	101,743	-	271,257	1,105,374

30 June 2020	On demand or within 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total contractual cash flows USD'000	Total contractual cash flows KHR'mil (Note 4.2)
Trade and other payables	10,796	-	-	10,796	44,188
Amount due to holding company	62,892	-	-	62,892	257,417
Amounts due to related parties	36,667	-	-	36,667	150,078
Lease liabilities	72	23	-	95	389
Borrowings	19,135	94,403	27,099	140,637	575,627
	129,562	94,426	27,099	251,087	1,027,699

31. Risk management objectives and policies (continued)

Financial risk (continued)

(b) Liquidity risk (continued)

Company

30 June 2021	On demand or within 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total contractual cash flows USD'000	Total contractual cash flows KHR'mil (Note 4.2)
Trade and other payables	33,257	-	-	33,257	135,523
Amount due to holding company	27,054	-	-	27,054	110,245
Amounts due to related parties	90,668	-	-	90,668	369,472
Lease liabilities	14	148	-	162	661
Borrowings	18,507	101,595	-	120,102	489,416
	169,500	101,743	-	271,243	1,105,317

30 June 2020	On demand or within 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total contractual cash flows USD'000	Total contractual cash flows KHR'mil (Note 4.2)
Trade and other payables	10,796	-	-	10,796	44,188
Amount due to holding company	62,892	-	-	62,892	257,417
Amounts due to related parties	36,667	-	-	36,667	150,078
Lease liabilities	72	23	-	95	389
Borrowings	19,135	94,403	27,099	140,637	575,627
	129,562	94,426	27,099	251,087	1,027,699

(c) Interest rate risk

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

Interest rate sensitivity analysis

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

	Group and Company			
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Floating rate instrument				
Financial liabilities				
Borrowings	57,869	62,691	235,816	256,594
Net financial liabilities	57,869	62,691	235,816	256,594

31. Risk management objectives and policies (continued)

Financial risk (continued)

(c) Interest rate risk (continued)

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

	Group and Company profit for the year			
	+0.25%		-0.25%	
	USD'000	KHR'mil (Note 4.2)	USD'000	KHR'mil (Note 4.2)
For the year ended 30 June 2021	(145)	(591)	145	591
For the year ended 30 June 2020	(157)	(642)	157	642

(d) Foreign currency risk

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

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

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

Denominated in RM	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
Amounts due to related parties	-	41	-	168

Foreign currency sensitivity analysis:

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

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	30 June 2020 KHR'mil (Note 4.2)
RM/USD				
Strengthened	-	(2)	-	(8)
Weakened	-	2	-	8

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 18c.3. As at 30 June 2021, the amount yet to be paid amounted to USD2,761,733 (30 June 2020: USD4,216,762).

In addition, the Company has committed to purchase a 7-year political risk insurance for the construction of the 230kV and 500kV double circuit transmission line from Phnom Penh to Sihanouk Ville for a total amount of USD3,222,125 to secure the borrowing facility as disclosed in note 18c.3. As at 30 June 2021, the amount yet to be paid amounted to USD2,320,005 (30 June 2020: Nil).

33. Contingencies

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 year 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 year 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 services amounting to USD267,956 (KHR1,088,704,839) for year 2010 comprehensive tax audit.

In response, the Company has filed protest letters to the GDT to contest these misinterpreted reassessments. Management considers these reassessment letters to be of no basis and unjustified and the probability that they will be required to settle the reassessed taxes to be remote. In addition, since the Company was successfully listed in the Cambodia Securities Exchange, the Company will receive tax incentives which includes the right to waive the reassessed taxes mentioned above in accordance with the Sub-decree on Tax Incentives in Securities Sector. On 26 August 2021, the Company has obtained a letter No. 14331 issued by the GDT to waive any tax liability during the period from 2010 to 2017.

34. Capital management

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

The Group and the Company manage their capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividends payable to shareholder, return capital to shareholder or issue new capital. No changes were made in the objectives, policies or processes for the years ended 30 June 2021 and 2020.

35. Events after reporting period

Except for the ongoing impact of Covid-19 to the Company as disclosed in note 1 to the financial statements, no other significant events occurred after the end of the reporting period and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

36. Authorisation of the financial statements

The Group and the Company's financial statements as at 30 June 2021 and for the year then ended were approved for issue by the Board of Directors on 23 September 2021.