

# PESTECH

**PESTECH (CAMBODIA) PLC**

**Quarterly Report**

**For the 4<sup>th</sup> Quarter of the Financial Year  
Ending 30 June 2023**

## Financial Highlights

Financial Position		Q4 FY2023 KHR'mil	FY2022 KHR'mil	FY2021 KHR'mil
Total Assets		1,199,486	1,202,282	1,166,882
Total Liabilities		1,108,078	1,092,266	1,072,985
Total Shareholders' Equity		91,408	110,016	93,897
Profit/(Loss)		Q4 FY2023 KHR'mil	Q4 FY2022 KHR'mil	Q4 FY2021 KHR'mil
Total Revenue		8,463	28,764	110,668
(Loss)/Profit before Tax		(10,794)	(3,033)	8,207
Operating (Loss)/Profit		(653)	2,499	10,909
(Loss)/Profit after Tax		(10,336)	(3,574)	6,712
Total Comprehensive (Loss)/Income		(7,504)	183	6,258
Financial Ratios		Q4 FY2023	FY2022	FY2021
Solvency ratio		(2.46)%	1.68%	2.40%
Solvency ratio (General borrowings) *		(25.13)%	15.95%	49.93%
Liquidity ratio	Current ratio	0.77	0.93	0.90
	Quick ratio	0.75	0.92	0.88
		Q4 FY2023	Q4 FY2022	Q4 FY2021
Profitability ratio	Return on assets	(0.86)%	(0.30)%	0.58%
	Return on equity	(11.31)%	(3.25)%	7.15%
	Gross profit margin	49.40%	24.33%	13.14%
	Profit margin	(122.13)%	(12.43)%	6.06%
	Earnings per share (for equity listed entity) (Riel)	(137.91)	(47.69)	85.31
Interest Coverage ratio		(0.05)	0.30	1.91

\*Borrowing for normal course of business excluding term loans which has been ring fenced by the proceeds of the deferred payment projects with direct payment agreement with Electricite du Cambodge ("EDC"). Borrowing for normal course of business was KHR36,790 million (FY2022: KHR43,879 million) and term loans which has been ring fenced by the proceeds of the deferred payment projects were KHR338,928 million as of 30 June 2023 (FY2022: KHR372,692 million).

# Board of Directors



# PESTECH

## Message from Chairman

Dear Shareholders

The Group hereby present the financial results for quarter four (4) ("Q4" or "Quarter") of the financial year ("FY") 2023. Regretfully, we were still under the negative impact arising from various external factors that brought about deficit in the reported result for the final quarter of FY 2023.

Persistent state of high borrowing cost and level of inflation had inflicted significant pressure onto the Group, putting limitation on our cashflow manoeuvrability and indirectly impacted the efficiency of business delivery.

Total Revenue was recorded at KHR8.463 billion during the Quarter as compared to KHR28.764 billion for the same quarter under review in FY 2022. It is inevitable that revenue generation will continue to remain subdued until our cashflow position improves.

Operating Loss of KHR653 million was registered during Q4 as compared to KHR2.499 billion of Operating Profit during Q4 2022. The lower turnover volume unfortunately, was unable to sustain the operating cost, particularly the fixed cost element during this final quarter of the FY 2023. In that respect, Loss After Tax ("LAT") also widened to KHR10.336 billion versus LAT of KHR3.574 billion for the comparative quarter in FY 2022. We are only able to expect a more positive bottom line when the interest rate environment becomes more suppressed, and inflation impact eases.

Despite the gloomy overcast, management of the Group strived for a turnaround plan, along with the management of its parent company, PESTECH International Berhad ("PIB"), and hoped to be able to deliver positive financial results in the next FY. We are positive that with the recent proposed Restricted Issue announced at PIB level, the entire PESTECH Group including PCL will be able to receive the benefit of eventual collaborative support from a conglomerate in the infrastructure industry to boost our financial and business prospects.

As we move into a new FY, the Group intends to realign its sustenance plan to regain confidence from its customers, and financial institutions for a refreshed opportunity on procurement of new projects, and the rendering of support for the necessary financing in order to enable the execution of projects efficiently, and effectively. In line with that, we reiterate on the commitment of the Group in maintaining our position as an active participant in the development of power infrastructure projects in Cambodia.

Once again, we express our highest appreciation to our shareholders, customers, suppliers, and Cambodian PESTION team for the unrelentless support that help propel the Company forward through thick and thin.



Paul Lim Ray Chan  
Executive Chairman

Date : 14 August 2023

# PESTECH

## Message from Chief Executive Officer

Greetings dear Shareholders,

FY 2023 proved to be a challenging year for the Group weighed down by slow pace in the building of revenue and heightened operation costs. Q4 had not been spared from such impacts that lingered throughout the FY.

The financial results might not have correctly reflected the amount of effort put in by the operational team in pulling through the Quarter, dedicating due diligence in cost control and vigilant resource allocation, in order to sustain an uninterrupted operation for the Group.

As a result of financial limitation due to increased cost of borrowing, project execution had decelerated significantly, particularly during Q4. Nonetheless, with outstanding project orders in hand, along with latest proposed corporate development at PCL's parent company level, the management has started to engage with relevant financial institutions and project partners to put into motion, the continuous execution of existing projects, and also the pursue for potential new project.

The management hopes to entrust on the Group's ample track record in power transmission infrastructure build up, supported by its well-equipped machinery, and abundance of experience in photovoltaic infrastructure design, engineering, and implementation, to offer comprehensive turnkey project execution and long term operation and maintenance services to the growing renewable market in Cambodia. We will work closely with technology partners in providing reliable and cost effective solution for renewable energy with storage prospects, to ensure sustainable and uninterrupted supply of green energy for Cambodian community, with minimal disruption to the national power grid system.

To our shareholders, we maintain cautiously optimistic on the future performance of PCL. We shall stand by our commitment stated in our prior quarter statement to continuously focusing on reasonably quick turnover projects, with minimal capital expenditure requirements. This will help in generating positive cashflow to propel the Group forward assertively.

Last but not least, we sincerely express our gratitude towards our shareholders, customers, suppliers, and fellow PESTIONS for the confidence and support in the path of our development.

Thank you.



Date : 14 August 2023

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Signature of Directors of the listed entity

## PART 1 - GENERAL INFORMATION OF THE LISTED ENTITY

### A. Identity of the Listed Entity

Name of the listed entity in Khmer : **ផេសតិក (ខេមបូឌា) ម.ក**

In Latin : **PESTECH (Cambodia) PLC.**

Standard code : **PEPC**

Address : **10<sup>th</sup> Floor, Building No. 35, Mao Tse Toung Boulevard, Phum 09, Sangkat Boeung Keng Kang I, Khan Boeung Keng Kang, Phnom Penh, Kingdom of Cambodia.**

Phone number : **+855 23 882 105**

Fax : **+855 23 882 106**

Website : [www.pestech.com.kh](http://www.pestech.com.kh)

Email: **info@pestech.com.kh**

Company registration number : **00000957**

Date : **5 February 2010**

License number : **326 Brk.DnS/ASN**

Issued by: **MLMUPC** Date: **20 December 2018**

Disclosure document registration number by SECC : **១៧១/២០ គ.ម.ក / ស.ស.វ. (171/20 SECC/SSR)**

SECC Date : **២២ កក្កដា ២០២០ (22 July 2020)**

Representative of the listed entity : **Paul Lim Pay Chuan**

### B. Nature of Business

PCL is principally engaged in the provision of comprehensive power system engineering and technical solutions for the:

- design, procurement, construction, installation and commissioning of HV and EHV substations, HV and EHV transmission lines as well as underground power cable systems for electricity transmission and distribution;
- operation and maintenance of electric transmission line and substation; and
- trading of proprietary and non-proprietary power system components and equipment.

## C. Quarter's Key Events

### 1. Extraordinary General Meeting of Shareholders

On May 23, 2023, PEPC conducted the Extraordinary General Meeting of Shareholders (“EGM”) in Sun & Moon Riverside Hotel. The total shareholders and proxies presented at the meeting with the total shares added up to 71,177,458 shares. The shareholders voted and approved on the decision not to distribute dividend for the financial year ended 30 June 2022. Below are some pictures of the shareholders and activities during the EGM.



### 2. 2023 Free Medical Camp

On June 9, 2023, PEPC along with H.E. Keo Rattanak's medical volunteers and 30 medical volunteers from Malaysia organized a free medical consultation to the people in Krakor and Kandieng District of Pursat Province. The 2-day free medical camp received over 2,000 visiting patients from both districts. Below are some pictures of our staff and medical volunteers during the medical camp.



# PESTECH



## PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

### A. Business Operation Performance including business segment

In the current quarter under review, operation and maintenance (“O&M”) activities has become the main contributor to the revenue amounting to KHR4,281 million (Q4 FY2022: 4,231 million), which is 50.6% (FY2022: 14.7%) of the total revenue. The increase in the revenue contribution by O&M activities is mainly arising from one-off sales of O&M materials during the quarter after the termination of O&M Kratie contract. The increase in the revenue contribution by O&M activities is further supported by higher revenue being recognized in the current quarter compared to preceding year corresponding quarter as a result of change of contract value of O&M Sihanoukville project.

The undertaking of engineering, procurement, construction and commissioning (“EPCC”) contract for electrical transmission and substation recorded a revenue of KHR4,182 million (Q4 FY2022: KHR24,533 million) in the quarter under review, which is 49.4% (FY2022: 85.3%) of the total revenue.

During the quarter, the Group recognised finance income amounting to KHR2,451 million (Q4 FY2022: KHR2,695 million) for certain contracts with customer in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) 15. The finance income form part of total income of the Group.

### B. Revenue Structure

No	Source of Revenue	Q4 FY2023		Q4 FY2022		Q4 FY2021	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	EPCC contract for electrical transmission and substation	4,182	49.4	24,533	85.3	107,478	97.1
2	Operation and Maintenance	4,281	50.6	4,231	14.7	3,190	2.9
<b>Total revenue</b>		<b>8,463</b>	<b>100.0</b>	<b>28,764</b>	<b>100.0</b>	<b>110,668</b>	<b>100.0</b>

No	Source of Contract Income	Q4 FY2023		Q4 FY2022		Q4 FY2021	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	Revenue	8,463	77.5	28,764	91.4	110,668	97.4
2	Finance income for contract assets	2,451	22.5	2,695	8.6	2,970	2.6
<b>Total contract income</b>		<b>10,914</b>	<b>100.0</b>	<b>31,459</b>	<b>100.0</b>	<b>113,638</b>	<b>100.0</b>

## **PART 3 – Financial Statements Reviewed by the External Auditors**

Please refer to the Financial Statements reviewed by the External Auditors, as attached.

## PART 4 - MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

### A. Overview of operations

#### 1. Revenue analysis

The revenue for the 3-month financial period ended 30 June 2023 was recorded at KHR8,463 million, representing a decrease of KHR20,301 million or 70.6% as compared to preceding year corresponding quarter that was recorded at KHR28,764 million. The changes in revenue reflected the execution progress of various projects in Cambodia. Lower revenue in the current quarter under review was mainly due to the completion of East Siem Reap project in March 2023 and lower project progress being recognised by Laos Border and Tatay projects as compared to preceding year corresponding quarter.

#### 2. Revenue by segment analysis

In the current quarter under review, operation and maintenance ("O&M") activities has become the main contributor to the revenue amounting to KHR4,281 million (Q4 FY2022: 4,231 million), which is 50.6% (FY2022: 14.7%) of the total revenue. The increase in the revenue contribution by O&M activities is mainly arising from one-off sales of O&M materials during the quarter after the termination of O&M Kratie contract. The increase in the revenue contribution by O&M activities is further supported by higher revenue being recognized in the current quarter compared to preceding year corresponding quarter as a result of change of contract value of O&M Sihanoukville project.

The undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation recorded a revenue of KHR4,182 million (Q4 FY2022: KHR24,533 million) in the quarter under review, which is 49.4% (FY2022: 85.3%) of the total revenue.

#### 3. Gross profit ("GP") margin analysis

GP margin in the current quarter under review was 49.4% as compared to 24.3% in the preceding year corresponding quarter, representing an increase of 25.1%. Higher GP margin in the current quarter under review is mainly due to the main contribution of the revenue has changed from EPCC to O&M in which O&M usually have higher GP margin compared to EPCC. Nevertheless, the GP margin is within the expectation of the Group.

#### 4. Loss before tax analysis

Loss before tax in the current quarter under review was recorded at KHR10,794 million, as compared to loss before tax of KHR3,033 million in the preceding year corresponding quarter, representing a decrease of KHR7,761 million or 255.9%. It was mainly attributable to lower revenue recognised in the current quarter under review compared to preceding year corresponding quarter and higher finance cost due to hike of interest rate.

## A. Overview of operations (continue)

### 5. Loss after tax analysis

The loss after tax for the current quarter under review was KHR10,336 million as compared to loss after tax of KHR3,574 million in the preceding year corresponding quarter, representing a decrease of KHR6,762 million or 189.2%.

## B. Significant factors affecting profit

During the period under review, there was no significant factors affecting operating profit of the Group.

## C. Material changes in sales and revenue

The revenue for the 3-month financial period ended 30 June 2023 was recorded at KHR8,463 million, representing a decrease of KHR20,301 million or 70.6% as compared to preceding year corresponding quarter that was recorded at KHR28,764 million. The changes in revenue reflected the execution progress of various projects in Cambodia. Lower revenue in the current quarter under review was mainly due to the completion of East Siem Reap project in March 2023 and lower project progress being recognised by Laos Border and Tatay projects as compared to preceding year corresponding quarter.

## D. Impact of foreign exchange, interest rates and commodity prices

The recent increase in LIBOR rate has increased the finance cost of the Group. Despite the increase in LIBOR rate, the Group has entered into interest rate swaps contract to hedge the Group's exposure to interest rate risks on its term loan borrowings that allows the Group to raise borrowings at floating rates and swap into fixed rates. Other than the aforesaid, there was no material impact due to foreign exchange and fluctuations of commodity prices.

## E. Impact of inflation

Our overheads were subject to the impact of inflation, which is about 70% of our revenue. However, the inflation in Cambodia of 1.9% (as of 30 June 2023, source: *Cambodia's first quarter inflation rate falls to 1,9%*), only posed about 1.34% impact to our profit. All other operating expenses were fixed cost items for the whole duration of the contract. Other than the aforesaid, there was no other material impact due to inflation.

## F. Economic / fiscal / monetary policy of Royal Government

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

**PART 5 - OTHER NECESSARY INFORMATION FOR INVESTORS PROTECTION (IF ANY)**

There was no other necessary information for investors protection to be disclosed.

# PESTECH

**Signature of Directors of the Listed Entity**  
(shall be signed by Chairman or at least 2 directors)

Date: 14 August 2023

Read and Approved by:



The image shows a blue circular stamp with Khmer text at the top and "PESTECH (CAMBODIA) PLC" and "KINGDOM OF CAMBODIA" at the bottom. A handwritten signature in blue ink is written over the stamp.

Signature

Name : Paul Lim Pay Chuan

Position : Executive Chairman