



PESTECH (CAMBODIA) PLC

Quarterly Report

**For the 1st Quarter of the Financial Year
Ending 30 June 2024**

Financial Highlights

Financial Position		Q1 FY2024 KHR'mil	FY2023 KHR'mil	FY2022 KHR'mil
Total Assets		1,163,115	1,199,486	1,202,282
Total Liabilities		1,083,103	1,108,078	1,092,266
Total Shareholders' Equity		80,012	91,408	110,016
(Loss)/Profit		Q1 FY2024 KHR'mil	Q1 FY2023 KHR'mil	Q1 FY2022 KHR'mil
Total Revenue		8,609	32,756	74,157
(Loss)/Profit before Tax		(11,963)	(4,867)	5,487
Operating (Loss)/Profit		(1,612)	2,459	7,848
(Loss)/Profit after Tax		(12,206)	(5,332)	4,468
Total Comprehensive (Loss)/Income		(11,259)	338	6,311
Financial Ratios		Q1 FY2024	FY2023	FY2022
Solvency ratio		(3.08)%	(5.00)%	1.68%
Solvency ratio (General borrowings) *		(31.73)%	(51.03)%	15.95%
Liquidity ratio	Current ratio	1.43	1.16	0.93
	Quick ratio	1.40	1.13	0.92
		Q1 FY2024	Q1 FY2023	Q1 FY2022
Profitability ratio	Return on assets	(1.05)%	(0.43)%	0.37%
	Return on equity	(15.26)%	(4.83)%	4.06%
	Gross profit margin	26.36%	19.98%	14.79%
	(Loss)/Profit margin	(141.78)%	(16.28)%	6.03%
	(Loss)/Earnings per share (for equity listed entity) (Riel)	(162.87)	(71.15)	59.62
Interest Coverage ratio		(0.12)	0.24	1.46

*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 KHR35,073 million (FY2023: KHR36,790 million) and term loans which has been ring fenced by the proceeds of the deferred payment projects were KHR326,315 million as of 30 September 2023 (FY2023: KHR338,928 million).

Board of Directors

IR. PAUL LIM PAY CHUAN
Executive Chairman

LIM AH HOCK
Executive Director



HAN FATT JUAN
Executive Director/
Chief Executive Officer



DAV ANSAN
Independent
Non-Executive Director





Message from Chairman

Dear Shareholders,

The Group hereby present to you the financial results for quarter one (1) ("Q1" or "Quarter") of the financial year ("FY") 2024. We remained under the unfortunate and challenging operational environment, which brought about deficit reported results for this 1st Quarter.

Cost of borrowing continued northbound, triggering a stressful cashflow position for the Company in servicing its loan obligation. The sustained high interest rate condition drained a significant part of our cashflow that was supposed to be channelled towards project execution.

As a result, business turnover slowed discernibly in Q1, which posted an arduous circumstances for the Company to operate profitably. This unpreferred situation was anticipated since previous quarter and the challenge in generating revenue was also forewarned should adverse cashflow position endured.

The Group's Operating Loss widened to KHR1,612 million, and registered a Loss after Tax of KHR12,206 million as there was insufficient income available to sustain the cost of operation of the Group. Should the situation persists, it may be appropriate for a scrutinization of the overall operating costs to ascertain the necessity of rationalizing expenses to a level that is more palatable to our current status of operation.

As we presented this report for Q1, the ongoing Proposed Restricted Issue at the PESTECH International Berhad ("PIB") level, had on 27 October 2023, received the approval from its shareholders at an Extraordinary General Meeting, bringing the entire PESTECH Group a step closer towards the closure of the Proposed Restricted Issue exercise. We are hopeful that the completion of this corporate exercise will bring about close collaborative support from our substantial shareholder, along with the capital injection that we require in easing the cashflow strap, which will definitely help in driving higher business income.

We are also in exploratory discussion with identified conglomerate for joint effort in project execution, in consideration of our current tight cashflow situation. The joint working arrangement will enable us to ensure a successful completion of projects in hand without incurring additional funding cost. We would like to conclude this arrangement by end of December 2023, such that the Group will be able to focus more on projects that are able to generate progressive and positive cashflow going forward.

We are positive that, with our perseverance and tenacity, the Group will be able to weather through this uncomplimentary situation. We are truly indebted towards our supportive shareholders, customers, suppliers, and our resilient Cambodian PESTION team for the unrelentless support that help propel the Company forward through thick and thin.

Thank you.



Paul Lim Pay Chuan
Executive Chairman

Date : 10 November 2023

Message from Chief Executive Officer

Greetings dear Shareholders,

The operation of the Group had been greatly impaired by its cashflow liquidity position. The undertaking of engineering, procurement, construction and commissioning ("EPCC") work, which was the main contributor to the revenue for the quarter under review, had become much intricate due to difficulties in funding arrangement.

The diminished level of EPCC turnover coupled with lowered revenue from the Operation and Maintenance ("O&M") segment of business, as a result of the termination of O&M contract for Diamond Power Limited in line with the asset transfer exercise, proved detrimental to the Group. We will need to enhance the business turnover potential effectively in order to alleviate the negative operating cashflow position and to ensure self-sustenance going forward.

Stringent cost control and vigilant resource allocation are amongst the essential actions need to be taken in this difficult time.

Financially, we may be required to look in-depth into the overall financial position of the Group, strategizing more palatable financing terms with existing funders, which may include possible refinancing arrangement, so as to align our capacity towards continuous honouring our commitment on the outstanding debts maintained with the financial institutions.

The management foresees bright prospects in the power infrastructure industry in Cambodia, particularly in the power transmission and distribution segment. Thus, it is empirical that the Group resolve its current predicament in an expeditious manner, restore its financial coffer, and prepare itself to embrace the next wave of growth in the industry.

We remain cautiously optimistic on the future performance of PCL, with much emphasis being placed on undertaking cashflow positive projects going forward, while dedicating our resources to ascertain completion of all our outstanding projects in hand.

Without any doubt, we indebted towards our ever supportive shareholders, customers, suppliers, and fellow PESTIONS for the confidence and support in the path of our journey to turnaround the Group.

Thank you.



Han Fatt Juan
Chief Executive Officer

Date : 10 November 2023

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PART 1 - GENERAL INFORMATION OF THE LISTED ENTITY

A. Identity of the Listed Entity

Name of the listed entity in Khmer : **ផេស្ទិក (ខេមបូឌា) ប.ក**

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

Standard code : **PEPC**

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

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

Fax : **+855 23 882 106**

Website : www.pestech.com.kh

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

Company registration number : **00000957**

Date : **5 February 2010**

License number : **085 Brk.DnS/ASN**

Issued by: **MLMUPC** Date: **21 March 2021**

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

There was no key event during the quarter under review.

PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

A. Business Operation Performance including business segment

In the current quarter under review, the undertaking of engineering, procurement, construction and commissioning (“EPCC”) contract for electrical transmission and substation has become the main contributor to the revenue for the quarter under review amounting to KHR6,677 million (Q1 FY2023: KHR29,369 million), which is 77.6% (Q1 FY2023: 89.7%) of the total revenue.

Supplementing to our EPCC services, the operation and maintenance (“O&M”) activities, recorded a revenue of KHR1,932 million, which is 22.4% of the total revenue (Q1 FY2023: KHR3,387 million or 10.3%). The decrease is mainly due to termination of O&M Kratie contract since March 2023.

During the quarter, the Group recognised finance income amounting to KHR2,565 million (Q1 FY2023: KHR2,728 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	Q1 FY2024		Q1 FY2023		Q1 FY2022	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	EPCC contract for electrical transmission and substation	6,677	77.6	29,369	89.7	70,956	95.7
2	Operation and Maintenance	1,932	22.4	3,387	10.3	3,201	4.3
Total revenue		8,609	100.0	32,756	100.0	74,157	100.0

No	Source of Contract Income	Q1 FY2024		Q1 FY2023		Q1 FY2022	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	Revenue	8,609	77.0	32,756	92.3	74,157	96.1
2	Finance income for contract assets	2,565	23.0	2,728	7.7	2,984	3.9
Total contract income		11,174	100.0	35,484	100.0	77,141	100.0

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 September 2023 was recorded at KHR8,609 million, representing a decrease of KHR24,147 million or 73.7% as compared to preceding year corresponding quarter that was recorded at KHR32,756 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 Jica projects as compared to preceding year corresponding quarter.

2. Revenue by segment analysis

In the current quarter under review, the undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation has become the main contributor to the revenue for the quarter under review amounting to KHR6,677 million (Q1 FY2023: KHR29,369 million), which is 77.6% (Q1 FY2023: 89.7%) of the total revenue.

Supplementing to our EPCC services, the operation and maintenance ("O&M") activities, recorded a revenue of KHR1,932 million, which is 22.4% of the total revenue (Q1 FY2023: KHR3,387 million or 10.3%). The decrease is mainly due to termination of O&M Kratie contract since March 2023.

3. Gross profit ("GP") margin analysis

GP margin in the current quarter under review was 26.4% as compared to 20.0% in the preceding year corresponding quarter, representing an increase of 6.4%. Higher GP margin in the current quarter under review is mainly derived from O&M services. Overall, the GP margin for current period was within the Group's expectation.

4. Loss before tax analysis

Loss before tax in the current quarter under review was recorded at KHR11,963 million, as compared to loss before tax of KHR4,867 million in the preceding year corresponding quarter, representing an increase of KHR7,096 million or 145.8%. 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.

5. Loss after tax analysis

The loss after tax for the current quarter under review was KHR12,206 million as compared to loss after tax of KHR5,332 million in the preceding year corresponding quarter, representing an increase of KHR6,874 million or 128.9%.

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 September 2023 was recorded at KHR8,609 million, representing a decrease of KHR24,147 million or 73.7% as compared to preceding year corresponding quarter that was recorded at KHR32,756 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 Jica projects as compared to preceding year corresponding quarter.

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

The recent increase in SOFR rate has increased the finance cost of the Group. Despite the increase in SOFR 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 54% of our revenue. However, the inflation in Cambodia of 3.0% (as of 20 September 2023, source: *ADB Adjusts 2023 Growth Forecast for Cambodia, Maintains 2024 Outlook*), only posed about 1.62% 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 quarter under review.

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: 10 November 2023

Read and Approved by:



The image shows a blue circular corporate seal for PESTECH (CAMBODIA) PLC. The seal contains the text "ព្រះរាជាណាចក្រកម្ពុជា" (Kingdom of Cambodia) at the top, "ក្រុមហ៊ុន (ខេមបូឌា) ប.ក" (Company (Cambodia) Co., Ltd.) in the middle, and "PESTECH (CAMBODIA) PLC" at the bottom. A handwritten signature in blue ink is written over the seal.

Signature

Name : Paul Lim Pay Chuan

Position : Executive Chairman