



PESTECH (CAMBODIA) PLC

Quarterly Report

**For the First Quarter of the Financial Year
Ending 30 June 2021**

Financial Highlights

| Financial Position | | Q1 FY2021 KHR'mil | FY2020 KHR'mil |
|--|---|-------------------------|-------------------------|
| Total Assets | | 1,060,897 | 1,016,112 |
| Total Liabilities | | 979,609 | 946,155 |
| Total Shareholders' Equity | | 81,288 | 69,957 |
| Profit/ (Loss) | | Q1 FY2021 KHR'mil | Q1 FY2020 KHR'mil |
| Total revenues | | 74,448 | 42,709 |
| Profit/Loss before Tax | | (188) | 1,822 |
| Profit/Loss after Tax | | (1,295) | 620 |
| Total Comprehensive Loss | | (644) | (4,521) |
| Financial Ratios | | Q1 FY2021 | FY2020 |
| Solvency ratio | | (0.02%) | 7.43% |
| Liquidity ratio | Current ratio | 0.84 | 0.28 |
| | Quick ratio | 0.81 | 0.24 |
| | | Q1 FY2021 | Q1 FY2020 |
| Profitability ratio | Return on assets | (0.12%) | 0.06% |
| | Return on equity | (1.59%) | 0.89% |
| | Gross profit margin | 13% | 7% |
| | Profit margin | (1.74%) | 1.45% |
| | Earnings per share (for equity listed entity) | (0.43) | 0.87 |
| Interest Coverage ratio | | 0.97 | 1.40 |
| Dividend per share (if any) (for equity listed entity) | | - | - |
| Other Important Ratios (if any) | | - | - |

Board of Directors



Paul Lim Pay Chuan, Chairman



Lim Ah Hock, Director



Han Fatt Juan, Executive Director/Chief Executive Officer



Charles Tan Pu Hooi, Director



Dav Ansan, Independent Non-Executive Director

Message from Chairman

Dear Shareholders,

It is with great pleasure for me to present to you the financial report for first quarter 2021 of PESTECH (Cambodia) Plc. ("PCL").

During the quarter under review, i.e. from July to September 2020, PCL endured the global pandemic impact, which affected international traveling, and logistic movement in general. The execution of our works were somewhat affected whenever there were requirements for support from the specialised technical supervision team from international major equipment suppliers.

Nonetheless, I was very comforted that PCL has a local team of capable staff force who were able to carry out the necessary tasks at hand amidst this challenging time for various industries all over the world. In that regard, we were fortunate that our Cambodian operation had not been significantly impacted by the pandemic, and PCL remained resilient in continuing its business operation under this new normal due to COVID 19.

We are happy to inform that PCL had successfully secured our first contract to build a large scale solar farm of 20MW in Bavet province, Cambodia. This will be a base building block into offering renewable energy infrastructure in Cambodia and into the region. Moving forward, efforts will be put into promoting the use of renewable energy in the electricity generation especially for remote areas.

Our subsidiary in Myanmar is also conducting various preparative activities for local projects participation while awaiting the upliftment of the movement restriction order. PESTECH (Myanmar) Limited, the 100% subsidiary of PCL, through its subsidiary companies, sets to embark on power infrastructure projects tender in Myanmar to expand the market reach of PCL in the Indochina region.

The Company maintained its long term view of positive growth in the region, especially in Cambodia, and continued to build engineering capability and explore various avenues to bring value-added services in the field of power infrastructure build-up to the nations and their people in Indochina.

Thank you.



Lim Pay Chuan
Chairman



Date : 11 November 2020

Message from Chief Executive Officer

Greetings dear Shareholders!

PESTECH (Cambodia) Plc. ("PCL") forged ahead during this trying times, relentlessly staying focused on the execution of projects in hand during the first quarter of financial year 2021.

During the quarter, PCL worked on its maiden 20MW large scale photovoltaic solar farm located in Bavet Province, finalizing the design and engineering aspects of the project. The team will be conducting evaluation for material purchasing and site preparation, including preliminary civil work in the next quarter.

In the meantime, another group of our crew was busy executing the substation project for Okvau Gold Mine in Monduliri Province. We expect this project to move at a swift pace and aim for a completion by April 2021.

The transmission line team was also engrossed in the early phase of the 130km transmission line project, where the line survey, soil investigation, environmental and social impact studies were conducted. The team worked with Electricite du Cambodge ("EDC") closely to determine the line route so that eventual site work execution can be carried out smoothly.

All in all, we were well prepared to continue delivering expedient work amidst this pandemic period, with the commitment to provide our best services to the utility.

Thank you.



Han Fatt Juan
Chief Executive Officer

Date : 11 November 2020

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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 : ផេសតិច (ខេមបូឌា) ម.ក

In Latin : PESTECH (Cambodia) PLC

Standard code : PEPC

Address : No. 6, Street 588, Sangkat Boeung Kok II, Khan Toul Kork, Phnom Penh, Cambodia

Phone number : +855 23 882 105

Fax : +855 23 882 106

Website : www.pestech.com.kh

Email: info@pestech.com.my

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 ("O&M") of electric transmission line and substation; and
- trading of proprietary and non-proprietary power system components and equipment.

C. Quarter's Key Events

On 12 August 2020, PCL has completed its initial public offering exercise and listed its shares to be traded on the main market of Cambodia Securities Exchange.

PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

A. Business Operation Performance including business segment

The undertaking of engineering, procurement, construction and commissioning (“EPCC”) contract for electrical transmission and substation is the main contributor to the revenue for the 3 months period ended 30 September 2020 amounting to KHR71,238 million (Q1 FY2020: KHR40,875 million), which comprised about 95.7% (Q1 FY2020: 95.7%) to the total revenue. Supplemented to our EPCC services, our operation and maintenance services comprised KHR3,210 million or 4.3% of the total revenue (Q1 FY2020: KHR1,834 million or 4.3%).

B. Revenue Structure

| No | Source of Revenue | Q1 FY2021 | | Q1 FY2020 | |
|---------------|--|-----------|------|-----------|------|
| | | KHR'mil | % | KHR'mil | % |
| 1 | Engineering, Procurement, Construction and Commissioning (“EPCC”) contract for electrical transmission and substation. | 71,238 | 95.7 | 40,875 | 95.7 |
| 2 | Operation and Maintenance | 3,210 | 4.3 | 1,834 | 4.3 |
| Total revenue | | 74,448 | 100 | 42,709 | 100 |

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 months financial period under review recorded at KHR74,448 million representing an increase of KHR31,739 million or 74% as compared to KHR42,709 million for the preceding year corresponding quarter. The increase was mainly derived from phases of execution of existing contracts.

2. Revenue by segment analysis

The undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation is the main contributor to the revenue for the 3 months period ended 30 September 2020 amounting to KHR71,238 million (Q1 FY2020: KHR40,875 million), which comprised about 95.7% (Q1 FY2020: 95.7%) to the total revenue. Supplemented to our EPCC services, our operation and maintenance services comprised KHR3,210 million or 4.3% of the total revenue (Q1 FY2020: KHR1,834 million or 4.3%).

3. Gross profit margin analysis

Gross profit in current quarter under review was recorded at 13% as compared to 7% in the preceding year corresponding quarter, representing an increase of 6%. The gross profit margin for current quarter's project progress was within our expectation.

4. Profit/Loss before tax analysis

Loss before Tax ("LBT") in current quarter under review was recorded at KHR188 million, as compared to profit before tax of KHR1,822 million in the preceding year corresponding quarter, representing a decrease of KHR2,010 million or 110%. Despite higher gross profit margin in current quarter under review, finance cost of the Group amounting to KHR7,011 million in the current quarter under review was higher as compared to the finance cost amounting to KHR4,549 million in the preceding year corresponding quarter.

5. Profit/Loss after tax analysis

Loss After Tax ("LAT") recorded at KHR1,295 million, representing a negative of 1.74% to revenue. The increase in LAT was mainly due to the provision of tax expense based on 1% of minimum tax according to Cambodia Tax Law. The increase in LAT is also contributed by the recognition of deferred tax liability arising from the temporary differences in recognizing the depreciation under accounting rule and tax depreciation under Cambodia Tax Law.

B. Significant factors affecting profit

The significant factors affecting our profit are mainly contributed by the cycle of the ongoing project during the financial period under review. This includes the various stages of the project, such as design, planning, civil construction, delivery, installation and commissioning phases. With the ongoing of various projects at the same times, these effects may be mitigated through different phases of each projects that average our gross profit margin.

The cost of equipment or raw materials incurred in the execution of our projects are subject to price fluctuations, the percentage of the raw materials and consumables for the year under review will affect the profitability of the company. However, the equipment and raw materials associated to each job sourced and budgeted during the proposal stage were costed for each project accordingly. The fluctuations of raw material prices are generally passed on the component manufacturers, wherever possible.

Any delay in the delivery of major third party equipment from overseas may delay our project execution and incur extra cost to the project that was not budgeted.

C. Material changes in sales and revenue

The revenue for the 3 months financial period under review recorded at KHR74,448 million representing an increase of KHR31,739 million or 74% as compared to KHR42,709 million for the preceding year corresponding quarter. The increase is mainly derived from phases of execution of existing contracts.

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

Our sales revenue and purchases are mainly denominated in USD. As such, we have not been materially affected by the fluctuations of the foreign exchange during the financial year. The exposure on foreign exchange is mainly due to reporting purpose.

For interest rate risk, PCL is exposed to the changes through floating rate instrument, i.e. borrowings at variable rates.

There was no material impact due to fluctuations of commodity prices.

E. Impact of inflation

Our overheads are subject to the impact of inflation, which is about 15% of our revenue. However, the inflation in Cambodia of 3% (as of Sept 2020, source: The Phnom Penh Post - *NBC: Inflation rate remains at 3% despite sagging economy*), only posed about 0.45%. All other operating costs are fixed price 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 have 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.

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

Read and Approved by:



Signature

Name : Paul Lim Pay Chuan

Position : Executive Chairman

11 NOV 2020