



Independent Auditor's Report

Daikou Finance Plc.

Financial Statements

For the year ended 31 December 2023

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Board of Directors' report

The board of directors hereby submit the report and the audited financial statements of the Daikou Finance Plc. ("the Company") for the financial year ended 31 December 2023.

1. Background and principal activities

Daikou Finance Plc. ("the Company") is a public limited company incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce ("MOC") under registration No. 00044553 dated 26 August 2015. On 04 June 2013, the Company obtained its license from the National Bank of Cambodia ("NBC") to operate as a credit operator in Cambodia.

The Company is principally engaged in all aspects of credit operator business and the provision of related financial services in Cambodia.

The Company's office is located National Road 2, Khlaing Sambath village, Putsor commune, Bati district, Takeo province, Kingdom of Cambodia.

2. Results of operations

The results of the Company's operations for the year ended 31 December 2023 and the state of its affairs as at that date are set out in the financial statements.

The board of directors recommend the payment of dividend in the amount of USD 47,777 for the year ended 31 December 2023.

3. Board of Directors

The board of directors' members of the Company during the year and to the date of this report were as follows:

| Name | Position |
|--------------------|----------------------|
| Mrs. Chen Sopheap | Chairwoman |
| Mr. Dy Sitha | Director |
| Ms. Chin Molika | Director |
| Mrs. Lim Rotha | Director |
| Dr. Chheng Kimlong | Independent Director |

4. Auditors

The financial statements for the year ended 31 December 2023 have been audited by Kreston Cambodia trading name under Cam Accounting & Tax Service Co., Ltd.

5. Board of director's responsibility for the financial statements

The board of directors are responsible for the financial statements of the Company to be properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended. In the preparation of these financial statements, the directors are required to:

- adopt appropriate accounting policies in compliance with Cambodian International Financial Reporting Standards for Small and Medium-Sized Entities for Small and Medium-Sized Entities ("CIFRS for SMEs") which are supported by reasonable and appropriate judgments and estimates and then apply them consistently;
- comply with the disclosure requirements CIFRS for SMEs and guidelines of the National Bank of Cambodia 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 controls;
- iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- v. control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The directors confirm that the Company has complied with the above requirements in preparing the financial statements of the Company.

6. Preparation of financial statements

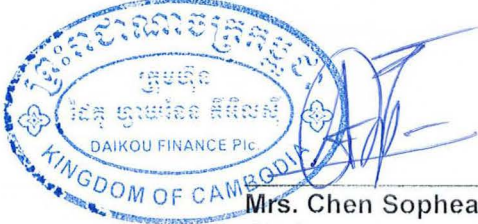
In the preparation of the financial statement, the directors have taken account of the following matters:

- i. all material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements;
- ii. adequate allowance for impairment losses on loan to customers and current and non-current assets, if required, has been made;
- iii. known bad debts had been written off, if any;
- iv. existing methods of valuation of assets or liabilities is not misleading or inappropriate;
- v. there are no known circumstances that would render any amount stated in the financial statements to be misleading;
- vi. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made;
- vii. the results of the operations of the Company during the financial years were not, in the opinion of the directors, substantially affected by any item, transactions or event of a material and unusual nature;
- viii. no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the Company to meet its obligations when they fall due.

7. Approval of the Financial Statements

The directors hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2023, its financial performance and cash flows for the financial year then ended in accordance with CIFRS for SMEs and guidelines of the National Bank of Cambodia ("NBC").

On behalf of Board of Directors



Mrs. Chen Sopheap
Chairwoman

Takeo Province, Kingdom of Cambodia
Date: 29 May 2024



Kreston Cambodia is trading under name of
Cam Accounting & Tax Service Co., Ltd.
Certified Public Accountants and Auditors
Tax Agent License (GDT Member)
Audit Firm License (KICPAA Member)
Financial Institution Audit License (NBC Member)

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Independent auditor's report

To shareholders of Daikou Finance Plc.

Opinion

We have audited the financial statements of Daikou Finance Plc., ("the Company") which comprise the statement of financial position as at 31 December 2023 of the Company, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-Sized Entities ("CIFRS for SMEs") and guidelines of the National Bank of Cambodia ("NBC").

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' report and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRS for SMEs and guidelines of the National Bank of Cambodia. The directors are also responsible for such internal controls as the directors determine are 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 of the Company, the directors are responsible for assessing 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 CISA 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 a part of an audit in accordance with CISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Company, 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' 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 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 auditors' report to the related disclosures in the financial statements of the Company 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

On behalf of Cam Accounting & Tax Service Co., Ltd.
Certified Public Accountants and Auditors



Keat Heng, CPA, ACCA
Audit Partner

Phnom Penh, Kingdom of Cambodia
Date: 29 May 2024

Statement of financial position

As at 31 December 2023

| | Notes | 2023 | | 2022 | |
|-------------------------------------|--------|------------------|-------------------|------------------|-------------------|
| | | USD | KHR'000 | USD | KHR'000 |
| Assets | | | | | |
| Cash on hand | 4 | 17,399 | 71,075 | 48,726 | 200,605 |
| Deposits and placements with NBC | 5 | 24,480 | 100,001 | 20,462 | 84,242 |
| Deposits and placements with banks | 6 | 8,097 | 33,076 | 127,831 | 526,280 |
| Loans to customers | 7 | 2,757,604 | 11,264,812 | 2,337,118 | 9,621,915 |
| Property and equipment | 8 | 3,847 | 15,715 | 3,371 | 13,878 |
| Intangible asset | 9 | 2,373 | 9,694 | 3,526 | 14,517 |
| Other assets | 10 | 12,841 | 52,455 | 8,130 | 33,471 |
| Total assets | | 2,826,641 | 11,546,828 | 2,549,164 | 10,494,908 |
| Liabilities | | | | | |
| Borrowings | 14 | 2,075,004 | 8,476,391 | 1,895,281 | 7,802,872 |
| Amount due to related parties | 23 | 50,000 | 204,250 | 70,000 | 288,190 |
| Other liabilities | 11 | 67,783 | 276,894 | 53,103 | 218,625 |
| Income tax payable | 21 (b) | 19,993 | 81,671 | 12,706 | 52,311 |
| Deferred tax liability | 21 (a) | 563 | 2,300 | - | - |
| Total liabilities | | 2,213,343 | 9,041,506 | 2,031,090 | 8,361,998 |
| Equity | | | | | |
| Share capital | 12 | 500,000 | 2,000,000 | 421,200 | 1,684,800 |
| Retained earnings | | 79,722 | 324,974 | 76,382 | 311,246 |
| Regulatory reserve | 13 | 33,576 | 137,526 | 20,492 | 83,751 |
| Translation reserve | | - | 42,822 | - | 53,113 |
| Total equity | | 613,298 | 2,505,322 | 518,074 | 2,132,910 |
| Total liabilities and equity | | 2,826,641 | 11,546,828 | 2,549,164 | 10,494,908 |

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

Statement of profit & loss and other comprehensive income

For the year ended 31 December 2023

| | Notes | 2023 | | 2022 | |
|--|--------|----------------|----------------|----------------|----------------|
| | | USD | KHR'000 | USD | KHR'000 |
| Interest income | 15 | 479,155 | 1,969,327 | 406,376 | 1,660,859 |
| Interest expense | 16 | (245,651) | (1,009,626) | (186,415) | (761,878) |
| Net interest income | | 233,504 | 959,701 | 219,961 | 898,981 |
| Other operating income | 17 | 177,272 | 728,588 | 87,936 | 359,394 |
| Employee expenses | 18 | (150,367) | (618,008) | (134,741) | (550,686) |
| General and administrative expenses | 19 | (130,746) | (537,366) | (94,016) | (384,243) |
| Allowance for impairment losses | 20 | (32,625) | (134,089) | 9,247 | 37,792 |
| Profit before taxes | | 97,038 | 398,826 | 88,387 | 361,238 |
| Income taxes | 21 (c) | (27,074) | (111,274) | (17,595) | (71,911) |
| Profit for the year | | 69,964 | 287,552 | 70,792 | 289,327 |
| Other comprehensive income | | - | - | - | - |
| Currency translation differences | | - | (10,291) | - | 21,996 |
| Total comprehensive income for the year | | 69,964 | 277,261 | 70,792 | 311,323 |

Statement of changes in equity

For the year ended 31 December 2023

| | Share capital USD | Regulatory reserve USD | Retained earnings USD | Total USD |
|------------------------------------|-------------------------|------------------------------|-----------------------------|-----------------|
| At 01 January 2022 | 421,200 | - | 75,189 | 496,389 |
| Profit for the year | - | - | 70,792 | 70,792 |
| Dividend | - | - | (49,370) | (49,370) |
| Adjustment | - | - | 263 | 263 |
| Transfer | - | 20,492 | (20,492) | - |
| Balance at 31 December 2022 | 421,200 | 20,492 | 76,382 | 518,074 |
| Profit for the year | - | - | 69,964 | 69,964 |
| Paid-up capital | 78,800 | - | - | 78,800 |
| Dividend | - | - | (47,777) | (47,777) |
| Adjustment | - | - | (5,763) | (5,763) |
| Transfer | - | 13,084 | (13,084) | - |
| Balance at 31 December 2023 | 500,000 | 33,576 | 79,722 | 613,298 |

| | Share capital KHR'000 | Regulatory reserve KHR'000 | Retained earnings KHR'000 | Translation reserve KHR'000 | Total KHR'000 |
|------------------------------------|-----------------------------|----------------------------------|---------------------------------|-----------------------------------|------------------|
| At 01 January 2022 | 1,684,800 | - | 306,372 | 31,117 | 2,022,289 |
| Profit for the year | - | - | 289,327 | - | 289,327 |
| Dividend | - | - | (201,777) | - | (201,777) |
| Adjustment | - | - | 1,075 | - | 1,075 |
| Transfer | - | 83,751 | (83,751) | - | - |
| Translation differences | - | - | - | 21,996 | 21,996 |
| Balance at 31 December 2022 | 1,684,800 | 83,751 | 311,246 | 53,113 | 2,132,910 |
| Profit for the year | - | - | 287,552 | - | 287,552 |
| Paid-up capital | 315,200 | - | - | - | 315,200 |
| Dividend | - | - | (196,363) | - | (196,363) |
| Adjustment | - | - | (23,686) | - | (23,686) |
| Transfer | - | 53,775 | (53,775) | - | - |
| Translation differences | - | - | - | (10,291) | (10,291) |
| Balance at 31 December 2023 | 2,000,000 | 137,526 | 324,974 | 42,822 | 2,505,322 |

Statement of cash flows

For the year ended 31 December 2023

| | Notes | 2023 | | 2022 | |
|--|--------|------------------|--------------------|------------------|--------------------|
| | | USD | KHR'000 | USD | KHR'000 |
| Cash flow from operating activities | | | | | |
| Profit before taxes | | 97,038 | 398,826 | 88,387 | 361,238 |
| Adjustment for: | | | | | |
| Depreciation & amortisation | 8 & 9 | 2,632 | 10,818 | 2,787 | 11,389 |
| Allowance for impairment losses | 20 | 32,625 | 134,089 | (9,247) | (37,792) |
| Gain on PPE disposal | 8 | (1,686) | (6,929) | - | - |
| Operating profit before working capital changes | | 130,609 | 536,804 | 81,927 | 334,835 |
| Changes in: | | | | | |
| Statutory deposit with NBC | 5 | (4,018) | (16,514) | (215) | (879) |
| Loans to customers | 7 | (454,321) | (1,867,259) | (488,321) | (1,995,768) |
| Other assets | 10 | (4,711) | (19,362) | 20,446 | 83,563 |
| Other liabilities | 11 | 14,680 | 60,335 | 30,537 | 124,805 |
| Cash flow used in operating activities | | (317,761) | (1,305,996) | (355,626) | (1,453,444) |
| Income taxes | 21 (c) | (19,224) | (79,011) | (20,431) | (83,501) |
| Net cash flow used in operating activities | | (336,985) | (1,385,007) | (376,057) | (1,536,945) |
| Cash flow from investing activities | | | | | |
| Acquisition of property & equipment | 8 | (1,955) | (8,035) | 380 | 1,553 |
| Proceed from disposal of PPE | 8 | 1,686 | 6,929 | - | - |
| Net cash flow used in investing activities | | (269) | (1,106) | 380 | 1,553 |
| Cash flow from financing activities | | | | | |
| Proceed from borrowings | 14 | 3,553,085 | 14,603,177 | 1,148,527 | 4,694,029 |
| Repayment of borrowings | 14 | (3,393,362) | (13,946,716) | (565,778) | (2,312,335) |
| Dividend paid | | (47,777) | (196,363) | (49,370) | (201,777) |
| Proceed of paid-up capital | 12 | 78,800 | 323,868 | - | - |
| Net cash flow generated from financing activities | | 190,746 | 783,966 | 533,379 | 2,179,917 |
| Net changes in cash and cash equivalents* | | (152,271) | (625,834) | 157,510 | 643,743 |
| Cash and cash equivalents at 01 January | | 177,848 | 732,200 | 20,338 | 82,857 |
| Currency translation differences | | - | (1,884) | - | 5,600 |
| Cash and cash equivalents at 31 December | | 25,577 | 104,482 | 177,848 | 732,200 |
| Cash and cash equivalents at 31 December 2023 Reconciliation: | | | | | |
| | | 2023 | | 2022 | |
| Cash on hand | | 17,399 | 71,075 | 48,726 | 200,605 |
| Deposits and placements with banks | | 8,178 | 33,407 | 129,122 | 531,595 |
| | | 25,577 | 104,482 | 177,848 | 732,200 |

* There were the following non-cash transactions because of over accrual.

| | 2023 | |
|---|----------|----------|
| | Dr (USD) | Cr (USD) |
| Retained earnings | 5,763 | |
| Professional fee | | 550 |
| Income taxes | | 2,213 |
| Allowance for impairment losses expense | | 3,000 |

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

Notes to the financial statements

1. Background and principal activities

Daikou Finance Plc. ("the Company") is a public limited company incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce ("MOC") under registration No. 00044553 dated 26 August 2015. On 04 June 2013, the Company obtained its license from the National Bank of Cambodia ("NBC") to operate as a credit operator.

The Company is principally engaged in all aspects of credit operator business in and the provision of related financial services in Cambodia.

The Company's office is located at National Road 2, Khlaing Sambath village, Putsor commune, Bati district, Takeo province, Kingdom of Cambodia.

2. Statement of compliance with CIFRS for SMEs

The financial statements of the Company have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs") and guidelines issued by NBC.

3. Significant accounting policies

3.1 New and amended standards and interpretations.

3.1.1 Standards and interpretations that are effective for the current financial year

The Company adopted all accounting standards and interpretations as at 31 December 2023. The amended accounting standards assessed to be applicable and have no material impact to the company as the following:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current.
- IAS 8 Definition of Accounting Estimates.
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

3.1.2 New accounting standards for application in future periods

Those standards, amendments and interpretations are not yet effective and have not been adopted early by the Company include:

- Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16.

3.1.3 Critical accounting estimates & judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

a. Impairment of loan to customers

The loss allowances for loan to customers are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

b. Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially

recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

c. The useful life of depreciable assets

Management reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain property and equipment and software.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below. These accounting policies have been consistently applied by the Company during the year.

3.2 Functional and foreign currencies

3.2.1 Functional and presentation currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates, which is the functional currency.

The financial statements are presented in US dollar ("USD"), which is the Company's functional and presentation currency.

3.2.2 Translation of United States Dollar into Khmer Riel

The financial statements are expressed in USD. The translations of USD amounts into Khmer Riel ("KHR") are included solely for compliance with the Law on Accounting and Auditing. Assets and liabilities are translated using the closing rate as at the reporting date. The statement of profit or loss and other comprehensive income and the statement of cash flows are translated into KHR using the applicable average rates for the reporting date. Exchange differences arising from the translation are recognised as "Currency translation differences" in the other comprehensive income.

These translations should not be construed as representations that the USD amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

The financial statements are presented in KHR based on the following applicable exchange rates per USD:

| | | | Closing rate | Average rate |
|------------------|-------|---|-------------------------|-------------------------|
| 31 December 2023 | US\$1 | = | KHR4,085 | KHR4,110 |
| 31 December 2022 | US\$1 | = | KHR4,117 | KHR4,087 |

Amounts in the financial statements have been rounded off to the nearest dollar and nearest thousand for USD and KHR amounts, respectively.

3.2.3 Foreign currencies transactions and balances

Transactions in currencies other than USD are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than USD are recognised in the statement of profit or loss and other comprehensive income.

3.3 Property and equipment

All items of property and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset and other cost directly attributable to bringing the asset to working condition for its intended use. Freehold land is stated at cost less impairment losses, if any and is not depreciated.

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

Depreciation

Depreciation is charged to profit or loss and is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

| Items | Rate |
|-------------------------------|---------|
| Vehicles | 20% |
| Leasehold improvement | 20%-33% |
| Furniture and fixtures | 30%-33% |
| Office computer and equipment | 33% |

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the terms of property and equipment.

An item of property, plant, and equipment is 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 statement of comprehensive income in the year which the asset is disposed of.

Impairment testing of property and equipment

For the purposes of assessing impairment, 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 the cash-generating unit level.

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 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.

All assets are periodically 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.

3.4 Intangible assets

Intangible assets represent the initial costs incurred in obtaining software at rate 20%.

Following initial recognition, intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are assessed to have finite useful lives and are amortised over the license period using declining balance method. The intangible assets are also assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at least at the end of each reporting period.

3.5 Financial instruments initial recognition, subsequent measurement, and derecognition

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

A financial instrument is recognised initially at the transaction price, including transaction costs. For a financial asset or a financial liability that is subsequently measured at fair value through profit or loss, transaction costs are recognised in profit or loss when incurred.

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

An arrangement constitutes a financing transaction if payment is deferred beyond normal business terms. Under a financing transaction, a financial asset or a financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition. Any fair value adjustment upon the initial recognition is recognised in profit or loss immediately as a gain or loss if that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets; otherwise, the difference is charged to profit or loss on a straight-line method over the contractual terms of the financial instrument.

Subsequent measurement

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing arrangement. Other debt instruments are measured at amortised cost using the effective interest method.

Other than the above, all financial assets and financial liabilities are measured at fair value with changes in fair value recognized in profit or loss.

Impairment financial assets

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed for impairment at each reporting date when there is an objective evidence of impairment.

For a financial asset measured at amortised cost, the impairment loss is the difference between the financial asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective rate.

For a financial asset measured at cost less impairment, the impairment loss is the difference between the financial asset's carrying amount and the best estimate of the amount that would be received for the financial asset if it were to be sold at the reporting date.

All impairment losses are recognised in profit or loss immediately.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previous recognised impairment loss is reversed to the extent that the carrying amount of the financial asset does not exceed its amortised cost at the reversal date. The amount of impairment reversal is recognised in profit or loss.

3.6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks which are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

3.7 Deposits and placements with National Bank of Cambodia

Deposits and placements with the NBC, including statutory deposits, are stated at cost. A statutory deposit is maintained with the NBC in compliance with the Cambodian Law on Banking and Financial Institutions and is determined by defined percentages of minimum share capital as required by the NBC and are not available to finance the Company day-to-day operations. Hence, statutory deposit is not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.8 Deposits and placements with banks

Deposits and placement with banks are stated at cost. The Company provides allowance for impairment losses for placements with banks at 1% (2022: 1%), in accordance with Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions.

3.9 Loans to customers

Loans to customers are recognized initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Loans to customers are stated at the amount of principal plus accrued interest less allowance for bad and doubtful loans.

Loans are written off to profit or loss when the loans are provisioned in full and remain unpaid after maturity date or when the certainty of being uncollectable is proven. Loans written-off are taken out of the outstanding loan portfolio and deducted from the allowance for bad and doubtful loans.

Recoveries of loans previously written-off are disclosed as other operating income in of profit or loss.

3.10 Other assets

Other assets are carried at cost. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

3.11 Impairment of non-financial assets

For the purpose of assessing impairment, 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 the cash-generating unit level.

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 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.

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

All assets are periodically 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.

3.12 Other liabilities

Other liabilities are recognised initially at the transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method.

3.13 Provisions, contingent liabilities, and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. 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.

Any reimbursement that 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 cases 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 Company that does not yet meet the recognition criteria of an asset are considered contingent assets.

3.14 Borrowings

Borrowings are initially recognised at the transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method.

3.15 Equity reserves, and retained earnings and dividend payments

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

Dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of the shareholders.

3.16 Regulatory Provision

The Company follows the credit classification and provisioning for financial institutions in accordance with Prakas No. B7-017-344, dated 1 December 2017 as issued by the NBC providing guidance on credit classification and regulatory provisioning for financial institutions in Cambodia, as summarised below:

| Classification | Number of days past due | Provision rate |
|--|-------------------------|----------------|
| Short term loans (less than or equal one year): | | |
| Normal/Standard | 0 to 14 days | 1% |
| Special mention | 15 days to 30 days | 3% |
| Substandard | 31 days to 60 days | 20% |
| Doubtful | 61 days to 90 days | 50% |
| Loss | From 91 days | 100% |
| Long term loans (more than one year): | | |
| Normal/Standard | 0 to 29 days | 1% |
| Special mention | 30 days to 89 days | 3% |
| Substandard | 90 days to 179 days | 20% |
| Doubtful | 180 days to 359 days | 50% |
| Loss | From 360 days | 100% |

Article 73 of the Prakas on Credit Risk Grading and Impairment Provisioning requires the Company to compare the provision calculated in accordance with CIFRS for SMEs and Prakas No B7-017-344 and, accordingly:

- In case the regulatory provision calculated in accordance with the said Prakas is lower than the provision calculated in accordance with CIFRS for SMEs, the Company shall record the provision calculated in accordance with CIFRS for SMEs.
- In case the regulatory provision calculated in accordance with the said Prakas is higher than the provision calculated in accordance with CIFRS for SMEs, the Company shall record the

provision calculated in accordance with CIFRS for SMEs and transfer the difference, which represents the additional provision required, from retained earnings or accumulated losses account into regulatory reserve in the equity section of the statement or financial position.

3.17 Income and expense recognition

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

3.18 Fees and commission income and expense

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate. Loan processing fee income are recognised as income over the term period of the loan to customer.

Unamortised loan fees are recognized as unearned income.

3.19 Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease commitments are not recognised as liabilities until the obligation to pay becomes due.

3.20 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised 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 periods, 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. 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 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 generally provided for in full.

Deferred tax assets and liabilities are offset only when the Company has 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 profit or loss, except where they relate to items that are recognised in other comprehensive income (such as revaluation of land)

or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.21 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Parties are considered to be related to the Company if:

- directly or indirectly, a party controls, is controlled by, or is under common control with the Company; has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;
- a party is a jointly-controlled entity;
- a party is an associate;
- a party is a member of the key management personnel of the Company; or
- a party is a close family member of the above categories.

3.22 Employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

4. Cash on hand

| | 2023 | | 2022 | |
|-------------|---------------|---------------|---------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| US Dollars | 14,074 | 57,492 | 39,109 | 161,012 |
| Khmer Riels | 3,325 | 13,583 | 9,617 | 39,593 |
| | <u>17,399</u> | <u>71,075</u> | <u>48,726</u> | <u>200,605</u> |

5. Deposits and placements with NBC

| | 2023 | | 2022 | |
|----------------------------|---------------|----------------|---------------|---------------|
| | USD | KHR'000 | USD | KHR'000 |
| Capital guarantee deposit* | 24,480 | 100,001 | 20,462 | 84,242 |
| | <u>24,480</u> | <u>100,001</u> | <u>20,462</u> | <u>84,242</u> |

(*) The capital guarantee deposit is maintained with NBC in compliance with Prakas No B7-00-06 on the Licensing of finance Institutions, the amount of which are determined at 5% of the company's registered share capital. The guarantee deposit is refundable when the Company voluntarily liquidates and has no deposit liabilities. The capital guarantee deposit earns no interest.

6. Deposits and placements with banks

| | 2023 | | 2022 | |
|---------------------------------------|--------------|---------------|----------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| In Cambodia: | | | | |
| Saving accounts | 8,178 | 33,407 | 129,122 | 531,595 |
| | <u>8,178</u> | <u>33,407</u> | <u>129,122</u> | <u>531,595</u> |
| Less: Allowance for impairment losses | (81) | (331) | (1,291) | (5,315) |
| | <u>8,097</u> | <u>33,076</u> | <u>127,831</u> | <u>526,280</u> |

Movements in the impairment loss allowance are as follows:

| | 2023 | | 2022 | |
|--|---------|---------|-------|---------|
| | USD | KHR'000 | USD | KHR'000 |
| In Cambodia: | | | | |
| At 01 January | 1,291 | 5,315 | - | - |
| Remeasurement of allowance for impairment losses | (1,210) | (4,973) | 1,291 | 5,276 |
| Translation differences | - | (11) | - | 39 |
| At 31 December | 81 | 331 | 1,291 | 5,315 |

The above deposit and placements amount are analyses as follow:

| | 2023 | | 2022 | |
|---------------------|-------|---------|---------|---------|
| | USD | KHR'000 | USD | KHR'000 |
| By currency: | | | | |
| US Dollars | 7,063 | 28,852 | 127,764 | 526,004 |
| Khmer Riels | 1,115 | 4,555 | 1,358 | 5,591 |
| | 8,178 | 33,407 | 129,122 | 531,595 |

7. Loans to customers

| | 2023 | | 2022 | |
|--|-----------|------------|-----------|-----------|
| | USD | KHR'000 | USD | KHR'000 |
| Short term | 13,652 | 55,768 | 2,308,271 | 9,503,152 |
| Long term | 2,745,758 | 11,216,422 | 13,006 | 53,546 |
| Gross loans at amortised cost | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |
| Accrued interest receivable | 31,404 | 128,285 | 24,656 | 101,508 |
| Less: Allowance for impairment losses | (33,210) | (135,663) | (8,815) | (36,291) |
| Net loans to customers at amortised cost | 2,757,604 | 11,264,812 | 2,337,118 | 9,621,915 |

Movements in the impairment loss allowance are as follows:

| | 2023 | | 2022 | |
|--|---------|----------|----------|----------|
| | USD | KHR'000 | USD | KHR'000 |
| At 01 January | 8,815 | 36,291 | 19,353 | 78,844 |
| Remeasurement of allowance for impairment losses | 33,835 | 139,062 | (10,538) | (43,069) |
| Written off loan | (9,440) | (38,798) | - | - |
| Translation differences | - | (892) | - | 516 |
| At 31 December | 33,210 | 135,663 | 8,815 | 36,291 |

The Loans to customers are analysed as follows:

| | 2023 | | 2022 | |
|------------------------|-----------|------------|-----------|-----------|
| | USD | KHR'000 | USD | KHR'000 |
| a) By maturity: | | | | |
| Within 1 year | 13,653 | 55,773 | 12,906 | 53,134 |
| 1 to 5 years | 1,720,364 | 7,027,687 | 1,875,124 | 7,719,886 |
| Over 5 years | 1,025,393 | 4,188,730 | 433,247 | 1,783,678 |
| | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |

| | 2023 | | 2022 | |
|------------------------|------------------|-------------------|------------------|------------------|
| b) By industry: | USD | KHR'000 | USD | KHR'000 |
| Service | 1,136,348 | 4,641,982 | 54,602 | 224,796 |
| Personal | 421,364 | 1,721,271 | 4,896 | 20,157 |
| Trade and commerce | 252,163 | 1,030,086 | 127,123 | 523,365 |
| Agriculture | 135,360 | 552,946 | 76,993 | 316,980 |
| Construction | 91,715 | 374,656 | 445,698 | 1,834,939 |
| Transportation | 3,750 | 15,319 | 1,151,459 | 4,740,557 |
| Others | 718,710 | 2,935,930 | 460,506 | 1,895,904 |
| | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |

| | 2023 | | 2022 | |
|------------------------|------------------|-------------------|------------------|------------------|
| c) By currency: | USD | KHR'000 | USD | KHR'000 |
| US Dollars | 2,708,276 | 11,063,307 | 2,306,400 | 9,495,449 |
| Khmer Riels | 51,134 | 208,883 | 14,877 | 61,249 |
| | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |

| | 2023 | | 2022 | |
|--------------------------------|------------------|-------------------|------------------|------------------|
| d) By residency status: | USD | KHR'000 | USD | KHR'000 |
| Residents | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |
| | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |

| | 2023 | | 2022 | |
|----------------------------|------------------|-------------------|------------------|------------------|
| e) By relationship: | USD | KHR'000 | USD | KHR'000 |
| External customers | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |
| | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |

| | 2023 | | 2022 | |
|---------------------------------------|------------------|-------------------|------------------|------------------|
| f) By performance and security | USD | KHR'000 | USD | KHR'000 |
| Secured | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |
| | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |

| g) By interest rate (per annum): | 2023 | 2022 |
|---|------|------|
| Individual | 18% | 18% |

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8. Property and equipment

| | Leasehold improvement | Office computer and equipment | Furniture and fixture | Vehicles | Total |
|--------------------------|--------------------------|----------------------------------|--------------------------|----------|---------|
| Cost | USD | USD | USD | USD | USD |
| At 01 January 2023 | 2,440 | 10,098 | 17,104 | 7,028 | 36,670 |
| Addition | 670 | 1,285 | - | - | 1,955 |
| Disposal | - | - | - | (5,835) | (5,835) |
| Write-off | - | (2,302) | (5,911) | (63) | (8,276) |
| At 31 December 2023 | 3,110 | 9,081 | 11,193 | 1,130 | 24,514 |
| Accumulated depreciation | | | | | |
| At 01 January 2023 | 1,035 | 9,483 | 15,753 | 7,028 | 33,299 |
| Depreciation | 444 | 542 | 493 | - | 1,479 |
| Disposal | - | - | - | (5,835) | (5,835) |
| Write-off | - | (2,302) | (5,911) | (63) | (8,276) |
| At 31 December 2023 | 1,479 | 7,723 | 10,335 | 1,130 | 20,667 |
| Carrying amount | | | | | |
| At 31 December 2023 | 1,631 | 1,358 | 858 | - | 3,847 |
| In KHR'000 | 6,663 | 5,548 | 3,504 | - | 15,715 |
| | Leasehold improvement | Office computer and equipment | Furniture and fixture | Vehicles | Total |
| Cost | USD | USD | USD | USD | USD |
| At 01 January 2022 | 2,497 | 9,868 | 14,677 | 7,258 | 34,300 |
| Addition | 1,440 | 230 | 700 | - | 2,370 |
| Reclassification | (1,497) | - | 1,727 | (230) | - |
| At 31 December 2022 | 2,440 | 10,098 | 17,104 | 7,028 | 36,670 |
| Accumulated depreciation | | | | | |
| At 01 January 2022 | 1,986 | 9,018 | 13,419 | 7,085 | 31,508 |
| Depreciation | 463 | 465 | 587 | 276 | 1,791 |
| Reclassification | (1,414) | - | 1,747 | (333) | - |
| At 31 December 2022 | 1,035 | 9,483 | 15,753 | 7,028 | 33,299 |
| Carrying amount | | | | | |
| At 31 December 2022 | 1,405 | 615 | 1,351 | - | 3,371 |
| In KHR'000 | 5,784 | 2,533 | 5,561 | - | 13,878 |

9. Intangible asset

| | Computer software | Total |
|--------------------------|-------------------|-------|
| Cost | USD | USD |
| At 01 January 2023 | 6,300 | 6,300 |
| Addition | - | - |
| At 31 December 2023 | 6,300 | 6,300 |
| Amortisation | | |
| At 01 January 2023 | 2,774 | 2,774 |
| Accumulated amortisation | 1,153 | 1,153 |
| At 31 December 2023 | 3,927 | 3,927 |
| Carrying amount | | |
| At 31 December 2023 | 2,373 | 2,373 |
| In KHR'000 | 9,694 | 9,694 |

| | Computer software | Total |
|--------------------------|-------------------|--------|
| Cost | USD | USD |
| At 01 January 2022 | 3,550 | 3,550 |
| Addition | 2,750 | 2,750 |
| At 31 December 2022 | 6,300 | 6,300 |
| Amortisation | | |
| At 01 January 2022 | 1,778 | 1,778 |
| Accumulated amortisation | 996 | 996 |
| At 31 December 2022 | 2,774 | 2,774 |
| Carrying amount | | |
| At 31 December 2022 | 3,526 | 3,526 |
| In KHR'000 | 14,517 | 14,517 |

10. Other assets

| | 2023 | | 2022 | |
|-------------------|--------|---------|-------|---------|
| | USD | KHR'000 | USD | KHR'000 |
| Prepayments | 9,468 | 38,677 | 4,930 | 20,297 |
| Rental deposit | 1,500 | 6,128 | 3,000 | 12,351 |
| Other receivables | 1,873 | 7,650 | - | - |
| Other advances | - | - | 200 | 823 |
| | 12,841 | 52,455 | 8,130 | 33,471 |

11. Other liabilities

| | 2023 | | 2022 | |
|------------------------------------|--------|---------|--------|---------|
| | USD | KHR'000 | USD | KHR'000 |
| Unearned income | 26,235 | 107,170 | 17,648 | 72,657 |
| Collection from customers | 10,817 | 44,187 | 11,334 | 46,661 |
| Accrued interest payables | 12,757 | 52,112 | 10,502 | 43,237 |
| Accrued professional fee | 6,327 | 25,846 | 5,714 | 23,525 |
| Accrued staff bonuses and benefits | 6,841 | 27,945 | 4,223 | 17,386 |
| Other tax payables | 4,806 | 19,634 | 3,682 | 15,159 |
| | 67,783 | 276,894 | 53,103 | 218,625 |

12. Share capital

As at 31 December 2023 and 2022, the Company's registered capital is presented as follow:

| | 2023 | | | |
|----------------------------|----------------|------------------|---------|-----------|
| | % of ownership | Number of shares | USD | KHR'000 |
| Mr. Dy Sitha | 27% | 32,052 | 135,000 | 540,000 |
| Mr. Thuch Panhchak Kampoul | 21% | 24,929 | 105,000 | 420,000 |
| Ms. Chin Molika | 20% | 23,741 | 100,000 | 400,000 |
| Ms. Lim Rotha | 16% | 18,993 | 80,000 | 320,000 |
| Ms. Chen Sopheap | 16% | 18,993 | 80,000 | 320,000 |
| | 100% | 118,708 | 500,000 | 2,000,000 |

| | 2022 | | | |
|----------------------------|----------------|------------------|---------|-----------|
| | % of ownership | Number of shares | USD | KHR'000 |
| Mr. Dy Sitha | 27% | 114,720 | 114,720 | 458,880 |
| Mr. Lak Chin Savath | 24% | 100,000 | 100,000 | 400,000 |
| Ms. Chen Sopheap | 19% | 81,480 | 81,480 | 325,920 |
| Mr. Thuch Panhchak Kampoul | 18% | 75,000 | 75,000 | 300,000 |
| Mr. Prak Oudamsambath | 12% | 50,000 | 50,000 | 200,000 |
| | 100% | 421,200 | 421,200 | 1,684,800 |

The Company's registered capital amounting to USD 500,000 and USD 412,200 in 2023 and 2022 respectively.

13. Regulatory reserve

| | 2023 | | 2022 | |
|--------------------------------------|--------|---------|--------|---------|
| | USD | KHR'000 | USD | KHR'000 |
| At 1 January | 20,492 | 83,751 | - | - |
| Transfer from/(to) retained earnings | 13,084 | 53,775 | 20,492 | 83,751 |
| At 31 December | 33,576 | 137,526 | 20,492 | 83,751 |

As at 31 December 2023, the regulatory provision calculation is USD 66,786 which is USD 33,576 higher than the required provision per CIFR for SMEs of USD 33,210. As such, in the compliance with Prakas No. B7-017-344 Article 73(b), USD 33,576 regulatory reserve is transferred from retained earnings.

14. Borrowings

| | 2023 | | 2022 | |
|--------------------------------|-----------|-----------|-----------|-----------|
| | USD | KHR'000 | USD | KHR'000 |
| Camma Microfinance Limited* | 66,740 | 272,633 | 77,644 | 319,660 |
| Forbes Asset Management Ltd.** | 300,000 | 1,225,500 | 300,000 | 1,235,100 |
| Non-related parties** | 1,708,264 | 6,978,258 | 1,517,637 | 6,248,112 |
| | 2,075,004 | 8,476,391 | 1,895,281 | 7,802,872 |

*The borrowing from Camma Microfinance bear annual interest at 10% and repayable on 22 November 2029.

**The borrowing from non-related parties bear annual interest at 10-12% and repayable on maturity date ranging from 1-5 years.

15. Interest income

| | 2023 | | 2022 | |
|-------------------|----------------|------------------|----------------|------------------|
| | USD | KHR'000 | USD | KHR'000 |
| Loan to customers | 479,155 | 1,969,327 | 406,376 | 1,660,859 |
| | 479,155 | 1,969,327 | 406,376 | 1,660,859 |

The Company's interest income earned by providing loan to customers.

16. Interest expense

| | 2023 | | 2022 | |
|---------------------|----------------|------------------|----------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| Non-related parties | 238,888 | 981,830 | 185,637 | 758,698 |
| Related parties | 6,763 | 27,796 | 778 | 3,180 |
| | 245,651 | 1,009,626 | 186,415 | 761,878 |

17. Other operating income

| | 2023 | | 2022 | |
|-----------------------------|----------------|----------------|---------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| Fee and commission on loans | 145,761 | 599,078 | 77,816 | 318,034 |
| Penalty income | 19,374 | 79,627 | 5,401 | 22,074 |
| Other operating income | 12,137 | 49,883 | 4,719 | 19,286 |
| | 177,272 | 728,588 | 87,936 | 359,394 |

18. Employee expenses

| | 2023 | | 2022 | |
|-------------------------|----------------|----------------|----------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| Salary expense | 118,591 | 487,409 | 112,224 | 458,659 |
| Incentive expense | 12,160 | 49,978 | 7,765 | 31,736 |
| Bonus expenses | 9,323 | 38,318 | 8,207 | 33,542 |
| Uniform expense | 705 | 2,898 | 1,035 | 4,230 |
| Other employee expenses | 9,588 | 39,405 | 5,510 | 22,519 |
| | 150,367 | 618,008 | 134,741 | 550,686 |

19. General and administrative expenses

| | 2023 | | 2022 | |
|-----------------------------------|----------------|----------------|---------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| Professional fee | 24,078 | 98,961 | 5,122 | 20,934 |
| Rental expense | 20,247 | 83,215 | 19,068 | 77,931 |
| Loss on exchange rate | 9,273 | 38,112 | 2,566 | 10,487 |
| Transportation expense | 8,210 | 33,743 | 12,915 | 52,784 |
| Management fee | 7,104 | 29,197 | - | - |
| Membership fee | 7,426 | 30,521 | 6,744 | 27,563 |
| Office supplies | 5,158 | 21,199 | 4,345 | 17,758 |
| Repaired and maintenance expense | 4,977 | 20,455 | 3,620 | 14,795 |
| Marketing and advertising expense | 4,409 | 18,121 | 216 | 883 |
| Communication expense | 2,116 | 8,697 | 2,082 | 8,509 |
| Utilities expense | 1,863 | 7,657 | 1,798 | 7,348 |
| Depreciation expense | 1,479 | 6,079 | 2,011 | 8,219 |
| Amortisation expense | 1,152 | 4,735 | 996 | 4,071 |
| License fee | 868 | 3,567 | 797 | 3,257 |
| Entertainment expense | 17 | 70 | 51 | 208 |
| Other expenses | 32,369 | 133,037 | 31,685 | 129,496 |
| | 130,746 | 537,366 | 94,016 | 384,243 |

20. Allowance for impairment losses

| | 2023 | | 2022 | |
|-------------------------------------|---------------|----------------|----------------|-----------------|
| | USD | KHR'000 | USD | KHR'000 |
| Loans to customers | 33,835 | 139,062 | (10,538) | (43,068) |
| Deposits and placements other banks | (1,210) | (4,973) | 1,291 | 5,276 |
| | <u>32,625</u> | <u>134,089</u> | <u>(9,247)</u> | <u>(37,792)</u> |

21. Income taxes

a) Deferred tax asset/(liability)

| | 2023 | |
|--------------------------|--------------|----------------|
| | USD | KHR'000 |
| Deferred tax asset | - | - |
| Deferred tax liabilities | (563) | (2,300) |
| | <u>(563)</u> | <u>(2,300)</u> |

The movement of net deferred tax liabilities is as follows:

| | 2023 | |
|-------------------------------------|--------------|----------------|
| | USD | KHR'000 |
| Balance at beginning of year | - | - |
| Credit/(Charge) to income statement | (563) | (2,314) |
| Currency translation difference | - | 14 |
| | <u>(563)</u> | <u>(2,300)</u> |

Deferred tax assets/(liabilities) are as following:

| | 2023 | |
|-------------------------|--------------|----------------|
| | USD | KHR'000 |
| Depreciation | 705 | 2,880 |
| Provision for bad debts | (1,268) | (5,180) |
| | <u>(563)</u> | <u>(2,300)</u> |

b) Income tax payable

| | 2023 | | 2022 | |
|--|---------------|---------------|---------------|---------------|
| | USD | KHR'000 | USD | KHR'000 |
| At 01 January | 12,706 | 52,311 | 15,542 | 63,318 |
| Current income tax expense | 26,511 | 108,960 | 17,595 | 71,911 |
| Income tax during the year | (27,074) | (111,274) | (20,431) | (83,501) |
| Temporary different of tax during the year | 563 | 2,314 | - | - |
| Under provision of taxation | 7,287 | 29,950 | - | - |
| Translation difference | - | (590) | - | 583 |
| At 31 December | <u>19,993</u> | <u>81,671</u> | <u>12,706</u> | <u>52,311</u> |

c) Income taxes

| | 2023 | | 2022 | |
|-------------------------------|---------------|----------------|---------------|---------------|
| | USD | KHR'000 | USD | KHR'000 |
| Profit before tax | 97,038 | 398,826 | 70,792 | 361,238 |
| Add: Non-deductible expenses | 47,220 | 194,074 | 43,964 | 181,000 |
| Less: Deductible tax expenses | (11,703) | (48,099) | (3,835) | (15,789) |
| Other tax reconciliation | - | - | (22,946) | (166,894) |
| Estimated taxable income | <u>26,511</u> | <u>108,960</u> | <u>17,595</u> | <u>71,911</u> |
| Deferred tax | 563 | 2,314 | - | - |
| Minimum tax | 6,518 | 26,789 | 4,943 | 20,202 |
| Estimated current income tax | <u>27,074</u> | <u>111,274</u> | <u>20,431</u> | <u>83,501</u> |

22. Tax contingencies

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 be changed at a later date upon final determination by the tax authorities.

23. Related parties' balance and transactions

The following balances are outstanding with related parties:

| | 2023 | | 2022 | |
|------------------------------------|---------------|----------------|---------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| Borrowings from shareholder | | | | |
| Mr. Lak Chin Savath | 50,000 | 204,250 | 50,000 | 205,850 |
| Mr. Thuch Panhchak Kampoul | - | - | 5,000 | 20,585 |
| Mrs. Chen Sopheap | - | - | 15,000 | 61,755 |
| | 50,000 | 204,250 | 70,000 | 288,190 |

The borrowings from shareholders are unsecured, bear interest at rates of 12% per annum and repayable on maturity dates ranging from 6 to 12months.

The Company had the following transactions with related party during the financial year:

| | 2023 | | 2022 | |
|----------------------------------|---------------|----------------|---------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| Shareholder loan | | | | |
| Mr. Lak Chin Savath | | | | |
| At 01 January | 50,000 | 205,850 | 50,000 | 204,350 |
| Proceed of loan | - | - | 11,721 | 47,904 |
| Repayment | - | - | (11,721) | (47,904) |
| Currency translation differences | - | (1,600) | - | 1,500 |
| At 31 December | 50,000 | 204,250 | 50,000 | 205,850 |

| | 2023 | | 2022 | |
|-----------------------------------|----------|----------|--------------|---------------|
| | USD | KHR'000 | USD | KHR'000 |
| Mr. Thuch Panhchak Kampoul | | | | |
| At 01 January | 5,000 | 20,585 | 21,000 | 85,827 |
| Proceed of loan | - | - | 15,000 | 61,305 |
| Repayment | (5,000) | (20,550) | (31,000) | (126,697) |
| Currency translation differences | - | (35) | - | 150 |
| At 31 December | - | - | 5,000 | 20,585 |

| | 2023 | | 2022 | |
|----------------------------------|----------|----------|---------------|---------------|
| | USD | KHR'000 | USD | KHR'000 |
| Mrs. Chen Sopheap | | | | |
| At 01 January | 15,000 | 61,755 | - | - |
| Proceed of loan | - | - | 59,559 | 243,418 |
| Repayment | (15,000) | (61,650) | (44,559) | (182,113) |
| Currency translation differences | - | (105) | - | 450 |
| At 31 December | - | - | 15,000 | 61,755 |

24. Lease commitment

| | 2023 | | 2022 | |
|-------------------|---------------|----------------|---------------|----------------|
| | USD | KHR'000 | USD | KHR'000 |
| Within one year | 16,478 | 67,312 | 10,000 | 41,170 |
| Two to five years | 40,822 | 166,759 | 25,834 | 106,357 |
| | 57,300 | 234,071 | 35,834 | 147,527 |

25. Categories of financial instruments

| | 2023 | | 2022 | |
|------------------------------------|------------------|-------------------|------------------|-------------------|
| | USD | KHR'000 | USD | KHR'000 |
| Financial assets | | | | |
| <u>Amortised Cost</u> | | | | |
| Cash on hand | 17,399 | 71,075 | 48,726 | 200,605 |
| Deposits and placements with NBC | 24,480 | 100,001 | 20,462 | 84,242 |
| Deposits and placements with banks | 8,178 | 33,407 | 129,122 | 531,595 |
| Loans to customers | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |
| Other assets* | 3,373 | 13,778 | 3,200 | 13,174 |
| | 2,812,840 | 11,490,451 | 2,522,787 | 10,386,314 |
| Financial liabilities | | | | |
| <u>Amortised Cost</u> | | | | |
| Amount due to related parties | 50,000 | 204,250 | 70,000 | 288,190 |
| Borrowings | 2,075,004 | 6,978,258 | 1,895,281 | 6,248,112 |
| Other liabilities** | 41,548 | 169,724 | 35,455 | 145,968 |
| | 2,166,552 | 7,352,232 | 2,000,736 | 6,682,270 |

*Excludes prepayment

**Excluded unearned income

26. Financial risk management

The guidelines and policies adopted by the Company to manage the risks that arise in the conduct of their business activities are as follows:

a) Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific allowances as a result of defaults by the borrowers or counterparties through its lending and investing activities. The primary exposure to credit risk arises through its loans to customers. The amount of credit exposure in this regard is represented by the carrying Amount of the assets on the statement of financial position. The lending activities are guided by the Company's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes and procedures implemented to ensure compliance with NBC Guidelines.

The company holds collateral against loans to customers in the form of mortgage interests over property and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated except when a loan is individually assessed as doubtful.

i. Credit risk measurement

The company assesses the probability of default of individual counterparties by focusing on a borrowers' forecasted profit and cash flows. The credit committee is responsible for approving loans to customers.

ii. Risk limit control and mitigation policies

The company manage limits and controls the concentration of credit risk whenever it is identified.

The company employs a range of policies and practices to mitigate credit risks. The most traditional of these is the taking of security in the form of collateral for loan to customers, which is a common practice, the company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation, The principal collateral types that the company accepts to secure for loans to customers are:

- Mortgages over residential properties (land, building and other properties); and
- Charges over business assets such as land and buildings.

iii. Exposure to credit risk with regards to loans to customers

| | 2023 | | 2022 | |
|-------------------------------|------------------|-------------------|------------------|------------------|
| | USD | KHR'000 | USD | KHR'000 |
| Loan to customers | | | | |
| Neither past due nor impaired | 2,624,511 | 10,721,127 | 2,304,187 | 9,486,338 |
| Past due but not impaired | 132,811 | 542,533 | 17,090 | 70,360 |
| Individually impaired | 2,088 | 8,530 | - | - |
| | 2,759,410 | 11,272,190 | 2,321,277 | 9,556,698 |

Neither past due nor impaired

Neither past due nor impaired loans to customers are good quality loans to customers for which there is no experience of default. These loans are supported by collaterals and management views that likelihood of default is relatively low.

Past due but not impaired loans

Past due but not impaired loans to customers are those for which contractual interest or principal payments that are past due less than 30 days for short-term loans and 90 days for long-term loans, unless other information is available to indicate otherwise.

Impaired loans

Individually impaired loans to customers are loans to customers for which the Company determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans to customers.

In compliance with NBC Guidelines, an allowance for doubtful loans to customers is made for loans to customers with payment overdue more than 30 days for short-term loans and 89 days for long-term loans. A minimum level of specific allowance for impairment is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

b) Operational risk

The operational risk losses which would result from inadequate or failed internal processes, people and Systems or from external factors is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the Management.

The operational risk management entail the establishment of clear organisational structure, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining System parameters controls, streamlining procedures and documentation. These are reviewed continually to address the operational risks of its micro-finance business.

c) Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

i. Foreign currency exchange risk

The Company revenue is principally earned in USD. The Company expenditure is principally paid in USD. Monetary assets and liability are significantly dominated in USD. The Company does not therefore have significant exposure to foreign currency risk.

ii. Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rates and shifts in the composition of the assets and liabilities. The exposure to interest rate risk relate primarily to its loans. Since the majority of financial assets are not subject to significant change with the market rates, the Company does not use derivative financial instruments to hedge such risk.

The table below summarises the Company's exposure to interest rate risks. It includes the company's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

| | Up to 1 month USD | >1-3 months USD | >3-12 months USD | >1-5 years USD | Over 5 years USD | Non-interest bearing USD | Total USD | Interest rates % |
|------------------------------------|-------------------------|-----------------------|------------------------|----------------------|------------------------|--------------------------------|--------------|------------------------|
| 2023 | | | | | | | | |
| Financial assets | | | | | | | | |
| Cash on hand | - | - | - | - | - | 17,399 | 17,399 | |
| Deposits and placements with NBC | - | - | - | - | - | 24,480 | 24,480 | |
| Deposits and placements with banks | - | - | - | - | - | 8,178 | 8,178 | |
| Loans to customers | - | - | 13,653 | 1,720,364 | 1,025,393 | - | 2,759,410 | 18% |
| Other assets* | - | - | - | - | - | 3,373 | 3,373 | |
| Total financial assets | - | - | 13,653 | 1,720,364 | 1,025,393 | 53,430 | 2,812,840 | |
| Financial liabilities | - | - | - | - | - | - | - | |
| Amount due to related parties | - | - | 50,000 | - | - | - | 50,000 | 12% |
| Borrowings | - | - | - | 2,075,004 | - | - | 2,075,004 | 10-12% |
| Other liabilities** | - | - | - | - | - | 41,548 | 41,548 | |
| Total financial liabilities | - | - | 50,000 | 2,075,004 | - | 41,548 | 2,166,552 | |
| Total interest pricing gap | - | - | (36,347) | (354,640) | 1,025,393 | 11,882 | 646,288 | |
| In KHR'000 | - | - | (148,477) | (1,448,704) | 4,188,730 | 48,538 | 2,640,086 | |

*Excluded prepayment

**Excluded unearned income

[The remainder of this page was left intentionally blank]

| | Up to 1 month USD | >1-3 months USD | >3-12 months USD | >1-5 years USD | Over 5 years USD | Non-interest bearing USD | Total USD | Interest rates % |
|------------------------------------|-------------------------|-----------------------|------------------------|----------------------|------------------------|--------------------------------|--------------|------------------------|
| 2022 | | | | | | | | |
| Financial assets | | | | | | | | |
| Cash on hand | - | - | - | - | - | 48,726 | 48,726 | |
| Deposits and placements with NBC | - | - | - | - | - | 20,462 | 20,462 | |
| Deposits and placements with banks | - | - | - | - | - | 129,122 | 129,122 | |
| Loans to customers | - | - | 12,906 | 1,875,124 | 433,247 | - | 2,321,277 | 18% |
| Other assets* | - | - | - | - | - | 3,200 | 3,200 | |
| Total financial assets | - | - | 12,906 | 1,875,124 | 433,247 | 201,510 | 2,522,787 | |
| Financial liabilities | | | | | | | | |
| Amount due to related parties | - | - | 70,000 | | | | 70,000 | 12% |
| Borrowings | - | - | - | 1,895,281 | - | - | 1,895,281 | 10%-12% |
| Other liabilities** | - | - | - | - | - | 35,455 | 35,455 | |
| Total financial liabilities | - | - | 70,000 | 1,895,281 | - | 35,455 | 2,000,736 | |
| Total interest pricing gap | - | - | (57,094) | (20,157) | 433,247 | 166,055 | 522,051 | |
| In KHR'000 | - | - | (235,056) | (82,986) | 1,783,678 | 683,648 | 2,149,284 | |

*Excluded prepayment

**Excluded unearned income

d) Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the Management of the Company closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provide an analysis of financial assets and liabilities of the Company into relevant maturity grouping, including instalments due:

| | Up to 1 month USD | >1-3 months USD | >3-12 months USD | >1-5 years USD | Over 5 years USD | No fixed maturity date USD | Total USD |
|------------------------------------|-------------------------|-----------------------|------------------------|----------------------|------------------------|----------------------------------|--------------|
| 2023 | | | | | | | |
| Financial asset | | | | | | | |
| Cash on hand | - | - | - | - | - | 17,399 | 17,399 |
| Deposits and placements with NBC | - | - | - | - | - | 24,480 | 24,480 |
| Deposits and placements with banks | - | - | - | - | - | 8,178 | 8,178 |
| Loans to customers | - | - | 13,653 | 1,720,364 | 1,025,393 | - | 2,759,410 |
| Other assets* | - | - | - | - | - | 3,373 | 3,373 |
| Total financial assets | - | - | 13,653 | 1,720,364 | 1,025,393 | 53,430 | 2,812,840 |
| Financial liabilities | | | | | | | |
| Amount due to related parties | - | - | 50,000 | - | - | - | 50,000 |
| Borrowings | - | - | - | 2,075,004 | - | - | 2,075,004 |
| Other liabilities** | - | - | - | - | - | 41,548 | 41,548 |
| Total financial liabilities | - | - | 50,000 | 2,075,004 | - | 41,548 | 2,166,552 |
| Net liquidity surplus (gap) | - | - | (36,347) | (354,640) | 1,025,393 | 11,882 | 646,288 |
| In KHR'000 | - | - | (148,477) | (1,448,704) | 4,188,730 | 48,538 | 2,640,086 |

*Excluded prepayment

**Excluded unearned income

[The remainder of this page was left intentionally blank]

| | Up to 1 month USD | >1-3 months USD | >3-12 months USD | >1-5 years USD | Over 5 years USD | No fixed maturity date USD | Total USD |
|------------------------------------|-------------------------|-----------------------|------------------------|----------------------|------------------------|----------------------------------|--------------|
| 2022 | | | | | | | |
| Financial asset | | | | | | | |
| Cash on hand | - | - | - | - | - | 48,726 | 48,726 |
| Deposits and placements with NBC | - | - | - | - | - | 20,462 | 20,462 |
| Deposits and placements with banks | - | - | - | - | - | 129,122 | 129,122 |
| Loans to customers | - | - | 12,906 | 1,875,124 | 433,247 | - | 2,321,277 |
| Other assets* | - | - | - | - | - | 3,200 | 3,200 |
| Total financial assets | - | - | 12,906 | 1,875,124 | 433,247 | 201,510 | 2,522,787 |
| Financial liabilities | | | | | | | |
| Amount due to related parties | - | - | 70,000 | | | | 70,000 |
| Borrowings | - | - | - | 1,895,281 | - | - | 1,895,281 |
| Other liabilities** | - | - | - | - | - | 35,455 | 35,455 |
| Total financial liabilities | - | - | 70,000 | 1,895,281 | - | 35,455 | 2,000,736 |
| Net Liquidity surplus (gap) | - | - | (57,094) | (20,157) | 433,247 | 166,055 | 522,051 |
| In KHR'000 | - | - | (235,056) | (82,986) | 1,783,678 | 683,648 | 2,149,284 |

*Excluded prepayment

**Excluded unearned income

e) Capital management

i. Regulatory capital

The Company's lead regulator, the NBC, sets and monitors capital requirements for the Company as a whole.

The Company's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The Company has complied with all externally imposed capital requirements throughout the year.

ii. Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

27. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorisation of these financial statements.

28. Authorisation of the financial statements

The financial statements for the year ended 31 December 2023 were authorised for issue by the director on 29 May 2024.