



# Independent Auditor's Report

Mamede Finance Plc.

Financial Statements

For the year ended 31 December 2024

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## **ម៉ាមេឌី ហ្វាយណង់ ប.ក** **MAMEDE FINANCE PLC.**

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Board of Directors' report

The board of directors hereby submit the report and the audited financial statements of the Mamede Finance Plc. ("the Company") for the financial year ended 31 December 2024.

### **1. Background and principal activities**

Mamede 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. 2000208130 dated 22 November 2022. The Company obtained its license from the National Bank of Cambodia ("NBC") to operate as a rural credit institution on 27 September 2021. The Company also obtained the renewal of the rural credit institution license, which was approved by National Bank of Cambodia ("NBC") on 24 July 2024.

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

The Company's office is located at N<sup>o</sup> 121A, Street N<sup>o</sup> 50, Phum Russey Mouy, Sangkat Stueng Mean Chey 3, Khan Mean Chey, Phnom Penh, Kingdom of Cambodia.

### **2. Results of operations**

The results of the Company's operations for the year ended 31 December 2024 and the state of its affairs as at that date are set out in the financial statements.

The board of directors do not recommend the payment of dividend in year ended 31 December 2024.

### **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:

<b>Name</b>	<b>Position</b>
Mr. Narin Piseth	Chairman
Mr. Eath Sam Orn	Director
Mr. Vann Sitha	Director
Mr. Ros Seilavath	Director
Mr. Ven Samean	Director

### **4. Auditors**

The financial statements for the year ended 31 December 2024 have been audited by Cam Accounting & Tax Service Co., Ltd.

### **5. Board of directors' responsibility for the financial statements**

The board of director is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all a material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended on that date.

When preparing the financial statements, the board of director is 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;



- ii. 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 board of directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board of 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**

On behalf of the board of directors of Mamede Finance Plc. I do hereby state that the accompanying financial statements present fairly, in all material respects, the statement of financial position of the Company as at 31 December 2024 and statement of profit & loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 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").

On behalf of Board of Directors



**Mr. Narin Piseth**  
**Chairman**

Phnom Penh, Kingdom of Cambodia  
Date: 30 May 2025.





Kreston Cambodia is the trading 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 Mamede Finance Plc.

#### Qualified opinion

We have audited the financial statements of Mamede Finance Plc., ("the Company") which comprise the statement of financial position as at 31 December 2024, 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 31.

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the 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 qualified opinion

We did not obtain sufficient evidence on retained earnings as at 31 December 2023 amounting to KHR'000 1,594,361. As a result of this matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded the retained earnings and the elements making up the statement of profit & loss and other comprehensive income, statement of changes in equity and statement of cash flows.

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

We are independent of the Company in accordance with the international Code of Ethics for Professional Accountants (Including International Independence Standards) issued by the international Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kampuchea Institute of Certified Public Accountants and Auditor's Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code) 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



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, FCCA**  
**Audit Partner**

Phnom Penh, Kingdom of Cambodia  
Date: 30 May 2025

## Statement of financial position

As at 31 December 2024

	Notes	2024 KHR'000	2023 KHR'000
<b>Assets</b>			
Cash on hand	4	322,161	463,594
Deposits and placements with NBC	5	25,765	25,765
Deposits and placements with banks	6	188,887	605,992
Loans to customers	7	6,438,669	5,219,329
Other assets	8	54,975	61,962
Intangible asset	9	30,944	31,850
Property and equipment	10	140,190	194,883
<b>Total assets</b>		<b>7,201,591</b>	<b>6,603,375</b>
<b>Liabilities</b>			
Other liabilities	11	178,609	138,693
Deferred tax liability	20 (a)	8,815	-
Income tax payable	20 (b)	1,799	63,781
Amount due to related parties	22	4,345,319	4,291,240
<b>Total liabilities</b>		<b>4,534,542</b>	<b>4,493,714</b>
<b>Equity</b>			
Share capital	12	515,300	515,300
Regulatory reserve	13	88,823	-
Retained earnings		2,062,926	1,594,361
<b>Total equity</b>		<b>2,667,049</b>	<b>2,109,661</b>
<b>Total liabilities and equity</b>		<b>7,201,591</b>	<b>6,603,375</b>



## Statement of profit & loss and other comprehensive income

For the year ended 31 December 2024

	Notes	2024 KHR'000	2023 KHR'000
Interest income	14	2,814,162	685,452
Interest expense	15	(599,293)	(400,940)
<b>Net interest income</b>		<b>2,214,869</b>	<b>284,512</b>
Other operating incomes	16	385,407	1,436,256
Employee expenses	17	(1,170,340)	(911,319)
General and administrative expenses	18	(580,767)	(435,719)
Allowance for impairment losses	19	(140,717)	(107,980)
<b>Profit before taxes</b>		<b>708,452</b>	<b>265,750</b>
Income taxes	20 (c)	(145,523)	(82,769)
<b>Profit for the year</b>		<b>562,929</b>	<b>182,981</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>562,929</b>	<b>182,981</b>

## Statement of changes in equity

For the year ended 31 December 2024

	Share capital KHR'000	Regulatory reserve KHR'000	Retained earnings KHR'000	Total KHR'000
At 01 January 2023	515,300	26,430	1,363,983	1,905,713
Profit for the year	-	-	182,981	182,981
Adjustment	-	-	20,967	20,967
Transfer	-	(26,430)	26,430	-
Balance at 31 December 2023	515,300	-	1,594,361	2,109,661
<b>Profit for the year</b>	-	-	<b>562,929</b>	<b>562,929</b>
<b>Adjustment</b>	-	-	<b>(5,541)</b>	<b>(5,541)</b>
<b>Transfer</b>	-	<b>88,823</b>	<b>(88,823)</b>	-
<b>Balance at 31 December 2024</b>	<b>515,300</b>	<b>88,823</b>	<b>2,062,926</b>	<b>2,667,049</b>

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



## Statement of cash flows

For the year ended 31 December 2024

	Notes	2024 KHR'000	2023 KHR'000
<b>Cash flow from operating activities</b>			
Profit before taxes		708,452	265,750
<b>Adjustment for:</b>			
Amortization expense	9	12,618	9,001
Depreciation expense	10	73,106	69,300
Allowance for impairment losses	19	140,717	107,980
Write off		-	106
<b>Operating profit before working capital changes</b>		<b>934,893</b>	<b>452,137</b>
<b>Changes in:</b>			
Statutory deposit with NBC	5	-	(25,765)
Loans to customers	7	(1,364,270)	(1,720,482)
Other assets	8	6,988	(56,095)
Other liabilities		(13,250)	46,209
<b>Cash flow used in operating activities</b>		<b>(435,639)</b>	<b>(1,303,996)</b>
Income taxes	20 (c)	(145,523)	(18,988)
<b>Net cash flow used in operating activities</b>		<b>(581,162)</b>	<b>(1,322,984)</b>
<b>Cash flow from investing activities</b>			
Acquisition of intangible asset	9	(14,635)	(9,482)
Acquisition of property & equipment	10	(22,630)	(122,273)
<b>Net cash flow used in investing activities</b>		<b>(37,265)</b>	<b>(131,755)</b>
<b>Cash flow from financing activities</b>			
Proceed of loan	22	3,026,550	2,813,896
Repayment	22	(2,972,471)	(826,195)
<b>Net cash flow generated from financing activities</b>		<b>54,079</b>	<b>1,987,701</b>
<b>Net changes in cash and cash equivalents*</b>		<b>(562,751)</b>	<b>553,929</b>
<b>Cash and cash equivalents at 01 January</b>		<b>1,075,707</b>	<b>521,778</b>
<b>Currency translation differences</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 31 December</b>		<b>512,956</b>	<b>1,075,707</b>
<b>Cash and cash equivalents at 31 December 2024 &amp; 2023 reconciliation:</b>			
		2024	2023
		KHR'000	KHR'000
Cash on hand		322,161	463,594
Deposits and placements with banks		190,795	612,113
		<b>512,956</b>	<b>1,075,707</b>

\*There were non-cash transaction and the adjustments was made to retained earnings as at 31 December 2024 and 2023 amounting to KHR'000 1,597 and KHR'000 20,967 respectively.



# Notes to the financial statements

## 1. Background and principal activities

Mamede 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. 2000208130 dated 22 November 2022. The Company obtained its license from the National Bank of Cambodia ("NBC") to operate as a rural credit institution on 27 September 2021. The Company also obtained the renewal of the rural credit institution license, which was approved by National Bank of Cambodia ("NBC") on 24 July 2024.

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

The Company's office is located at N<sup>o</sup> 121A, Street N<sup>o</sup> 50, Phum Russey Mouy, Sangkat Stueng Mean Chey 3, Khan Mean Chey, Phnom Penh, 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").

## 3. Significant accounting policies

### 3.1 New and amended standards and interpretations.

#### 3.1.1 Accounting standards effective on or after 01 January 2024

These accounting standards are described below which have become effective this year as follows:

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

These standards are not expected to have significant impact on the financial statements in the current year and therefore these standards have not been adopted by the Company.

#### 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:

- Lack of Exchangeability (Amendments to CIAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to CIFRS 9 and 7)
- CIFRS 18 'Presentation and Disclosure in Financial Statements'

#### 3.1.3 The basis of preparation of financial statements

The financial statements have been prepared in accordance with the historical cost convention, except for certain items that are measured at fair value, as disclosed in the significant accounting policies. In compliance with the CIFRS for SMEs, the preparation of these financial statements requires the use of certain critical accounting estimates. This also necessitates that management exercise judgment in applying the company's accounting policies. Areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are particularly important. These areas are disclosed to ensure transparency and to provide users with a clear understanding of the potential impact on the financial statements.

#### 3.1.4 Significant accounting judgments and estimates uncertainty

##### *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, liabilities, income and expenses within the next financial year other than as disclosed below:



#### **a. Impairment of loans to customers**

The loss allowances for loans 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**

The national currency of Cambodia is the Khmer Riel ("KHR"). As the Company transacts its business and maintains its accounting records primarily in USD, Management has determined the USD to be the Company's currency for measurement and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

The translation of the USD amounts into Khmer Riel ("KHR") is presented in the financial statements which is required by the Law on Accounting and Auditing by using exchange rate announced by the National Bank of Cambodia. Assets and liabilities are translated at the closing rate as at the reporting date and equity is translated at historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as "Currency translation reserves" in the 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 principle annual years used for this purpose are:

Items	Rate
Office renovation	20%
Furniture and fixture	20%
Office and computer equipment	25%
Vehicles	30%
Other assets	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 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.

### **3.4 Intangible assets**

Intangible assets represent the initial costs incurred in obtaining software at rate 33.33%.

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 Impairment testing of property and equipment and other intangible 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.

### **3.6 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.

### **3.7 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.

### **3.8 Deposits and placements with National Bank of Cambodia (NBC)**

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.

### **3.9 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% (2023: 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.

### **3.10 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.

### 3.11 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.

### 3.12 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 but it will disclose as contingent liabilities.

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 Equity and retained earnings

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

### 3.15 Regulatory Provision

On 1 December 2017, the National Bank of Cambodia ("NBC") issued Prakas No. B7-017-344 on Credit Risk Grading and Impairment Provisioning which effectively repealed Prakas No. B7-09-074 on Asset Classification and Provisioning effective from the date of its issue.

NBC's Announcement No. B30-025-170, dated February 5, 2025, states that the loan impairment provision calculation shall include Accrued Interest Receivable (AIR), applying the provision rate as per the previous Circular No. B7-018-001 dated 16 February 2018 to clarify the mandatory level of general and specific allowance to be provided based on the loans to customers classification as follows:

Classification	Number of days past due	Provision rate
<b>Short term loans (less than or equal one year):</b>		
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:

- a. 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.
- b. 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.

**3.16 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.

**3.17 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.

**3.18 Operating leases**

Payments made under operating leases are recognised in the statement of profit & loss and other comprehensive income on a straight-line basis over the term of the lease. Lease commitments are not recognised as liabilities until the payments become due. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company has rented 3 offices in Phnom Penh and Prey Veng province, which expires in 2028, considered as operating leases.

**3.19 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.

### 3.20 Employee benefits

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### 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:

- a. 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;
- b. a party is a jointly-controlled entity;
- c. a party is an associate;
- d. a party is a member of the key management personnel of the Company; or of a parent of the reporting entry;
- e. a party is a close family member of the above categories.

### 3.22 Borrowings

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

## 4. Cash on hand

	2024	2023
	KHR'000	KHR'000
US Dollars	280,140	441,409
Khmer Riels	42,021	22,185
	<u>322,161</u>	<u>463,594</u>

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## 5. Deposits and placements with NBC

	2024 KHR'000	2023 KHR'000
Capital guarantee deposit*	25,765	25,765
	<b>25,765</b>	<b>25,765</b>

(\*) 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

	2024 KHR'000	2023 KHR'000
<b>In Cambodia:</b>		
Saving accounts	190,795	612,113
	<b>190,795</b>	<b>612,113</b>
Less: Allowance for impairment losses	(1,908)	(6,121)
	<b>188,887</b>	<b>605,992</b>

Movements in the impairment loss allowance are as follows:

	2024 KHR'000	2023 KHR'000
<b>In Cambodia:</b>		
At 01 January	6,121	4,689
Allowance for impairment loss	(4,213)	1,432
At 31 December	<b>1,908</b>	<b>6,121</b>

The above deposit and placements amount are analyses as follow:

	2024 KHR'000	2023 KHR'000
<b>By currency:</b>		
US Dollars	143,780	453,234
Khmer Riels	47,015	158,879
	<b>190,795</b>	<b>612,113</b>

## 7. Loans to customers

	2024 KHR'000	2023 KHR'000
Long term	4,980,207	4,227,917
Short term	1,599,530	1,101,290
	<b>6,579,737</b>	<b>5,329,207</b>
Accrued interest receivables	157,503	43,763
<b>Gross loans at amortised cost</b>	<b>6,737,240</b>	<b>5,372,970</b>
Less: Allowance for impairment losses	(298,571)	(153,641)
<b>Net loans at amortised cost</b>	<b>6,438,669</b>	<b>5,219,329</b>

Movements in the impairment loss allowance are as follows:

	2024 KHR'000	2023 KHR'000
At 01 January	153,641	52,294
Allowance for impairment losses	144,930	106,548
Written off loan	-	(5,201)
At 31 December	<b>298,571</b>	<b>153,641</b>

The Loans to customers are analysed as follows:

	2024	2023
	KHR'000	KHR'000
<b>a) By maturity:</b>		
Within 1 year	1,599,530	1,101,290
1 to 5 years	4,980,207	4,227,917
	<u>6,579,737</u>	<u>5,329,207</u>
<b>b) By industry:</b>		
Household/family	2,582,026	2,114,203
Agriculture	1,605,104	1,455,440
Trade and commerce	1,112,651	1,126,725
Service	692,172	226,070
Construction	467,584	366,080
Transportation	101,760	19,709
Others	18,440	20,980
	<u>6,579,737</u>	<u>5,329,207</u>
<b>c) By currency:</b>		
US Dollars	3,524,327	2,932,518
Khmer Riels	3,055,410	2,396,689
	<u>6,579,737</u>	<u>5,329,207</u>
<b>d) By residency status:</b>		
Residents	6,579,737	5,329,207
	<u>6,579,737</u>	<u>5,329,207</u>
<b>e) By relationship:</b>		
External customers	6,579,737	5,329,207
	<u>6,579,737</u>	<u>5,329,207</u>
<b>f) By performance and security:</b>		
Secured	3,313,372	2,129,101
Unsecured	3,266,365	3,200,106
	<u>6,579,737</u>	<u>5,329,207</u>
<b>g) By interest rate (per annum):</b>		
Individual	14.4%-18%	14.4%-18%
<b>8. Other assets</b>		
	2024	2023
	KHR'000	KHR'000
Prepayments	45,086	54,702
Rental deposit	8,412	5,556
Other receivables	1,477	1,704
	<u>54,975</u>	<u>61,962</u>

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## 9. Intangible asset

	2024		2023	
	Software	Total	Software	Total
Cost	KHR'000	KHR'000	KHR'000	KHR'000
At 01 January	43,425	43,425	58,453	58,453
Additions	14,635	14,635	9,482	9,482
Adjustment	(3,300)	(3,300)	-	-
Write off	-	-	(24,510)	(24,510)
At 31 December	54,760	54,760	43,425	43,425
Accumulated amortisation				
At 01 January	11,575	11,575	27,084	27,084
Amortisation	12,618	12,618	9,001	9,001
Adjustment	(377)	(377)	-	-
Write off	-	-	(24,510)	(24,510)
At 31 December	23,816	23,816	11,575	11,575
Carrying amount				
At 31 December	30,944	30,944	31,850	31,850

## 10. Property and equipment

	Leasehold improvement	Computer and equipment	Furniture and fixture	Vehicles	Other assets	Total
Cost	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
At 01 January 2024	43,243	53,453	52,882	124,320	-	273,898
Additions	-	12,986	9,644	-	-	22,630
Adjustment	(801)	(922)	(1,752)	(2,041)	-	(5,516)
At 31 December 2024	42,442	65,517	60,774	122,279	-	291,012
Accumulated depreciation						
At 01 January 2024	9,298	22,863	19,787	27,067	-	79,015
Depreciation	8,489	21,472	18,021	25,124	-	73,106
Adjustment	(233)	(40)	(516)	(510)	-	(1,299)
At 31 December 2024	17,554	44,295	37,292	51,681	-	150,822
Carrying amount						
At 31 December 2024	24,888	21,222	23,482	70,598	-	140,190
	Leasehold improvement	Computer and equipment	Furniture and fixture	Vehicles	Other assets	Total
Cost	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
At 01 January 2023	62,220	17,847	127,351	27,955	27,209	262,582
Additions	-	14,465	11,810	95,998	-	122,273
Write-off	(18,977)	-	(65,138)	(13,195)	(13,647)	(110,957)
Reclassification	-	21,141	(21,141)	13,562	(13,562)	-
At 31 December 2023	43,243	53,453	52,882	124,320	-	273,898
Accumulated depreciation						
At 01 January 2023	19,660	4,246	68,356	14,763	13,541	120,566
Depreciation	8,615	18,617	16,569	25,499	-	69,300
Write-off	(18,977)	-	(65,138)	(13,195)	(13,541)	(110,851)
At 31 December 2023	9,298	22,863	19,787	27,067	-	79,015
Carrying amount						
At 31 December 2023	33,945	30,590	33,095	97,253	-	194,883



## 11. Other liabilities

	2024 KHR'000	2023 KHR'000
Other tax payables	124,838	12,861
Accrued professional fee	26,565	26,062
Collection from customers	17,495	12,781
Accrued bonus	2,183	7,925
Other payables	7,528	1,666
Accrued interest payable	-	1,287
Unearned income	-	76,111
	<b>178,609</b>	<b>138,693</b>

## 12. Share capital

	2024&2023		
	% of ownership	Number of shares	KHR'000
Mr. Eath Sam Orn	22%	28.68	114,700
Mr. Eat Sokha	19%	24.33	97,320
Mr. Vann Sitha	15%	19.40	77,600
Ms. Eat Sokhoeun	15%	18.95	75,800
Mr. Ros Seilavath	13%	17.08	68,300
Ms. Eat Sokhorn	10%	12.95	51,780
Mr. Ven Samean	3%	3.83	15,300
Mr. Narin Piseth	3%	3.63	14,500
	<b>100%</b>	<b>129</b>	<b>515,300</b>

As the reporting date, the Company's paid-up capital was fully paid the same as previous year.

## 13. Regulatory reserve

	2024 KHR'000	2023 KHR'000
At 1 January	-	26,430
Transfer from/(to) retained profits	88,823	(26,430)
At 31 December	<b>88,823</b>	-

As at 31 December 2024, the regulatory provision calculation is KHR'000 387,395 which is KHR'000 88,823 higher than the required provision per CIFR for SMEs of KHR'000 298,572. As such, in the compliance with Prakas No. B7-017-344 Article 73(b), KHR'000 88,823 regulatory reserve is transferred from retained earnings.

## 14. Interest income

	2024 KHR'000	2023 KHR'000
Loans to customers	2,808,339	677,630
Deposits and placements with banks	5,823	7,822
	<b>2,814,162</b>	<b>685,452</b>

## 15. Interest expense

	2024 KHR'000	2023 KHR'000
Related parties	599,293	400,940
	<b>599,293</b>	<b>400,940</b>



## 16. Other operating incomes

	2024 KHR'000	2023 KHR'000
Gain on currency exchange rate	43,291	14,267
Penalty income	20,048	9,469
Other operating income	322,068	219,453
Fee and commission on loans	-	1,193,067
	<u>385,407</u>	<u>1,436,256</u>

## 17. Employee expenses

	2024 KHR'000	2023 KHR'000
Salary expenses	993,022	746,852
Bonus expenses	59,207	52,030
Seniority expenses	38,755	35,470
Uniform expenses	27,791	14,440
Incentive expenses	22,285	35,600
Staff pension fund	20,174	15,051
Other employee expenses	9,106	11,876
	<u>1,170,340</u>	<u>911,319</u>

## 18. General and administrative expenses

	2024 KHR'000	2023 KHR'000
Depreciation expense	73,106	69,300
Fuel and gasoline expenses	60,764	54,534
Repair and maintenance expense	57,555	50,788
Other tax expenses	52,945	11,076
Loss on currency exchange rate	47,873	-
Rental expense	46,856	43,711
Transportation expense	42,441	15,567
Insurance expenses	34,139	26,990
Professional fee	26,849	28,098
Security expense	25,047	23,680
Office supplies	19,559	23,279
Communication expense	18,386	15,037
Utilities expense	18,420	16,205
Membership fee	12,903	5,485
Amortization expense	12,618	9,001
Bank charges	11,228	6,305
Entertainment expense	10,275	9,765
License fee	2,300	4,242
Other expenses	7,503	11,302
Marketing and advertising expense	-	9,306
Penalties expense	-	2,048
	<u>580,767</u>	<u>435,719</u>

## 19. Allowance for impairment losses

	2024 KHR'000	2023 KHR'000
Loans to customers	144,930	106,548
Deposits and placements with banks	(4,213)	1,432
	<u>140,717</u>	<u>107,980</u>



## 20. Income taxes

### a) Deferred tax liability/(asset)

Deferred tax liabilities attributable from:

	At 01 January KHR'000	Recognized in Profit or loss KHR'000	At 31 December KHR'000
2024			
Property and equipment	-	(8,750)	(8,750)
Loss allowance for ECL	-	(65)	(65)
<b>Total</b>	<b>-</b>	<b>(8,815)</b>	<b>(8,815)</b>

### b) Income tax payable

	2024 KHR'000	2023 KHR'000
At 01 January	63,781	-
Current income tax expense	136,708	82,769
Income tax paid during the year	(145,523)	(21,219)
Temporary different of tax during the year	8,815	-
Under provision of taxation	(61,982)	2,231
<b>At 31 December</b>	<b>1,799</b>	<b>63,781</b>

### c) Income taxes expense

	2024 KHR'000	2023 KHR'000
<b>Current tax:</b>		
Estimated current income tax expenses	136,708	82,769
	<b>136,708</b>	<b>82,769</b>
<b>Deferred tax asset</b>		
Deferred tax assets		
Deferred tax liabilities	(8,815)	-
	<b>145,523</b>	<b>82,769</b>

Under Cambodia's Law on Taxation, the Company is obliged to pay corporate income tax either at the tax rate of 20% of taxable profit, or at the minimum tax rate of 1% of total revenue, whichever is the higher. The reconciliation of the estimated current income tax computed at the statutory tax rate to the income tax expense show in the statement of profit & loss and other comprehensive income is as follow.

	2024 KHR'000	2023 KHR'000
Profit before tax	708,452	265,750
Add: Non-deductible expenses	267,838	257,156
Less: Deductible expense	(292,748)	(164,465)
Other tax reconciliation	-	55,402
<b>Estimated taxable income tax 20% (A)</b>	<b>136,708</b>	<b>82,769</b>
<b>Minimum tax at 1% of revenue (B)</b>	<b>30,744</b>	<b>21,219</b>
<b>Estimated current income tax expense (Higher of A or B)</b>	<b>136,708</b>	<b>82,769</b>

## 21. 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.



## 22. Related party balance and transactions

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

	2024	2023
	KHR'000	KHR'000
<b>Borrowings from shareholders and related party</b>		
Mr. Eath Sam Orn	2,223,216	1,616,792
Ms. Eat Sokhorn	804,999	1,089,332
Ms. Eat Sokhoeun	464,216	529,348
Mr. Vann Sitha	344,901	347,060
Mr. Ros Seilavath	301,875	40,850
Mr. Ven Samean	125,612	78,303
Mr. Narin Piseth	80,500	116,423
MVU Investment Plc.	-	473,132
	<b>4,345,319</b>	<b>4,291,240</b>

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:

	2024	2023
	KHR'000	KHR'000
<b>Shareholder loan</b>		
<b>Mr. Eath Sam Orn</b>		
At 01 January	1,616,792	808,866
Proceed of loan	2,443,175	943,635
Repayment	(1,813,591)	(169,422)
Currency translation differences	(23,160)	33,713
At 31 December	<b>2,223,216</b>	<b>1,616,792</b>

	2024	2023
	KHR'000	KHR'000
<b>Shareholder loan</b>		
<b>Ms. Eat Sokhorn</b>		
At 01 January	1,089,332	1,372,333
Proceed of loan	-	-
Repayment	(268,334)	(272,334)
Currency translation differences	(15,999)	(10,667)
At 31 December	<b>804,999</b>	<b>1,089,332</b>

	2024	2023
	KHR'000	KHR'000
<b>Shareholder loan</b>		
<b>Ms. Eat Sokhoeun</b>		
At 01 January	529,348	-
Proceed of loan	28,175	551,475
Repayment	(85,531)	(22,127)
Currency translation differences	(7,776)	-
At 31 December	<b>464,216</b>	<b>529,348</b>

	2024	2023
	KHR'000	KHR'000
<b>Shareholder loan</b>		
<b>Mr. Vann Sitha</b>		
At 01 January	347,060	122,340
Proceed of loan	-	225,360
Repayment	-	-
Currency translation differences	(2,159)	(640)
At 31 December	<b>344,901</b>	<b>347,060</b>

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Shareholder loan	2024	2023
<b>Mr. Ros Seilavath</b>	KHR'000	KHR'000
At 01 January	40,850	-
Proceed of loan	261,625	40,850
Repayment	-	-
Currency translation differences	(600)	-
At 31 December	301,875	40,850

Shareholder loan	2024	2023
<b>Mr. Ven Samean</b>	KHR'000	KHR'000
At 01 January	78,303	-
Proceed of loan	213,075	78,303
Repayment	(164,866)	-
Currency translation differences	(900)	-
At 31 December	125,612	78,303

Shareholder loan	2024	2023
<b>Mr. Narin Piseth</b>	KHR'000	KHR'000
At 01 January	116,423	-
Proceed of loan	80,500	157,273
Repayment	(114,713)	(40,850)
Currency translation differences	(1,710)	-
At 31 December	80,500	116,423

Related party	2024	2023
<b>MVU Investment Plc.</b>	KHR'000	KHR'000
At 01 January	473,132	-
Proceed of loan	-	817,000
Repayment	(466,182)	(343,868)
Currency translation differences	(6,950)	-
At 31 December	-	473,132

## 23. Lease commitment

	2024	2023
	KHR'000	KHR'000
Within one year	44,919	43,138
Two to five years	98,854	125,573
	143,773	168,711

## 24. Categories of financial instruments

	2024	2023
<b>Financial assets</b>	KHR'000	KHR'000
<u>Amortised Cost</u>		
Cash on hand	322,161	463,594
Deposits and placements with NBC	25,765	25,765
Deposits and placements with banks	190,795	612,113
Loans to customers	6,579,737	5,329,207
Other assets*	9,889	7,260
	7,128,347	6,437,939
<b>Financial liabilities</b>		
<u>Amortised Cost</u>		
Amount due to related parties	4,345,319	4,291,240
Other liabilities**	178,609	62,582
	4,523,928	4,353,822



\*Excluded prepayment

\*\*Excluded unearned income

## 25. 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

	2024 KHR'000	2023 KHR'000
<b>Loans to customers</b>		
Neither past due nor impaired	6,099,280	5,179,565
Past due but not impaired	247,252	90,405
Individually impaired	233,205	59,237
	<u>6,579,737</u>	<u>5,329,207</u>

#### 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-terms 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 organizational 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 liabilities 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.



## ii. Interest rate risk (Continued)

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

	Up to 1 month KHR'000	>1-12 months KHR'000	>1-5 years KHR'000	Over 5 years KHR'000	Non-interest bearing KHR'000	Total KHR'000	Interest rates %
<b>2024</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	322,161	322,161	
Deposits and placements with NBC	-	-	-	-	25,765	25,765	
Deposits and placements with banks	-	97,746	-	-	93,049	190,795	0.1%
Loans to customers	-	1,599,530	4,980,207	-	-	6,579,737	14.4%-18%
Other assets*	-	-	-	-	9,889	9,889	
<b>Total financial assets</b>	-	1,697,276	4,980,207	-	450,864	7,128,347	
<b>Financial liabilities</b>							
Amount due to related parties	-	4,345,319	-	-	-	4,345,319	12-18%
Other liabilities**	-	-	-	-	178,609	178,609	
<b>Total financial liabilities</b>	-	4,345,319	-	-	178,609	4,523,928	
<b>Total interest pricing gap</b>	-	(2,648,043)	4,980,207	-	272,255	2,604,419	

\*Excluded prepayment

\*\*Excluded unearned income

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## ii. Interest rate risk (Continued)

	Up to 1 month KHR'000	>1-12 months KHR'000	>1-5 years KHR'000	Over 5 years KHR'000	Non-interest bearing KHR'000	Total KHR'000	Interest rates %
<b>2023</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	463,594	463,594	
Deposits and placements with NBC	-	-	-	-	25,765	25,765	
Deposits and placements with banks	-	4,225	-	-	607,888	612,113	
Loans to customers	-	1,101,290	4,227,917	-	-	5,329,207	14.4%-18%
Other assets*	-	-	-	-	7,260	7,260	
<b>Total financial assets</b>	-	1,105,515	4,227,917	-	1,104,507	6,437,939	
<b>Financial liabilities</b>							
Amount due to related parties	-	4,291,240	-	-	-	4,291,240	12-18%
Other liabilities**	-	-	-	-	62,582	62,582	
<b>Total financial liabilities</b>	-	4,291,240	-	-	62,582	4,353,822	
 Total interest pricing gap	-	(3,185,725)	4,227,917	-	1,041,925	2,084,117	

\*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 is monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

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#### d) Liquidity risk (Continued)

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	>1-12 months	>1-5 years	Over 5 years	No fixed maturity date	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
<b>2024</b>						
<b>Financial asset</b>						
Cash on hand	-	-	-	-	322,161	322,161
Deposits and placements with NBC	-	-	-	-	25,765	25,765
Deposits and placements with banks	-	-	-	-	190,795	190,795
Loans to customers	-	1,599,530	4,980,207	-	-	6,579,737
Other assets*	-	-	-	-	9,889	9,889
<b>Total financial assets</b>	-	1,599,530	4,980,207	-	548,610	7,128,347
<b>Financial liabilities</b>						
Amount due to related parties	-	989,737	599,027	2,756,555	-	4,345,319
Other liabilities**	-	-	-	-	178,609	178,609
<b>Total financial liabilities</b>	-	989,737	599,027	2,756,555	178,609	4,523,928
<b>Net liquidity surplus (gap)</b>	-	609,793	4,381,180	(2,756,555)	370,001	2,604,419

\*Excluded prepayment

\*\*Excluded unearned income

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#### d) Liquidity risk (Continued)

	Up to 1 month	>1-12 months	>1-5 years	Over 5 years	No fixed maturity date	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
<b>2023</b>						
<b>Financial asset</b>						
Cash on hand	-	-	-	-	463,594	463,594
Deposits and placements with NBC	-	-	-	-	25,765	25,765
Deposits and placements with banks	-	-	-	-	612,113	612,113
Loans to customers	-	1,101,290	4,227,917	-	-	5,329,207
Other assets*	-	-	-	-	7,260	7,260
<b>Total financial assets</b>	-	1,101,290	4,227,917	-	1,108,732	6,437,939
<b>Financial liabilities</b>						
Amount due to related parties	-	-	3,192,262	1,098,978	-	4,291,240
Other liabilities**	-	-	-	-	62,582	62,582
<b>Total financial liabilities</b>	-	-	3,192,262	1,098,978	62,582	4,353,822
<b>Net liquidity surplus (gap)</b>	-	1,101,290	1,035,655	(1,098,978)	1,046,150	2,084,117

\*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.



**26. 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.

**27. Authorisation of the financial statements**

The financial statements for the year ended 31 December 2024 were authorised for issue by the director on 30 May 2025.