

MOBILITY FINANCE (CAMBODIA) PLC.

ANNUAL REPORT 2024

MESSAGE FROM CHAIRMAN OF BOARD

As Chairman of Mobility Finance (Cambodia) Plc., I am pleased to share with you our progress and vision as we reflect on the year 2024.

This past year has been one of both challenges and growth. In a rapidly evolving financial landscape, we remained committed to our core mission: to enhance financial inclusion and mobility for underserved communities across Cambodia. Our dedication to providing accessible and responsible financing solutions has helped thousands of Cambodians take meaningful steps toward financial independence and improved livelihoods.



In 2024, we have not only improved operational efficiency but also broadened our reach — ensuring that our customers receive faster, more personalized service.

Our team remains the backbone of our success. I extend my sincere gratitude to our employees, management, partners, and stakeholders for their unwavering commitment. Their efforts have allowed us to uphold the highest standards of service and governance.

Looking ahead to 2025, we will continue to focus on innovation, sustainability, and responsible growth. We are confident that with your continued support, Mobility Finance (Cambodia) Plc. will remain a trusted partner for all Cambodians striving for a better future.

Thank you for being a part of our journey.

A handwritten signature in blue ink, consisting of stylized Japanese characters.

TAKESHI KUROA

Chairman Of the Board

BOARD OF DIRECTORS



TAKESHI KURODA
CHAIRMAN OF THE BOARD

Mr. Kuroda is the Chairman of the board of Mobility Finance (Cambodia) Plc., and the President and CEO of ReNet Japan Group. In 1989, he joined Toyota Motor Corporation. In 1998, after leaving Toyota Motor Corporation, he established BOOKOFF WAVE Co., Ltd. and became a President and CEO. In 2000, he established eBOOKOFF Co., Ltd. (currently ReNet Japan Group, Inc.) as a President and CEO. In December 2016, ReNet Japan Group, Inc. was successfully listed on Tokyo Stock Exchange.



YOSHITAKA TAKAHASHI
INDEPENDENT DIRECTOR

Mr. Takahashi was appointed as the board of Independent Director of Mobility Finance (Cambodia) Plc. in May 2019. Since 2008, he has been the Independent Director of ReNet Japan Group Inc, advising on business development. In 1990, he started his career at Anderson Consulting (currently Accenture Japan Ltd.). After that, he joined Global Food Creators Co., Ltd. where he direct IPO of that company. In 1999, he set up his own consulting business and worked for numerous companies to support business development.



TOSHIYA MATSUO
DIRECTOR

Mr. Matsuo was appointed as the board of director of Mobility Finance (Cambodia) Plc. in December 2019. He also serves as CEO at Mobility Finance (Cambodia) Plc. and CEO of ReNet Japan (Cambodia) Co., Ltd. He has more than 25 years of experience in managing and conducting new business development as well as global business operation including PMI in ASEAN, Europe and USA. He held several senior management positions, including Executive Officer, President and CEO, Managing Director, in the several renowned companies. Over the years, he has been based in Thailand and Cambodia.



SHIZUKA AOKI
DIRECTOR

Ms. Aoki was appointed as the board of director of Mobility Finance (Cambodia) Plc. in December 2019. Her international working experience was started in 2016 in Thailand. In August 2018, she joined ReNet Japan (Cambodia) Co., Ltd. as General Manager. In September 2019, when ELIN Leasing Plc. (currently Mobility Finance (Cambodia) Plc.) started the business operation, she jointed Mobility Finance (Cambodia) Plc. as Chief Operation Officer (COO). She oversees budget and overall operations, including sales, marketing, credit evaluation, contracts, legal, finance, accounting, human resources and IT, both in strategic and execution.

Registration No:
00000306

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

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MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statement of Mobility Finance (Cambodia) Plc. ("the Company") for the financial year ended 31 December 2024.

Principal activity

The principal activity of the Company is to provide financial leasing in Cambodia. There have been no significant changes in the nature of this activity during the financial year.

Results of operations

	US\$	KHR'000
Loss for the financial year	139,498	567,897

Dividends

The Directors do not recommend the payment of any dividend for the current financial year.

Reserves and provisions

There was no material transfers to or from reserves or provisions during the current financial year.

Bad and doubtful lease receivables

Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad lease receivables and the making of allowance for doubtful lease receivables and satisfied themselves that there were no known bad lease receivables and that adequate allowance had been made for doubtful lease receivables.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad lease receivables or the amount of the allowance for doubtful lease receivables in the financial statements of the Company inadequate to any material extent.

Current assets

Before the statement of comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount expected if realised.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances, which have arisen and which may render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT (continued)

Contingent and other liabilities

At the date of this report, there does not exist:

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.

Items of an unusual nature

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 for which this report is made.

Share capital

The Company did not issue any shares during the current financial year.

No option to take up unissued shares in the Company was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the Company.

Directors

The Directors who have held for office since the date of the last report are:

Mr. Takeshi Kuroda
Mr. Matsuo Toshiya
Mrs. Shizuka Aoki
Mr. Yoshitaka Takahashi

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT (continued)

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 21 to the financial statements.

Directors' responsibility in respect of the financial statements

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- (a) adopt appropriate accounting policies which are supported by reasonable judgements and estimates and then apply them consistently;
- (b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRSs for SMEs") and the guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of financial statements 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;
- (c) maintain adequate accounting records and an effective system of internal controls;
- (d) 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
- (e) 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 they have complied with the above requirements in preparing the financial statements.

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Phnom Penh, Cambodia
Date: 28 APR 2025

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MOBILITY FINANCE (CAMBODIA) PLC.**

(Incorporated in Cambodia)

(Registration No: 00000306)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mobility Finance (Cambodia) Plc. ("the Company"), which comprise statement of financial position as at 31 December 2024, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). 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 International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together 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 and the IESBA Code.

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 other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)
(Registration No: 00000306) (continued)**

**Information Other than the Financial Statements and Auditors' Report Thereon
(continued)**

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information 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 other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company 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 Director either intends to liquidate the Company, or to cease operations, or has 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 CISAs 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 the financial statements.

As part of an audit in accordance with CISAs, 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)
(Registration No: 00000306) (continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- 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 management's 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.

Other Matter

This report is made solely to the shareholders of the Company, as a body. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company for the financial year ended 31 December 2023 was audited by another firm of Certified Public Accountants, whose report dated 24 April 2024 expressed an unqualified opinion on those statements.


BDO (Cambodia) Limited



Phnom Penh, Cambodia
Date: 28 April 2025

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024		2023	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Balances with National Bank of Cambodia	6	230,105	926,173	230,144	940,138
Balances with other banks	7	1,407,791	5,666,359	1,316,564	5,378,164
Lease receivables	8	70,724	284,664	320,949	1,311,077
Other receivables	9	41,210	165,870	33,105	135,234
Property and equipment	10	-	-	109	445
Intangible assets	11	-	-	692	2,827
TOTAL ASSETS		1,749,830	7,043,066	1,901,563	7,767,885
LIABILITIES AND EQUITY					
LIABILITIES					
Other payables	12	26,855	108,091	39,090	159,683
Deferred tax liabilities		709	2,854	709	2,896
TOTAL LIABILITIES		27,564	110,945	39,799	162,579
EQUITY					
Share capital	13	3,084,000	12,413,100	3,084,000	12,598,140
Regulatory reserves		15,538	62,539	14,747	60,241
Accumulated losses		(1,377,272)	(5,612,118)	(1,236,983)	(5,041,002)
Currency translation differences		-	68,600	-	(12,073)
TOTAL EQUITY		1,722,266	6,932,121	1,861,764	7,605,306
TOTAL LIABILITIES AND EQUITY		1,749,830	7,043,066	1,901,563	7,767,885

The accompanying notes form an integral part of the financial statements.

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024		2023	
		US\$	KHR'000	US\$	KHR'000
Interest income, representing net interest income	14	98,853	402,431	191,460	786,901
Reversal of allowance/(Allowance) for impairment losses	8	2,357	9,595	(13,174)	(54,145)
Other operating income	15	10,048	40,905	49,599	203,852
Personnel expenses	16	(153,530)	(625,021)	(135,257)	(555,906)
Depreciation and amortisation expenses	17	(801)	(3,261)	(1,371)	(5,635)
General and administrative expenses	18	(96,425)	(392,546)	(184,433)	(758,019)
Loss before tax		(139,498)	(567,897)	(93,176)	(382,952)
Tax expense	19	-	-	-	-
Loss for the financial year		(139,498)	(567,897)	(93,176)	(382,952)
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to profit/loss					
- foreign currency translations		-	80,673	-	35,521
Total comprehensive loss for the financial year		(139,498)	(487,224)	(93,176)	(347,431)

The accompanying notes form an integral part of the financial statements.

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital		Regulatory reserves		Accumulated losses		Currency translation differences		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Balance as at 1 January 2023	4,584,000	18,872,328	58,897	238,761	(1,187,957)	(4,839,507)	-	(47,594)	3,454,940	14,223,988
Loss for the financial year	-	-	-	-	(93,176)	(382,952)	-	-	(93,176)	(382,952)
Foreign currency translations	-	-	-	-	-	-	-	35,521	-	35,521
Total comprehensive loss	-	-	-	-	(93,176)	(382,952)	-	35,521	(93,176)	(347,431)
Transactions with owners										
Reduction of share capital	(1,500,000)	(6,165,000)	-	-	-	-	-	-	(1,500,000)	(6,165,000)
Transfer from regulatory reserves	-	-	(44,150)	(181,457)	44,150	181,457	-	-	-	-
Foreign currency translations	-	(109,188)	-	2,937	-	-	-	-	-	(106,251)
Total transactions with owners	(1,500,000)	(6,274,188)	(44,150)	(178,520)	44,150	181,457	-	-	(1,500,000)	(6,271,251)
Balance as at 31 December 2023	3,084,000	12,598,140	14,747	60,241	(1,236,983)	(5,041,002)	-	(12,073)	1,861,764	7,605,306
Loss for the financial year	-	-	-	-	(139,498)	(567,897)	-	-	(139,498)	(567,897)
Foreign currency translations	-	-	-	-	-	-	-	80,673	-	80,673
Total comprehensive loss	-	-	-	-	(139,498)	(567,897)	-	80,673	(139,498)	(487,224)
Transactions with owners										
Transfer to regulatory reserves	-	-	791	3,219	(791)	(3,219)	-	-	-	-
Foreign currency translations	-	(185,040)	-	(921)	-	-	-	-	-	(185,961)
Total transactions with owners	-	(185,040)	791	2,298	(791)	(3,219)	-	-	-	(185,961)
Balance as at 31 December 2024	3,048,000	12,413,100	15,538	62,539	(1,377,272)	(5,612,118)	-	68,600	1,722,266	6,932,121

The accompanying notes form an integral part of the financial statements.

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024		2023	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Loss before tax		(139,498)	(567,897)	(93,176)	(382,952)
Adjustments for:					
Amortisation of intangible assets	11	692	2,817	697	2,865
Depreciation of property and equipment	10	109	444	674	2,770
Gain on disposal of property and equipment		(200)	(814)	-	-
Interest income	14	(98,853)	(402,431)	(191,460)	(786,901)
(Reversal of allowance)/Allowance for impairment losses	8	(2,357)	(9,595)	13,174	54,145
Operating loss before working capital changes		(240,107)	(977,476)	(270,091)	(1,110,073)
Changes in working capital					
Lease receivables		250,288	1,018,922	332,244	1,365,523
Other receivables		(8,105)	(32,995)	41,417	170,224
Other payables		(12,235)	(49,809)	(23,360)	(96,010)
Cash (used in)/generated from operations		(10,159)	(41,358)	80,210	329,664
Interest received		106,021	431,611	204,741	841,486
Net cash from operating activities		95,862	390,253	284,951	1,171,150
Cash flows from investing activities					
Withdrawal of fixed deposits with licensed banks - maturity more than three months		130,000	529,230	1,049,492	4,313,412
Proceed from disposal of property and equipment		200	814	-	-
Net cash from investing activities		130,200	530,044	1,049,492	4,313,412
Cash flows from financing activity					
Reduction of share capital, representing net cash used in financing activity	13	-	-	(1,500,000)	(6,165,000)
Net increase/(decrease) in cash and cash equivalents		226,062	920,297	(165,557)	(680,438)
Cash and cash equivalents at beginning of financial year		319,733	1,306,109	485,290	1,997,939
Currency translation differences		-	(29,581)	-	(11,392)
Cash and cash equivalents at end of financial year		545,795	2,196,825	319,733	1,306,109

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

Cash and cash equivalents comprise the following:

	Note	2024		2023	
		US\$	KHR'000	US\$	KHR'000
Balances with National Bank of Cambodia (excluding statutory deposit)	6	905	3,643	944	3,856
Balances with other banks (excluding deposits maturity more than three months)	7	<u>544,890</u>	<u>2,193,182</u>	<u>318,789</u>	<u>1,302,253</u>
		<u>545,795</u>	<u>2,196,825</u>	<u>319,733</u>	<u>1,306,109</u>

MOBILITY FINANCE (CAMBODIA) PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

1. CORPORATE INFORMATION

The Company was registered on 8 December 2014 as a public limited company in the Kingdom of Cambodia.

The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a financial leasing company on 17 February 2015.

The registered office and principal place of business of the Company is 5th Floor, #425, Street 271, Sangkat Toul Tom Pong II, Khan Chamkarmon, Phnom Penh, the Kingdom of Cambodia.

The holding company is Renet Japan Group Inc., which is incorporated in Japan.

The financial statements were authorised for issue by the Board of Directors on <Date>.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is to provide financial leasing in Cambodia. There have been no significant changes in the nature of this activity during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRSs for SMEs”) as issued by the Accounting and Auditing Regulator (“ACAR”) of the Ministry of Economy and Finance and the guidelines issued by the NBC relating to the preparation and presentation of financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with CIFRSs for SMEs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors’ best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

The financial statements are presented in United States Dollar (“US\$”), which is also the Company’s functional currency. Additional disclosures are also made in Khmer Riel (“KHR”) to meet the requirements of the Law on Accounting and Auditing. Translations to KHR are presented in the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes to the financial statements as at and for the financial year ended 31 December 2024 of the Company using the following closing and average rates of exchange:

		Closing rate	Average rate
31 December 2024	US\$1 =	KHR4,025	KHR4,071
31 December 2023	US\$1 =	KHR4,085	KHR4,110

These KHR amounts represent additional supplementary information and should not be construed as representations that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

4.2 Balances with National Bank of Cambodia

Balances with National Bank of Cambodia are carried at amortised cost using effective interest method. Balances with National Bank of Cambodia represent mandatory reserve deposits and cash maintained with the National Bank of Cambodia in compliance with the Law on Banking and Financial Institutions (“LBFI”). Statutory deposits are not available to finance the Company’s day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

4.3 Property and equipment

All items of property and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

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

Depreciation is calculated to write off the cost of the assets to their residual values over their estimated useful lives. The principal depreciation periods are as follows:

Office furniture, fixture and equipment	2 - 4 years
Computer equipment	2 years

At the end of each reporting period, the carrying amount of an item of property and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.5 to the financial statements on impairment of non-financial assets).

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any accumulated impairment losses.

4.5 Impairment of non-financial assets

The carrying amount of assets, except for financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.6 Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.7 Financial instruments

An entity shall recognise a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Financial instruments (continued)

A financial asset or financial liability is recognised initially at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction.

Lease receivables and other receivables are recognised initially at the transaction price. Subsequently, they are measured at amortised cost using the effective interest method, less any impairment. At the end of each reporting period, the carrying amounts of lease receivables and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Other payables and borrowings are recognised initially at transaction price. After initial recognition they are measured at amortised cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

4.8 Impairment of financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss has occurred. Other factors may also be evidence of impairment, including the restructuring of a loan, disappearance of an active market for a security and adverse changes that have taken place in the economic environment.

If there is objective evidence that an impairment loss has been incurred for loans which are deemed to be individually significant, the amount of loss is measured as the difference between the carrying amount of loans and the present value of estimated future cash flows discounted at the original effective interest rate of the loans. The carrying amount of the loans is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the statement of comprehensive income.

Lease receivables which are not individually significant and that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These lease receivables are grouped within similar credit risk characteristics for collective assessment, whereby data from the lease receivables, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, lease receivables to collateral ratios, etc.) and concentrations of risks (such as the performance of different individual groups) are taken into consideration.

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

4.9 Regulatory reserve

Regulatory reserve is maintained in addition to the allowance for doubtful lease receivables that has been assessed and recognised in accordance with CIFRS for SMEs and which has been transferred from the retained earnings, in accordance with NBC's Prakas No. B7-017-344 Pro Kor dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Regulatory reserve (continued)

NBC guidelines require financing lease companies to classify their lease receivables portfolio into the following five classes and ensure that the minimum mandatory level of specific allowance is made:

Classification	Number of days past due	Allowance
Short-term lease receivables (less than one year):		
General		
Normal	0 - 14 days	1%
Specific		
Special mention	15 - 30 days	3%
Sub-standard	31 - 60 days	20%
Doubtful	61 - 90 days	50%
Loss	91 days or more	100%
Long-term lease receivables (more than one year):		
General		
Normal	0 - 29 days	1%
Specific		
Special mention	30 - 89 days	3%
Sub-standard	90 - 179 days	20%
Doubtful	180 - 359 days	50%
Loss	360 days or more	100%

In accordance with Article 73 of Prakas No. B7-017-344 Pro Kor, the Company shall compare the allowance calculated in accordance with above requirements and the Company's allowance recorded under CIFRS for SMEs:

- If the regulatory allowance is lower, the Company records the allowance calculated in accordance with CIFRS for SMEs; and
- If the regulatory allowance is higher, the Company records the allowance calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings to regulatory reserve in equity.

4.10 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the statement of comprehensive income comprise current tax and deferred tax.

- Current tax

Current tax expenses are determined according to the tax laws and include all taxes based upon the taxable profits.

- Deferred tax

A deferred tax asset or liability is recognised for tax recoverable or payable in future periods as a result of past transactions or events. Deferred tax arises from differences (known as temporary differences) between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their corresponding tax bases. The tax bases of assets are determined by the consequences of sale of the assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future, except those associated with goodwill. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses.

Deferred tax assets are measured at the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profit. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, unless attributable to an item in other comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which management expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.11 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.12 Interest recognition

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Fees and commission income

The Company earns fee and commission income mainly from early settlements of loans, penalties and loan monitoring. They are recognised in the statement of comprehensive income on an accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

Bonuses are recognised as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Termination benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognised as a liability and an expense when the Company has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than 12 months after the end of reporting period, they are discounted to present value based on market yields at the end of reporting period.

4.14 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The national currency of Cambodia is Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollar ("US\$"), management have determined United States Dollar to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rate of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period end and as at the end of the reporting period.

5.2 Critical judgements made in applying accounting policies

There are no critical judgments made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amount recognised in these financial statements apart from those involving estimates, which are dealt with below.

5.3 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property and equipment

The cost of property and equipment is depreciated on a reducing balance basis over the assets' useful lives except leasehold improvements is depreciated using straight-line method. Management estimates the useful lives of these property and equipment based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in market demands or service output of the assets. Changes in these factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment on lease receivables

The Company makes allowance for losses on loan to customers based on assessment of their recoverability. Impairment is applied to loan to customers where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses estimated amount and timing of cash flows as well as net realisable value of the underlying collateral value, when making a judgement to evaluate the adequacy of impairment. Where expectations differ from the original estimate, the differences would impact the carrying amount of lease receivables.

(c) Tax expense

Significant judgement is involved in determining the Company's provision for taxes. The Company will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through management's interpretation of the various tax legislations. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

6. BALANCES WITH NATIONAL BANK OF CAMBODIA

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Statutory deposit	229,200	922,530	229,200	936,282
Current account	905	3,643	944	3,856
	<u>230,105</u>	<u>926,173</u>	<u>230,144</u>	<u>940,138</u>

Statutory deposit

In compliance with Prakas B7-011-242 dated 27 December 2011 on the Licensing of Financing Lease companies, the Company is required to maintain a statutory capital deposit with the NBC of 5% of its registered capital. This deposit is refundable should the Company voluntarily liquidate and bears no interest.

7. BALANCES WITH OTHER BANKS

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Cash at banks	544,890	2,193,182	318,789	1,302,253
Deposits with licensed banks	<u>862,901</u>	<u>3,473,177</u>	<u>997,775</u>	<u>4,075,911</u>
As reported in the statement of financial position	1,407,791	5,666,359	1,316,564	5,378,164
Less:				
Deposits (maturity more than three months)	<u>(862,901)</u>	<u>(3,473,177)</u>	<u>(997,775)</u>	<u>(4,075,911)</u>
As reported in the statement of cash flows	<u>544,890</u>	<u>2,193,182</u>	<u>318,789</u>	<u>1,302,253</u>

(a) Deposits with licensed banks of the Company have an average maturity period of 6-9 (2023: 6-9) months.

(b) Annual interest rate of deposits with licensed banks of the Company as at the end of each reporting period are at fixed rate ranging from 4.75% to 5.25% (2023: 4.85% to 6.7%).

8. LEASE RECEIVABLES

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Gross investment in the lease	84,018	338,174	392,508	1,603,395
Less: Unearned finance income	<u>(8,511)</u>	<u>(34,258)</u>	<u>(58,305)</u>	<u>(238,175)</u>
Net investment in the lease	75,507	303,916	334,203	1,365,220
Less: Impairment losses	<u>(4,783)</u>	<u>(19,252)</u>	<u>(13,254)</u>	<u>(54,143)</u>
	<u>70,724</u>	<u>284,664</u>	<u>320,949</u>	<u>1,311,077</u>

8. LEASE RECEIVABLES (continued)

As at 31 December 2024, a reconciliation between gross investment in the lease together with the present value of future minimum lease payments receivables are as follows:

	Gross investment in the lease US\$	2024 Unearned finance income US\$	Net investment in the lease US\$	Gross investment in the lease US\$	2023 Unearned finance income US\$	Net investment in the lease US\$
- Within one year	65,324	(4,880)	60,444	261,894	(48,826)	213,068
- Later than one year but within five years	18,694	(3,631)	15,063	130,614	(9,479)	121,135
Total	84,018	(8,511)	75,507	392,508	(58,305)	334,203
(KHR'000 equivalent)	338,174	(34,258)	303,916	1,603,395	(238,175)	1,365,220

(a) Allowance for impairment losses on lease receivables

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of year	13,254	54,143	5,355	22,047
(Reversal of allowance)/Allowance for the year	(2,357)	(9,595)	13,174	54,145
Written off during the year	(6,114)	(25,129)	(5,275)	(21,559)
Currency translation differences	-	(167)	-	(490)
Balance at end of year	4,783	19,252	13,254	54,143

(b) By maturity

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Within one year	58,516	235,526	18,444	75,344
From one to five years	16,991	68,390	315,759	1,289,876
	75,507	303,916	334,203	1,365,220

(c) By currency

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
US Dollar	75,507	303,916	334,203	1,365,220

(d) By interest rate

	2024 %	2023 %
Individual lease receivables	12% - 21.48%	12% - 21.48%

9. OTHER RECEIVABLES

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Holding company	7,854	31,612	-	-
Prepayments	512	2,061	727	2,970
Deposits	16,754	67,435	16,754	68,440
Stationery and supplies	13,761	55,387	13,761	56,214
Others	2,329	9,375	1,863	7,610
	<u>41,210</u>	<u>165,870</u>	<u>33,105</u>	<u>135,234</u>

10. PROPERTY AND EQUIPMENT

	Office furniture, fixture and equipment US\$	Computer equipment US\$	Total US\$
<i>Cost</i>			
Balance as at 1.1.2023/31.12.2023	3,431	24,325	27,756
Disposals	-	(900)	(900)
Balance as at 31.12.2024	<u>3,431</u>	<u>23,425</u>	<u>26,856</u>
<i>Accumulated depreciation</i>			
Balance as at 1.1.2023	2,966	24,007	26,973
Depreciation for the year	356	318	674
Balance as at 31.12.2023	3,322	24,325	27,647
Depreciation for the year	109	-	109
Disposals	-	(900)	(900)
Balance at 31.12.2024	<u>3,431</u>	<u>23,425</u>	<u>26,856</u>
<i>Carrying amounts</i>			
Balance as at 31.12.2024	<u>-</u>	<u>-</u>	<u>-</u>
<i>(KHR'000 equivalent)</i>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31.12.2023	109	-	109
<i>(KHR'000 equivalent)</i>	<u>445</u>	<u>-</u>	<u>445</u>

11. INTANGIBLE ASSETS

	Software US\$
Balance as at 1.1.2023/31.12.2023/31.12/2024	<u>21,200</u>
<i>Accumulated amortisation</i>	
Balance as at 1.1.2023	19,811
Amortisation for the year	<u>697</u>
Balance as at 31.12.2023	20,508
Amortisation for the year	<u>692</u>
Balance as at 31.12.2024	<u>21,200</u>
<i>Carrying amounts</i>	
Balance as at 31.12.2024	<u>-</u>
<i>(KHR'000 equivalent)</i>	<u>-</u>
Balance as at 31.12.2023	<u>692</u>
<i>(KHR'000 equivalent)</i>	<u>2,827</u>

12. OTHER PAYABLES

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Account payable	9,568	38,511	17,406	71,104
Accruals	14,500	58,363	15,964	65,213
Advance payments from customers	43	173	2,138	8,734
Other tax payables	2,744	11,044	3,582	14,632
	<u>26,855</u>	<u>108,091</u>	<u>39,090</u>	<u>159,683</u>

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Current	25,678	103,354	21,742	88,816
Non - current	1,177	4,737	17,348	70,867
	<u>26,855</u>	<u>108,091</u>	<u>39,090</u>	<u>159,683</u>

13. SHARE CAPITAL

	2024		2023	
	Number	US\$	Number	US\$
Ordinary shares of US\$1 each				
Registered	<u>3,084,000</u>	<u>3,084,000</u>	<u>3,084,000</u>	<u>3,084,000</u>
Registered and issued:				
At 1 January	3,084,000	3,084,000	4,584,000	4,584,000
Reduction of capital	-	-	(1,500,000)	(1,500,000)
As at 31 December	<u>3,084,000</u>	<u>3,084,000</u>	<u>3,084,000</u>	<u>3,084,000</u>
<i>(KHR'000 equivalent)</i>		<u>12,413,100</u>		<u>12,598,140</u>

13. SHARE CAPITAL (continued)

In the previous financial year, the Company decreased its registered capital from 4,584,000 shares to 3,084,000 shares with a par value of US\$1 per share (2022: US\$1 per share) which was approved by the National Bank of Cambodia on 27 June 2023. Ministry of Commerce approved for revision of memorandum and articles of incorporation on 14 September 2023.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

14. INTEREST INCOME

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Lease receivables	41,131	167,444	109,310	449,264
Deposits with licensed banks	57,722	234,987	82,150	337,637
	98,853	402,431	191,460	786,901

15. OTHER OPERATING INCOME

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Fee and commission income	-	-	15	62
Recovery from lease receivables written off	4,259	17,338	43,015	176,792
Others	5,789	23,567	6,569	26,998
	10,048	40,905	49,599	203,852

16. PERSONNEL EXPENSES

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Salaries expenses	141,008	574,044	122,478	503,385
Seniority payment expenses	6,692	27,243	6,198	25,474
Employee training expenses	275	1,120	683	2,807
Others employee benefits	5,555	22,614	5,898	24,240
	153,530	625,021	135,257	555,906

17. DEPRECIATION AND AMORTISATION EXPENSES

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Amortisation of intangible assets	692	2,817	697	2,865
Depreciation of property and equipment	109	444	674	2,770
	<u>801</u>	<u>3,261</u>	<u>1,371</u>	<u>5,635</u>

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Communication	1,125	4,580	1,174	4,825
Insurance	65	265	581	2,388
License and professional fee	30,697	124,967	63,924	262,728
Membership fee	1,167	4,751	1,400	5,754
Other taxes	12,329	50,191	15,803	64,950
Rental	33,112	134,799	33,112	136,090
Repairs and maintenance	2,540	10,340	2,520	10,357
Stationery and printing	290	1,181	85	349
Travelling and transportation	1,780	7,246	1,230	5,055
Others	13,320	54,226	64,604	265,523
	<u>96,425</u>	<u>392,546</u>	<u>184,433</u>	<u>758,019</u>

19. TAX EXPENSE

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2023: 20%) of the taxable profit or a minimum tax at 1% (2023: 1%) of total revenue, whichever is higher.

19. TAX EXPENSE (continued)

The numerical reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate of the Company is as follows:

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Loss before tax	(139,498)	(567,897)	(93,176)	(382,952)
Tax at Cambodian statutory tax rate of 20% (2023: 20%)	(27,900)	(113,581)	(18,635)	(76,590)
Tax effects in respect of:				
Non-allowable expenses	3,239	13,186	5,169	21,245
Tax allowances	(2,605)	(10,605)	(8,126)	(33,398)
Deferred tax assets not recognised during the year	27,266	111,000	21,592	88,743
Total tax expense	-	-	-	-

The amount of temporary difference for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Unused tax losses				
- Expired by 31 December 2024	-	-	223,689	913,770
- Expired by 31 December 2025	523,814	2,108,351	523,814	2,139,780
- Expired by 31 December 2026	-	-	-	-
- Expired by 31 December 2027	77,278	311,044	77,278	315,681
- Expired by 31 December 2028	106,143	427,226	106,143	433,594
- Expired by 31 December 2029	136,330	548,727	-	-
	843,565	3,395,348	930,924	3,802,825

The unused tax losses carried forward of US\$223,689 expired during the current financial year.

Deferred tax asset has not been recognised in respect of this item as it is not probable that taxable profits of the Company would be available against which the deductible temporary differences could be utilised.

The unused tax losses are subject to review and agreement by the General Department of Taxation.

20. OPERATING LEASE COMMITMENTS

The Company as lessee

The Company had entered into non-cancellable lease agreements for office space, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates. At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due, as follows:

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	33,112	133,275	33,112	135,263
Later than one year and not later than five years	35,871	144,381	68,983	281,796
	<u>68,983</u>	<u>277,656</u>	<u>102,095</u>	<u>417,059</u>

21. RELATED PARTY DISCLOSURES

(a) The Company had the following transactions with related parties during the financial period.

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
<u>Holding company</u>				
Renet Japan Group Inc.				
Payments on behalf for the Company	<u>7,854</u>	<u>31,974</u>	<u>-</u>	<u>-</u>
<u>Common control</u>				
Renet Japan (Cambodia) Co Ltd.				
Payment on management fee	<u>22,000</u>	<u>89,562</u>	<u>24,000</u>	<u>98,640</u>

Balances with related parties at the end of the reporting period are disclosed in Note 9 to the financial statements.

The related party transactions described above were carried out on negotiated commercial terms.

(b) Compensation of key management personnel

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	<u>70,133</u>	<u>285,513</u>	<u>61,645</u>	<u>253,361</u>

22. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

	As restated US\$	As previously stated US\$
Statement of financial position		
Assets		
Deposits and placements with central bank	-	944
Deposits and placements with banks		1,316,564
Statutory deposits with central bank	-	229,200
Other assets	-	33,105
Balances with National bank of Cambodia	230,144	-
Balances with other banks	1,316,564	-
Other receivables	33,105	-
Liabilities		
Other liabilities	-	39,090
Other payables	39,090	-
Statement of comprehensive income		
Fee and commission income	-	15
Credit impairment losses	-	29,841
Other operating income	49,599	2,420
Other (losses)/gains - net	-	(18,311)
Depreciation charge	-	(674)
Amortisation charge	-	(697)
Other operating expenses	-	(161,973)
Depreciation and amortisation expenses	(1,371)	-
Allowance for impairment losses	(13,174)	-
General and administrative expenses	(184,433)	-
Statement of changes in equity		
Other reserves	-	(12,073)
Currency translation difference	(12,073)	-