



ANNUAL REPORT 2022

Our Vision

ACLEDA Securities Plc. aims to be Cambodia's leading securities firm providing superior services on securities to all segments of the community.

Our Mission

ACLEDA Securities Plc.'s mission is to provide customers, investors and publics with the various securities investments opportunities efficiently and by doing so to improve the quality of their lives. By achieving these goals, we will ensure a sustainable and growing benefit to our shareholders, our staff and the community at large. We will at all times observe the highest principles of ethical behavior, respect for society, the law and the environment.

Our Slogan

The securities firm you can trust, the securities for the people.

This report has been prepared and issued by ACLEDA Securities Plc., to whom any comments or requests for further information should be sent.

Headquarters: 5th floor, ACLEDA Building #61, Preah Monivong Blvd., Sangkat Srah Chork Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

P.O. Box: 1149

Tel: (0) 23 999 966/ 999 977/ 723 388

Email: info@acledasecurities.com.kh

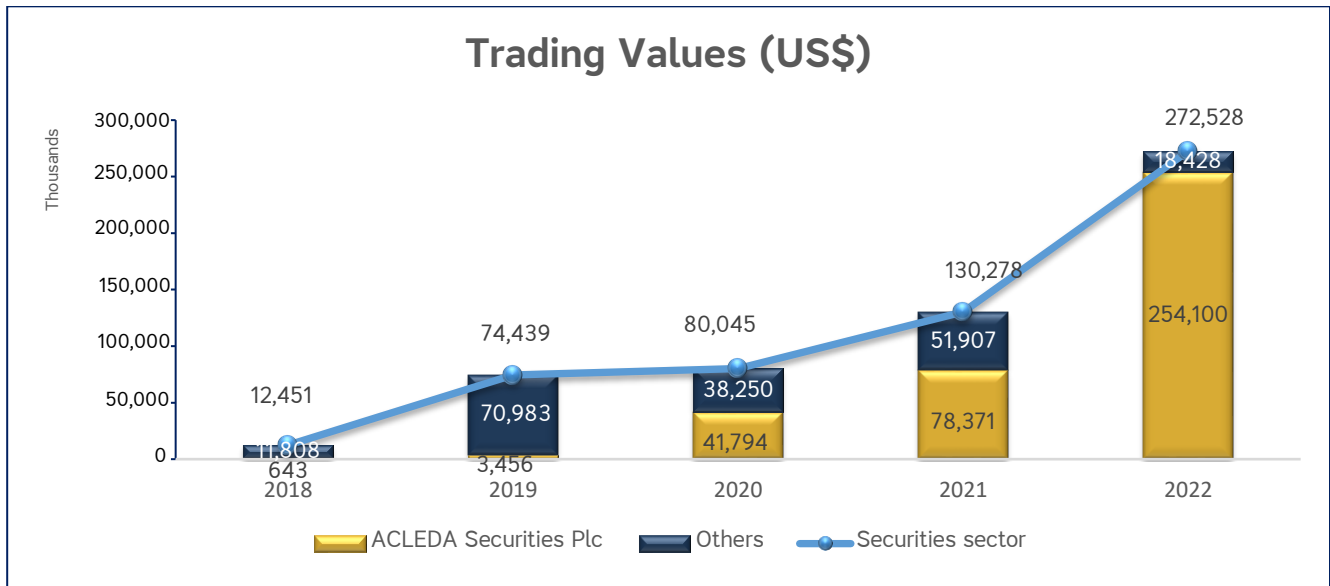
Website: www.acledasecurites.com.kh

FINANCIAL RESULTS

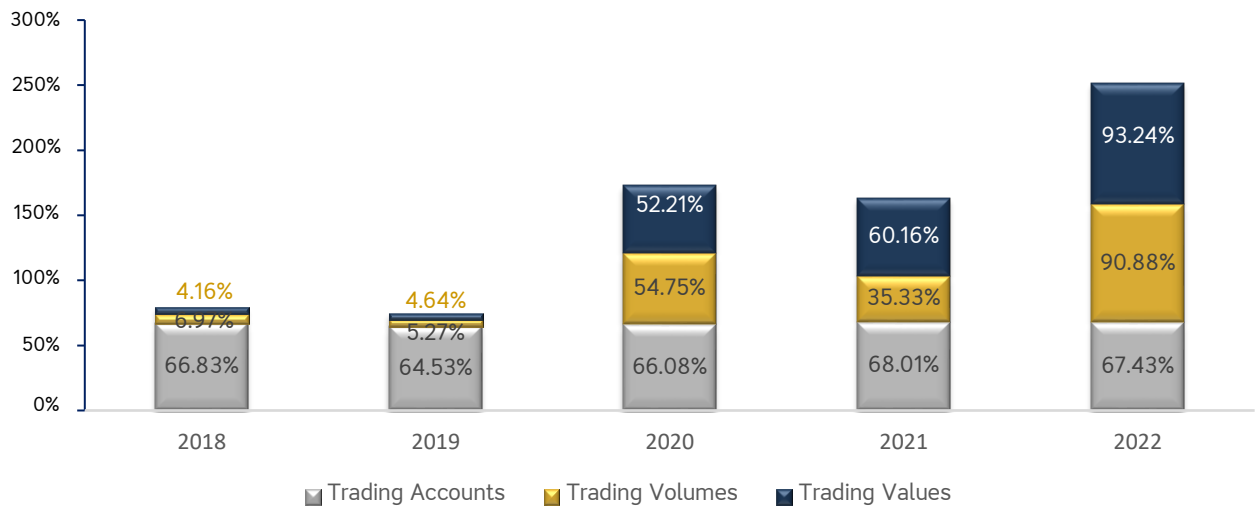
	31/12/2022 Audited		31/12/2021 Audited		Percentage Change
	USD	000'KHR	USD	000'KHR	%
Balance Sheet					
Total Assets	2,850,641	11,736,089	2,315,172	9,432,008	23.13%
Total Liabilities	308,787	1,271,275	201,770	822,012	53.04%
Total Equities	2,541,854	10,464,814	2,113,401	8,609,996	20.27%
Income Statement					
Total Revenue	993,510	4,060,473	477,877	1,944,004	107.90%
Profit before income tax	508,724	2,079,154	105,309	428,399	383.08%
Profit for the year	430,334	1,758,773	102,765	418,050	318.76%

PERFORMANCE





Market Shares



ACLEDA Securities Plc. received “Active Market Supporter Award and the Best Broker of the Decade Award”

Organized and awarded by SERC and CSX.



Annual staff meeting of ACLEDA Securities Plc.



Exhibition organized by CSX in “Sea Festival”



Training course on “Increasing knowledge and promoting investment in Cambodia Securities Market”

At Paññāsāstra University of Cambodia (PUC).



Training Course on “Promoting Financial Literacy”

at Westline School, Chbar Ampov branch.

CONTENT

CHAIRWOMAN'S REPORT	2
PRESIDENT & CEO REPORT	5
ORGANIZATIONAL CHART	8
CORPORATE GOVERNANCE	8
SHAREHOLDERS	8
BOARD OF DIRECTORS	9
EXECUTIVE MANAGEMENT	12
CODE OF CONDUCT	15
ENVIRONMENTAL AND SOCIAL SUSTAINABILITY	15

CHAIRWOMAN'S REPORT



Mrs. MAR Amara

Chairwoman

“On behalf of ACLEDA Securities Plc.’s board of directors, a securities brokerage firm, I am really honored and pleased to present ACLEDA Securities Plc.’s 2022 annual report to all stakeholders.

The Cambodia Economy

After its slowdown because of COVID-19, Cambodia's economy is recovering due to its strong exports, however Cambodia still faces global economic challenges from the uncertainty global economy whilst global trades grew slow. As the projection of the World Bank, Cambodia's real GDP grew at 4.8 percent in 2022, based on the broader economic recovery including garment, travel goods and footwear exports remain notably buoyant. Earning from services, especially travel and tourism, have also improved following the introduction of the “Living with COVID-19” strategy late last year. Despite recovery, real GDP growth projection for 2023 have been downgraded to 5.2 percent due to the projected slowdown in global trade, especially in the United States and China. The United States and China are Cambodia's largest export market and source of foreign direct investment respectively.

Cambodia Securities Sector

Under supporting from the Royal Government on a tax incentive policy for both equity and debt listed companies, by obtaining up to 50 percent reduction over tax on profit within 3 years (2022-2024) or can get tax incentives on tax liabilities for companies/enterprise that fully comply for listing in main board or growth board. Any equity and debt securities public offering on CSX in green and sustainable finance scheme or financing any priority sector can receive additional special tax incentives. As at 2022, there are 18 listed companies have been listed on the Cambodia Securities Exchange (CSX) of which there were 9 companies have been issued the equity securities while other 9 companies have been issued the debt securities. The number of listing companies are expecting to continuously increase in 2023.

The Outlook for 2023

Cambodia's economy is gradually recovering from Covid-19 pandemic. However due to the negative outlooks were incurring in the global can cause risks over Cambodia's positive outlook in months to come, the World Bank said in a report released on December 7th, 2022. Cambodia's economic growth in 2023 forecasted to grow at 6.6 percent, while gross domestic product (GDP) per capita will increase to USD 1,924, according to the Ministry of Economy and Finance. For the industrial sector, the service sector and the agricultural sector forecasted to continue growing at 9.2 percent, 6.6 percent, 1.1 percent in 2023, respectively. The Royal Government of Cambodia will continue to promote the implementation of "Strategic framework and programs for economic recovery in the context of living with COVID-19 in a new normal for 2021-2023" in purpose of restoring and revitalizing the potentials of Cambodia's economic growth drivers and return to sustainable growth and inclusive, capitalizing on emerging opportunities in line with regional and global trends and building socio-economic resilience.

ACLEDA Securities Plc.

In 2022, ACLEDA Securities Plc. continues implementing its foremost goal, outlined in its five-year strategy (2021-2025) to be a leading securities brokerage firm with its competitive advantages in competitive securities market. ACLEDA Securities Plc. continues strengthening its business model and facilitates the delivery of enhanced securities trading services to its clients in Cambodia securities market to earn sustaining revenue streams and ultimately benefits to its shareholders.

The annual performance in 2022 compared to the year 2021, ACLEDA Securities Plc. achieved a profit of USD 430,334, an increased of 318.76% equivalent to USD 327,569. Return on Average Assets (ROAA) increased from 4.25% in 2021 to 16.08% in 2022 and Return on Average Equity (ROAE) increased from 4.64% in 2021 to 17.93% in 2022, while the operating efficiency ratio decreased from 77.56% in 2021 to 47.83% in 2022.

This year and in years to come, ACLEDA Securities Plc. will continue to enhance securities trading services and provide quality and convenience services for its customers.

Acknowledgement

On behalf of the Board of Directors, I would like to thank our shareholders, directors, management, customers, and all staffs of ACLEDA Securities Plc. especially all the relevant authorities for their constant support and cooperation in achieving its goals and plans in 2022.

We reaffirm our commitment to all our customers and shareholders that in 2023 we will continue to pay attention and dedicate all our efforts to achieving a strong and sustainable growth rate, and to deliver on our strategic goals to enhance future returns as well as strengthening the position of ACLEDA Securities Plc. to be the leading securities firm in the Kingdom of Cambodia.



Mrs. MAR Amara

Chairwoman

ACLEDA Securities Plc.

Dated: 31st, March 2023



Training course “Promoting awareness in securities market of Cambodia”

At National University of Management

PRESIDENT & CEO REPORT



Dr. PROM Visoth
President & CEO

“Maintaining the market leading position still the strategic goal of ACLEDA Securities Plc. in 2023 and the years to come.

Performance in 2022

Competitive Environment

Investment in the securities sector has played an important role in boosting the economic growth of the country and is a good choice for institutional and individual investors to diversify its investment portfolio and generate its additional revenue. Therefore, ACLEDA Securities Plc. has strengthened the quality of its securities services by continuously improving its customer service through electronic means to complement and respond to the evolution of information technology and the needs of investors from all segments of the community, as well as to develop a strong position and lead in the securities market.

Operational Highlights in 2022

- ❖ ACLEDA Securities Plc. has signed agreement as bondholders’ representative with Royal Railway Plc. 2 times which the 1st time issued a plain bond and the 2nd time issued as a guarantee bond and with Golden Tree Co.,Ltd which issued a green bond on the CSX.
- ❖ ACLEDA Securities Plc. has signed agreement as selling agent with the underwriter to sell JS Land Plc’s stock which has been public listed in CSX.
- ❖ ACLEDA Securities Plc. has been awarded as the Best Securities Broker in the 1st, 2nd, 3rd and 4th quarter of 2022 in a program which is initiated by Cambodia Securities Exchange (CSX).
- ❖ ACLEDA Securities Plc. got profit for the year USD 430,334 which increase 3.2 times compare to 2021.
- ❖ Income from securities broker increased 216.56% or USD 528,963.
- ❖ Shareholders’ Equity increased 20.27% from USD 2,113,401 to USD 2,541,854.
- ❖ ACLEDA Securities Plc. hold market share 67.43% on trading account, 90.88% on trading volumn and 93.24% on trading value.
- ❖ ACLEDA Securities Plc. has been acting as a bondholders representative of 8 listed companies which has total of 4,724,330 outstanding bonds listed in CSX.
- ❖ ACLEDA Securities Plc. provided training and knowledge related to securities sectors and trading in CSX for investors and public in total 16 courses that got 2,169 participants.

Securities Brokerage Service

ACLEDA Securities Plc. hold 24,476 trading accounts, which has increased by 16.25% or 3,422 accounts if comparing to the total trading accounts in Cambodia Securities Exchange (CSX), the company hold 67.43% of the whole market. If comparing to 2021, there are only 21,054 accounts. The number of active investors with cash and shares balance with ACLEDA Securities Plc. increased by 3.12%.

In 2022, The trading volumes of ACLEDA Securities Plc. increased by 153.62% or 61,630,594 shares and trading value also increased by 224.23% equivalent to USD 175,728,987. This huge increased due to a big trading transaction between institutional investors by Negotiated Trading Method (NTM) in CSX.

ACLEDA Securities Plc. has cooperate with SERC, CSX, all Institutions and Universities in Cambodia to organize a lots of training courses for students and investors to understand about securities sectors and the advantages of investment in this sectors wider and deeper.

Bondholders Representative Service

Bondholders representative services started in the middle of 2018. As at 2022, ACLEDA Securities Plc. acting as bondholders representative for 8 listed companies which acting as bondholders representative for 36 individual and entities equivalent to 4,724,330 outstanding bonds. In addition, ACLEDA Securities Plc. continues strengthening its duty of care and diligence as bondholders representative to provide the best service for issuers and bondholders as well.

Securities Selling Agent Service

Securities selling agent service started in the middle of 2019 and acted as selling agent for underwriter which is the total sale of 5,212,623 equities securities to 3,113 investors and the total sale of 16,574 debt securities to 26 investors.

Strategic Priority for 2023

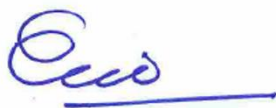
- ❖ Continue to strength customer service by providing convenient, quick, and multi services
- ❖ Continuously develop electronic securities service in order to offer convenience for customers
- ❖ Build a good relationship with the issuers, underwriters and investors to develop and expand the service of the company on Cambodia Securities Market
- ❖ Diversification sources of income from both primary and secondary markets

- ❖ Continue to offer more training courses for the public to understand deeper about the securities market in the purpose to boost the trading transactions and more active in Cambodia Securities Market.

The Challenges for 2023

The new variant of the Covid-19 virus had a negative impact on all sectors, which is a factor that could put Cambodia's economic recovery at risk. In the securities sector, we see an impact on the momentum of the new listed company, which could bring an impact on the volumes and values of trading transactions on Cambodia Securities Market. ACLEDA Securities Plc. might also face challenges in revenue generation due to these factors.

I would like to express my sincere gratitude to our customers, investors, Board of Directors, managements and staffs, including the Royal Government, especially Securities and Exchange Regulator of Cambodia (SERC) and Cambodia Securities Exchange (CSX), for your support in 2022 and in anticipation of a happy and prosperous 2023.



Dr. PROM Visoth

President & CEO

ACLEDA Securities Plc.

Dated: 31st, March 2023



“Cambodia Stock Market Exhibition 2022” program

At Aeon Mall Phnom Penh

BOARD OF DIRECTORS

The Directors are appointed by the shareholders for three-year terms to act on their behalf. The articles provide that the Board shall consist of 3 directors that:

- The Board of Directors is responsible for developing the strategic of the company and conduct supervisory role to make sure that management implement within the strategic.
- The powers of the Board of Directors are to be exercised collectively and no individual Director shall have any power to give directions to the officers or employees of the company, to sign any contracts, or to otherwise direct the operations of the company unless specifically empowered to do so by a resolution of the Board of Directors.
- Each Director shall have unlimited access to the books and records of the company during ordinary business hours.

The Board consists of 3 Directors, 2 of whom are non-executive directors and 1 of whom is executive director. In 2022, there were no changes in the composition of the board.

The Board of Directors shall elect, by majority vote, one of its members to serve as Chairman who shall preside over meetings of the Board of Directors.

According to the Memorandum and Articles Of Association, Board of Directors have to meeting at least every 3 months in order to review the performance of committee and effective review on operation of ACLEDA Securities Plc., The Board of Directors assumes responsibility for corporate governance and for promoting the success of the company by directing and supervising its business operations and affairs. It appoints and may remove the President & CEO. It also ensures that the necessary human resources are in place, establishes with management the strategies and financial objectives to be implemented by management, and monitors the performance of management both directly.

(L to R) Dr. PROM Visoth, Mrs. MAR Amara, Dr. LOEUNG Sopheap





Mrs. MAR Amara Chairwoman

Cambodian. Born in September 1967. Mrs. Amara joined ACLEDA in June 1993. As Senior Executive Vice President & Group Chief Financial Officer, she is a member of the Bank's Executive Committee, which is responsible for the overall strategic planning and running the day-to-day business of the Bank as well as the implementation of the business plan. She is a chairwoman of the Assets and Liabilities Committee, and she is a member of Executive Risk Management Committee, Strategic Plan Development Committee, and the Management Credit Committee. She also leads the work of the Basel Team.

She is responsible for the Finance Division, Budgeting & Control Division, Public Investment Division, and Management Accounting Department. She is directly accountable to the President and Group Managing Director.

Besides being a Board Chairwoman of ACLEDA Securities Plc., she is also a Vice Chair of ACLEDA Financial Trust.

She is graduated operation of green bond and sustainable financial course from Stockholm City, Sweden in October, 2022 also leadership of organization from Harvard Business School from United States of America in August, 2022 and Company directors from the Australian Institute of Company Directors (GAICD) in 2018, and also graduated from the National University of Management in Phnom Penh in 2006 with a Master's Degree in Finance, having previously obtained a Bachelor's Degree in Management in 2003. She attended courses on Management Accounting, Financial Accounting and Auditing among others at Regent College from 1996 to 1998 in Phnom Penh.



Dr. PROM Visoth

Director

Cambodian. Born January 1975. Dr. Visoth joined ACLEDA in June 1998. As Accountant, Head of Credit Control Unit, Branch Manager, Legal Team Leader and Company Secretary, Senior Vice President & Head of Legal Division and Company Secretary and last position as Executive Vice President & Group Chief Legal Officer and Company Secretary.

He is nominated as the Board of Directors of ACLEDA Securities Plc. since 2010 and as the President & CEO of ACLEDA Securities Plc. since November, 2017.

Dr. Prom Visoth obtained Doctorate of Business Administration (DBA) from Asia Euro University, Phnom Penh, Cambodia in 2021. He is graduated company director's course from Australian Institute of Company Directors (GAICD), and also graduated company secretary's course from International Finance cooperation in 2017. He hold a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia in 2006.



Dr. LOEUNG Sopheap

Director

Cambodian. Born March 1967. Dr. Sopheap started working for ACLEDA in December 1997 as accountant. Since then he held several positions, and currently as Executive Vice President & Group Chief Risk Office. He is responsible for credit risk and other risks for the entire ACLEDA group. He was appointed as a member of the Board of Directors of ACLEDA Securities Plc. in July 2017.

He obtained his Doctorate of Business Administration (DBA) from Preston University, Phnom Penh, Cambodia in 2012.

EXECUTIVE MANAGEMENT

President & CEO is appointed by the Board of Directors with full responsibility and authority to manage the day-to-day affairs of ACLEDA Securities Plc. within the framework of the policies and strategic guidelines approved by the Board.

President & CEO appoints and chairs an Executive Committee comprising members of senior management as he deems appropriate. The Terms of Reference and proceedings of the Executive Committee shall be determined by the President & CEO at his discretion under the general headings of:

- ❖ Strategic direction – develop policies, goals, strategies and targets for Board approval.
- ❖ Performance – assemble and mobilise resources to implement agreed strategies and performance targets.
- ❖ Risk – identify and evaluate risk in the Company’s strategies and manage exposures.
- ❖ Compliance – ensure that the Company conforms to all corporate, legal and regulatory requirements.

(L to R) Mr. Touch Somchanphall, Dr. Prom Visoth, Mrs. Mao Phirak, Mrs. Ren Sopheary





Dr. Prom Visoth

President & CEO

Cambodian. Born January 1975. Dr. Visoth joined ACLEDA in June 1998. As Accountant, Head of Credit Control Unit, Branch Manager, Legal Team Leader and Company Secretary, Senior Vice President & Head of Legal Division and Company Secretary and last position as Executive Vice President & Group Chief Legal Officer and Company Secretary.

He is nominated as the Board of Directors of ACLEDA Securities Plc. since 2010 and as the President & CEO of ACLEDA Securities Plc. since November, 2017.

Dr. Prom Visoth obtained Doctorate of Business Administration (DBA) from Asia Euro University, Phnom Penh, Cambodia in 2021. He is graduated company director's course from Australian Institute of Company Directors (GAICD) and also graduated company secretary's course from International Finance cooperation in 2017. He hold a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia in 2006.



Mrs. Mao Phirak

VP & Head of Operations

Cambodian. Born in 1981. Mrs. Phirak joined ACLEDA in April 2004. As Assistant Vice President & Assistant Manager of HR Development Unit and Assistant Vice President & Assistant Manager of Investment Relation Unit of Capital Market Division in January 2009. She became the Head of Securities Representatives of ACLEDA Securities Plc. in March 2016. She became the Vice President & Head of Operations in April 2020.

In position of VP & Head of Operations, she is also a member of an Executive Committee and is responsible for leading a group of operations which consists of six units including Securities Representative Unit, Securities Selling Agent Unit, Reporting and Settlement Unit, Bondholders Representative Unit and Customer Service Unit. She is chairwoman of the Business Strategic Planning Committee and Interest & Price Setting Committee. She is directly accountable to the President & CEO.

Mrs. Phirak obtained a Master Degree of Business Administration majoring in Finance from National University of Management, Phnom Penh, in November 2011. She graduated with Bachelor Degree of Business Administration majoring in Finance and Banking at National University of Management in 2003.



Mr. Touch Somchanphall

VP & Head of Finance

Cambodian. Born in September 1989. Mr. Somchanphall joined ACLEDA in April 2012. As VP & Head of Finance, he is also a member of an Executive Committee and Business Strategic Planning Committee and Business Operation on short, medium and long term plans of ACLEDA Securities Plc. He is responsible for Finance Department including Finance and Administration Unit. He is directly accountable to the President & CEO.

Mr. Somchanphall obtained a Bachelor Degree of Business majoring in Finance and Banking at National University of Management, Phnom Penh in 2011. He finished high school at Tep Pronorm High School, Kandal in 2007.



Mrs. Ren Sopheary

Legal and Compliance Officer

Cambodian. Born in May 1993. Mrs. Sopheary joined ACLEDA in March 2013. As a Cleaner, Clerk of Payroll Unit and a Staff of Subsidiaries Counsel Department in 2013, 2017 and 2018 respectively. She was promoted to be a Legal & Compliance Officer at ACLEDA Securities Plc., in May 2020. She is also a member of an Executive Committee and Business Strategic Planning Committee and Business Operation on short, medium and long term plans of ACLEDA Securities Plc. She is responsible for Legal and Compliance, and Risk Management. She is directly accountable to the President & CEO.

Mrs. Sopheary obtained a Bachelor Degree majoring in Law at Cambodian Mekong University, Phnom Penh in 2017. She is pursuing Master Degree majoring in Private Law at Royal University of Law and Economics University. She finished high school at Kampong Speu high school, in 2011.

CODE OF CONDUCT

All employees of ACLEDA Securities Plc. are governed by a strict Code of Ethics which is incorporated into the Collective Labor Agreement and which covers such matters as: personal behavior; relationships with colleagues, customers and regulators; confidentiality; conflicts of interest; acceptance of gifts; money laundering and "whistle blowing". This document is regularly reviewed by parent company to ensure that it remains relevant and up-to-date.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Environmental and social sustainability (ESS) mission statement

ACLEDA Securities Plc. is committed to achieving strong, sustainable financial returns, while respecting the environment and community within which we live by subscribe to the concept of triple bottom line ('people, planet, profit').

ACLEDA SECURITIES PLC.

**Financial Statements
for the year ended 31 December 2022
and
Independent Auditor's Report**

Corporate Information

Company	ACLEDA Securities Plc.	
Registration No.	00002713	
Registered office	5th floor ACLEDA Building #61, Preah Monivong Blvd. Sangkat Srah Chork, Khan Daun Penh Phnom Penh, Kingdom of Cambodia	
Shareholder	ACLEDA Bank Plc.	
Board of Directors	Mrs. Mar Amara Dr. Prom Visoth Dr. Loeung Sopheap	Chairwoman Director Director
Principal banker	ACLEDA Bank Plc.	
Auditor	Grant Thornton (Cambodia) Ltd.	

ACLEDA Securities Plc.

CONTENTS

	Page
Report of Board of the Directors	1
Audited financial statements	
Independent auditor's report	5
Statement of financial position	8
Statement of profit or loss and other comprehensive income	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12

Report of the Directors

The Board of Directors (“the Board” or “the Directors”) hereby submits their report together with the audited financial statements of ACLEDA Securities Plc. (“the Company”) as at 31 December 2022 and for the year then ended.

The Company

The Company is established as a public limited company in the Kingdom of Cambodia with registration No. 00002713, dated 1 March 2010. The Company is wholly owned by ACLEDA Bank Plc., a commercial bank incorporated in the Kingdom of Cambodia.

Principal activities

The principal activities of the Company are the provision of securities brokerage business and other services approved by the Securities and Exchange Regulator of Cambodia (“SERC”).

Financial results

The financial results of the Company for the year ended 31 December 2022 were as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	508,724	2,079,154	105,309	428,399
Income tax	(78,390)	(320,381)	(2,544)	(10,349)
Profit for the year	430,334	1,758,773	102,765	418,050

Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid during the year.

Share capital

There was no change in the registered and issued share capital during the year.

ACLEDA Securities Plc.

Assets

Before the financial statements of the Company were prepared, the directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

Valuation methods

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

Contingent and other liabilities

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

- (a) 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
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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 financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and 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 the financial statements of the Company, which would render any amount stated in the financial statements misleading.

Items of unusual nature

The results of the operations of the Company for 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 except for the outbreak of the Novel Coronavirus (Covid-19).

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 current financial year in which this report is made.

ACLEDA Securities Plc.

Items of unusual nature (continued)

Impact of Novel Coronavirus Outbreak to the Company

Since January 2020, the outbreak of the novel Coronavirus ("COVID-19") has impacted the global business environment. Up to the issuance date of these financial statements, COVID-19 has not resulted in material impact to the Company.

Pending on the development and spread of COVID-19 subsequent to the issuance date of these financial statements, further changes in economic conditions for the Company arising thereof may have impact on the financial results of the Company, the extent of which could not be estimated as at the issuance date of these financial statements. The Company will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Company.

The Board of Directors

The members of the Board of Directors during the year and at the date of this report are:

Mrs. Mar Amara	Chairwoman
Dr. Prom Visoth	Director
Dr. Loeung Sopheap	Director

Directors' interests

None of the directors held or dealt directly in the shares of the Company during the financial year.

During and at the end of the financial year, no arrangements existed to which the Company is a party with the object of enabling 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, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than as disclosed in the financial statements.

Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting framework indicated therein. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

ACLEDA Securities Plc.

Directors' responsibility in respect of the financial statements (continued)

- (ii) comply with Cambodian International Financial Reporting Standards 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) oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (iv) assess 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- (v) control and direct effectively the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

I, hereby approve the accompanying financial statements as set out on pages 8 to 45 which present fairly, in all material respects, the financial position of ACLEDA Securities Plc. as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors,



Mrs. Mar Amara
Chairwoman

Phnom Penh, Kingdom of Cambodia

Date: 29 March 2023



Independent auditor's report

Grant Thornton (Cambodia) Limited
20th Floor Canadia Tower
315 Preah Ang Duong Street
(corner Monivong Boulevard)
Sangkat Wat Phnom
Khan Daun Penh
Phnom Penh
Kingdom of Cambodia

T +855 23 966 520

www.grantthornton.com.kh

To the Shareholder of ACLEDA Securities Plc.

Opinion

We have audited the financial statements of ACLEDA Securities Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ACLEDA Securities Plc. as at 31 December 2022, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

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 Auditor’s responsibilities for the audit of the financial statements section of our report. 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 financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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

Responsibilities of the Management for the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and for such internal control as the Management determines is 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, the Management is 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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Management.
- Conclude on the appropriateness of the 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 auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



Grant Thornton

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management 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.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors



Ronald C. Almera

Ronald C. Almera

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

29 March 2023

Certified Public Accountants and Auditors

A member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.

ACLEDA Securities Plc.

Statement of financial position
as at 31 December 2022

	Note	31 December 2022		31 December 2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS					
Non-current assets					
Statutory deposit	6	242,895	1,000,000	245,459	1,000,000
Intangible assets	7	10,671	43,933	15,233	62,059
Property and equipment	8	10,624	43,740	8,024	32,690
Deferred tax assets	9(c)	43,263	178,114	43,346	176,592
Total non-current assets		307,454	1,265,787	312,062	1,271,341
Current assets					
Term deposits	10	2,225,885	9,163,969	1,784,206	7,268,855
Other assets	11	63,953	263,295	57,920	235,965
Cash and cash equivalents	12	253,349	1,043,038	160,984	655,847
Total current assets		2,543,187	10,470,302	2,003,110	8,160,667
TOTAL ASSETS		2,850,641	11,736,089	2,315,172	9,432,008
EQUITY AND LIABILITIES					
Equity					
Share capital	13	2,010,000	8,040,000	2,010,000	8,040,000
Retained earnings		531,854	2,167,424	103,401	416,337
Other reserves		-	257,390	-	153,659
Total equity		2,541,854	10,464,814	2,113,401	8,609,996
Liabilities					
Non-current liability					
Employee benefits	14	87,110	358,631	76,628	312,182
Current liabilities					
Accruals and other payables	15	153,085	630,251	124,750	508,233
Employee benefits – current	14	(51)	(210)	12	49
Current income tax liabilities	9(a)	68,643	282,603	380	1,548
Total current liabilities		221,677	912,644	125,142	509,830
Total liabilities		308,787	1,271,275	201,770	822,012
Total equity and liabilities		2,850,641	11,736,089	2,315,172	9,432,008

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

ACLEDA Securities Plc.

**Statement of profit or loss and other comprehensive income
for the year ended 31 December 2022**

	Note	2022		2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Continuing operations					
Revenue – fees and commission income		852,834	3,485,534	352,853	1,435,405
Finance income	16(a)	153,143	625,896	129,234	525,723
Other losses– net		(12,468)	(50,957)	(4,209)	(17,124)
		<u>993,510</u>	<u>4,060,473</u>	<u>477,877</u>	<u>1,944,004</u>
Expenses					
Salaries and wages		290,662	1,187,936	223,159	907,811
Bonuses and incentives		68,009	277,954	59,026	240,119
Membership and registration fees		15,922	65,072	16,170	65,780
Communication		8,393	34,303	8,170	33,236
Retirement benefits	14	8,877	36,282	7,194	29,265
Legal and professional fees		5,874	24,006	5,921	24,087
Utilities		6,687	27,328	5,485	22,313
Amortisation charge	7	4,562	18,644	4,460	18,143
Depreciation charge	8	4,805	19,636	4,064	16,532
Building rental		2,958	12,089	2,958	12,033
Impairment losses on financial assets		9,576	39,136	1,928	7,843
Other benefits		39,410	161,069	27,380	111,383
Other expenses		19,052	77,864	6,652	27,060
		<u>484,786</u>	<u>1,981,319</u>	<u>372,568</u>	<u>1,515,605</u>
Profit before income tax		508,724	2,079,154	105,309	428,399
Income tax expense	9(b)	(78,390)	(320,381)	(2,544)	(10,349)
Profit for the year		<u>430,334</u>	<u>1,758,773</u>	<u>102,765</u>	<u>418,050</u>
Other comprehensive income:					
<i>Items that may not be reclassified to profit or loss:</i>					
Remeasurement of employee benefit obligations	14	(1,880)	(7,686)	(7,665)	(31,181)
Currency translation difference		-	103,731	-	59,099
Other comprehensive (loss)/income for the year		(1,880)	96,045	(7,665)	27,918
Total comprehensive income for the year		<u>428,453</u>	<u>1,854,818</u>	<u>95,100</u>	<u>445,968</u>
Profit attributable to:					
Owner of the Company		<u>430,334</u>	<u>1,758,773</u>	<u>102,765</u>	<u>418,050</u>
Total comprehensive income attributable to:		<u>428,453</u>	<u>1,854,818</u>	<u>95,100</u>	<u>445,968</u>
Owner of the Company		<u>428,453</u>	<u>1,854,818</u>	<u>95,100</u>	<u>445,968</u>

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

ACLEDA Securities Plc.

**Statement of changes in equity
for the year ended 31 December 2022**

	Attributable to owner of the Company						
	Share capital		retained earnings		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
For the year ended 31 December 2022							
Balance as at 1 January 2022	2,010,000	8,040,000	103,401	416,337	153,659	2,113,401	8,609,996
<i>Comprehensive income:</i>							
Profit for the year	-	-	430,334	1,758,773	-	430,334	1,758,773
Remeasurement of employee benefit obligations	-	-	(1,880)	(7,686)	-	(1,880)	(7,686)
Other comprehensive income - currency translation difference	-	-	-	-	103,731	-	103,731
Total comprehensive income for the year	-	-	428,453	1,751,087	103,731	428,453	1,854,818
Balance as at 31 December 2022	2,010,000	8,040,000	531,854	2,167,424	257,390	2,541,854	10,464,814
For the year ended 31 December 2021							
Balance as at 1 January 2021	2,010,000	8,040,000	8,301	29,468	94,560	2,018,301	8,164,028
<i>Comprehensive income:</i>							
Profit for the year	-	-	102,765	418,050	-	102,765	418,050
Remeasurement of employee benefit obligations	-	-	(7,665)	(31,181)	-	(7,665)	(31,181)
Other comprehensive income - currency translation difference	-	-	-	-	59,099	-	59,099
Total comprehensive income for the year	-	-	95,100	386,869	59,109	95,100	445,968
Balance as at 31 December 2021	2,010,000	8,040,000	103,401	416,337	153,659	2,113,401	8,609,996

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

ACLEDA Securities Plc.

**Notes to the financial statements
for the year ended 31 December 2022**

	Note	2022		2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the year		430,334	1,758,773	102,765	418,050
<i>Adjustments for:</i>					
Depreciation of property and equipment	8	4,805	19,636	4,064	16,532
Amortisation of intangible assets	7	4,562	18,644	4,460	18,143
Income tax expense	9(b)	78,390	320,381	2,544	10,349
Finance income		(153,143)	(625,896)	(129,234)	(525,723)
Employee benefits expense	14(a)	8,877	36,282	7,194	29,265
Seniority indemnity	14(b)	(339)	(1,385)	(268)	(1,090)
Unrealised foreign exchange loss		630	2,576	1,717	6,985
Impairment losses on financial assets		9,576	39,136	2,264	9,210
Operating profit / (Loss) before working capital		383,692	1,568,147	(4,494)	(18,279)
Changes in working capital					
<i>Change in:</i>					
Other assets		(6,033)	(24,657)	(14,429)	(58,697)
Accruals and other payables		28,335	115,804	19,457	79,153
Cash from operations		405,994	1,659,294	535	2,177
Income tax paid	9(a)	(10,045)	(41,054)	(4,703)	(19,130)
Net cash from/ (used in) operating activities		395,949	1,618,240	(4,168)	(16,953)
Cash flows from investing activities					
Purchases of property and equipment		(7,405)	(30,264)	(4,773)	(19,417)
Purchases of intangible assets		-	-	(15,233)	(61,968)
Term deposits		(438,537)	(1,792,302)	(119,505)	(486,146)
Interest received		142,359	581,820	128,149	521,309
Net cash used in investing activities		(303,584)	(1,240,746)	(11,362)	(46,222)
Net change in cash and cash equivalents		92,365	377,494	(15,530)	(63,175)
Cash and cash equivalents at the beginning of the year		160,984	655,847	176,514	713,999
Currency translation difference		-	9,697	-	5,023
Cash and cash equivalents at the end of the year	12	253,349	1,043,038	160,984	655,847

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

ACLEDA Securities Plc.

Notes to the financial statements for the year ended 31 December 2022

1. Reporting entity

ACLEDA Securities Plc. ("the Company") was established as a public limited company in the Kingdom of Cambodia with registration no.00002713, dated 1 March 2010. The Company is wholly owned by ACLEDA Bank Plc. ("the parent company"), a commercial bank incorporated in the Kingdom of Cambodia.

The Company obtained a license to operate as a securities broker in the Kingdom of Cambodia from the Securities and Exchange Regulator of Cambodia ("SERC") on 20 October 2010.

The principal activities of the Company are the provision of securities brokerage business and other services approved by the SERC.

The registered office of the Company is at 5th floor Building #61, Preah Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, the Kingdom of Cambodia.

As at 31 December 2022, the Company had 16 employees (2021: 15 employees).

The financial statements were authorised for issue by the Company's Board of Directors on Date 29 March 2023.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The financial statements are expressed in United States Dollars ("US\$"). The translations of United States Dollars amounts into Khmer Riel ("KHR") are included solely for meeting the presentation requirements pursuant to the Law on Accounting and Auditing.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in other comprehensive income.

ACLEDA Securities Plc.

Notes to the financial statements (continued) for the year ended 31 December 2022

2. Basis of preparation (continued)

(d) Use of estimates and judgements

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of CIFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Information about the assumptions made in measuring fair values is included in Note 17 – financial instruments.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in currencies other than US\$ are translated into US\$ at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at the exchange rates at the reporting date. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(b) Financial assets and financial liabilities

(i) Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off and an intention to settle them on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are presented on a net basis only when permitted under CIFRS, or for gains and losses arising from similar transactions.

(c) Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of assets. Purchase of software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gains or losses on disposal of an item of property and equipment is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(d) Property and equipment (continued)

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less the estimated residual value using a straight-line method over the estimated useful life, and is generally recognised in profit or loss.

The estimated useful life of the property and equipment are as follows:

Furniture, fixture and office equipment	3 to 7 years
Computer equipment	3 to 7 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

Intangible assets represent computer software, license granted by SERC and other related costs which are shown at historical cost. Computer software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of computer software over the period of seven years. Intangible assets under development is not amortise.

License granted by SERC are considered as the right to operate brokerage service business in the Cambodia Stock Exchange ("CSX") market. Costs incurred and paid to the SERC for the license are amortised over the license period of three years.

(f) Impairment

(i) Financial asset

The Company recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for cash and cash equivalents for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which is measured at 12-month ECL. Loss allowance for trade and other receivables are always measured at an amount equal to lifetime ECL.

ACLEDA Securities Plc.

Notes to the financial statements (continued) for the year ended 31 December 2022

3. Significant accounting policies (continued)

(f) Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECL is the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECL is discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(f) Impairment (continued)

(i) Financial assets (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subjected to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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 and amortisation, if no impairment loss had been recognised.

(g) Statutory deposit

Statutory deposit is maintained with the National Bank of Cambodia under the name of Securities and Exchange Regulator of Cambodia ("SERC") in compliance with the Law on the Issuance and Trading of Non-Government Securities and is determined by defined amounts as required in Article 17 of the Prakas No. 009 SECC/09 dated 18 November 2009 on Licensing of Securities Firms and Securities Representatives issued by the SERC.

Statutory deposit is stated at cost less allowance for impairment, if any.

(h) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Company.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(h) Employee benefits (continued)

(ii) Retirement benefits

The Company provides an unfunded retirement benefit plan for eligible employees, upon reaching the retirement age, as follows:

- When an employee, who have worked for the Company for 15 years or more, reaches the retirement age of 58 years and 60 years for unskilled and skilled respectively, they are entitled to the retirement benefits equivalent to 12 months of last salary; or
- When an employee, who have worked for the Company for 15 years or more, reaches the early retirement age of 55 years and 57 years for unskilled and skilled, respectively, they are entitled to the retirement benefits equivalent to 6 months of last salary.

No separate fund has been maintained nor interest provided for the retirement benefits.

The liability was recognised at the present value of defined obligation at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Company of the benefit that employees have earned in return for their service in the current and prior periods. The Company attributes benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Company expects to pay in future reporting periods.

The present value of the retirement benefit obligations is determined by discounting the estimated future payments by reference to the parent company's six years fixed deposit interest rate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in statement of profit or loss and other comprehensive income in the period in which they arise. The cost associated with providing these benefits is recognised in statement of profit or loss and other comprehensive income so as to spread the cost over the period of employment in which the entitlement to the benefit is earned. Past-service costs are recognised immediately in the statement of profit or loss and other comprehensive income.

ACLEDA Securities Plc.

Notes to the financial statements (continued) for the year ended 31 December 2022

3. Significant accounting policies (continued)

(h) Employee benefits (continued)

(iii) Seniority indemnity

In accordance with Prakas No. 443 MoLVT dated 21 September 2018 issued by the Ministry of Labour and Vocational Training ("MoLVT"), the Company provided seniority indemnity to its employees as follows:

- **Current Seniority Indemnity:** Employees who have worked from 1 month to 6 months (not including probation period) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.
- **Back Pay Seniority Indemnity:** Employees who have worked under permanent contract from 1 month to 6 months in fiscal year will receive payment of seniority indemnity equal to 7.5 days, in case over 6 months will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 months of the average base salary of each year that shall be paid from 2008 to 2018 but shall not exceed 156 days.

In accordance with Prakas No. 042 MoLVT dated 22 March 2019 issued by the Ministry of Labour and Vocational Training, it requires the payment of seniority indemnity by the enterprises, establishments, professional associations and all employees/workers beside garment textile and footwear sector shall be delayed to the end of 2021 by paying 6 days per year, 3 days in June and 3 days in December. Subsequently, on 2 June 2020, MoLVT issued a notification to delay the implementation of the current pay seniority indemnity until 2021.

Additionally, on 23 December 2020, the Royal Government of Cambodia ("RGC") offered an option to factories, enterprises and business in all sectors to defer payments of the backpay seniority indemnity before 2019 and the current seniority indemnity for 2020 and 2021 until 2022. The Company voluntarily choose to pay seniority indemnity starting from 2020 onwards.

The liability was recognised at the present value of defined obligation from the back-pay seniority indemnity at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Company of the benefit that employees have earned in return for their service in the periods from 2008 to 2018. The Company attributes benefit to periods in which the obligation to provide back pay seniority indemnity. That obligation arises as employees render services in return for back pay seniority indemnity that the Company expects to pay in future reporting periods. The present value of the back-pay seniority indemnity is determined by discounting the estimated future payments by reference to the parent company's five-year fixed deposit interest rate.

ACLEDA Securities Plc.

Notes to the financial statements (continued) for the year ended 31 December 2022

3. Significant accounting policies (continued)

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

When 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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

(j) Revenue

Revenue recognition under CIFRS 15

Revenue is recognised when the service is performed and has been acknowledged by the customers for completion. Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Nature and timing of satisfaction of performance obligations, including significant payment terms

The Company provide securities brokerage to its customers. The fee will be charged upon the completion of the transactions. The payment should be made within 2 business days (T+2) from the trading date.

(k) Interest income

Interest income is recognised using effective interest method.

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in CIFRS 16.

This policy is applied to contracts entered into on or after 1 January 2019.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(I) Leases (continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

3. Significant accounting policies (continued)

(l) Leases (continued)

As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including motor vehicles. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases, where the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(m) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ACLEDA Securities Plc.

Notes to the financial statements (continued) for the year ended 31 December 2022

3. Significant accounting policies (continued)

(m) Income tax (continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax assets are recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profit improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4. New standards and amendments adopted as at 1 January 2022

The Company adopted the following accounting standards and interpretations as at 31 December 2022:

- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to CAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to CIAS 37)
- Annual Improvements to CIFRS Standards 2018–2020
- Conceptual Framework for Financial Reporting in CIFRSs

These new and revised accounting standards and interpretations that have been published by the IASB and approved by the ACAR were adopted by the Company and were assessed to be applicable and have no material impact on the Company's financial statements.

4.1. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards, but not yet effective, have been published by the IASB. None of these standards or amendments have been early adopted by the Company. The standards and amendments that are not yet effective and have not been adopted early by the Company include:

- CIFRS 17 Insurance Contracts (effective 01 January 2023)
- Classification of Liabilities as Current or Non-current (Amendments to CIAS 1, Presentation of Financial Statements) (effective 1 January 2023)
- Definition of Accounting Estimates (Amendments to CIAS 8) (effective 1 January 2023)
- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2) (effective 1 January 2023)

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

The Board of Directors anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. These new standards and amendments are not expected to have a material impact on the Company's financial statements and therefore the disclosures have not been made.

5. Translation of United States Dollars into Khmer Riel

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

The Company uses the following official exchange rates:

			Closing rate	Average rate
31 December 2022	US\$1	=	KHR 4,117	KHR4,087
31 December 2021	US\$1	=	KHR4,074	KHR4,068

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

6. Statutory deposit

In compliance with the SERC's Prakas No. 009 on the licensing of securities firms and securities representatives, the Company is required to place a capital guarantee deposit (at least KHR 1 billion) with the National Bank of Cambodia ("NBC") specifically earmarked for the Company as required by SERC for operating as a securities broker in Cambodia. The deposit (non-interest bearing), Which is not available for use in the Company's day-to-day operations, is refundable should the Company voluntarily cease its operations in Cambodia.

7. Intangible assets

2022	Intangible assets under development	SERC license	Total	
	US\$	US\$	US\$	KHR'000 (Note 5)
Cost				
As at 1 January	15,233	15,441	30,674	124,966
Additions	-	15,233	15,233	62,257
Disposal	(15,233)	(15,441)	(30,674)	(125,365)
Currency translation difference	-	-	-	856
As at 31 December	<u>-</u>	<u>15,233</u>	<u>15,233</u>	<u>62,714</u>
Less: Accumulated amortization				
As at 1 January	-	15,441	15,441	62,907
Amortisation for the year	-	4,562	4,562	18,644
Disposal	-	(15,441)	(15,441)	(63,107)
Currency translation difference	-	-	-	337
As at 31 December	<u>-</u>	<u>4,562</u>	<u>4,562</u>	<u>18,781</u>
Carrying amounts				

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

As at 31 December	-	10,671	10,671	43,933
2021	Intangible assets under development	SERC license US\$	Total US\$	KHR'000 (Note 5)
Cost				
As at 1 January	-	15,441	15,441	62,459
Additions	15,233	-	15,233	61,968
Currency translation difference	-	-	-	539
As at 31 December	<u>15,233</u>	<u>15,441</u>	<u>30,674</u>	<u>124,966</u>
Less: Accumulated amortization				
As at 1 January	-	10,981	10,981	44,418
Amortisation for the year	-	4,460	4,460	18,143
Currency translation difference	-	-	-	346
As at 31 December	<u>-</u>	<u>15,441</u>	<u>15,441</u>	<u>62,907</u>
Carrying amounts				
As at 31 December	<u>15,233</u>	<u>-</u>	<u>15,233</u>	<u>62,059</u>

(The remainder of this page was intentionally left blank.)

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

8. Property and equipment

2022	Furniture, fixture and office equipment US\$	Computer equipment US\$	US\$	Total	KHR'000 (Note 5)
Cost					
At 1 January	9,374	51,497	60,871		247,989
Additions	5,155	2,250	7,405		30,264
Written off	(685)	-	(685)		(2,800)
Currency translation difference	-	-	-		2,819
At 31 December	<u>13,844</u>	<u>53,747</u>	<u>67,591</u>		<u>278,272</u>
Less: Accumulated depreciation					
At 1 January	7,883	44,964	52,847		215,299
Depreciation for the year	1,100	3,705	4,805		19,636
Written off	(685)	-	(685)		(2,800)
Currency translation difference	-	-	-		2,397
At 31 December	<u>8,298</u>	<u>48,669</u>	<u>56,967</u>		<u>234,532</u>
Carrying amounts					
At 31 December	<u><u>5,546</u></u>	<u><u>5,078</u></u>	<u><u>10,624</u></u>		<u><u>43,740</u></u>

ACLEDA Securities Plc.

Notes to the financial statements (continued)
for the year ended 31 December 2022

8. Property and equipment (continued)

2021	Furniture, fixture and office equipment US\$	Computer equipment US\$	US\$	Total	KHR'000 (Note 5)
Cost					
At 1 January	8,364	51,264	59,628		241,195
Additions	1,720	3,053	4,773		19,417
Written off	(710)	(2,821)	(3,531)		(14,364)
Currency translation difference	-	-	-		1,741
At 31 December	<u>9,374</u>	<u>51,497</u>	<u>60,871</u>		<u>247,989</u>
Less: Accumulated depreciation					
At 1 January	7,992	44,321	52,313		211,606
Depreciation for the year	601	3,463	4,064		16,532
Written off	(710)	(2,821)	(3,531)		(14,364)
Currency translation difference	-	-	-		1,525
At 31 December	<u>7,883</u>	<u>44,964</u>	<u>52,847</u>		<u>215,299</u>
Carrying amounts					
At 31 December	<u>1,491</u>	<u>6,533</u>	<u>8,024</u>		<u>32,690</u>

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

9. Income tax

(a) Current income tax liability

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	380	1,548	262	1,060
Current income tax expense	78,308	320,043	4,821	19,611
Income tax paid	(10,045)	(41,054)	(4,703)	(19,130)
Currency translation difference	-	2,066	-	7
As at 31 December	<u>68,643</u>	<u>282,603</u>	<u>380</u>	<u>1,548</u>

(b) Income tax expense

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current income tax	78,308	320,043	4,821	19,611
Deferred tax	83	338	(2,277)	(9,262)
	<u>78,390</u>	<u>320,381</u>	<u>2,544</u>	<u>10,349</u>

The reconciliation of income tax computed at the statutory tax rate to the income tax expense as shown in the profit or loss is as follows:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Profit before income tax	<u>508,724</u>	<u>2,079,154</u>	<u>105,309</u>	<u>428,399</u>
Income tax using applicable income tax rate	101,745	415,831	21,062	85,680
Effect of non-deductible expenses	(101,662)	(415,493)	(23,339)	(94,942)
Effect of (utilisation of tax loss)/tax loss not recognised as deferred taxes	-	-	-	-
Minimum tax	<u>78,308</u>	<u>320,043</u>	<u>4,821</u>	<u>19,611</u>
	<u>78,390</u>	<u>320,381</u>	<u>2,544</u>	<u>10,349</u>

The calculation of income tax expense is subject to the review and final approval of the tax authorities.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

9. Income tax (continued)

(c) Deferred tax assets

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Deferred tax assets – net	<u>43,263</u>	<u>178,114</u>	<u>43,346</u>	<u>176,592</u>

The movements in net deferred tax assets during the year are as follows:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	43,346	176,592	41,069	166,124
Credited to profit or loss	(83)	(338)	2,277	9,262
Currency translation difference	-	1,860	-	1,206
As at 31 December	<u>43,263</u>	<u>178,114</u>	<u>43,346</u>	<u>176,592</u>

Deferred tax assets

Deferred tax assets/(liabilities) are attributable to the following:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Provision for employment benefits	17,412	71,684	15,328	62,447
Provision for unused annual leave	12,822	52,789	10,911	44,451
Impairment losses on financial assets	9,805	40,369	7,926	32,291
Unearned income	6,013	24,755	7,786	31,722
Depreciation	471	1,941	2,159	8,796
Unrealised foreign exchange gains	(3,261)	(13,424)	(765)	(3,115)
As at 31 December	<u>43,263</u>	<u>178,114</u>	<u>43,346</u>	<u>176,592</u>

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

10. Term deposits

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Term deposits	2,255,817	9,287,200	1,817,280	7,403,599
Interest receivables	14,056	57,869	3,272	13,330
	<u>2,269,873</u>	<u>9,345,069</u>	<u>1,820,552</u>	<u>7,416,929</u>
Less impairment loss allowance	(43,988)	(181,100)	(36,346)	(148,074)
	<u><u>2,225,885</u></u>	<u><u>9,163,969</u></u>	<u><u>1,784,206</u></u>	<u><u>7,268,855</u></u>

The Company placed term deposits with the parent company with maturity of one year. The deposits earn interest rates ranging between 4.50% to 7.50% per annum (2021: 4.50% to 7.50% per annum).

11. Other assets

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Other receivables	43,535	179,234	35,582	144,961
Prepayments	18,966	78,083	20,886	85,089
Deposits	1,452	5,978	1,452	5,915
	<u>63,953</u>	<u>263,295</u>	<u>57,920</u>	<u>235,965</u>

12. Cash and cash equivalents

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash at bank - saving accounts	258,388	1,063,782	164,269	669,230
Less impairment loss allowance	(5,039)	(20,744)	(3,285)	(13,383)
	<u>253,349</u>	<u>1,043,038</u>	<u>160,984</u>	<u>655,847</u>

Savings accounts earn interest rate of 0.20% to 0.75% per annum (2021: 0.20% to 0.50% per annum).

ACLEDA Securities Plc.

Notes to the financial statements (continued) for the year ended 31 December 2022

12. Cash and cash equivalents (continued)

The Company also maintains a bank account "Client Money Account" at ACLEDA Bank Plc. used for receiving deposits from customers who wish to trade in the CSX. However, this account is not recorded in the financial statements of the Company on the ground that the account is opened purely for customers trading purposes and therefore does not belong to the Company. The balance of the Client Money Account in KHR as at 31 December 2022 is KHR 54,396,442,888 equivalent to US\$13,212,640.97 (2021: KHR97,313,140,065 equivalent to US\$23,886,386.86), and the balance of the Client Money Account in USD as at 31 December 2022 is US\$13,397.28 (2021: US\$2,678.59).

13. Share capital

The Company registered its share capital of KHR 8,240 million (equivalent to US\$2,010,000), divided into 2,060,000 shares with a par value of KHR 4,000 (equivalent to US\$1) each with par value of US\$1 per share. The amount of US\$2,010,000 has been fully paid by the parent company.

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Share capital	<u>2,010,000</u>	<u>8,040,000</u>	<u>2,010,000</u>	<u>8,040,000</u>

There were no changes in the shareholder and the shareholding structure of the Company during the year.

14. Employee benefits

The amounts recognised in the statement of financial position are determined as follows:

		31 December 2022		31 December 2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Non-current					
Retirement benefits	(a)	<u>79,381</u>	<u>326,811</u>	68,623	279,570
Seniority indemnity	(b)	<u>7,729</u>	<u>31,820</u>	<u>8,005</u>	<u>32,612</u>
		<u>87,110</u>	<u>358,631</u>	<u>76,628</u>	<u>312,182</u>
Current					
Seniority indemnity	(b)	<u>(51)</u>	<u>(210)</u>	<u>12</u>	<u>49</u>

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

14. Employee benefits (continued)

(a) Retirement benefits

The gross movements in the retirement benefits during the year were as follows:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	68,623	279,570	53,764	217,475
Interest cost	4,819	19,693	3,673	14,942
Current service cost	4,059	16,588	3,521	14,323
Remeasurement gains from changes in actuarial assumptions	1,880	7,686	7,665	31,181
Currency translation difference	-	3,274	-	1,649
As at 31 December	<u>79,381</u>	<u>326,811</u>	<u>68,623</u>	<u>279,570</u>

The amounts recognised in the statement of profit or loss were as follows:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest cost	4,819	19,693	3,673	14,942
Current service cost	4,059	16,588	3,521	14,323
	<u>8,877</u>	<u>36,282</u>	<u>7,194</u>	<u>29,265</u>

The amounts recognised in the statement of other comprehensive income were as follows:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Remeasurement gains from changes in actuarial assumptions	<u>1,880</u>	<u>7,686</u>	<u>7,665</u>	<u>31,181</u>

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

14. Employee benefits (continued)

(a) Retirement benefits (continued)

The principal assumptions used to determine estimated costs and obligations were as follows:

	<u>2022</u>	<u>2021</u>
Salary growth rate	4.11%	3.50%
Inflation rate	2.50%	2.50%
Discount rates	7.25%	7.00%
Mortality (*) and staff turnover rate (**)	-	-

(*) Mortality rate table is as follows:

Age	Mortality rate (% per annum)			
	2022		2021	
	Females	Males	Females	Males
18-29	0–0.49	0–1.09	0–0.49	0–0.88
30-39	0–0.19	0–0.15	0–0.19	0–0.22
40-49	-	0–0.45	-	0–0.45
50-59	-	0–6.67	-	0–6.67
60	-	-	-	-

(**) Staff turnover rate table is as follows:

Age	Staff turnover rate (% per annum)			
	2022		2021	
	Females	Males	Females	Males
18-29	2.3–6.34	3.76–8.60	2.3–9.10	4.17–9.76
30-39	1.76–4.11	2.35–4.72	1.76–4.26	2.73–5.35
40-49	0–2.53	0–4.71	0–3.86	0–6.09
50-59	-	0–8.33	-	0–8.33
60	-	-	-	-

(b) Seniority indemnity

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current	(51)	(210)	12	49
Non-current	<u>7,729</u>	<u>31,820</u>	<u>8,005</u>	<u>32,612</u>
	<u>7,678</u>	<u>31,610</u>	<u>8,017</u>	<u>32,661</u>

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

14. Employee benefits (continued)

(b) Seniority indemnity (continued)

The gross movements in the seniority indemnity during the year are as follows:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	8,017	32,661	8,285	33,512
Recognised in profit or loss	(339)	(1,385)	(268)	(1,090)
Currency translation difference	-	334	-	239
At 31 December	<u>7,678</u>	<u>31,610</u>	<u>8,017</u>	<u>32,661</u>

15. Accruals and other payables

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Accrued annual leave	64,111	263,945	54,553	222,249
Unearned income	30,064	123,773	38,932	158,609
Accrued bonuses	50,409	207,534	23,932	97,499
Other accruals	5,312	21,870	4,648	18,937
Tax payable	3,189	13,129	2,685	10,939
	<u>153,085</u>	<u>630,251</u>	<u>124,750</u>	<u>508,233</u>

16. Related party transactions and balances

Related parties	Relationship
ACLEDA Bank Plc.	Parent company
Related company	All entities under the same parent company
Key management personnel	The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel of the Company includes all directors and senior management of the Company.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

16. Related party transactions and balances (continued)

The following transactions are carried out with related parties.

(a) Interest income from parent company

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest income	<u>153,143</u>	<u>625,896</u>	<u>129,234</u>	<u>525,723</u>

(b) Fee and expenses to parent company

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Bank charges	<u>603</u>	<u>2,457</u>	<u>643</u>	<u>2,619</u>

(c) Key management compensation

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Short-term employee benefits	175,943	719,081	153,224	623,314
Long-term benefits	38,112	155,763	35,501	144,416
Post-employment benefits	52,327	213,859	42,651	173,505
	<u>266,382</u>	<u>1,088,703</u>	<u>231,375</u>	<u>941,235</u>

(d) Related party balances

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Savings accounts (Note 12)	258,388	1,063,782	164,269	669,230
Term deposits (Note 10)	2,255,817	9,287,200	1,817,280	7,403,599
Interest receivables (Note 10)	14,056	57,869	3,272	13,330
	<u>2,528,261</u>	<u>10,408,851</u>	<u>1,984,821</u>	<u>8,086,159</u>

ACLEDA Securities Plc.

Notes to the financial statements (continued) for the year ended 31 December 2022

17. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The Company has not disclosed the fair value information for its financial assets and financial liabilities because their carrying amounts are a reasonable approximation of the fair value.

(b) Financial risk management

(i) Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk; and
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Management has a credit policy in place and the Company's exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

There were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

17. Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of the non-derivative financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Carrying Amount US\$	Contractual cash flows US\$	Less than 6 months US\$	6 to 12 months US\$	More than 1 year US\$
2022					
Accruals and other payables	149,896	149,896	64,829	20,956	64,111
	<u>149,896</u>	<u>149,896</u>	<u>64,829</u>	<u>20,956</u>	<u>64,111</u>
KHR'000 (Note 5)					
Accruals and other payables	617,122	617,122	266,900	86,277	263,945
	<u>617,122</u>	<u>617,122</u>	<u>266,900</u>	<u>86,277</u>	<u>263,945</u>
2021					
Accruals and other payables	122,065	122,065	10,073	57,439	54,553
	<u>122,065</u>	<u>122,065</u>	<u>10,073</u>	<u>57,439</u>	<u>54,553</u>
KHR'000 (Note 5)					
Accruals and other payables	497,293	497,293	41,038	234,006	222,249
	<u>497,293</u>	<u>497,293</u>	<u>41,038</u>	<u>234,006</u>	<u>222,249</u>

(iv) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

ACLEDA Securities Plc.

Notes to the financial statements (continued) for the year ended 31 December 2022

17. Financial instruments – fair values and risk management (continued)

(b) Financial risk management (continued)

(iv) Market risk (continued)

Foreign currency risk

The Company's revenue is principally earned in US\$. The Company's expenditure is principally paid in US\$. The Company does not therefore have significant exposure to foreign currency risk.

Interest rate risk

The Company's exposure to interest rate risk relates to interest-bearing financial assets and liabilities.

Interest-bearing financial assets and liabilities

Interest-bearing financial assets include cash at banks. The interest rates and deposit terms of cash in banks are disclosed in Note 10. There are no interest-bearing financial liabilities at the reporting date.

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Financial assets (includes interest and net of allowance for impairment loss)	2,225,885	9,163,969	1,784,206	7,268,855

Cash flow sensitivity analysis for variable-rate instruments

The Company does not have significant variable rate instruments. Therefore, no cash flow sensitivity analysis was prepared.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As at 31 December 2022, the Company has capital of US\$2,010,000, does not have any debt from other parties and has met the minimum capital requirement of US\$1,500,000.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

17. Financial instruments – fair values and risk management (continued)

(c) Capital risk management (continued)

In addition, under SERC's regulation, the Company is required to maintain net capital ratio of 150%. The Company's net capital and net capital ratio as at 31 December 2022 are shown in the table below:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Net capital				
Total current assets (*)	2,757,100	11,350,982	2,227,008	9,072,831
Total external liabilities	<u>(308,787)</u>	<u>(1,271,275)</u>	<u>(201,770)</u>	<u>(822,012)</u>
	<u>2,448,313</u>	<u>10,079,707</u>	<u>2,025,238</u>	<u>8,250,819</u>
Prescribed level of capital (higher of A and B)				
5% of shareholders' equity (A)	127,093	523,241	105,670	430,500
10% of total external liabilities (B)	<u>30,879</u>	<u>127,128</u>	<u>20,177</u>	<u>82,201</u>
Prescribed level of capital	<u>127,093</u>	<u>523,241</u>	<u>105,670</u>	<u>430,500</u>
Net capital ratio	<u>1,926%</u>	<u>1,926%</u>	<u>1,917%</u>	<u>1,917%</u>

(*): Includes cash and cash equivalents, term deposit (excluding interest receivable and allowance for impairment loss) and statutory deposit.

18. Taxation contingencies

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. The application of tax laws and regulations to many types of transactions is susceptible to varying interpretations.

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 differed interpretations and the effects since the incorporation of the Company could be significant.

ACLEDA Securities Plc.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

19. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of these financial statements which would require adjustments or disclosures to be made in the financial statements.

20. Authorisation of the financial statements

The financial statements as at 31 December 2022 and for the year then ended were approved for issue by the Board of Directors of the Company 29 March 2023.

អេស៊ីស៊ីភី

ACLEDA SECURITIES



5th floor, ACLEDA Building #61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh,
Phnom Penh, Kingdom of Cambodia.
Tel: 023 723 388/ 999 977
info@acledasecurities.com.kh /
www.acledasecurities.com.kh