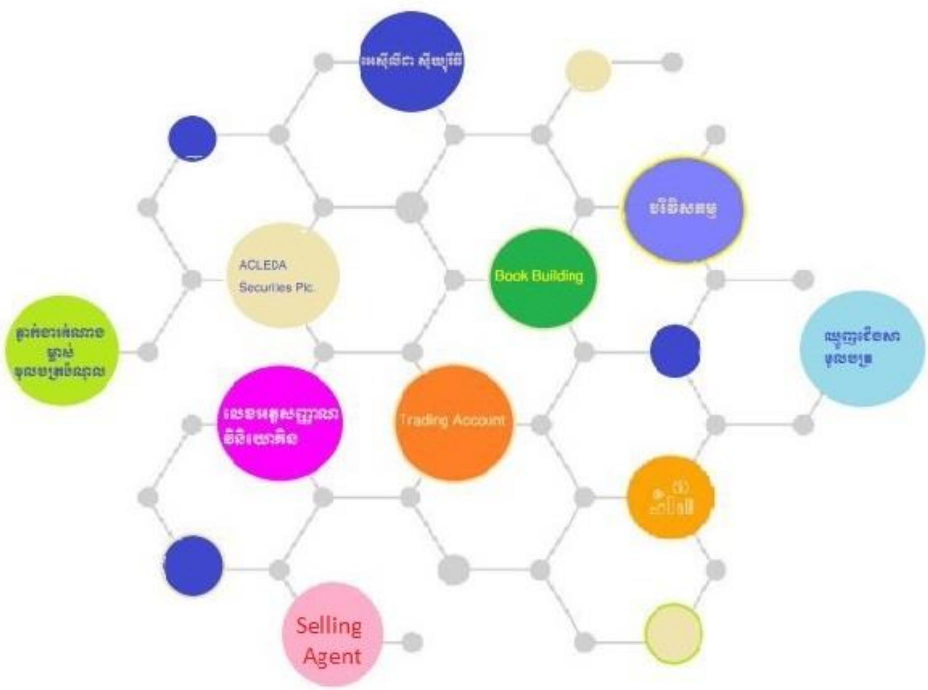
ACLEDA Securities Plc.

The securities firm you can trust



Annual Report

2019

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 customer, investor and public 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.

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

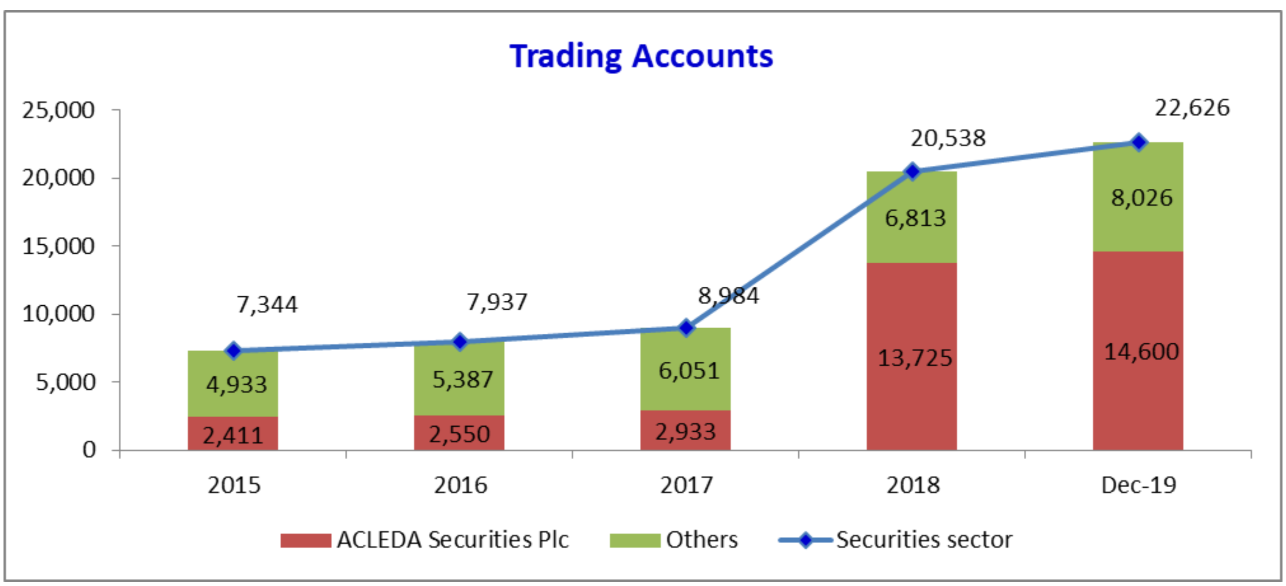
Email: info@acledasecurities.com.kh

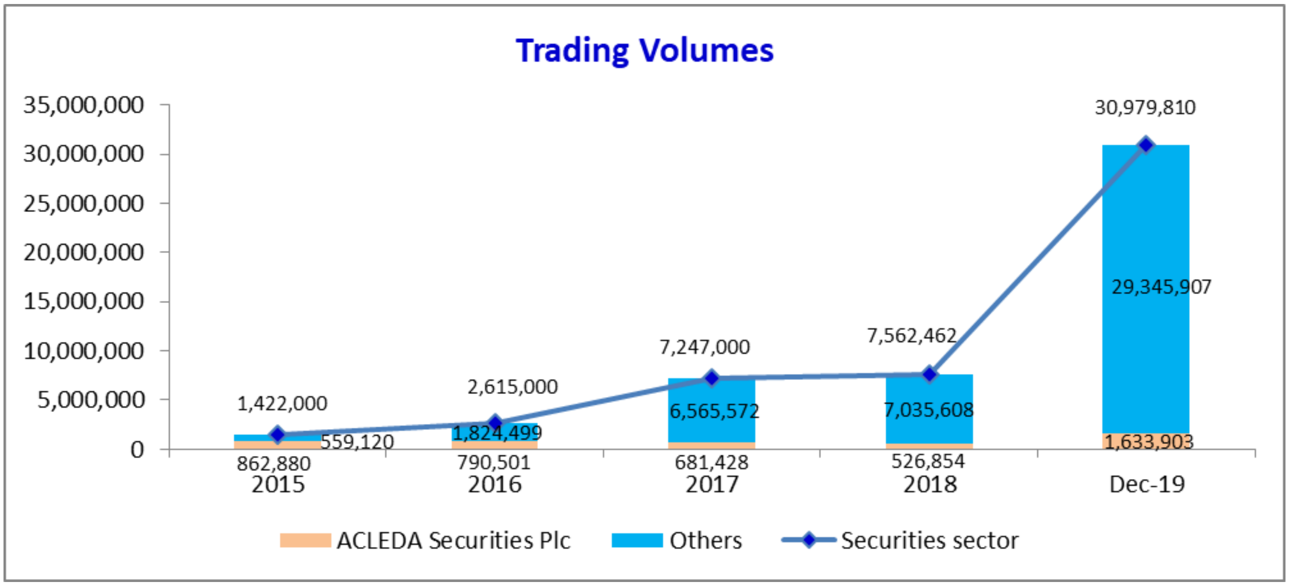
Website: www.acledasecurites.com.kh

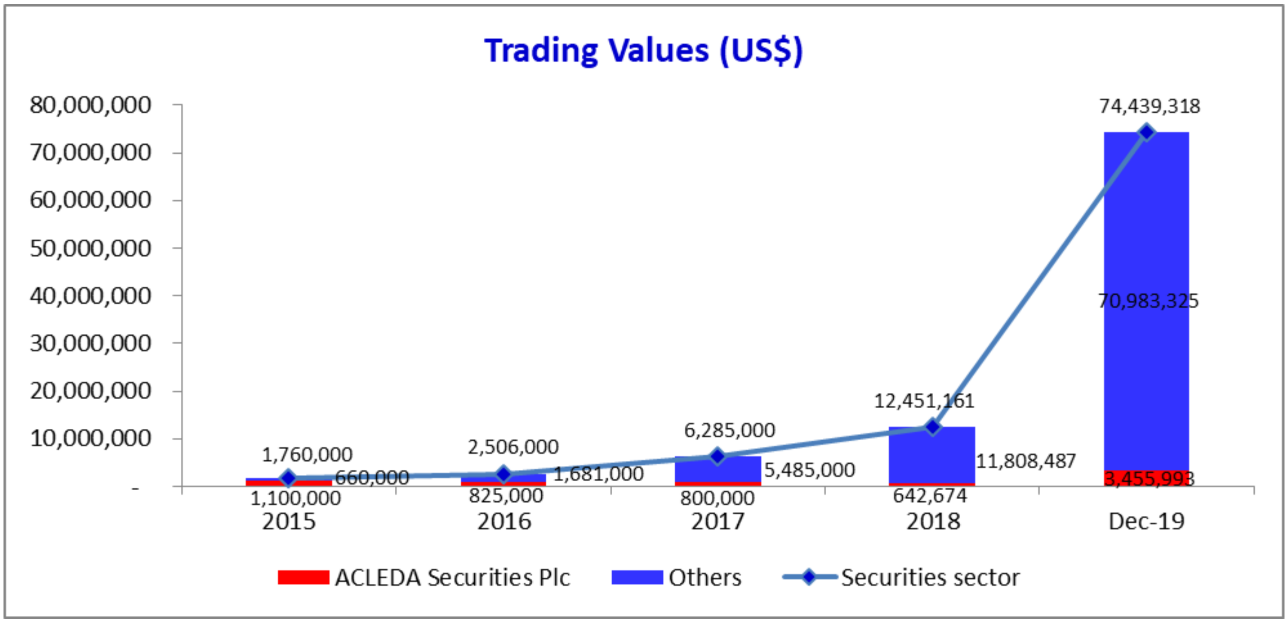
FINANCIAL RESULTS

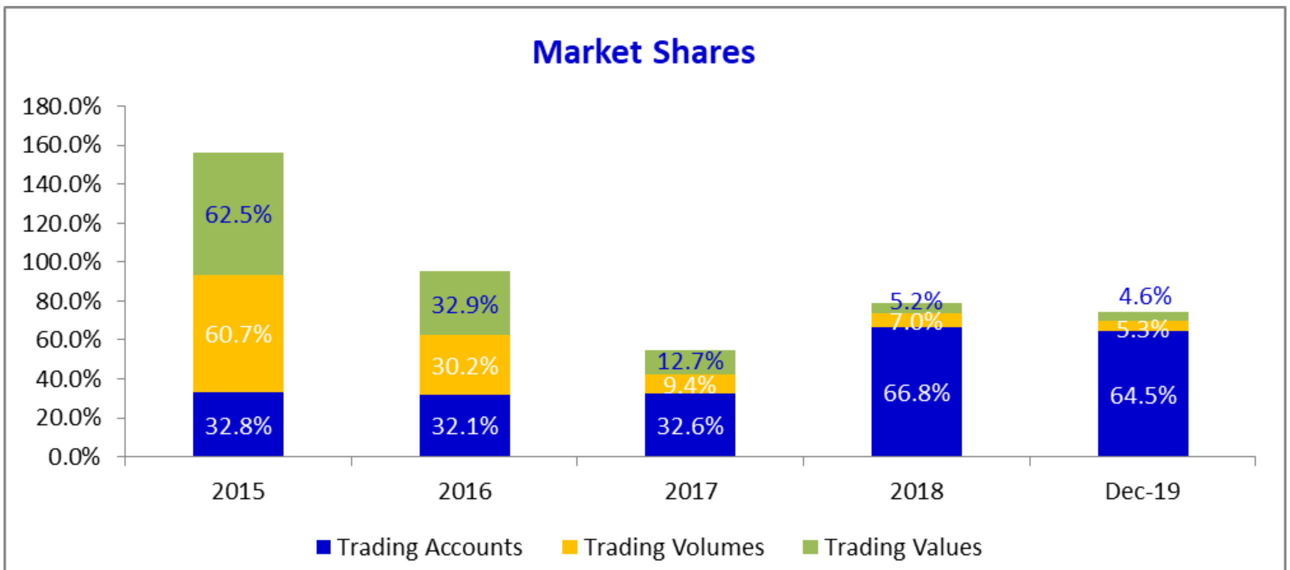
	2019 Audited		2018 Audited	
	USD	000'KHR	USD	000'KHR
Balance Sheet				
A. Total Assets	2,138,653	8,715,012	2,272,803	9,132,122
B. Total Liabilities	135,229	551,059	122,036	490,340
C. Total Equities	2,003,424	8,163,953	2,150,767	8,641,782
Income Statement				
A. Total Revenues	129,392	524,296	213,819	864,898
B. Profit before income tax	(141,696)	(574,152)	(46,557)	(188,323)
C. Net Profit after tax	(147,343)	(477,829)	(60,104)	(283,504)

PERFORMANCE




Trading Volumes
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
1,422,000
559,120
862,880
2015
2,615,000
1,824,499
790,501
2016
7,247,000
6,565,572
681,428
2017
7,562,462
7,035,608
526,854
2018
30,979,810
29,345,907
1,633,903
Dec-19
ACLEDA Securities Plc
Others
Securities sector


Trading Values (US$)
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
1,760,000
660,000
1,100,000
2015
2,506,000
1,681,000
825,000
2016
6,285,000
5,485,000
800,000
2017
12,451,161
11,808,487
642,674
2018
74,439,318
70,983,325
3,455,993
Dec-19
ACLEDA Securities Plc
Others
Securities sector


Market Shares
180.0%
160.0%
140.0%
120.0%
100.0%
80.0%
60.0%
40.0%
20.0%
0.0%
62.5%
60.7%
32.8%
32.9%
30.2%
32.1%
12.7%
9.4%
32.6%
5.2%
7.0%
66.8%
4.6%
5.3%
64.5%
2015
2016
2017
2018
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Trading Volumes
Trading Values

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CHAIRWOMAN'S REPORT

Mrs. MAR Amara

Chairwoman

"On behalf of ACLEDA Securities Plc.'s board of directors, A securities brokerage firm, I am please to present ACLEDA Securities Plc.'s 2019 annual report to shareholders and other stakeholders of ACLEDA Securities Plc."

The Cambodia Economy

The World Bank and the Asian Development Bank forcaste that by 2020 Cambodia's economy will grow by 6.1% due to the global impact of Covid 19. But the Cambodia's economy will continue to growth at a steady pace when the global epidemic of covid 19 is tackled, combined with excellence in exports diversification, construction tourism and agriculture especially fiscal revenue.

Securities Sector

Because of peace, stability and sustained economic growth, there has been six securities underwriters, one securities dealers, three securities brokers, one securities selling agent and eight companies, among them five companies have been listed for public offering of equity securities while three other companies have been listed for public offering of debt securities on the Securities and Exchange Commission of Cambodia (SECC). Listed companies are also expected to continue to increase in 2020.

We welcome new regulations issued by the Ministry of Economy and Finance, the Securities and Exchange Commission of Cambodia, as well as the CSX, which focuses on and address the need to mitigate risks, protect the interests of stakeholders and especially strengthen the legal rights protection of investors amongst many other mechanisms, with the optimal goal to guarantee sustainable growth in securities sector in the Kingdom of Cambodia.

ACLEDA Securities Plc.

In 2019, ACLEDA Securities Plc. continues to implement its foremost goal, outlined in its five-year strategy (2019-2023) to be a leading securities brokerage firm with a competitive edge in relevant securities market. Trust and transparency delivery to its stakeholders is our business long-term returns and sustainability in continuously support the economic growth agenda and the Rectangular Development Strategy of the Royal Government of the Kingdom of Cambodia.

ACLEDA Securities Plc. continues to strengthen its business model and facilitates the delivery of enhanced securities trading services to its clients in Cambodia securities market to earn sustaining revenue streams into the future and ultimately benefits its shareholders.

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

Board of Director

The Board consists of three Directors, two of whom are non-executive directors and one are executive director. In 2019, there were no changes in the composition of the board.

Governance

The Board and Management have the responsibility to ensure that ACLEDA Securities Plc.'s operations are conducted in accordance with all applicable laws and regulations, and as a credible going concern for years to come.

In accordance with its terms of reference, the Board of directors meet regularly at least four times per year, with reviewed the management performance and effective control over of ACLEDA Securities Plc.'s operation.

The Outlook for 2020

According to the latest forecast of World Bank and Asian Development Bank, Cambodia's economic growth is only 6.1% due to the global impact of Covid 19 in 2020. Cambodia's economy will grow again next year as Cambodia begin to focus on production lines such as electronics and auto parts. In order to support these growth trends, Cambodia has undertaken deep infrastructure reforms to improve the business environment, diversify exports and reduce transportation costs and reduce skills gap.

Acknowledgement

On behalf of the Board of Directors, I would like to thank our customers, shareholders, directors, management, and all staff of ACLEDA Securities Plc. for their support and efforts in implementing its strategy and in achieving its goals and objectives.

We also express our sincerest gratitude to the Royal Government of Cambodia, the Ministry of Economy and Finance, the Securities and Exchange Commission of Cambodia (SECC), Cambodia Securities Exchange, regulators, and all relevant authorities for their constant support and dedicated efforts to develop Cambodia's financial industry, especially the securities sector.

We reaffirm our commitment to all our customers and shareholders that in 2020 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. in the Kingdom of Cambodia.

Mrs. MAR Amara
Chairwomen
ACLEDA Securities Plc.
March, 27th 2020

PRESIDENT & CEO REPORT

Mr. PROM Visoth

President & CEO

"The development of digital secure, reliable and convenient services is the priority strategy of ACLEDA Securities Plc. to generate the multi-source of incomes in the competitive securities market in 2020 and the following years."

Performance in 2019

Competitive Environment

The securities sector in Cambodia is growing steadily and there is great interesting from all public and private sector. ACLEDA Securities Plc. is improving its services with a focus on developing e-services primarily to serve investors with secure, reliable and convenient services to ensure the cost-effectiveness, sustainability and leadership in competitive markets in this sector.

Operational Highlights in 2019

- ACLEDA Securities Plc. has signed as bondholders representative contract with 02 (two) corporate bond issuers in Cambodia Securites Exchange.
- ACLEDA Securities Plc. has got the accreditation from SECC to act as securities selling agent on August, 20th 2019.
- ACLEDA Securities Plc. has got the best securities broker award in fourth quarter of 2019.
- ACLEDA Securities Plc. continued its operations costs reduction and risk control effort to improve its operating income.
- ACLEDA Securities Plc. continuously improves its website to provide comprehensive information for investors to analyze and decide to trade stock on the CSX

Securities Brokerage Service

Total trading accounts at ACLEDA Securities Plc were 14,600 in 2019 and 13,725 in 2018, increased by 6.38% or 875 accounts. If compared to the total trading accounts on Cambodia Securities Exchange (CSX), it held 64.53% market share.

Total investor's shares balance with ACLEDA Securities Plc. increased by 29.51%, while investor's cash balance with ACLEDA Securities Plc. increased by 15.33%. The number of active investors with cash and shares balance with ACLEDA Securities Plc. increased by 43.99%.

Trading volume of investors at ACLEDA Securities Plc. increased by 210.12% and trading value increased by 437.75%.

Bondholders Representative Service

The bondholders' representative service started in the middle of 2018 and acted as Bondholders' Representation, representing 10 (ten) institutional investors and 64 (sixty four) individual investors, which issued by 3 (three) issuing companies such as Hatthar Kaksekar Limited in November 2018 and LOLC (Cambodia) Plc. and Advanced Bank of Asia Limited in 2019.

Strategic Priority for 2020

- Focus on developing e-services to optimize transaction costs.
- Improve the 'service culture' with easy, reliability and safety for investors at all levels in the securities market.
- Develop multi-service in securities market both first and secondary markets for investors.
- Cooperate with underwriters, issuers and other partners to develop and expand potential services in accordance to market needs.
- Establish a leading role in securities sector to expand market share in the securities market and increase revenue sources that can ensure business continuity.

The Challenges for 2020

A limited understanding of the benefits of the securities market and partially withdrawal of EBA by EU and global outbreaks of Covid19 can lead to a slowdown in the number of issuers and the volume of stock trading on CSX which can bring challenges to securities firms. ACLEDA Securities Plc may have an impact on its earnings for these reasons.

To all our investors, Board of Directors, managements and staff, and not least the Royal Government, especially Securities and Exchange Commission of Cambodia (SECC) and Cambodia Securities Exchange (CSX), I offer my sincerest thanks — both for your support in 2019 and in anticipation of a happy and prosperous 2020.

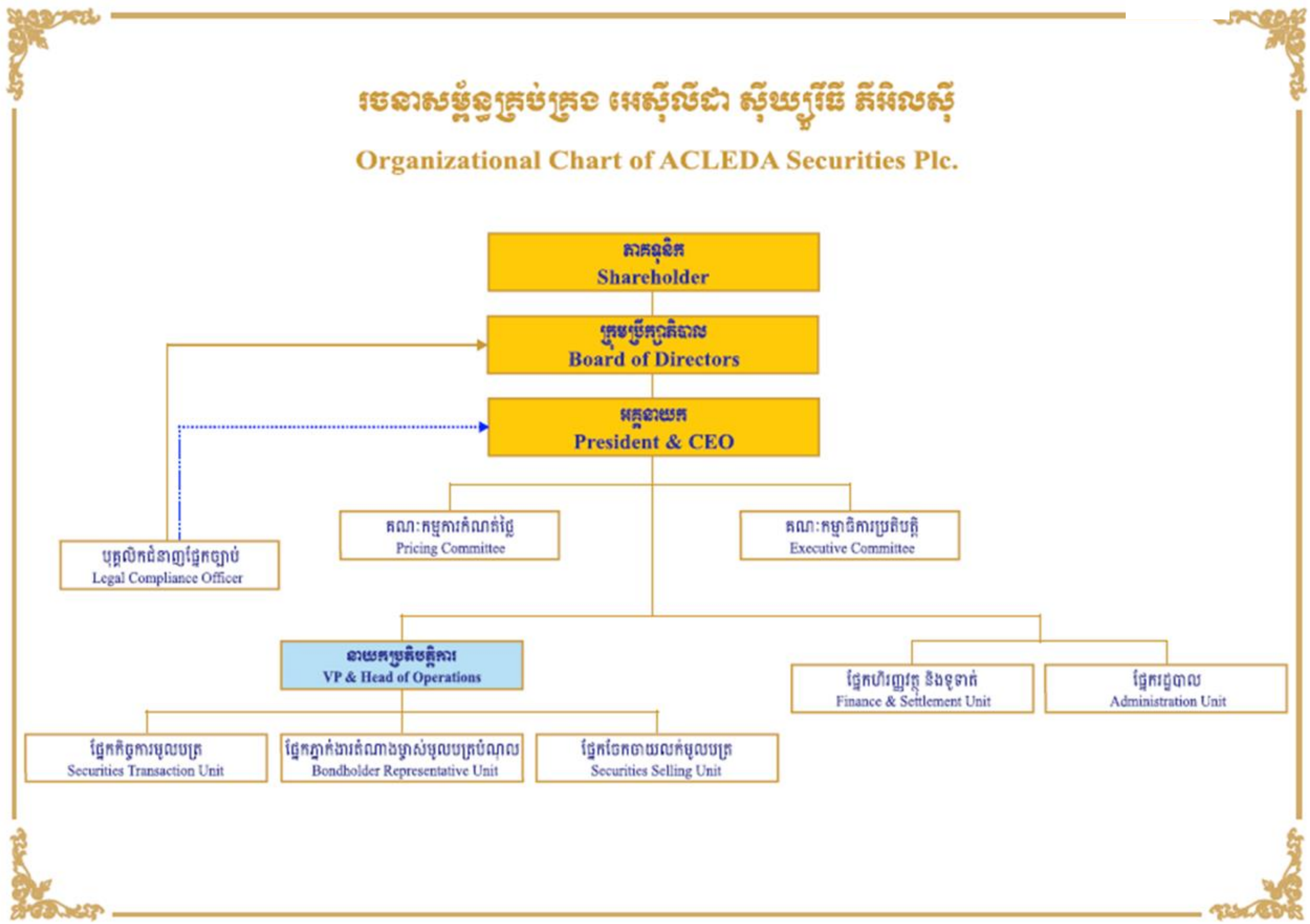
Mr. PROM Visoth

President & CEO

ACLEDA Securities Plc.

March, 27th 2020

ORGANIZATIONAL CHART



CORPORATE GOVERNANCE

ACLEDA Securities Plc. recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, enhancing the efficiency of the ACLEDA Securities Plc., creating shareholder value, and securing trust for all stakeholders including shareholders, customers, staff and the general public. The Board of Directors supports and encourages the adoption and implementation of good corporate governance policies, together with a code of conduct and business ethics.

SHAREHOLDERS

ACLEDA Bank Plc. is a shareholder of ACLEDA Securities Plc., which owns 100% equities however, except for approving certain critical strategic matters the Shareholders have no direct powers to manage ACLEDA Securities Plc. in any way but delegate this responsibility to the Board of Directors through the Articles of Association.

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 three directors:

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

Mrs. MAR Amara
Board Chairwoman

Cambodian. Born September 1967. Mrs. Mar Amara joined ACLEDA in June 1993. As Executive Vice President & Group Chief Financial Officer of ACLEDA Bank Plc., 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 chair of Implementation & Conversion of IFRS (International Financial Reporting Standards) Committee, chair of the Automation and Modernization Committee, and a member of the Interest & Price Setting Committee, and the Management Credit Committee of the Bank. She also leads the work of the Basel Team. She is responsible for the Finance Division. She is directly accountable to the President and Group Managing Director of ACLEDA Bank Plc.She is also Board vice chair of ACLEDA Financial Trust.She graduated from the National University of Management in Phnom Penh in 2006 with a Master's Degree in Finance. She obtained a Bachelor's Degree in Management in 2003. She attended courses on Management Accounting, and Financial Accounting and Auditing among others at Regent College from 1996 to 1998 in Phnom Penh. She became chairwoman of ACLEDA Securities Plc. in 2014.

Mr. PROM Visoth,
Director

Khmer. Born January 11, 1975. He holds a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia. He started working for ACLEDA Bank Plc. since June 1998 in various positions such 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. His other responsibilities within the group include being a member of the Board of Directors of ACLEDA Institute of Business and ACLEDA Securities Plc. and Chairman of the Board of Directors of ACLEDA-Jardines Educational Foundation (AJF). He is nominated as the Board of Directors of ACLEDA Securities Plc. in 2010 and as the President & CEO of ACLEDA Securities Plc. since November 1, 2017.

Dr. LOEUNG Sopheap
Director

Cambodian. Born in March 1967. Dr. Loeung Sopheap obtained his Doctorate of Business Administration (DBA) from Preston University, Phnom Penh, Cambodia in 2012 and he has worked for ACLEDA since December 1997. As Senior Vice President & Head of Product Development Division, he is responsible for developing and improving the existing and new products and services of the Bank. In addition, he is a chairman of Electronic Banking Committee responsible for developing ACLEDA Cards, ACLEDA Internet Bank, ACLEDA Unity ToanChet, and other products and services related with Financial Technology (FinTech). He was appointed as a member of the Board of Directors of ACLEDA Securities Plc. in July 2017. The last position as Executive Vice President & Group Chief Risk Officer.

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. However, certain powers may be retained by the Board and shall be formally recorded in a 'Letter of Reserved Matters'.

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

MANAGEMENT

Mr. PROM Visoth, President & CEO

Khmer. Born January 11, 1975. He holds a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia. He started working for ACLEDA Bank Plc. since June 1998 in various positions such 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. His other responsibilities within the group include being a member of the Board of Directors of ACLEDA Institute of Business and ACLEDA Securities Plc. and Chairman of the Board of Directors of Directors of ACLEDA-Jardines Educational Foundation (AJF). He is nominated as the Board of Directors of ACLEDA Securities Plc. in 2010 and as the President & CEO of ACLEDA Securities Plc. since November 1, 2017.

(L to R) Mrs. Sar Sreypech, Mrs. Mao Phirak, Mr. Hor Simeth, Mr. Prom Visoth, Mrs. Phal Thyda, Mrs. Sem Leakhena, Mr. Youn Rady

Mr. HOR Simeth, VP & Head of Operation

Born in 1980, obtained a master's degree of business administration majoring in Finance from National University of Management, Phnom Penh, in 2007. He graduated with bachelor degree major on Accounting at National Institute of Management in 2003. He finished high school at Preah Sisovath High School in 1998. He has attended securities professional course in Kingdom of Cambodia and Korea. Mr. Hor Simeth started working at ACLEDA Bank Plc. since 2003 and was promoted to Assistant Vice President & Manager of Accounting Unit of Finance Division in 2004 and Assistant Vice President & Manager of Securities Unit of Capital Market Division in January 2009. He became the VP & Head of Operations and CFO of ACLEDA Securities Plc. in March 2010 and as the VP & Head of Operations since March 2019.

Mrs. MAO Phirak, Head of Securities Representatives

Born in 1981, obtained a master's degree of business administration majoring in finance from National University of Management, Phnom Penh, in November 2011. She graduated with bachelor degree major on Finance and Banking at National University of Management in 2003. She finished high school at Kampong Thom High School in 1998. Ms. Mao Phirak started working at ACLEDA Bank Plc. since 2004 and was promoted to Assistant Vice President & Assistant Manager of HR Development Unit of Human Resource Division in September 2007 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.

Ms. PHAL Thyda, AVP & Manager of Finance & Settlement Unit

Born in 1985, she graduated bachelor degree major in Business Accounting at Norton University, Phnom Penh in 2007. She also graduated bachelor degree of English major in Business Communication from Western University, Phnom Penh in 2012. In year 2002 she finished high school at Indradevy high school. Ms. PHAL Thyda started working with ACLEDA Bank Plc. since 2009 in position of Accountant and was promoted to AVP & Assistant Manager of Finance and Admin Officer at ACLEDA Securities Plc., in January 2014 and become the AVP & Manager of Finance and Admin Officer in February 2017, and nominated as a AVP & Manager of Finance & Settlement Unit in March 2019.

Mrs. Sar Sreypech, Bondholders Representative

Born in 1993, she graduated bachelor degree major in Accounting and Finance at National University of Management, Phnom Penh in 2015. In year 2011 she finished high school at Russey Keo high school. She started working with ACLEDA Bank Plc. since October 2014 in position Clerk of Marketing and in March 2015, She was transfer to ACLEDA Securities Plc., in position Customer Relation Ship Officer January 2014 and then she become bondholders representative in 2018.

Mrs. Sem Leakhena, Securities Selling Agent

Born in 1991, she graduated bachelor degree major in Banking & Finance at Royal University of Law and Economic, Phnom Penh in 2013. In year 2009 she finished high school at Svay Rieng high school. She started working with ACLEDA Bank Plc. since April 2014 in position Marketing officer and in August 2019, She was transfer to ACLEDA Securities Plc., in position Securities Selling Agent.

Mr. Youn Rady, Compliance Officer

Born in 1985, obtained a master's degree of administrative law and political sicience and bachelor degree major on general management at Build Bride University in 2008. He finished high school at Yukonthor High School in 2002. He started working at ACLEDA Bank Plc. since January 2008 in position branch credit officer and in 2016, he was transfer to ACLEDA Bank Plc. head quarter in position compliance officer and then promoted to Assistant Vice President & Assistant Manager of Compliance officer in May 2017

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. We subscribe to the concept of triple bottom line ('people, planet, profit') reporting and are constantly developing indicators for measuring and reporting on our performance and impacts on the society and the environment, and to implement a reporting structure based on the guidelines of the Global Reporting Initiative.

Activity of VP & Head of Operation explain customer on stock trading

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

REPORT OF THE DIRECTORS

The Directors hereby submit their report together with the audited financial statements of ACLEDA Securities Plc. ("the Company") for the year ended 31 December 2019.

The Company

The Company is established as a Public Limited Company in the Kingdom of Cambodia with the Registration No. 00002713, dated 1 March 2010. The Company is wholly owned by ACLEDA Bank Plc.

Principal activities

The principal activities of the Company are the provision of securities brokerage business and other services approved by the Securities and Exchange Commission of Cambodia (''SECC").

Financial results

The financial results of the Company for the year ended 31 December 2019 were as follows:

	2019		2018	
	US$	KHR'000	US$	KHR'000
Loss before income tax	(141,696)	(574,152)	(46,557)	(188,323)
Income tax (expense)/benefit	(4,311)	(17,468)	6,340	25,645
Net loss for the year	(146,007)	(591,620)	(40,217)	(162,678)

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.

Current assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current 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.

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.

The Board of Directors

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

Ms. Mar Amara	Chairwoman
Mr. 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 2019, and its financial performance and its cash flows for the year then ended. 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;

(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 26 to 55 which present fairly, in all material respects, the financial position of ACLEDA Securities Plc. as at 31 December 2019, 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,

Ms. MAR Amara

Chairwoman

Phnom Penh, Kingdom of Cambodia

Date: March, 27th 2020

REPORT OF THE INDEPENDENT AUDITORS

To the shareholder of

Opinion

We have audited the financial statements of ACLEDA Securities Plc. ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 26 to 55.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRS").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 comprised the Report of the Directors as set out on pages 20 to 22.

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 Management and Those Charged with Governance for the Financial Statements.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance 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.

For **KPMG Cambodia Ltd**

Nge Huy

Partner

Phnom Penh, Kingdom of Cambodia

Date: March, 27th 2020

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 US$	31 December 2019 KHR'000 (Note 5)	31 December 2018 US$	31 December 2018 KHR'000 (Note 5)
ASSETS					
Non-current assets					
Statutory deposit	6	245,399	1,000,000	248,880	1,000,000
Intangible assets	7	10,089	41,113	15,441	62,042
Property and equipment	8	4,025	16,403	1,385	5,565
Deferred tax assets	9(c)	20,982	85,502	23,963	96,283
Total non-current assets		280,495	1,143,018	289,669	1,163,890
Current assets					
Term deposits	10	1,676,595	6,832,125	1,935,015	7,774,890
Other assets	11	38,655	157,519	35,781	143,768
Cash and cash equivalents	12	142,908	582,350	12,338	49,574
Total current assets		1,858,158	7,571,994	1,983,134	7,968,232
TOTAL ASSETS		2,138,653	8,715,012	2,272,803	9,132,122
EQUITY AND LIABILITIES					
Equity					
Share capital	13	2,010,000	8,040,000	2,010,000	8,040,000
(Accumulated losses)/retained earnings		(6,576)	(31,187)	140,767	565,846
Other reserves		-	155,140	-	35,936
Total equity		2,003,424	8,163,953	2,150,767	8,641,782
Liabilities					
Non-current liabilities					
Employee benefits	14	57,442	234,077	59,039	237,219
		57,442	234,077	59,039	237,219
Current liabilities					
Accruals and other payables	15	77,662	316,473	62,886	252,675
Current income tax liabilities	9(a)	125	509	111	446
		77,787	316,982	62,997	253,121
Total liabilities		135,229	551,059	122,036	490,340
Total equity and liabilities		2,138,653	8,715,012	2,272,803	9,132,122

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 US$	2019 KHR'000 (Note 5)	2018 US$	2018 KHR'000 (Note 5)
Continuing operations					
Revenue – fees and commission income		46,401	188,017	120,092	485,772
Finance income	16(a)	86,524	350,595	92,220	373,030
Other (losses)/gains – net		(3,533)	(14,316)	1,507	6,096
		129,392	524,296	213,819	864,898
Expenses					
Salaries and wages		186,653	756,318	171,712	694,575
Utilities		4,320	17,505	4,320	17,474
Membership and registration fees		16,424	66,550	15,479	62,613
Bonuses and incentives		24,255	98,281	16,600	67,147
Legal and professional fees		6,330	25,649	5,522	22,336
Communication		6,238	25,276	6,221	25,164
Amortisation charge	7	5,352	21,686	4,812	19,465
Retirement benefits	14	4,386	17,772	2,475	10,011
Other benefits		11,778	47,725	26,172	105,866
Depreciation charge	8	1,448	5,867	1,560	6,310
Other expenses		3,904	15,819	5,503	22,260
		271,088	1,098,448	260,376	1,053,221
Loss before income tax		(141,696)	(574,152)	(46,557)	(188,323)
Income tax (expense)/benefit	9(b)	(4,311)	(17,468)	6,340	25,645
Net loss for the year		(146,007)	(591,620)	(40,217)	(162,678)
Other comprehensive income:					
Items that may not be reclassified to profit or loss:					
Remeasurement of employee benefit obligations	14	(1,336)	(5,413)	(19,887)	(80,443)
Currency translation difference		-	119,204	-	(40,383)
Other comprehensive income for the year		(1,336)	(113,791)	(19,887)	(120,826)
Total comprehensive loss for the year		(147,343)	(477,829)	(60,104)	(283,504)
Loss attributable to:					
Owner of the Company		(146,007)	(591,620)	(40,217)	(162,678)
Total comprehensive loss attributable to:					
Owner of the Company		(147,343)	(477,829)	(60,104)	(283,504)

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital		(Accumulated losses)/retained earnings		Other reserves	Total	
	Attributable to owner of the Company						
For the year ended 31 December 2018	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Balance as at 1 January 2018	2,010,000	8,040,000	200,871	808,967	76,319	2,210,871	8,925,286
Comprehensive loss:							
Loss for the year	-	-	(40,217)	(162,678)	-	(40,217)	(162,678)
Remeasurement of employee benefit obligations	-	-	(19,887)	(80,443)	-	(19,887)	(80,443)
Other comprehensive income - currency translation difference	-	-	-	-	(40,383)		(40,383)
Total comprehensive loss for the year	-	-	(60,104)	(243,121)	(40,383)	(60,104)	(283,504)
Balance as at 31 December 2018	2,010,000	8,040,000	140,767	565,846	35,936	2,150,767	8,641,782
For the year ended 31 December 2019							
Balance as at 1 January 2019	2,010,000	8,040,000	140,767	565,846	35,936	2,150,767	8,641,782
Comprehensive income:							
Loss for the year	-	-	(146,007)	(591,620)	-	(146,007)	(591,620)
Remeasurement of employee benefit obligations	-	-	(1,336)	(5,413)	-	(1,336)	(5,413)
Other comprehensive income - currency translation difference	-	-	-	-	119,204	-	119,204
Total comprehensive loss for the year	-	-	(147,343)	(597,033)	119,204	(147,343)	(477,829)
Balance as at 31 December 2019	2,010,000	8,040,000	(6,576)	(31,187)	155,140	2,003,424	8,163,953

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

		2019		2018	
	Note	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Cash flows from operating activities					
Loss before tax		(141,696)	(574,152)	(46,557)	(188,323)
Adjustments for:					
Depreciation charge	8	1,448	5,867	1,560	6,310
Amortisation charge	7	5,352	21,686	4,812	19,465
Finance income		(86,524)	(350,595)	(92,220)	(373,030)
Employee benefits expense	14(a)	4,386	17,772	2,475	10,011
Seniority indemnity	14(b)	(7,319)	(29,657)	15,464	62,552
Unrealised foreign exchange loss/(gain)		3,481	14,105	(1,171)	(4,737)
Changes in working capital:					
Other assets		(2,874)	(11,645)	(547)	(2,213)
Accruals and other payables		14,776	59,872	13,107	53,018
Cash used in operations		(208,970)	(846,747)	(103,077)	(416,947)
Income tax paid	9(a)	(1,316)	(5,332)	(20,267)	(81,980))
Net cash outflow from operating activities		(210,286)	(852,079)	(123,344)	(498,927)
Cash flows from investing activities					
Purchases of property and equipment		(4,088)	(16,565)	-	-
Purchases of intangible assets		-	-	(15,441)	(62,459)
Term deposits		250,000	1,013,000	(20,000)	(80,900)
Interest received		94,944	384,713	101,644	411,150
Net cash inflow from investing activities		340,856	1,381,148	66,203	267,791
Net increase/(decrease) in cash and cash equivalents		130,570	529,069	(57,141)	(231,136)
Cash and cash equivalents at the beginning of the year		12,338	49,574	69,479	280,487
Currency translation difference		-	3,707	-	223
Cash and cash equivalents at the end of the year	12	142,908	582,350	12,338	49,574

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

NOTE TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. Reporting entity

ACLEDA Securities Plc. ("the Company") is established as a Public Limited Company in the Kingdom of Cambodia with the Registration No.00002713, dated 1 March 2010. The Company is wholly owned by ACLEDA Bank Plc. ("the parent company").

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

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

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 2019, the Company had 10 employees (2018: 8 employees).

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 27 March 2020.

(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 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.

(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.

The 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 18 – financial instruments.

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.

A financial asset is measured at amortised cost 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 to hold assets to collect contractual cash flows; and
- its contractual term 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;
- 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.

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.

(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.

(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 lives, and is generally recognised in profit or loss.

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

Furniture, fixture, and office equipment	3 years
Computer equipment	3 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, licenses granted by SECC and other related costs which 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 five years.

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

(f) Impairment

(i) Financial assets

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

The Company measures loss allowances at an amount equal to lifetime ECLs, 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 ECLs. Loss allowance for trade and other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 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 ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are 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 ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are 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).

ECLs are 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.

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 entirely 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.

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 Commission of Cambodia ("SECC") 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 SECC.

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.

(ii) Retirement benefits

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

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

No separate fund has been maintained and interest contributed 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 income statement in the period in which they arise. The cost associated with providing these benefits is recognised in income statement 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 income statement.

(iii) Seniority Indemnity

In accordance with Prakas No. 443 MoLVT dated 21 September 2018 issued by the Ministry of Labour and Vocational Training, 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.

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.

(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

The Company has applied CIFRS 16 Leases using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under CIAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The details of accounting policies under CIAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Branch 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 Branch uses the definition of a lease in CIFRS 16.

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Branch 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.

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.

On transition to CIFRS 16, the Company has assessed its office lease as a short-term lease. Therefore, there is no impact on the financial statements on the date of transition to CIFRS 16.

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.

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.

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

4. New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Amendments to References to Conceptual Framework in CIFRS Standards.
- Definition of a Business (Amendments to CIFRS 3).
- Definition of Material (Amendments to CIAS 1 and CIAS 8)

5. Translation of United States Dollars into Khmer Riel

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

Assets and liabilities are translated at the closing rate as at the reporting date. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year.

Exchange differences arising from the translation are recognised as "Currency Translation Difference" in the other comprehensive income.

The Company uses the following official exchange:

			Closing rate	Average rate
31 December 2019	US$1	=	KHR4,075	KHR4,052
31 December 2018	US$1	=	KHR4,018	KHR4,045

These convenience 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 SECC'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) maintained with the National Bank of Cambodia ("NBC") specifically earmarked for the Company as required by SECC 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 operation, is refundable should the Company voluntarily cease its operations in Cambodia.

7. Intangible assets

2019	Computer software	SECC license	Total	
	US$	US$	US$	KHR'000 (Note 5)
Cost				
As at 1 January 2019	1,574	15,441	17,015	68,366
Disposal	(1,574)	-	(1,574)	(6,378)
Currency translation difference	-	-	-	934
As at 31 December 2019	-	15,441	15,441	62,922
Less: **Accumulated amortisation**				
As at 1 January 2019	1,574	-	1,574	6,324
Amortisation for the year	-	5,352	5,352	21,686
Disposal	(1,574)	-	(1,574)	(6,378)
Currency translation difference	-	-	-	177
As at 31 December 2019	-	5,352	5,352	21,809
Carrying amounts				
As at 31 December 2019	-	10,089	10,089	41,113

2018	Computer software	SECC license	Total	
	US$	US$	US$	KHR'000 (Note 5)
Cost				
As at 1 January 2018	1,574	15,431	17,005	68,649
Additions	-	15,441	15,441	62,459
Write off		(15,431)	(15,431)	(62,418)
Currency translation difference	-	-	-	(324)
As at 31 December 2018	1,574	15,441	17,015	68,366
Less: **Accumulated amortisation**				
As at 1 January 2018	1,574	10,619	12,193	49,223
Amortisation for the year	-	4,812	4,812	19,465
Write off		(15,431)	(15,431)	(62,418)
Currency translation difference	-	-	-	54
As at 31 December 2018	1,574	-	1,574	6,324
Carrying amounts				
As at 31 December 2018	-	15,441	15,441	62,042

8. Property and equipment

2019	Furniture, fixture and office equipment US$	Computer equipment US$	Total US$	Total KHR'000 (Note 5)
Cost				
At 1 January 2019	7,679	47,527	55,206	221,818
Additions	1,135	2,953	4,088	16,565
Written off	-	(5,316)	(5,316)	(21,540)
Currency translation difference	-	-	-	3,118
At 31 December 2019	8,814	45,164	53,978	219,961
Less: **Accumulated depreciation**				
At 1 January 2019	7,679	46,142	53,821	216,253
Depreciation for the year	194	1,254	1,448	5,867
Written off	-	(5,316)	(5,316)	(21,540)
Currency translation difference	-	-	-	2,978
At 31 December 2019	7,873	42,080	49,953	203,558
Carrying amounts				
At 31 December 2019	941	3,084	4,025	16,403

2018	Furniture, fixture and office equipment US$	Computer equipment US$	Total US$	Total KHR'000 (Note 5)
Cost				
At 1 January 2018	7,679	47,527	55,206	222,867
Currency translation difference	-	-	-	(1,049)
At 31 December 2018	7,679	47,527	55,206	221,818
Less: **Accumulated depreciation**				
At 1 January 2018	7,309	44,952	52,261	210,978
Depreciation for the year	370	1,190	1,560	6,310
Currency translation difference	-	-	-	(1,035)
At 31 December 2018	7,679	46,142	53,821	216,253
Carrying amounts				
At 31 December 2018	-	1,385	1,385	5,565

9. Income tax

(a) Current income tax liability

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
As at 1 January	111	446	18,253	73,687
Current income tax expenses	1,330	5,389	2,125	8,596
Income tax paid	(1,316)	(5,332)	(20,267)	(81,980)
Currency translation difference	-	6		143
As at 31 December	125	509	111	446

(b) Income tax expense/(benefit)

	2019		2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Current income tax	1,330	5,389	2,125	8,596
Deferred tax	2,981	12,079	(8,465)	(34,241)
	4,311	17,468	(6,340)	(25,645)

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:

	2019		2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Loss before income tax	(141,696)	(574,152)	(46,557)	(188,323)
Income tax using applicable income tax rate	(28,339)	(114,830)	(9,311)	(37,663)
Effect of non-deductible expenses	332	1,345	(4,478)	(18,114)
Effect of tax loss not recognised	30,988	125,564	5,324	21,536
Minimum tax	1,330	5,389	2,125	8,596
	4,311	17,468	(6,340)	(25,645)

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

(c) Deferred tax assets

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Deferred tax assets - net	20,982	85,502	23,963	96,283

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

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
As at 1 January	23,963	96,283	15,498	62,566
Credited to profit or loss	(2,981)	(12,079)	8,465	34,241
Currency translation difference	-	1,298	-	(524)
As at 31 December	20,982	85,502	23,963	96,283

Deferred tax assets

Deferred tax assets are attributable to the following:

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Depreciation	1,534	6,251	3,437	13,810
Provision for bonus	8,746	35,640	8,799	35,354
Provision for retirement benefit	11,488	46,814	11,808	47,445
Unrealised exchange gain/loss	(786)	(3,203)	(81)	(326)
As at 31 December	20,982	85,502	23,963	96,283

10. Term deposits

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Term deposits	1,660,000	6,764,500	1,910,000	7,674,380
Interest receivables	16,595	67,625	25,015	100,510
	1,676,595	6,832,125	1,935,015	7,774,890

The Company placed term deposits with the parent company with maturity of one year. The deposits earn interest rates ranging between 4.50% to 5.50% per annum (2018: 4.75% - 5.50%).

11. Other assets

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Prepaid annual fees with CSX	13,310	54,238	16,936	68,049
Other receivables	17,966	73,211	13,805	55,468
Deposits	1,155	4,707	990	3,978
Other prepayments	6,224	25,363	4,050	16,273
	38,655	157,519	35,781	143,768

12. Cash and cash equivalents

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Cash at bank - saving accounts	142,908	582,350	12,338	49,574

Savings accounts earn interest rate of 0.20% per annum (2018: 0.5%).

The Company also maintains a bank account "Client Money Account" at ACLEDA Bank Plc. for receiving deposits from customers who wish to trade in the Cambodian Stock Exchange ("CSX"). However, this account does not record in the financial statements of the Company on the ground that the account is opened purely for the customers for this purpose and this does not belong to the Company. The balance of the Client Money Account as at 31 December 2019 is KHR 2,182,752,657, equivalent to US$ 535,645 (2018: KHR 1,895,005,521, equivalent to US$471,629).

13. Share capital

The Company registered its share capital of Riel 8,240 million (equivalent to US$2,010,000) which is divided into 2,060,000 shares with a par value of Riel 4,000 (equivalent to US$1) each (2018: US$2,010,000 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 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Share capital	2,010,000	8,040,000	2,010,000	8,040,000

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 2019		31 December 2018	
		US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Retirement benefits	(a)	49,297	200,886	43,575	175,084
Seniority indemnity	(b)	8,145	33,191	15,464	62,135
		57,442	234,077	59,039	237,219

(a) Retirement benefits

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

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
As at 1 January	43,575	175,084	21,213	85,637
Interest cost	2,306	9,344	690	2,791
Current service cost	2,080	8,428	1,785	7,220
Remeasurement losses from changes in assumptions	1,336	5,413	19,887	80,443
Currency translation difference	-	2,617	-	(1,007)
As at 31 December	49,297	200,886	43,575	175,084

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

	2019		2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Interest cost	2,306	9,344	690	2,791
Current service cost	2,080	8,428	1,785	7,220
	4,386	17,772	2,475	10,011

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

	2019		2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Remeasurement loss from changes in actuarial assumptions	1,336	5,413	19,887	80,443

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

	2019	2018
Salary growth rate	3.44%	3.87%
Inflation rate	1.20%	1.20%
Discount rates	7.00%	7.00%
Mortality (*) and staff turnover rate (**)	-	-

(*) Mortality rate table is as follows:

Age	Mortality rate (% per annum)			
	2019		2018	
	Females	Males	Females	Males
18-29	0 - 0.6	0 - 2.8	0 - 0.22	0 - 0.40
30-39		0 - 1.4	-	0 - 0.26
40-49			-	-
50-59			-	-
60			-	-

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

Age	Staff turnover rate (% per annum)			
	2019		2018	
	Females	Males	Females	Males
18-29	0 - 7.39	4.42 - 7.38	0 - 4.34	2.50 - 4.53
30-39	2.31 - 5.26	2.82 - 5.40	1.73 - 4.63	2.98 - 5.21
40-49	0 - 14.07	0 - 5.02	0 - 14.07	0 - 3.82
50-59	-	0 - 6.06	0 - 13.33	0 - 11.43
60	-	-	-	-

(b) Seniority indemnity

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
At 1 January	15,464	62,135	-	-
(Reverse)/recognise in profit or loss	(7,319)	(29,657)	15,464	62,552
Currency translation difference	-	713		(417)
At 31 December	8,145	33,191	15,464	62,135

15. Accruals and other payables

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Accrued annual leave	43,729	178,196	43,993	176,763
Tax payable	1,846	7,522	1,729	6,947
Other accruals	32,087	130,755	17,164	68,965
	77,662	316,473	62,886	252,675

16. Related party transactions

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 include all Director and senior management of the Company.

The following transactions were carried out with related parties.

(a) Interest income from parent company

	2019		2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Interest income	86,524	350,595	92,220	373,030

(b) Fee and expenses to parent company

	2019		2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Utilities charges	4,320	17,505	4,320	17,474
Bank charges	470	1,904	327	1,314
	4,790	19,409	4,647	18,788

(c) Key management compensation

	2019		2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Short-term employee benefits	126,934	514,337	125,956	509,492
Long-term benefits	26,685	108,126	53,394	215,979
Post-employment benefits	30,234	122,508	27,987	113,207
	183,853	744,971	207,337	838,678

(d) Year-end balances arising from transactions with related parties

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Savings accounts (Note 12)	142,908	582,350	12,338	49,574
Term deposits (Note 10)	1,660,000	6,764,500	1,910,000	7,674,380
Interest receivables (Note 10)	16,595	67,625	25,015	100,510
	1,819,503	7,414,475	1,947,353	7,824,464

17. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The Company has not disclosed the fair value information for the 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.

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.

2019	**Carrying Amount US$**	**Contractual cash flow US$**	**Less than 6 months US$**	**6 to 12 months US$**	**More than 1 year US$**
Accrual and other payables	32,087	32,087	27,506	4,581	-
KHR'000 (Note 5)					
Accrual and other payables	130,755	130,755	112,088	18,667	-
2018					
Accrual and other payables	17,164	17,164	12,186	4,978	-
KHR'000 (Note 5)					
Accrual and other payables	68,965	68,965	48,963	20,002	-

(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 the return.

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 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Fixed rate instrument				
Financial assets (include interest)	1,676,595	6,832,125	1,935,015	7,774,890

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 2019, the Company has capital of US$ 2,010,000, and it does not have any debt from other party and has met the minimum capital requirement of US$1,500,000.

In addition, under SECC'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 2019 are shown in table below:

	31 December 2019		31 December 2018	
	US$	KHR'000 (Note 5)	US$	KHR'000 (Note 5)
Net capital				
Total current assets	2,048,307	8,346,851	2,171,218	8,723,954
Total external liabilities	(135,229)	(551,059)	(122,036)	(490,340)
	1,913,078	7,795,792	2,049,182	8,233,614
Prescribed level of capital (higher of A and B)				
5% of shareholders' equity (A)	100,171	408,198	107,538	432,089
10% of total external liabilities (B)	13,523	55,106	12,204	49,034
Prescribed level of capital	100,171	408,198	107,538	432,089
Net capital ratio	1910%	1910%	1,906%	1,906%

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

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