



ANNUAL REPORT 2021



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

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

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

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

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FINANCIAL RESULTS

2021 Audited		2020 Audited	
USD	000'KHR	USD	000'KHR

Balance Sheet

A. Total Assest	2,315,172	9,432,008	2,185,905	8,841,986
B. Total Liabilities	201,770	822,012	167,604	677,958
C. Total Equities	2,113,401	8,609,996	2,018,301	8,164,028

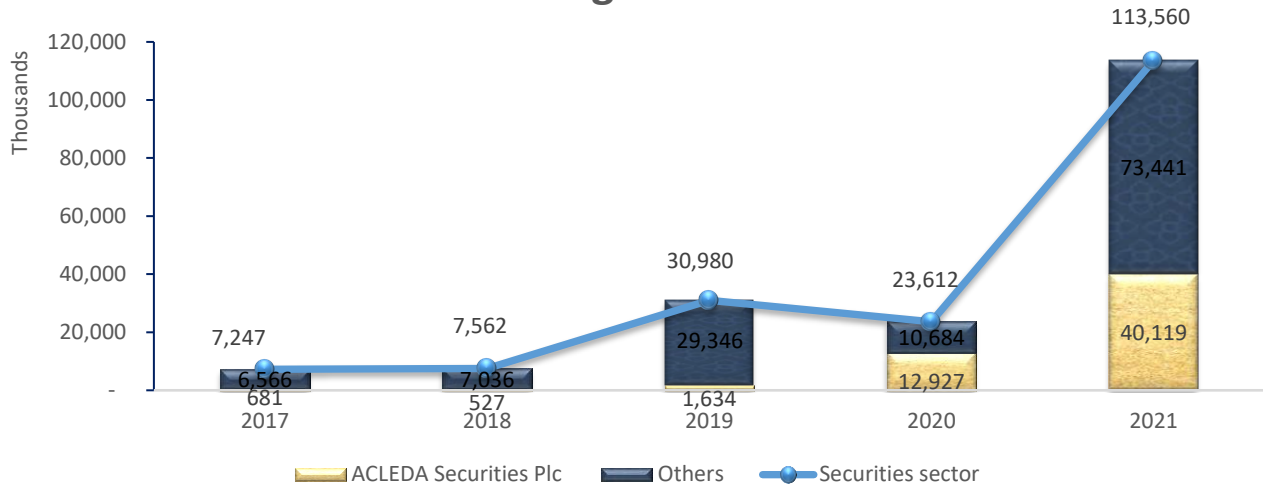
Income Statement

A. Total Revenue	477,877	1,944,004	371,554	1,514,826
B. Profit/Loss Before Income Tax	105,309	428,399	(3,188)	(12,996)
C. Profit/Loss After Tax	95,100	445,968	14,877	75

PERFORMANCE

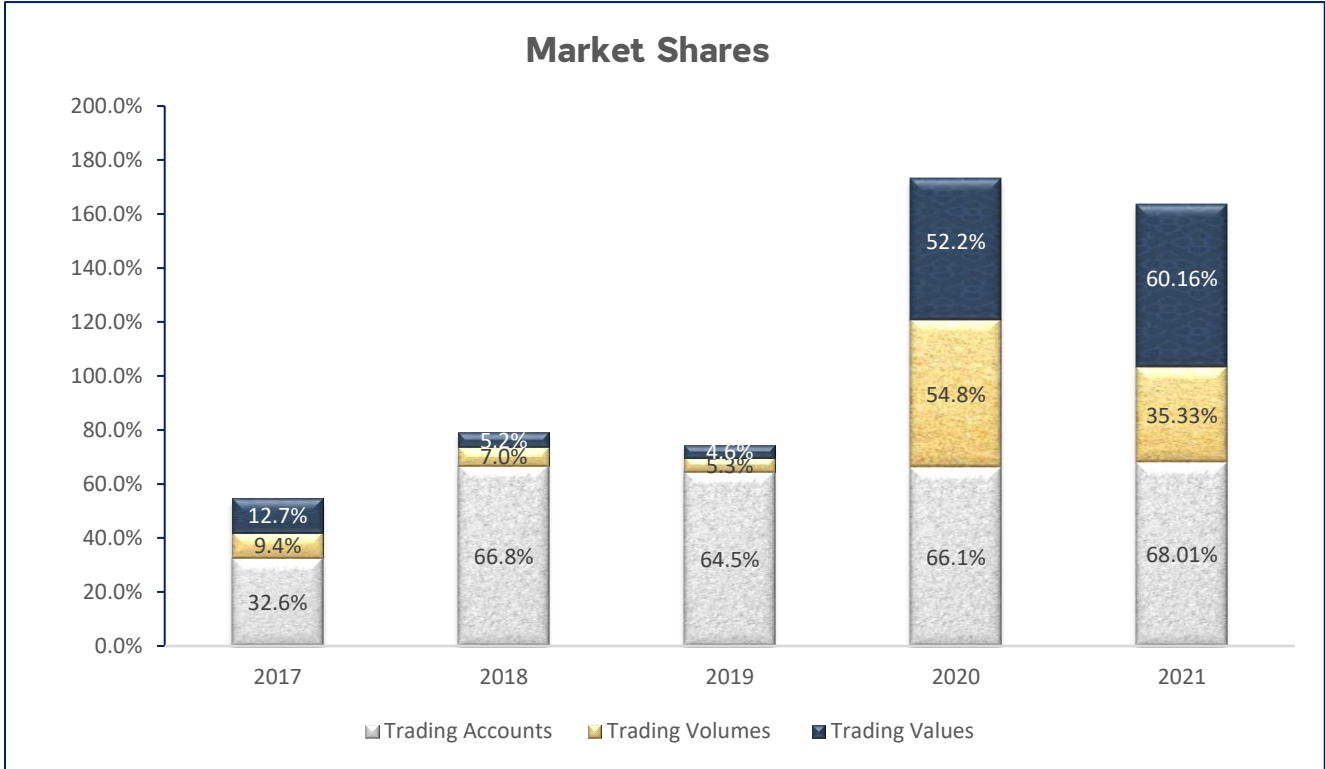


Trading Volumes



Trading Values (US\$)





Training Course on “Benifits of investing in securities market” at ACLEDA Institute of Business

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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 2021 annual report to shareholders and other stakeholders of ACLEDA Securities Plc.”

The Cambodia Economy

In 2021, Cambodian economy gradually recovered after declined at 3.1% in 2020. Sectors that have boosted economic growth in the past, including the garment, travel goods, footwear, and bicycle manufacturing, as well as agriculture and they still continue to play an important role in sustaining the economy. The electrical, electronic, and vehicle spare parts manufacturing industries are gradually emerging, while the agro-processing industries, in particular foods and wood processing, and furniture are also picking up. On the other hand, financial conditions continued to be accommodative, supported by a relaxation of monetary policy.

Securities Sector

Because of peace, stability and sustaining economic growth, there has been seven securities underwriters, one securities dealers, four securities brokers and two securities selling agents have been operating in Cambodia and fifteen companies have been listed on the Cambodia Securities Exchange (CSX). Among them, there were eight listed companies have been publicly issued the equity securities while seven other listed companies have been publicly issued the debt securities. The number of listing companies are expecting to continuously increase in 2022.

We welcome new regulations issued by the Ministry of Economy and Finance, the Securities and Exchange Regulator of Cambodia (SERC), as well as the Cambodia Securities Exchange (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 2021, ACLEDA Securities Plc. continues to implement its foremost goal, outlined in its five-years strategy (2021-2025) to be a leading securities 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 2021, 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 2022

According to the forecast of World Bank, Cambodia economy is expected to continue to recover amid a rollback of COVID-19-related restrictions and people can adapt to Covid-19 in a new normal way. In addition, the World Bank estimates that in 2022, the Cambodian economy will grow by 4.5%. But the World Bank warns that the global economy as a whole remains uncertain since the world faces the spread of the new variants of Covid-19 virus, rising inflation, public debt and social inequality.

Acknowledgement

On behalf of the Board of Directors, I would like to thank our shareholders, directors, management, and all staffs of ACLEDA Securities Plc. for their efforts in implementing its strategy and in achieving its goals and objectives in 2021. We also express our sincerest gratitude to clients and all relevant authorities for their constant support and cooperation.

We reaffirm our commitment to all our customers and shareholders that in 2022 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

Chairwoman

ACLEDA Securities Plc.

Dated: March 28th, 2022

PRESIDENT & CEO REPORT



Dr. Prom Visoth

President & CEO

Increasing in the demand side in the Cambodia Securities Exchange and providing e-securities services are the vision and strategic goals of ACLEDA Securities Plc. in 2022 and the following years.

Performance in 2021

Competitive Environment

Investments in the securities sector have played an important role in boosting the economic growth of the country and is a good choice for institutional and individual investors from top to bottom to diversify their investment portfolios and generate other source of incomes. Therefore, ACLEDA Securities Plc. has provided many training courses and knowledge about securities and investment in the Cambodia Securities Exchange to investors and the public and increased the number of investors investing in the securities market of Cambodia, in order to make the securities market to be more active and robusing which lead ACLEDA Securities Plc. a sustaining business and become a leading firm in this securities market in the following years.

Operational Highlights in 2021

- ❖ ACLEDA Securities Plc. provided 18 training courses on the knowledges on securities and investment in the Cambodian Securities Exchange to investors and the public with a total of 1,362 participants.
- ❖ ACLEDA Securities Plc. has signed a contract as bondholders' representative with Telcotech Ltd. which has been listed for the first time offering debt securities on the Cambodia Securities Exchange (CSX).
- ❖ ACLEDA Securities Plc. has signed the contract as selling agent with the underwriter to sell equity securities of DBD Engineering Plc. which has been listed for the initial public offering of equity securities on the Cambodia Securities Exchange (CSX).
- ❖ ACLEDA Securities Plc. has been awarded as the Best Securities Broker in the first, second, third, and fourth quarter of 2021 in a program which is initiated by Cambodia Securities Exchange (CSX).
- ❖ ACLEDA Securities Plc. got a net profit of USD95,102.

- ❖ ACLEDA Securities Plc. continues to strengthen the efficiency of using cost and risk control to increase operating income.
- ❖ ACLEDA Securities Plc. continuously improves its website to provide comprehensive information for investors to learn, analyze and decide to trade stock on CSX.

Securities Brokerage Service

ACLEDA Securities Plc. hold 21,054 trading accounts, which is increased by 18.48% or 3,284 accounts, and comparing the Cambodia Securities Exchange (CSX), the company hold 67.43% of the whole market. If comparing to 2020, there are 17,770 accounts.

The balance of investors' shares with ACLEDA Securities Plc. increased by 0.51%, while the balance of investors' cash with ACLEDA Securities Plc. increased by 2,347.29%. The number of active investors with cash and shares balance with ACLEDA Securities Plc. increased by 374.72%.

The trading volumes and trading values of ACLEDA Securities Plc. increased by 17.42% and 319.69%, respectively.

Bondholders Representative Service

Bondholders representative service started in the middle of 2018 and acted as bondholders' representative of 7 (seven) listed companies namely Hattha Bank in 2018; LOLC (Cambodia) Plc. and Advanced Bank of Asia Limited (ABA) in 2019; RMA (Cambodia) Plc., Phnom Penh Commercial Bank and Prasac Microfinance Institution Plc. in 2020, and Telcotech Limited in 2021.

Securities Selling Agent Service

Securities selling agent service started in the middle of 2019 and acted as selling agent for underwriter, sold 5,095,423 shares to 3,078 investors. As of bond, selling agent has sold 16,520 bonds to 23 investors.

Strategic Priority for 2022

- ❖ Increase training courses for the public about the market and investment in the Cambodia Securities Exchange, to attract more investors to participate in the securities market.
- ❖ Focus on serving investors by providing convenient, quick, and quality services.
- ❖ Continuously develop electronic securities service in order to offer investors and the public convenience of participating in investing in the securities market.
- ❖ Build a good relationship with issuers, underwriters, and investors as well as business partners to develop and expand the service of the company on Cambodia Securities Exchange.
- ❖ Develop more products and services to obtain diversified income in both primary and secondary markets.

The Challenges for 2022

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

To all our investors, Board of Directors, managements and staffs, and not least the Royal Government, especially Securities and Exchange Regulator of Cambodia (SERC) and Cambodia Securities Exchange (CSX), I offer my sincerest thanks – both for your support in 2021 and in anticipation of a happy and prosperous 2022.



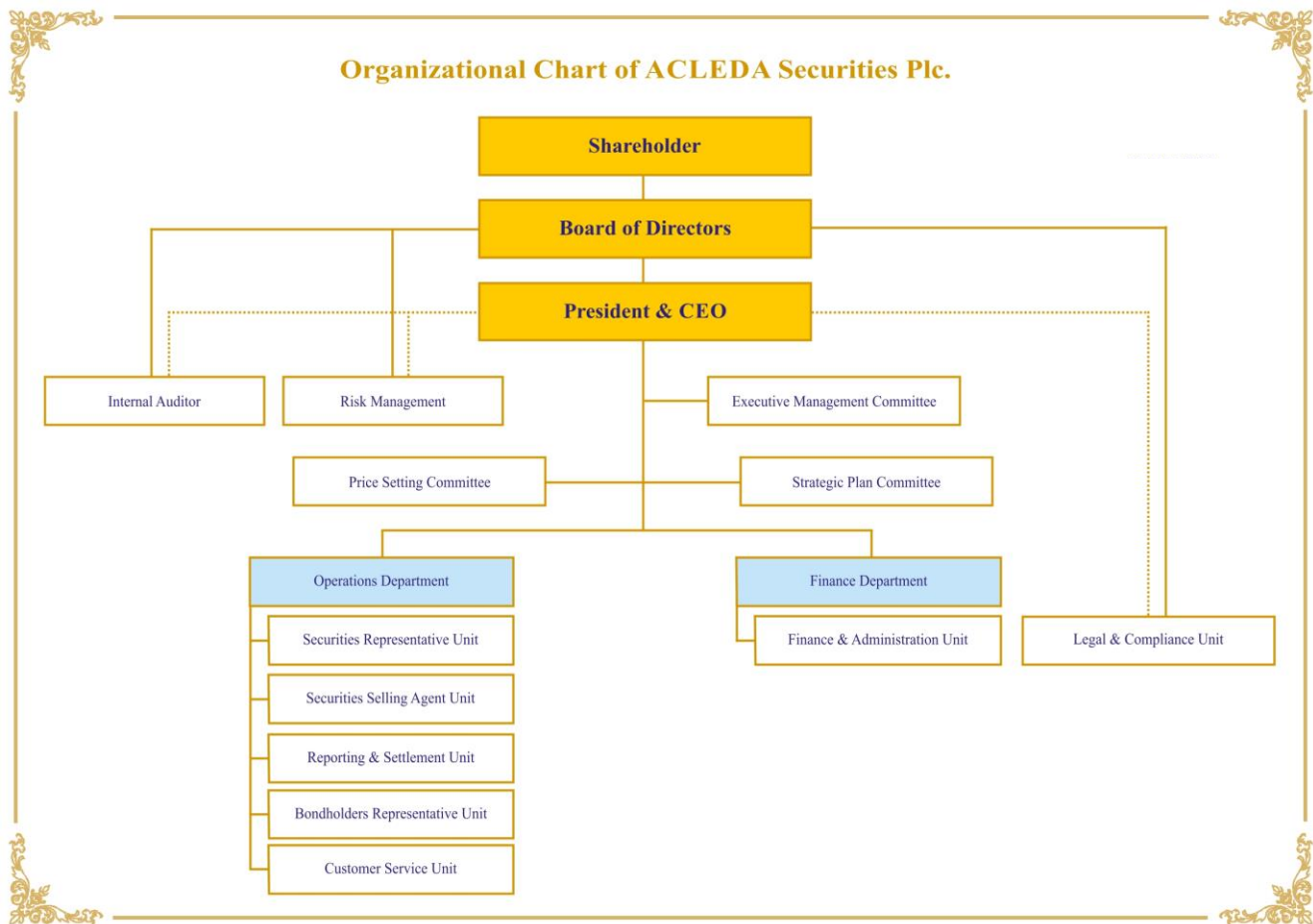
Dr. Prom Visoth

President & CEO

ACLEDA Securities Plc.

Dated: Dated: March 28th, 2022

ORGANIZATIONAL CHART



CORPORATE GOVERNANCE

ACLEDA Securities Plc. recognizes the critical importance of corporate governance in supporting the company’s sustainable growth, enhancing the efficiency of the ACLEDA Securities Plc., creating shareholder value, and securing trust for all stakeholders including shareholders, customers, staffs 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) Dr. PROM Visoth, Mrs. MAR Amara, Dr. LOEUNG Sopheap





Mrs. Mar Amara

Chairwoman

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

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

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

She is a Graduate of the Australian Institute of Company Directors (GAICD) in 2018, and also graduated from the National University of Management in Phnom Penh in 2006 with a Master's Degree in Finance, having previously obtained a Bachelor's Degree in Management in 2003. She attended courses on Management Accounting, Financial Accounting and Auditing among others at Regent College from 1996 to 1998 in Phnom Penh.



Dr. Prom Visoth

Director

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

His other responsibilities within the subsidiary include being a member of the Board of Directors of ACLEDA Institute of Business. He is nominated as the Board of Directors of ACLEDA Securities Plc. since 2010 and as the President & CEO of ACLEDA Securities Plc. since November, 2017.

Dr. Prom Visoth obtained Doctorate of Business Administration (DBA) from Asia Euro University, Phnom Penh, Cambodia in 2021. He hold a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia.



Dr. Loeung Sopheap

Director

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

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

EXECUTIVE MANAGEMENT

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



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



Dr. Prom Visoth

President & CEO

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

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Dr. Prom Visoth obtained Doctorate of Business Administration (DBA) from Asia Euro University, Phnom Penh, Cambodia in 2021. He hold a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia.

Mrs. Mao Phirak

VP & Head of Operations



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

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

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



Mr. Touch Somchanphall

AVP & Manager of Finance and
Administration Unit

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

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

Mrs. Ren Sopheary

Legal and Compliance Officer



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

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

CODE OF CONDUCT

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

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Environmental and social sustainability (ESS) mission statement

ACLEDA Securities Plc. is committed to achieving strong, sustainable financial returns, while respecting the environment and community within which we live. 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.

FINANCIAL STATEMENT

For The Year Ended
31 December 2021

REPORT OF THE DIRECTORS

The Board of Directors (“the Board” or “the Directors”) hereby submit their report together with the audited financial statements of ACLEDA Securities Plc. (“the Company”) as at 31 December 2021 and for the year then ended.

The Company

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

Principal activities

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

Financial results

The financial results of the Company for the year ended 31 December 2021 were as follows:

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Profit/ (loss) before income tax	105,309	428,399	(3,188)	(12,996)
Income tax (expense)/benefit	(2,544)	(10,349)	16,415	66,924
Profit for the year	<u>102,765</u>	<u>418,050</u>	<u>13,227</u>	<u>53,928</u>

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.

Assets

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

Valuation methods

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

Contingent and other liabilities

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

Change of circumstances

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

Items of unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature except for the outbreak of the Novel Coronavirus (Covid-19).

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

Impact of Novel Coronavirus Outbreak to the Company

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

Pending on the development and spread of COVID-19 subsequent to the issuance date of these financial statements, further changes in economic conditions for the Company arising thereof may have impact on the financial results of the Company, the extent of which could not be estimated as at the issuance

date of these financial statements. The Company will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Company.

The Board of Directors

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

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

Directors' interests

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

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2021, 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 24 to 57 which present fairly, in all material respects, the financial position of ACLEDA Securities Plc. as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards.

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



Mrs. Mar Amara
Chairwoman

Phnom Penh, Kingdom of Cambodia

Date: 23 March 2022

INDEPENDENT AUDITOR'S REPORT

Grant Thornton (Cambodia) Limited

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To the Shareholder of ACLEDA Securities Plc.

We have audited the financial statements of ACLEDA Securities Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ACLEDA Securities Plc. as at 31 December 2021, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with the ethical requirements that are relevant to our audit of financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The Company’s financial statements as at 31 December 2020 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 March 2021. Our opinion is not modified in respect of this matter.

Other information

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

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

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

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

Responsibilities of the Management for the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grant Thornton
GRANT THORNTON (CAMBODIA) LIMITED
 Certified Public Accountants
 Registered Auditors



Ronald C. Almera
Ronald C. Almera
 Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
 23 March 2022

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	31 December 2021		31 December 2020	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS					
Non-current assets					
Statutory deposit	6	245,459	1,000,000	247,219	1,000,000
Intangible assets	7	15,233	62,059	4,460	18,041
Property and equipment	8	8,024	32,690	7,315	29,589
Deferred tax assets	9(c)	43,346	176,592	41,069	166,124
Total non-current assets		312,062	1,271,341	300,063	1,213,754
Current assets					
Term deposits	10	1,784,206	7,268,855	1,665,837	6,738,311
Other assets	11	57,920	235,965	43,491	175,922
Cash and cash equivalents	12	160,984	655,847	176,514	713,999
Total current assets		2,003,110	8,160,667	1,885,842	7,628,232
TOTAL ASSETS		2,315,172	9,432,008	2,185,905	8,841,986
EQUITY AND LIABILITIES					
Equity					
Share capital	13	2,010,000	8,040,000	2,010,000	8,040,000
Retained earnings		103,401	416,337	8,301	29,468
Other reserves		-	153,659	-	94,560
Total equity		2,113,401	8,609,996	2,018,301	8,164,028
Liabilities					
Non-current liabilities					
Employee benefits	14	76,628	312,182	61,419	248,440
Current liabilities					
Accruals and other payables	15	124,750	508,233	105,293	425,910
Employee benefits - current	14	12	49	630	2,548
Current income tax liabilities	9(a)	380	1,548	262	1,060
		125,142	509,830	106,185	429,518
Total liabilities		201,770	822,012	167,604	677,958
Total equity and liabilities		2,315,172	9,432,008	2,185,905	8,841,986

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 2021

	Note	2021		2020	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Continuing operations					
Revenue - fees and commission income		352,853	1,435,405	274,914	1,120,824
Finance income	16(a)	129,234	525,723	92,319	376,385
Other (losses)/gains -- net		(4,209)	(17,124)	4,321	17,617
		<u>477,877</u>	<u>1,944,004</u>	<u>371,554</u>	<u>1,514,826</u>
Expenses					
Salaries and wages		223,159	907,811	218,541	890,992
Bonuses and incentives		59,026	240,119	27,548	112,313
Membership and registration fees		16,170	65,780	20,248	82,551
Communication		8,170	33,236	7,605	31,006
Retirement benefits	14	7,194	29,265	6,117	24,939
Legal and professional fees		5,921	24,087	5,015	20,446
Utilities		5,485	22,313	5,235	21,343
Amortisation charge	7	4,460	18,143	5,629	22,949
Depreciation charge	8	4,064	16,532	3,253	13,262
Building rental		2,958	12,033	-	-
Impairment losses on financial assets		1,928	7,843	37,746	153,890
Other benefits		27,380	111,383	30,934	126,118
Other expenses		6,652	27,060	6,871	28,013
		<u>372,568</u>	<u>1,515,605</u>	<u>374,742</u>	<u>1,527,822</u>
Profit/(loss) before income tax		105,309	428,399	(3,188)	(12,996)
Income tax (expense)/benefit	9(b)	(2,544)	(10,349)	16,415	66,924
Profit/(loss) for the year		<u>102,765</u>	<u>418,050</u>	<u>13,227</u>	<u>53,928</u>

	Note	2021		2020	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Other comprehensive income:					
<i>Items that may not be reclassified to profit or loss:</i>					
Remeasurement of employee benefit obligations	14	(7,665)	(31,181)	1,650	6,727
Currency translation difference		-	59,099	-	(60,580)
Other comprehensive (loss)/income for the year		<u>(7,665)</u>	<u>27,918</u>	<u>1,650</u>	<u>(53,853)</u>
Total comprehensive income for the year		<u>95,100</u>	<u>445,968</u>	<u>14,877</u>	<u>75</u>
Profit attributable to:					
Owner of the Company		<u>102,765</u>	<u>418,050</u>	<u>13,227</u>	<u>53,928</u>
Total comprehensive income attributable to:					
Owner of the Company		<u>95,100</u>	<u>445,968</u>	<u>14,877</u>	<u>75</u>

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owner of the Company						
	Share capital		(Accumulated losses)/ retained earnings		Other reserves	Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
For the year ended 31 December 2020							
Balance as at 1 January 2020	2,010,000	8,040,000	(6,576)	(31,187)	155,140	2,003,424	8,163,953
<i>Comprehensive income:</i>							
Profit for the year	-	-	13,227	53,928	-	13,227	53,928
Remeasurement of employee benefit obligations	-	-	1,650	6,727	-	1,650	6,727
Other comprehensive income - currency translation difference	-	-	-	-	(60,580)	-	(60,580)
Total comprehensive income for the year	-	-	14,877	60,655	(60,580)	14,877	75
Balance as at 31 December 2020	2,010,000	8,040,000	8,301	29,468	94,560	2,018,301	8,164,028
For the year ended 31 December 2021							
Balance as at 1 January 2021	2,010,000	8,040,000	8,301	29,468	94,560	2,018,301	8,164,028
<i>Comprehensive income:</i>							
Profit for the year	-	-	102,765	418,050	-	102,765	418,050
Remeasurement of employee benefit obligations	-	-	(7,665)	(31,181)	-	(7,665)	(31,181)
Other comprehensive income - currency translation difference	-	-	-	-	59,099	-	59,099
Total comprehensive income for the year	-	-	95,100	386,869	59,109	95,100	445,968
Balance as at 31 December 2021	2,010,000	8,040,000	103,401	416,337	153,659	2,113,401	8,619,996

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021		2020	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the year		102,765	418,050	13,227	53,928
<i>Adjustments for:</i>					
Depreciation charge	8	4,064	16,532	3,253	13,262
Amortisation charge	7	4,460	18,143	5,629	22,949
Income tax		2,544	10,349	(16,415)	(66,924)
Finance income		(129,234)	(525,723)	(92,319)	(376,385)
Employee benefits expense	14(a)	7,194	29,265	6,117	24,939
Seniority indemnity	14(b)	(268)	(1,090)	140	571
Unrealised foreign exchange (loss)/gain		1,717	6,985	(1,820)	(7,422)
Impairment losses on financial assets		2,264	9,210	34,125	139,128
<i>Changes in:</i>					
Other assets		(14,429)	(58,697)	(4,836)	(19,716)
Accruals and other payables		19,457	79,153	27,631	112,652
Cash (generated from/used in) operations		535	2,177	(25,268)	(103,018)
Income tax paid	9(a)	(4,703)	(19,130)	(3,535)	(14,412)
Net cash used in operating activities		(4,168)	(16,953)	(28,803)	(117,430)
Cash flows from investing activities					
Purchases of property and equipment		(4,773)	(19,417)	(6,543)	(26,676)
Purchases of intangible assets		(15,233)	(61,968)	-	-
Term deposits		(119,505)	(486,146)	(37,775)	(154,009)
Interest received		128,149	521,309	106,727	435,126
Net cash (used in)/ from investing activities		(11,362)	(46,222)	62,409	254,441
Net change in cash and cash equivalents		(15,530)	(63,175)	33,606	137,011
Cash and cash equivalents at the beginning of the year					
		176,514	713,999	142,908	582,350
Currency translation difference		-	5,023	-	(5,362)
Cash and cash equivalents at the end of the year	12	160,984	655,847	176,514	713,999

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

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

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

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

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

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

As at 31 December 2021, the Company had 15 employees (2020: 14 employees).

The financial statements were authorised for issue by the Company’s Board of Directors on 23 March 2022.

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are expressed in United States Dollars (“US\$”). The translations of United States Dollars amounts into Khmer Riel (“KHR”) are included solely for meeting the presentation requirements pursuant to 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.

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

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

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

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

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

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

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 FVTPL:

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

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

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

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

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

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

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

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

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

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

(e) Intangible assets

Intangible assets represent computer software, licenses granted by SERC and other related costs which are shown at historical cost. Computer software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate

the cost of computer software over the period of five years. Intangible assets under development is not amortise.

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

(f) Impairment

(i) Financial assets

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

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

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

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

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

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

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

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

Measurement of ECL

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

(ii) Non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation and amortisation, if no impairment loss had been recognised.

(g) Statutory deposit

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

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

(h) Employee benefits

(i) Short-term employee benefits

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

(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 provided for the retirement benefits.

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

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

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

(iii) Seniority indemnity

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

Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (not including probation period) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.

Back Pay Seniority Indemnity: Employees who have worked under permanent contract from 1 month to 6 months in fiscal year will receive payment of seniority indemnity equal to 7.5 days, in case over 6 months will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 months of the average base salary of each year that shall be paid from 2008 to 2018 but shall not exceed 156 days.

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

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

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

(i) Provisions

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

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

(j) Revenue

Revenue recognition under CIFRS 15

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

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

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

(k) Interest income

Interest income is recognised using effective interest method.

(l) Leases

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

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

As a lessee

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

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

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

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

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

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying

amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

Short-term leases and leases of low-value assets

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

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

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

(m) Income tax

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

Current tax

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

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 or revised standards and interpretations

At the beginning of the current financial year, the Company adopted new standards/amendments/improvements to CIFRSs which are mandatory for the financial periods beginning on or after 1 January 2021.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements, except for:

- Covid-19-related rent concessions (Amendment to CIFRS 16)
- Replacement issues in the context of the IBOR reform (Amendments to CIFRS 16, CIFRS 9, and CAS 39)

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB.

Other Standards and amendments that are not yet effective and have not been adopted early by the Company include:

- CIFRS 17, Insurance Contracts
- Covid-19-related rent concessions beyond 30 June 2021 (Amendment to CIFRS 16)
- Prohibition of deducting proceeds from items produced on property and equipment (Amendments to CAS 16)
- Costs to include when assessing contract is onerous (Amendments to CAS 37)
- Classification of liabilities (Amendments to CAS 1)
- Reference to the Conceptual Framework (Amendments to CIFRS 3)
- Annual Improvements to CIFRSs 2018/2020
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to CAS 12)

5. Translation of United States Dollars into Khmer Riel

The Company uses the following official exchange rates:

			Closing rate	Average rate
31 December 2021	US\$1	=	KHR4,074	KHR4,068
31 December 2020	US\$1	=	KHR4,045	KHR4,077

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

6. Statutory deposit

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

7. Intangible assets

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

2020	SERC license	Total	
	US\$	US\$	KHR'000 (Note 5)
Cost			
As at 1 January	15,441	15,441	62,922
Currency translation difference	-	-	(463)
As at 31 December	<u>15,441</u>	<u>15,441</u>	<u>62,459</u>
Less: Accumulated amortisation			
As at 1 January	5,352	5,352	21,809
Amortisation for the year	5,629	5,629	22,949
Currency translation difference	-	-	(340)
As at 31 December	<u>10,981</u>	<u>10,981</u>	<u>44,418</u>
Carrying amounts			
As at 31 December	<u>4,460</u>	<u>4,460</u>	<u>18,041</u>

8. Property and equipment

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

2020	Furniture, fixture and office equipment US\$	Computer equipment US\$	US\$	Total KHR'000 (Note 5)
Cost				
At 1 January	8,814	45,164	53,978	219,961
Additions	-	6,834	6,834	27,862
Written off	(450)	(734)	(1,184)	(4,827)
Currency translation difference	-	-	-	(1,801)
At 31 December	<u>8,364</u>	<u>51,264</u>	<u>59,628</u>	<u>241,195</u>
Less: Accumulated depreciation				
At 1 January	7,873	42,080	49,953	203,558
Depreciation for the year	278	2,975	3,253	13,262
Written off	(159)	(734)	(893)	(3,641)
Currency translation difference	-	-	-	(1,573)
At 31 December	<u>7,992</u>	<u>44,321</u>	<u>52,313</u>	<u>211,606</u>
Carrying amounts				
At 31 December	<u><u>372</u></u>	<u><u>6,943</u></u>	<u><u>7,315</u></u>	<u><u>29,589</u></u>

9. Income tax

(a) Current income tax liability

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	262	1,060	125	509
Current income tax expense	4,821	19,611	3,672	14,971
Income tax paid	(4,703)	(19,130)	(3,535)	(14,412)
Currency translation difference	-	7	-	(8)
As at 31 December	380	1,548	262	1,060

(b) Income tax expense/(benefit)

	2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current income tax	4,821	19,611	3,672	14,971
Deferred tax	(2,277)	(9,262)	(20,087)	(81,895)
	2,544	10,349	(16,415)	(66,924)

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:

	2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Profit/(loss) before income tax	105,309	428,399	(3,188)	(12,996)
Income tax using applicable income tax rate	21,062	85,680	(638)	(2,601)
Effect of non-deductible expenses	(23,339)	(94,942)	18,636	75,979
Effect of (utilisation of tax loss)/tax loss not recognised as deferred taxes	-	-	(38,085)	(155,273)
Minimum tax	4,821	19,611	3,672	14,971
	2,544	10,349	(16,415)	(66,924)

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

(c) Deferred tax assets

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Deferred tax assets - net	43,346	176,592	41,069	166,124

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

	2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	41,069	166,124	20,982	85,502
Credited to profit or loss	2,277	9,262	20,087	81,895
Currency translation difference	-	1,206	-	(1,273)
As at 31 December	43,346	176,592	41,069	166,124

Deferred tax assets

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

	2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Provision for employment benefits	15,328	62,447	12,410	50,198
Provision for unused annual leave	10,911	44,451	10,574	42,771
Impairment losses on financial assets	7,926	32,291	7,549	30,536
Unearned income	7,786	31,722	8,617	34,856
Depreciation	2,159	8,796	1,996	8,074
Unrealised exchange gains	(765)	(3,115)	(77)	(311)
As at 31 December	43,346	176,592	41,069	166,124

10. Term deposits

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Term deposits	1,817,280	7,403,599	1,697,775	6,867,501
Interest receivables	3,272	13,330	2,187	8,846
	1,820,552	7,416,929	1,699,962	6,876,347
Less: Impairment loss allowance	(36,346)	(148,074)	(34,125)	(138,036)
	1,784,206	7,268,855	1,665,837	6,738,311

The Company placed term deposits with the parent company with maturity of one year. The deposits earn interest rates ranging between 4.50% to 7.50% per annum (2020: 5.50% - 7.50% per annum).

11. Other assets

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Other receivables	35,582	144,961	23,972	96,967
Prepayments	20,886	85,089	18,067	73,082
Deposits	1,452	5,915	1,452	5,873
	<u>57,920</u>	<u>235,965</u>	<u>43,491</u>	<u>175,922</u>

12. Cash and cash equivalents

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash at bank - saving accounts	164,269	669,230	180,135	728,646
Less: Impairment loss allowance	(3,285)	(13,383)	(3,621)	(14,647)
	<u>160,984</u>	<u>655,847</u>	<u>176,514</u>	<u>713,999</u>

Savings accounts earn interest rate of 0.20% to 0.50% per annum (2020: 0.20% per annum).

The Company also maintains a bank account “Client Money Account” at ACLEDA Bank Plc. used for receiving deposits from customers who wish to trade in the Cambodian Stock Exchange (“CSX”). However, this account is not recorded in the financial statements of the Company on the ground that the account is opened purely for the customers for trading purposes and does not belong to the Company. The balance of the Client Money Account in KHR as at 31 December 2021 is KHR 97,313,140,065 equivalent to US\$23,886,386.86 (2020: KHR4,133,968,919 equivalent to US\$1,021,994.79), and the balance of the Client Money Account in USD as at 31 December 2021 is US\$2,678.59 (2020: US\$3,061.04).

13. Share capital

The Company registered its share capital of KHR 8,240 million (equivalent to US\$2,010,000), divided into 2,060,000 shares with a par value of KHR 4,000 (equivalent to US\$1) each (2020: 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 2021		31 December 2020	
	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 2021		31 December 2020	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Non-current					
Retirement benefits	(a)	68,623	279,570	53,764	217,475
Seniority indemnity	(b)	8,005	32,612	7,655	30,965
		<u>76,628</u>	<u>312,182</u>	<u>61,419</u>	<u>248,440</u>
Current					
Seniority indemnity	(b)	12	49	630	2,548

(a) Retirement benefits

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

	2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	53,764	217,475	49,297	200,886
Interest cost	3,673	14,942	3,564	14,530
Current service cost	3,521	14,323	2,553	10,409
Remeasurement gains/(losses) from changes in assumptions	7,665	31,181	(1,650)	(6,727)
Currency translation difference	-	1,649	-	(1,623)
As at 31 December	<u>68,623</u>	<u>279,570</u>	<u>53,764</u>	<u>217,475</u>

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

	2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest cost	3,673	14,942	3,564	14,530
Current service cost	3,521	14,323	2,553	10,409
	<u>7,194</u>	<u>29,265</u>	<u>6,117</u>	<u>24,939</u>

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

	2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Remeasurement gain/(losses) from changes in actuarial assumptions	7,665	31,181	(1,650)	(6,727)

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

	2021	2020
Salary growth rate	3.50%	3.46%
Inflation rate	2.50%	1.20%
Discount rates	7.00%	7.00%
Mortality (*) and staff turnover rate (**)	-	-

(*) Mortality rate table is as follows:

Age	Mortality rate (% per annum)			
	2021		2020	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 0.88	0 - 0.49	0 - 0.42
30-39	0 - 0.19	0 - 0.22	0 - 0.10	0 - 0.32
40-49	-	0 - 0.45	-	-
50-59	-	0 - 6.67	-	0 - 6.67
60	-	-	-	-

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

Age	Staff turnover rate (% per annum)			
	2021		2020	
	Females	Males	Females	Males
18-29	2.3 - 9.10	4.17 - 9.76	2.3 - 9.10	4.29 - 9.24
30-39	1.76 - 4.26	2.73 - 5.35	1.68 - 4.68	2.74 - 5.76
40-49	0 - 3.86	0 - 6.09	0 - 6.67	0 - 4.38
50-59	-	0 - 8.33	-	0 - 8.33
60	-	-	-	-

(b) Seniority indemnity

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current	12	49	630	2,548
Non-current	8,005	32,612	7,655	30,964
	<u>8,017</u>	<u>32,612</u>	<u>8,285</u>	<u>33,512</u>

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

	2021		2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	8,285	33,512	8,145	33,191
Recognised in profit or loss	(268)	(1,090)	140	571
Currency translation difference	-	239	-	(250)
At 31 December	<u>8,017</u>	<u>32,661</u>	<u>8,285</u>	<u>33,512</u>

15. Accruals and other payables

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Accrued annual leave	54,553	222,249	52,871	213,863
Unearned income	38,932	158,609	43,083	174,270
Accrued bonuses	23,932	97,499	-	-
Other accruals	4,648	18,937	6,748	27,296
Tax payable	2,685	10,939	2,591	10,481
	<u>124,750</u>	<u>508,233</u>	<u>105,293</u>	<u>425,910</u>

16. Related party transactions and balances

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

The following transactions were carried out with related parties.

(a) Interest income from parent Company

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest income	129,234	525,723	92,319	376,385

(b) Fee and expenses to parent Company

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Utilities charges	5,485	22,313	5,235	21,343
Bank charges	643	2,619	501	2,042
	6,128	24,932	5,736	23,385

(c) Key management compensation

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Short-term employee benefits	153,224	623,314	133,138	542,804
Long-term benefits	35,501	144,416	32,570	132,788
Post-employment benefits	42,651	173,505	31,770	129,526
	231,375	941,235	197,478	805,118

(d) Related parties balances

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Savings accounts (Note 12)	164,269	669,230	180,135	728,646
Term deposits (Note 10)	1,817,280	7,403,599	1,697,775	6,867,501
Interest receivables (Note 10)	3,272	13,330	2,187	8,846
	1,984,821	8,086,159	1,880,097	7,604,993

17. Financial instruments - fair values and risk management**(a) Accounting classifications and fair values**

The Company has not disclosed the fair value information for its financial assets and financial

liabilities because their carrying amounts are a reasonable approximation of the fair value.

(b) Financial risk management

(i) Overview

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

- credit risk
- liquidity risk; and
- market risk

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

(ii) Credit risk

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

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

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

(iii) Liquidity risk

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

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

Exposure to liquidity risk

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

	Carrying Amount US\$	Contractual cash flows US\$	Less than 6 months US\$	6 to 12 months US\$	More than 1 year US\$
2021					
Accruals and other payables	122,065	122,065	10,073	57,439	54,553
KHR'000 (Note 5)					
Accruals and other payables	497,293	497,293	41,038	234,006	222,249
2020					
Accruals and other payables	102,702	102,702	7,667	42,164	52,871
KHR'000 (Note 5)					
Accruals and other payables	415,430	415,430	31,013	170,553	213,863

(iv) Market risk

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

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 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Financial assets (include interest and net of allowance for impairment loss)	1,784,206	7,268,855	1,665,837	6,738,311

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 2021, the Company has capital of US\$2,010,000, does not have any debt from other parties and has met the minimum capital requirement of US\$1,500,000.

In addition, under SERC's regulation, the Company is required to maintain net capital ratio of 150%. The Company's net capital and net capital ratio as at 31 December 2021 are shown in the table below:

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Net capital				
Total current assets (*)	2,227,008	9,072,831	2,125,129	8,596,147
Total external liabilities	(201,770)	(822,012)	(167,604)	(677,958)
	<u>2,025,238</u>	<u>8,250,819</u>	<u>1,957,525</u>	<u>7,918,189</u>
Prescribed level of capital (higher of A and B)				
5% of shareholders' equity (A)	105,670	430,500	100,915	408,201
10% of total external liabilities (B)	20,177	82,201	16,760	67,796
Prescribed level of capital	<u>105,670</u>	<u>430,500</u>	<u>100,915</u>	<u>408,201</u>
Net capital ratio	<u>1,917%</u>	<u>1,917%</u>	<u>1,940%</u>	<u>1,940%</u>

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

18. Taxation contingencies

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions is susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Company could be significant.

19. Significant event

Impact of Novel Coronavirus Outbreak to the Company

Since January 2020, the outbreak of the novel Coronavirus (“COVID-19”) has impacted the global business environment. Up to the issuance date of these financial statements, COVID-19 has not resulted in material impact to the Company. Pending on the development and spread of COVID-19 subsequent to the issuance date of these financial statements, further changes in economic conditions for the Company arising thereof may have impact on the financial results of the Company, the extent of which could not be estimated as at the issuance date of these financial statements. The Company will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Company.

20. Authorisation of the financial statements

The financial statements as at 31 December 2021 and for the year then ended were approved for issue by the Board of Directors of the Company on 23 March 2022.



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