

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

CONDENSED INTERIM FINANCIAL STATEMENTS

For The Financial Period From

1 January 2023 To 30 September 2023

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

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TABLE OF CONTENTS

	Page
Statement by directors	1
Report on the review of condensed interim financial statements	2
Condensed interim statement of financial position	4
Condensed interim statement of profit or loss and other comprehensive income	6
Condensed interim statement of changes in equity	8
Condensed interim statement of cash flows	9
Notes to the condensed interim financial statements	10

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)
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STATEMENT BY DIRECTORS

In the opinion of directors, the accompanying condensed interim statement of financial position of Golden Tree Co., Ltd as at 30 September 2023, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended, and condensed notes to the interim financial information (collectively known as "Condensed Interim Financial Statements") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Signed on behalf of board of directors:-

Hong Uy
Chairman





REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GOLDEN TREE CO., LTD.

Crowe (KH) Co., Ltd
Chartered Accountants
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We have reviewed the accompanying condensed interim financial statements of Golden Tree Co., Ltd. ("the Company"), which comprise the condensed interim statement of financial position as at 30 September 2023, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and accompanying explanatory notes (collectively known as "Condensed Interim Financial Statements"). The directors of the Company are responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the Condensed Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of Matter

We draw attention to Note 14 to the financial statements in regard to the breach to the repayment of the borrowings of the Company. The Company is also in midst of negotiation with the lender for the restructuring and the rescheduling of the borrowings.

Material Uncertainty on Going Concern

We drawn attention to Note 3.2 in the financial statements, which indicates that the Company incurred a net loss of USD379,858 during the financial period ended 30 September 2023 and, as of that date, the Company's current liabilities exceeded its current assets by USD18,737,610. As stated in Note 3.2 to the financial statements, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.



**REPORT ON THE REVIEW OF CONDENSED
INTERIM FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF GOLDEN TREE CO., LTD.**

Conclusion

Based on our review, except for the matters as explained in the foregoing paragraphs on Emphasis of Matter and Material Uncertainty on Going Concern, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements of the Company are not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Crowe (KH) Co.,Ltd.


Onn Kien Hoe
Director



1 2 DEC 2023

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	Unaudited 30 September 2023		Audited 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	8	9,515,493	39,222,862	9,553,705	39,332,603
Investment properties	9	22,261,993	91,763,935	22,576,322	92,946,718
Intangible asset	10	13,883	57,226	-	-
		31,791,369	131,044,023	32,130,027	132,279,321
CURRENT ASSETS					
Corporate bond receivable	16	-	-	1,474,885	6,072,100
Trade and other receivables	11	1,702,714	7,018,587	436,564	1,797,334
Amounts due from related parties	22	129,267	532,839	674,458	2,776,744
Cash and cash equivalents	12	63,567	262,023	442,090	1,820,085
		1,895,548	7,813,449	3,027,997	12,466,263
TOTAL ASSETS		33,686,917	138,857,472	35,158,024	144,745,584
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	5,000,000	20,000,000	5,000,000	20,000,000
Retained earnings		345,622	1,391,973	725,480	2,950,151
Currency translation difference		-	642,681	-	621,651
TOTAL EQUITY		5,345,622	22,034,654	5,725,480	23,571,802
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowing	14	-	-	15,470,690	63,692,831
Lease liabilities	15	31,216	128,672	29,404	121,056
Corporate bond payable	16	1,468,109	6,051,545	1,474,885	6,072,100
Trade and other payables	17	659,369	2,717,919	-	-
Amounts due to related parties	22	5,051,736	20,823,256	-	-
Deferred tax liabilities	23	497,707	2,051,548	604,290	2,487,862
		7,708,137	31,772,940	17,616,196	72,525,878

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)

	Note	Unaudited 30 September 2023		Audited 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
CURRENT LIABILITIES					
Trade and other payables	17	960,177	3,957,850	1,279,790	5,268,895
Borrowings	14	19,630,293	80,916,068	4,805,096	19,782,580
Lease liabilities	15	42,688	175,960	66,331	273,085
Corporate bond payable	16	-	-	2,058	8,473
Amounts due to related parties	22	-	-	5,700,000	23,466,900
Current liabilities		20,633,158	85,049,878	11,816,348	48,647,904
TOTAL LIABILITIES		28,341,295	116,822,818	29,432,544	121,173,782
TOTAL EQUITY AND LIABILITIES		33,686,917	138,857,472	35,158,024	144,745,584

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Note	Unaudited 3 months to 30 September 2023		Unaudited 3 months to 30 September 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	18	692,699	2,841,451	757,860	3,081,459
Cost of sales	19	(231,618)	(950,097)	(209,611)	(852,278)
Gross profit		461,081	1,891,354	548,249	2,229,181
Other income		18,075	74,144	3,580	14,556
Administrative expenses		(134,773)	(552,839)	(150,697)	(612,734)
Operating profit		344,383	1,412,659	401,132	1,631,003
Finance costs	20	(432,896)	(1,775,739)	(322,638)	(1,311,846)
(Loss)/Profit before income tax		(88,513)	(363,080)	78,494	319,157
Income tax expense	21	(6,934)	(28,443)	(9,238)	(37,562)
(Loss)/Profit for the period		(95,447)	(391,523)	69,256	281,595
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the period		(95,447)	(391,523)	69,256	281,595

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (CONT'D)

	Note	Unaudited 9 months to 30 September 2023		Unaudited 9 months to 30 September 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	18	2,070,149	8,491,751	2,284,170	9,287,435
Cost of sales	19	(671,412)	(2,754,132)	(634,402)	(2,579,479)
Gross profit		1,398,737	5,737,619	1,649,768	6,707,956
Other income		21,174	86,856	4,238	17,232
Administrative expenses		(398,875)	(1,636,185)	(403,385)	(1,640,163)
Impairment loss on financial asset	24	(220,598)	(904,893)	-	-
Operating profit		800,438	3,283,397	1,250,621	5,085,025
Finance costs	20	(1,266,909)	(5,196,861)	(973,165)	(3,956,889)
(Loss)/Profit before income tax		(466,471)	(1,913,464)	277,456	1,128,136
Income tax expense	21	86,613	355,286	(23,635)	(96,100)
(Loss)/Profit for the period		(379,858)	(1,558,178)	253,821	1,032,036
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the period		(379,858)	(1,558,178)	253,821	1,032,036

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Share capital USD	Retained earnings USD	USD	Total equity KHR'000 (Note 4)
Balance as at 1 January 2023 (Audited)	5,000,000	725,480	5,725,480	22,950,151
Total comprehensive expense	-	(379,858)	(379,858)	(1,558,178)
Currency translation difference	-	-	-	642,681
<hr/>				
Balance as at 30 September 2023 (Unaudited)	5,000,000	345,622	5,345,622	22,034,654
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Balance as at 1 January 2022 (Audited)	5,000,000	670,051	5,670,051	22,759,940
Total comprehensive income	-	253,821	253,821	1,032,036
Currency translation difference	-	-	-	608,453
<hr/>				
Balance as at 30 September 2022 (Unaudited)	5,000,000	923,872	5,923,872	24,400,429

GOLDEN TREE CO., LTD

(Incorporated in Cambodia)

Registration No: 00012373

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Note	Unaudited 9 months to 30 September 2023		Unaudited 9 months to 30 September 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Operating activities					
(Loss)/Profit before income tax		(466,471)	(1,913,464)	277,456	1,128,136
Adjustments for:					
Depreciation of property and equipment	8	101,639	416,923	97,733	397,382
Depreciation of investment properties	9	326,620	1,339,795	323,276	1,314,440
Depreciation of intangible asset	10	235	964	-	-
Interest expense	20	1,266,909	5,196,861	973,165	3,956,889
Allowance for impairment losses:					
- trade receivable	24	220,598	904,893	-	-
Operating profit before working capital		1,449,530	5,945,972	1,671,630	6,796,847
Changes in working capital:					
- trade and other receivable		(1,486,748)	(6,128,375)	(301,292)	(1,241,022)
- trade and other payables		213,575	880,356	46,202	190,306
Cash generated from operating activities		176,357	697,953	1,416,540	5,746,131
Income tax paid		(19,970)	(82,316)	(23,635)	(97,353)
Net cash from operating activities		156,387	615,637	1,392,905	5,648,778
Investing activities					
Purchases of :					
- property, plant and equipment		(63,427)	(261,446)	(2,928)	(12,060)
- investment properties		(12,291)	(50,664)	-	-
- intangible asset		(14,118)	(58,194)	-	-
Net cash used in investing activities		(89,836)	(370,304)	(2,928)	(12,060)
Financing activities					
Proceeds from corporate bond		1,474,885	6,079,476	-	-
Interest paid		(1,144,393)	(4,717,188)	(966,324)	(3,929,073)
Repayment of bank borrowings		(645,493)	(2,660,722)	(546,163)	(2,220,699)
Repayment of lease liability	15	(21,831)	(89,987)	(20,159)	(81,966)
Repayment of interest portion of lease	15	(5,169)	(21,307)	(6,841)	(27,816)
(Repayment)/Advance from related parties		(648,264)	(2,672,144)	379,000	1,541,014
Advance to related parties		545,191	2,247,277	692,911	2,854,100
Net cash used in financing activities		(445,074)	(1,834,595)	(467,576)	(1,864,440)
Net change in cash and cash equivalents		(378,523)	(1,589,262)	922,401	3,772,278
Cash and cash equivalents, at the beginning of period		442,090	1,820,085	171,655	699,322
Currency translation difference		-	31,200	-	(40,673)
Cash and cash equivalents, at the end of period		63,567	262,023	1,094,056	4,430,927

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Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

1. GENERAL INFORMATION

Golden Tree Co., Ltd (“the Company”) was registered on 12 October 2006 as a private limited company in the Kingdom of Cambodia.

The Company was approved by the Securities and Exchange Regulator of Cambodia (“SERC”) to issue Cambodia’s first corporate green bond, which is unsecured, unsubordinated and not guaranteed on 12 October 2022. The total approved bond size is KHR 12 billion, with a par value of KHR 100,000 per unit, a 7% annual coupon rate, semi-annual interest payments, and a 5-years tenure. The bonds were subsequently listed on the Cambodia Securities Exchange (“CSX”) on 19 January 2023.

The registered office and principal place of business of the Company is at Plot A, Street 169, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Kingdom of Cambodia.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is the leasing of offices and apartments.

3. BASIS OF PREPARATION

3.1 BASIS OF PREPARATION

The condensed interim financial statements are as at and for the period ended 30 September 2023. They have been prepared in accordance with Cambodian International Accounting Standard 34 ‘*Interim Financial Reporting*’ (“CIAS 34”). They do not include all of the information required in the annual financial statements in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”), and should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and notes to the condensed interim financial statements.

3.2 GOING CONCERN

During the current financial period, the Company incurred a net loss of USD379,858 including impairment expense of receivable USD 220,598 which is in the process of recovery. As at 30 September 2023, the Company’s current liabilities exceeded its current assets by USD18,737,610.

The financial statements are prepared on the basis of accounting principles applicable to a going concern as Mr Hong Uy, one of the major shareholders of the Company, has indicated his willingness to provide financial support to the Company to enable it to operate as a going concern in the foreseeable future. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

4. FUNCTIONAL AND PRESENTATION CURRENCY

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollars (“USD”), Management has determined the USD to be the Company’s for measurement and presentation purpose as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies other than USD are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date.

The interim financial statements are expressed in United States Dollars (USD). The translations of USD amounts into Khmer Riel (“KHR”) are included solely for compliance with the Law on Accounting and Auditing. Assets and liabilities are translated into KHR at the closing rate as at the reporting date. The interim statement of profit or loss and other comprehensive income and the interim statement of cash flows are translated into KHR using the average rate either for the nine-month period, as applicable.

The Company uses the following exchange rates:

			Closing rate	Average rate Nine-month
30 September 2023	1USD	=	KHR4,122	KHR4,102
30 September 2022	1USD	=	KHR4,119	KHR4,066
31 December 2022	1USD	=	KHR4,117	KHR4,087

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted are consistent with those adopted in the Company’s audited financial statements for the financial year ended 31 December 2022.

6. USE OF ESTIMATES AND JUDGEMENTS

When preparing the interim condensed financial statements, Management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by Management, and will seldom equal the estimated results.

7. SEASONALITY OR CYCLICALITY OF OPERATION

The Company’s business operation has not been affected by seasonal or cyclical factors.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

8. PROPERTY AND EQUIPMENT

	Construction in progress USD	Motor vehicles USD	Equipment and computers USD	Total USD
Unaudited				
Cost				
Balance at 1 January 2023	9,200,000	18,776	1,219,740	10,438,516
Additions	33,500	900	29,027	63,427
Balance at 30 September 2023	9,233,500	19,676	1,248,767	10,501,943
Accumulated depreciation				
Balance at 1 January 2023	-	(18,776)	(866,035)	(884,811)
Depreciation	-	(112)	(101,527)	(101,639)
Balance at 30 September 2023	-	(18,888)	(967,562)	(986,450)
Carrying amount at 30 September 2023 (USD)	9,233,500	788	281,205	9,515,493
KHR'000 (Note 4)	38,060,487	3,248	1,159,127	39,222,862
Audited				
Cost				
Balance at 1 January 2022	233,474	18,776	1,154,418	1,406,668
Additions	9,200,000	-	7,666	9,207,666
Transfers	(233,474)	-	57,656	(175,818)
Balance at 31 December 2022	9,200,000	18,776	1,219,740	10,438,516
Accumulated depreciation				
Balance at 1 January 2022	-	(17,687)	(734,705)	(752,392)
Depreciation	-	(1,089)	(131,330)	(132,419)
Balance at 31 December 2022	-	(18,776)	(866,035)	(884,811)
Carrying amount at 31 December 2022 (USD)	9,200,000	-	353,705	9,553,705
KHR'000 (Note 4)	37,876,400	-	1,456,203	39,332,603

The Company purchased a new residential building under construction, known as Amara Residence, from shareholders for USD 9,200,000 on 30 December 2022. The land and building title deed for Amara Residence is under the names of shareholder, Mr. Hong Uy and a former shareholder, Mr. Kuy Vat. The title is in the process of being transferred to the Company, but has not been completed as of 30 September 2023. The delay in the transfer of the title deed is explained further in Note 28 to the financial statements.

The land and built-up area of Amara Residence is 492 square metres and 8,928 square metres, respectively. The title to Amara Residence has been used by the Company to secure the loan (Note 14) with the Foreign Trade Bank of Cambodia.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

9. INVESTMENT PROPERTIES

	Land USD	Building and structures USD	Right-of-use assets USD	Total USD
Unaudited				
Cost				
Balance at 1 January 2023	9,000,000	16,317,321	192,478	25,509,799
Addition	-	12,291	-	12,291
Balance at 30 September 2023	9,000,000	16,329,612	192,478	25,522,090
Accumulated depreciation				
Balance at 1 January 2023	-	(2,823,489)	(109,988)	(2,933,477)
Depreciation	-	(306,002)	(20,618)	(326,620)
Balance at 30 September 2023	-	(3,129,491)	(130,606)	(3,260,097)
Carrying amount at 30 September 2023 (USD)	9,000,000	13,200,121	61,872	22,261,993
KHR'000 (Note 4)	37,098,000	54,410,899	255,036	91,763,935
Audited				
Cost				
Balance at 1 January 2022	9,000,000	16,141,503	192,478	25,333,981
Transfer	-	175,818	-	175,818
Balance at 31 December 2022	9,000,000	16,317,321	192,478	25,509,799
Accumulated depreciation				
Balance at 1 January 2022	-	(2,419,585)	(82,491)	(2,502,076)
Depreciation	-	(403,904)	(27,497)	(431,401)
Balance at 31 December 2022	-	(2,823,489)	(109,988)	(2,933,477)
Carrying amount at 31 December 2022 (USD)	9,000,000	13,493,832	82,490	22,576,322
KHR'000 (Note 4)	37,053,000	55,554,106	339,612	92,946,718

The land title deed is owned by Golden Tree Co., Ltd., which is represented by shareholders Mr. Hong Uy and Mr. Sok Piseth (in Q1 and Q2 2023, represented by shareholder, Mr. Hong Uy and former shareholder, Mr. Kuy Vat). This land title deed and building are used by the Company to secure the loans (Note 14) with the Foreign Trade Bank of Cambodia. The land title deed number is 15006 dated 6 February 2012. The land located on plot A, Street 169, village 12, Sangkat Vealvong, Khan 7 Makara, Phnom Penh.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

10. INTANGIBLE ASSETS

	Unaudited	Audited
	2023	2022
	USD	USD
Cost		
Balance at 1 January	-	-
Addition	14,118	-
Balance at 30 September/ 31 December	<u>14,118</u>	<u>-</u>
Accumulated amortisation		
Balance at 1 January	-	-
Amortisation	(235)	-
Balance at 30 September/ 31 December	<u>(235)</u>	<u>-</u>
Carrying amount at 30 September / 31 December	<u>13,883</u>	<u>-</u>
KHR'000 (Note 4)	<u>57,226</u>	<u>-</u>

11. TRADE AND OTHER RECEIVABLES

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Trade receivables	320,466	1,320,961	402,728	1,658,031
Deposit	26,071	107,465	26,071	107,334
Advances and prepayments	32,920	135,696	7,765	31,969
Withholding tax payable	1	4	-	-
Other receivable – Kuy Vat	1,323,256	5,454,461	-	-
	<u>1,702,714</u>	<u>7,018,587</u>	<u>436,564</u>	<u>1,797,334</u>

The amount owed by Mr Kuy Vat (a former shareholder) is unsecured, free of interest with no fixed terms of repayment.

Mr Hong Uy, a director and shareholder of the Company, has given an undertaking to the Company that he will undertake the repayment of the amount owed by Mr Kuy Vat in the event that the Company declares Mr Kuy Vat is in default and unable to repay the amount owed. The undertaking does not relieve Mr Kuy Vat of any responsibility towards the amount owed by Mr Kuy Vat to the Company.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

12. CASH AND CASH EQUIVALENTS

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Cash on hand	83	342	642	2,644
Cash in banks	63,484	261,681	441,448	1,817,441
	63,567	262,023	442,090	1,820,085

13. SHARE CAPITAL

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Issued and fully paid: 1,000,000 ordinary shares at KHR 20,000 equivalent to USD 5 each	5,000,000	20,000,000	5,000,000	20,000,000

14. BORROWINGS

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Term loans	16,630,293	68,550,068	17,275,786	71,124,411
Bank overdraft	3,000,000	12,366,000	3,000,000	12,351,000
	19,630,293	80,916,068	20,275,786	83,475,411
Current	19,630,293	80,916,068	4,805,096	19,782,580
Non-current	-	-	15,470,690	63,692,831
	19,630,293	80,916,068	20,275,786	83,475,411

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

14. BORROWINGS (CONT'D)

These borrowings represent facilities from the Foreign Trade Bank of Cambodia, details of which are as follows:-

- (i) Loan 1 which was drawdown in December 2018, with principal amount owing of USD15,750,000 as at the end of the period. It is repayable via (fixed monthly payment of USD140,000 from January 2019 to January 2023 and USD240,000 from February 2023 to November 2026, and final payment of USD5,826,983 in December 2026). The loan bore interest at the rate of 8% per annum.

During the financial period, the Company breached the loan agreement by failing to make the repayment of USD140,000 for the month of September. The monthly instalment due in September 2023 was subsequently settled on 11 November 2023.

- (ii) Loan 2 which was drawdown as follows:
- First drawdown in September 2022, with principal amount owing of USD2,000,000 as at the end of the period. It is repayable via (fixed monthly payment of USD17,143 and final payment of USD1,921,372 in September 2024). The loan bore interest at the rate of 8% per annum;
 - Second drawdown in October 2022, with principal amount owing of USD1,150,000 as at the end of the period. It is repayable via (fixed monthly payment of USD17,143 and final payment of USD1,095,179 in October 2024). The loan bore interest at the rate of 8% per annum.
 - Third drawdown in December 2022, with principal amount owing of KHR1,435,000,000 (Approx USD358,750) as at the end of the period. It is repayable via (fixed monthly payment of KHR12,300,000 or approx. USD3,075 and final payment KHR1,379 million or approx. USD344,797). The loan bore interest at the rate of 8% per annum.
- (iii) Overdraft facility which was drawn down in July 2018. The overdraft facility is up to a limit of USD3,000,000. The overdraft bore interest at the rate of 8% per annum.

Consequent to the breach of the loan agreement as explained in (i) above, which was not rectified as at 30 September 2023 nor waiver from compliance obtained from the lender, the entire borrowings with Foreign Trade Bank of Cambodia are now subject to recall at the option of the lender. The entire borrowings have been reclassified as current liabilities as of 30 September 2023.

The Company is in the midst of negotiation with the lender to obtain a moratorium of 6 months monthly repayment, and to consolidate and restructure all the loans of the Company with the lender. The moratorium, consolidation and restructuring of the loans have not been agreed nor finalised with the lender as of the date of this report.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

15. LEASE LIABILITIES

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Lease liabilities				
Maturity analysis				
Less than one year (Current)	31,216	128,672	29,404	121,056
One to five years(Non-current)	42,688	175,960	66,331	273,085
	73,904	304,632	95,735	394,141
Amounts recognised in profit and loss				
Interest on lease liabilities	5,169	21,307	8,850	36,170
Amounts recognised in the statement of cash flows				
Cash outflow for leases	21,831	89,987	27,150	110,962

The lease liabilities are in respect of the lease entered into on 1 March 2016, for a land that is used as parking lot for a period of 10 years.

16. CORPORATE BOND

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Corporate bond payables				
Current	-	-	2,058	8,473
Non-current	1,468,109	6,051,545	1,474,885	6,072,100
	1,468,109	6,051,545	1,476,943	6,080,573

On 12 October 2022, the SERC gave its approval for the Company to issue Cambodia's first corporate green bonds. The bonds are unsecured, unsubordinated and not guaranteed. Subsequently, the Company received subscriptions to its green bonds. The green bonds were issued on 6 December 2022 with a total amount of KHR 6,072,100,000. Subscriptions received were recorded as corporate bond receivables and kept in the Company's subscription account in a local bank until such time as the SERC approves its listing on the Cambodia Securities Exchange ("CSX").

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

16. CORPORATE BOND (CONT'D)

On 2 January 2023, SERC approved the Company's green bonds to be listed on the CSX. The Company transferred the total subscriptions received from its subscription account to the Company's bank account on the same date.

On 19 January 2023, the green bonds were traded and registered on the CSX. The bond proceeds are to be utilised to refinance the bank loan of an existing green building (VTrust Tower) or to finance the acquisition of a new green building. The redemption of the bonds will be paid to the bondholders at the subscription exchange rate of KHR 4,136: USD 1 at maturity, which is equivalent to USD 1,468,109. All bond subscribers are non-related parties of the Company.

The green bonds at the end of the reporting period bore interest at the rate of 7% per annum. The green bonds is unsecured and will mature on 6 December 2027.

Under the terms of the bonds, there is a cross default clause where a default in the borrowings of the Company can be considered to be an event of default for the bonds. As mentioned in Note 14, there is a breach of the loan agreement by failing to make the repayment of one of the loans owing to Foreign Trade Bank of Cambodia ("FTB"). In the event that FTB declares the default of the loan mentioned in Note 14, the default clause shall trigger.

17. TRADE AND OTHER PAYABLES

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Non-current				
Customer deposits	659,369	2,717,919	-	-
	659,369	2,717,919	-	-
Current				
Unearned revenue	20,049	82,642	114,702	472,228
Other payables	197,849	815,534	72,068	296,704
Trade payables	74,924	308,837	45,197	186,076
Customer deposits	647,607	2,669,436	1,028,178	4,233,009
Other tax payables	19,748	81,401	19,645	80,878
	960,177	3,957,850	1,279,790	5,268,895
	1,619,546	6,675,769	1,279,790	5,268,895

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

18. REVENUE

	Unaudited 3 months to 30 September 2023		Unaudited 3 months to 30 September 2022	
	USD	KHR'000	USD	KHR'000
Rental income	503,857	2,066,821	541,614	2,202,203
Service charges	115,698	474,593	144,184	586,252
Utility income	60,603	248,594	61,591	250,429
Parking fee	12,541	51,443	10,471	42,575
	692,699	2,841,451	757,860	3,081,459

	Unaudited 9 months to 30 September 2023		Unaudited 9 months to 30 September 2022	
	USD	KHR'000	USD	KHR'000
Rental income	1,499,253	6,149,936	1,629,418	6,625,214
Service charges	361,071	1,481,113	433,478	1,762,522
Utility income	172,958	709,474	190,321	773,845
Parking fee	36,867	151,228	30,953	125,854
	2,070,149	8,491,751	2,284,170	9,287,435

19. COST OF SALES

	Unaudited 3 months to 30 September 2023		Unaudited 3 months to 30 September 2022	
	USD	KHR'000	USD	KHR'000
Utility expense	68,445	280,761	67,960	276,325
Security service	17,682	72,532	17,521	71,240
Cleaning service	7,022	28,804	7,444	30,267
Other cost of service	29,327	120,299	8,927	36,297
Depreciation	102,269	419,507	100,884	410,194
Depreciation - ROU	6,873	28,194	6,875	27,955
	231,618	950,097	209,611	852,278

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

19. COST OF SALES (CONT'D)

	Unaudited 9 months to 30 September 2023		Unaudited 9 months to 30 September 2022	
	USD	KHR'000	USD	KHR'000
Utility expense	195,968	803,861	200,273	814,310
Security service	52,846	216,774	51,937	211,176
Cleaning service	20,758	85,149	22,845	92,888
Other cost of service	74,985	307,588	36,071	146,665
Depreciation	306,236	1,256,180	302,653	1,230,587
Depreciation - ROU	20,619	84,580	20,623	83,853
	671,412	2,754,132	634,402	2,579,479

20. FINANCIAL COSTS

	Unaudited 3 months to 30 September 2023		Unaudited 3 months to 30 September 2022	
	USD	KHR'000	USD	KHR'000
Interest expenses – borrowings	405,626	1,663,878	320,491	1,303,116
Interest expenses – lease	1,577	6,469	2,147	8,730
Interest expenses – Corporate bond	25,693	105,392	-	-
	432,896	1,775,739	322,638	1,311,846

	Unaudited 9 months to 30 September 2023		Unaudited 9 months to 30 September 2022	
	USD	KHR'000	USD	KHR'000
Interest expenses – borrowings	1,184,573	4,859,118	966,323	3,929,069
Interest expenses – lease	5,169	21,203	6,842	27,820
Interest expenses – Corporate bond	77,167	316,540	-	-
	1,266,909	5,196,861	973,165	3,956,889

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

21. INCOME TAX EXPENSE

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on income at the rate of 20% of the taxable income or a minimum tax, whichever is higher.

The minimum tax is calculated at the rate of 1% of the annual turnover inclusive of all taxes. The prepayment of tax on income is temporarily suspended until the end of year 2023 in accordance with Prakas No. 1130MEF.Prk dated on 27 October 2017 issued by the Ministry of Economy and Finance.

The major components of income tax expense in the unaudited interim condensed statement of profit or loss and other comprehensive income are:

	Unaudited 3 Months to 30 September 2023		Unaudited 3 Months to 30 September 2022	
	USD	KHR'000	USD	KHR'000
Income tax expense recognised in profit for the period:				
Current income tax	6,934	28,443	9,238	37,562
	<u>6,934</u>	<u>28,443</u>	<u>9,238</u>	<u>37,562</u>
	Unaudited 9 Months to 30 September 2023		Unaudited 9 Months to 30 September 2022	
	USD	KHR'000	USD	KHR'000
Income tax expense recognised in profit for the period:				
Current income tax	19,970	81,917	23,635	96,100
Deferred income tax – current	(31,482)	(129,139)	-	-
Overprovision of deferred tax in the previous financial year	(75,101)	(308,064)	-	-
	<u>(86,613)</u>	<u>(355,286)</u>	<u>23,635</u>	<u>96,100</u>

Please refer to Note 27 for the explanation on the tax contingencies in Cambodia.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

22. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

	Relationship	Unaudited		Audited	
		30 September 2023		31 December 2022	
		USD	KHR'000	USD	KHR'000
Amounts due from					
United Food Co., Ltd.	Company which a director has interest	92,110	379,677	22,186	91,340
Phnom Penh Securities Plc.	Company which a director has interest	37,157	153,162	26,204	107,882
Kuy Vat	Former Shareholder	-	-	626,068	2,577,522
		129,267	532,839	674,458	2,776,744
Non-current Amounts due to Hong Uy	Shareholder	5,051,736	20,823,256	5,700,000	23,466,900
		5,051,736	20,823,256	5,700,000	23,466,900

The outstanding balances are unsecured, free of interest with no fixed terms of repayment.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

22. RELATED PARTY BALANCES AND TRANSACTIONS (CONT'D)

The Company had the following transactions with related parties during the financial period:

	Relationship	Unaudited 3 months to 30 September 2023		Unaudited 3 months to 30 September 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Trade</u>					
United Food Co., Ltd.	Company which a director has interest				
Rental		21,409	87,820	16,881	68,638
Management fee		1,657	6,797	5,195	21,123
Phnom Penh Securities Plc.	Company which a director has interest				
Rental		3,326	13,643	2,160	8,783
Management fee		363	1,489	825	3,354
<u>Non-trade</u>					
Hong Uy	Shareholder				
Repayment of advance		(316,000)	(1,296,232)	-	-
<hr/>					
	Relationship	Unaudited 9 months to 30 September 2023		Unaudited 9 months to 30 September 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Trade</u>					
United Food Co., Ltd.	Company which a director has interest				
Rental		64,227	263,459	50,643	205,914
Management fee		5,696	23,365	15,711	63,881
Phnom Penh Securities Plc.	Company which a director has interest				
Rental		9,979	40,934	6,480	26,348
Management fee		974	3,995	2,550	10,368
<u>Non-trade</u>					
Kuy Vat	Former Shareholder				
Advance to shareholder		697,188	2,879,386	-	-
Transfer to other receivables		(1,323,256)	(5,465,047)	-	-
Hong Uy	Shareholder				
Repayment of advance		876,000	3,593,352	-	-

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

23. DEFERRED TAX LIABILITIES

	USD	Unaudited 2023 KHR'000	USD	Audited 2022 KHR'000
At 1 January	604,290	2,487,862	527,214	2,147,870
Recognised in profit or loss (Note 21)	(106,583)	(437,203)	77,076	315,010
Currency translation differences	-	889	-	24,982
At 30 September/31 December	497,707	2,051,548	604,290	2,487,862

The deferred tax consists of the tax effects of the following items:

	USD	Unaudited 2023 KHR'000	USD	Audited 2022 KHR'000
Deferred tax (assets)/liabilities of:				
Unused tax losses	(99,980)	(412,118)	-	-
Unabsorbed capital allowance	630,913	2,600,623	627,230	2,582,306
Allowance on impairment	(44,120)	(181,863)	-	-
Unearned revenue	-	-	(22,940)	(94,444)
Other	10,894	44,906	-	-
	497,707	2,051,548	604,290	2,487,862

24. IMPAIRMENT LOSS ON FINANCIAL ASSET

	USD	Unaudited 9 Months to 30 September 2023 KHR'000	USD	Unaudited 9 Months to 30 September 2022 KHR'000
Impairment loss on trade receivable	(220,598)	(904,893)	-	-

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	1,643,722	6,775,422	402,728	1,658,031
Amount due from related parties	129,267	532,839	674,458	2,776,744
Cash and cash equivalents	63,567	262,023	442,090	1,820,085
	1,836,556	7,570,284	1,519,276	6,254,860

*Excludes deposit and advances, prepayments and withholding tax credit.

	Unaudited		Audited	
	30 September 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables*	272,773	1,124,371	117,265	482,780
Corporate bond payable	1,468,109	6,051,545	1,476,943	6,080,573
Borrowings	19,630,293	80,916,068	20,275,786	83,475,411
Amounts due to related parties	5,051,736	20,823,256	5,700,000	23,466,900
	26,422,911	108,915,240	27,569,994	113,505,664

*Excludes customer deposits, other tax payables and unearned revenue.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Company is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. The Management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

26.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to perform as contracted. The Company is mainly exposed to credit risk from credit sales. It is the Company's policy to monitor the financial standing of its counter parties on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

The Company's primary exposure to credit risk arises through its trade receivables from its customers. The credit period is a month and the Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by Management.

26.2 Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations when they fall due.

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's activities for the next twelve months.

26.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Company would fluctuate because of changes in market interest rates.

The exposure of the Company to interest rate arises primarily from borrowing. The Company manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed rate and floating rate borrowings. The Company does not use derivative financial instruments to hedge any debt obligations.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

27. TAXATION CONTINGENCIES

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

28. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

On 30 December 2022, Company acquired a residential building, called Amara Residence in Phnom Penh, having Mr. Kuy Vat as one of the co-owners. The acquisition was financed with term loan from a bank and proceeds from Green Bond issuance in accordance with the principle and requirement to convert this building into green building. The Company had publicly disclosed the said acquisition in both its annual report of 2022 and its audited financial report of year end 2022 by the independent auditor. Upon acquiring the asset, the Company is in the process of transferring ownership of the land and residential building to itself.

On 28 June 2023, Mr. Kuy Vat is no longer a shareholder of the Company and he is currently has no role in the Company.

During the transfer of ownership over the land and residential building to the Company, the Company was informed of the provisional attachment ruling no.275 "G1" D.R, dated 29 June 2023, issued by the Phnom Penh Municipal Court of First Instance, which provisionally attach the properties of Mr. KUY VAT. Amongst those properties there are land and building which were acquired by the Company. As a result, this court ruling has temporarily prevented the transfer of ownership over the residential building to the Company.

In response, the Company is seriously and diligently taking legal action to object the court ruling in order to protect its interest and reputation, as well as to ensure its transparency and accountability to its investors and the public.

29. EVENT AFTER THE REPORTING PERIOD

There is no significant adjusting or non-adjusting event that has occurred between 30 September 2023 and the date of authorisation of the Condensed Interim Financial Statements, save as disclosed in Note 14.

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

30. AUTHORISATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Condensed Interim Financial Statements as at and for the period ended 30 September 2023 were approved for issue by the Board of Directors on 12 December 2023.

31. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year due to the change in account grouping by the management:-

	As previously reported		As restated	
	31 December 2022		31 December 2022	
	USD	KHR'000	USD	KHR'000
Amounts due from related parties	48,390	199,222	674,458	2,776,744
Amounts due to related parties	5,073,932	20,889,378	5,700,000	23,466,900