

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

CONDENSED INTERIM FINANCIAL STATEMENTS

For The Financial Period From

1 January 2023 To 31 December 2023

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 31 December 2023, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the twelve-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.

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 31 December 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 during the year, and the subsequent resolution of the breach and the rescheduling of the borrowings with the lender.

Appropriateness of Preparing Financial Statements on a Going Concern Basis

We draw attention to Note 3.2 to the financial statements, where it is indicated that the Company incurred a net loss of USD2,170,720 during the financial period ended 31 December 2023 and, as of that date, the Company’s current liabilities exceeded its current assets by USD5,759,977. 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.

Based on our review, we have not been able to determine the appropriateness of preparing the financial statements of the Company on a going concern basis.



**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 Appropriateness of Preparing Financial Statements on a on Going Concern Basis, 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



29 FEB 2024

GOLDEN TREE CO., LTD.

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Unaudited 31 December 2023		Audited 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	8	7,856,277	32,092,892	9,553,705	39,332,603
Investment properties	9	22,153,061	90,495,254	22,576,322	92,946,718
Intangible asset	10	13,530	55,270	-	-
		<u>30,022,868</u>	<u>122,643,416</u>	<u>32,130,027</u>	<u>132,279,321</u>
CURRENT ASSETS					
Corporate bond receivable	16	-	-	1,474,885	6,072,100
Trade and other receivables	11	1,387,699	5,668,750	436,564	1,797,334
Amounts due from related parties	24	152,016	620,985	674,458	2,776,744
Cash and cash equivalents	12	6,493	26,524	442,090	1,820,085
		<u>1,546,208</u>	<u>6,316,259</u>	<u>3,027,997</u>	<u>12,466,263</u>
TOTAL ASSETS		<u>31,569,076</u>	<u>128,959,675</u>	<u>35,158,024</u>	<u>144,745,584</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	5,000,000	20,000,000	5,000,000	20,000,000
(Accumulated losses)/Retained earnings		(1,445,240)	(5,349,857)	725,480	2,950,151
Currency translation difference		-	(128,949)	-	621,651
TOTAL EQUITY		<u>3,554,760</u>	<u>14,521,194</u>	<u>5,725,480</u>	<u>23,571,802</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	14	12,948,739	52,895,599	15,470,690	63,692,831
Lease liabilities	15	34,488	140,883	66,331	273,085
Corporate bond payable	16	1,468,109	5,997,225	1,474,885	6,072,100
Trade and other payables	17	825,353	3,371,567	-	-
Amounts due to related parties	24	4,933,736	20,154,312	-	-
Deferred tax liabilities	25	497,706	2,033,129	604,290	2,487,862
		<u>20,708,131</u>	<u>84,592,715</u>	<u>17,616,196</u>	<u>72,525,878</u>

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

	Note	Unaudited 31 December 2023		Audited 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
CURRENT LIABILITIES					
Trade and other payables	17	539,449	2,203,649	1,279,790	5,268,895
Borrowings	14	6,727,755	27,482,879	4,805,096	19,782,580
Lease liabilities	15	31,844	130,083	29,404	121,056
Corporate bond payable	16	7,137	29,155	2,058	8,473
Amounts due to related parties	24	-	-	5,700,000	23,466,900
Current liabilities		7,306,185	29,845,766	11,816,348	48,647,904
TOTAL LIABILITIES		28,014,316	114,438,481	29,432,544	121,173,782
TOTAL EQUITY AND LIABILITIES		31,569,076	128,959,675	35,158,024	144,745,584

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023

	Note	Unaudited 3 months to 31 December 2023		Unaudited 3 months to 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	18	665,857	2,736,672	747,946	3,056,855
Cost of sales	19	(276,381)	(1,135,926)	(207,875)	(849,585)
Gross profit		389,476	1,600,746	540,071	2,207,270
Other income		23,187	95,299	3,903	15,952
Administrative expenses		(148,140)	(608,855)	(168,580)	(688,986)
Impairment (loss)/reversal on					
- property and equipment	20	(1,628,000)	(6,691,080)	-	-
- financial asset	21	10,343	42,510	-	-
Operating profit		(1,353,134)	(5,561,380)	375,394	1,534,236
Finance costs	22	(431,014)	(1,771,468)	(395,366)	(1,615,861)
Loss before income tax		(1,784,148)	(7,332,848)	(19,972)	(81,625)
Income tax expense	23	(6,714)	(27,595)	(178,420)	(729,203)
Loss for the period		(1,790,862)	(7,360,443)	(198,392)	(810,828)
Other comprehensive income		-	-	-	-
Total comprehensive expense for the period		(1,790,862)	(7,360,443)	(198,392)	(810,828)

Earnings per share attributable to shareholders of the Company during the period are as follows:

	Note	Unaudited 3 months to 31 December 2023		Unaudited 3 months to 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	26	-1.791	-7.360	-0.198	-0.811
Diluted earnings per share	26	-1.791	-7.360	-0.198	-0.811

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023 (CONT'D)

	Note	Unaudited 12 months to 31 December 2023		Audited 12 months to 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	18	2,736,006	11,244,985	3,032,116	12,392,258
Cost of sales	19	(942,784)	(3,874,842)	(842,277)	(3,442,386)
Gross profit		1,793,222	7,370,143	2,189,839	8,949,872
Other income		44,361	182,324	8,141	33,272
Administrative expenses		(552,024)	(2,268,819)	(571,965)	(2,337,621)
Impairment loss on					
- property and equipment	20	(1,628,000)	(6,691,080)	-	-
- financial asset	21	(210,255)	(864,148)	-	-
Operating profit		(552,696)	(2,271,580)	1,626,015	6,645,523
Finance costs	22	(1,697,923)	(6,978,464)	(1,368,531)	(5,593,186)
(Loss)/Profit before income tax		(2,250,619)	(9,250,044)	257,484	1,052,337
Income tax expense	23	79,899	328,385	(202,055)	(825,799)
(Loss)/Profit for the period		(2,170,720)	(8,921,659)	55,429	226,538
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the period		(2,170,720)	(8,921,659)	55,429	226,538

Earnings per share attributable to shareholders of the Company during the period are as follows:

	Note	Unaudited 12 months to 31 December 2023		Audited 12 months to 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	26	-2.171	-8.922	0.055	0.227
Diluted earnings per share	26	-2.171	-8.922	0.055	0.227

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023

	Share capital USD	Retained earnings/ (Accumulated losses) USD	USD	Total equity KHR'000 (Note 4)
Balance as at 1 January 2023 (Audited)	5,000,000	725,480	5,725,480	23,571,802
Total comprehensive expense	-	(2,170,720)	(2,170,720)	(8,921,659)
Currency translation difference	-	-	-	(128,949)
Balance as at 31 December 2023 (Unaudited)	5,000,000	(1,445,240)	3,554,760	14,521,194
Balance as at 1 January 2022 (Audited)	5,000,000	670,051	5,670,051	22,723,613
Total comprehensive income	-	55,429	55,429	226,538
Currency translation difference	-	-	-	621,651
Balance as at 31 December 2022 (Audited)	5,000,000	725,480	5,725,480	23,571,802

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CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023

	Note	Unaudited 12 months to 31 December 2023		Audited 12 months to 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Operating activities					
(Loss)/Profit before income tax		(2,250,619)	(9,250,044)	257,484	1,052,337
Adjustments for:					
Depreciation of property and equipment	8	137,155	563,707	132,419	541,196
Depreciation of investment properties	9	435,552	1,790,119	431,401	1,763,136
Depreciation of intangible asset	10	588	2,417	-	-
Interest expense	22	1,697,923	6,978,464	1,368,531	5,593,186
Allowance for impairment loss on					
- property and equipment	20	1,628,000	6,691,080	-	-
- trade receivables	21	210,255	864,148	-	-
Operating profit before working capital		1,858,854	7,639,891	2,189,835	8,949,855
Changes in working capital:					
- trade and other receivables		(1,161,390)	(4,744,278)	(139,098)	(572,666)
- trade and other payables		60,345	246,509	51,241	210,959
Cash generated from operating activities		757,809	3,142,122	2,101,978	8,588,148
Income tax paid		(26,685)	(109,008)	(124,979)	(514,539)
Net cash from operating activities		731,124	3,033,114	1,976,999	8,073,609
Investing activities					
Purchases of :					
- property and equipment	8	(67,727)	(276,665)	(9,207,666)	(37,907,961)
- investment properties	9	(12,291)	(50,209)	-	-
- intangible asset	10	(14,118)	(57,672)	-	-
Net cash used in investing activities		(94,136)	(384,546)	(9,207,666)	(37,907,961)
Financing activities					
Proceeds from corporate bond		1,474,885	6,024,905	-	-
Interest paid		(1,668,356)	(6,815,234)	(1,359,681)	(5,597,807)
Repayment of bank borrowings		(599,292)	(2,448,108)	2,837,758	11,683,050
Repayment of lease liability	15	(29,403)	(120,111)	(27,151)	(111,781)
Repayment of interest portion of lease	15	(6,597)	(26,949)	(8,850)	(36,435)
(Repayment)/Advance from related parties		(766,264)	(3,130,188)	5,700,000	23,466,900
Advance to related parties		522,442	2,134,176	359,026	1,478,110
Net cash (used in)/from financing activities		(1,072,585)	(4,381,509)	7,501,102	30,882,037
Net change in cash and cash equivalents		(435,597)	(1,732,941)	270,435	1,047,685
Cash and cash equivalents, at the beginning of period		442,090	1,820,085	171,655	706,704
Currency translation difference		-	(60,620)	-	65,696
Cash and cash equivalents, at the end of period		6,493	26,524	442,090	1,820,085

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 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 USD2,170,720 (including allowance for impairment loss on trade receivables USD210,255 which is in the process of recovery and impairment loss on property and equipment of USD1,628,000). As at 31 December 2023, the Company’s current liabilities exceeded its current assets by USD 5,759,977.

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 twelve-month period, as applicable.

The Company uses the following exchange rates:

			Closing rate	Average rate Twelve-month
31 December 2023	1USD	=	KHR4,085	KHR4,110
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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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	33,327	67,727
Balance at 31 December 2023	9,233,500	19,676	1,253,067	10,506,243
Accumulated depreciation				
Balance at 1 January 2023	-	(18,776)	(866,035)	(884,811)
Depreciation	-	(168)	(136,987)	(137,155)
Impairment loss	(1,628,000)	-	-	(1,628,000)
Balance at 31 December 2023	(1,628,000)	(18,944)	(1,003,022)	(2,649,966)
Carrying amount at 31 December 2023 (USD)	7,605,500	732	250,045	7,856,277
KHR'000 (Note 4)	31,068,468	2,990	1,021,434	32,092,892
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 31 December 2023. The delay in the transfer of the title deed is explained further in Note 30 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

8. PROPERTY AND EQUIPMENT (CONT'D)

During the financial year, the Company has carried out a review of the recoverable amount of its residential building due to the worsening of the economic condition of the real estate sector in Cambodia. In addition, the residential building has not generated any revenue due to the still ongoing court case. An impairment loss of USD1,628,000 (2022 - Nil), representing the write-down of the residential building to the recoverable amount was recognised in "Impairment loss on property and equipment" line item of the statement of profit or loss and other comprehensive income as disclosed in Note 20 to the financial statements. The recoverable amount was based on its fair value less costs to sell. The main valuation inputs used were price per square foot (determined by a professional valuer using the sales comparison approach for the freehold land and cost approach for the building) estimated by management of USD7,572,000.

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 31 December 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	-	(408,061)	(27,491)	(435,552)
Balance at 31 December 2023	-	(3,231,550)	(137,479)	(3,369,029)
Carrying amount at 31 December 2023 (USD)	9,000,000	13,098,062	54,999	22,153,061
KHR'000 (Note 4)	36,765,000	53,505,583	224,671	90,495,254

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

9. INVESTMENT PROPERTIES (CONT'D)

	Land USD	Building and structures USD	Right-of-use assets USD	Total USD
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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

10. INTANGIBLE ASSETS

	Unaudited	Audited
	2023	2022
	USD	USD
Cost		
Balance at 1 January	-	-
Addition	14,118	-
Balance at 31 December	14,118	-
Accumulated amortisation		
Balance at 1 January	-	-
Amortisation	(588)	-
Balance at 31 December	(588)	-
Carrying amount at 31 December	13,530	-
KHR'000 (Note 4)	55,270	-

11. TRADE AND OTHER RECEIVABLES

	Unaudited		Audited	
	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Trade receivables	247,143	1,009,579	402,728	1,658,031
Deposits	26,071	106,500	26,071	107,334
Advances and prepayments	1,480	6,046	7,765	31,969
Withholding tax payable	4	16	-	-
Other receivable – Kuy Vat	1,323,256	5,405,501	-	-
	1,597,954	6,527,642	436,564	1,797,334
Allowance for impairment losses	(210,255)	(858,892)	-	-
	1,387,699	5,668,750	436,564	1,797,334

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11. TRADE AND OTHER RECEIVABLES (CONT'D)

	Unaudited 2023	Unaudited 2023
	USD	KHR'000
Allowance for impairment losses:-		
At 1 January	-	-
Addition during the financial year	(223,850)	(914,428)
Reversal during the financial year	13,595	55,536
	<hr/>	<hr/>
At 31 December	(210,255)	(858,892)

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.

12. CASH AND CASH EQUIVALENTS

	Unaudited		Audited	
	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Cash on hand	54	221	642	2,644
Cash in banks	6,439	26,303	441,448	1,817,441
	<hr/>	<hr/>	<hr/>	<hr/>
	6,493	26,524	442,090	1,820,085

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13. SHARE CAPITAL

	Unaudited		Audited	
	31 December 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	
	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Term loans	16,703,091	68,232,126	17,275,786	71,124,411
Bank overdraft	2,973,403	12,146,352	3,000,000	12,351,000
	19,676,494	80,378,478	20,275,786	83,475,411
Current	6,727,755	27,482,879	4,805,096	19,782,580
Non-current	12,948,739	52,895,599	15,470,690	63,692,831
	19,676,494	80,378,478	20,275,786	83,475,411

These borrowings represent facilities from the Foreign Trade Bank of Cambodia ("FTB"), 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 instalment payment of USD140,000 from January 2019 to January 2023 and USD240,000 from February 2023 to November 2026, and final payment of USD8,862,204 in December 2026. The loan bore interest at the rate of 8% (2022 : 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.

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14. BORROWINGS (CONT'D)

These borrowings represent facilities from the Foreign Trade Bank of Cambodia, details of which are as follows:- (cont'd)

- (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 instalment payment of USD17,143 and final payment of USD1,929,900 in September 2024. The loan bore interest at the rate of 8% (2022 : 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 instalment payment of USD9,857 and final payment of USD1,109,169 in October 2024. The loan bore interest at the rate of 8% (2022 : 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 instalment payment of KHR12,300,000 or approx. USD3,075 and final payment KHR1,396 million or approx. USD349,232. The loan bore interest at the rate of 8% (2022 : 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% (2022 : 8%) per annum.
- (iv) On 29 December 2023, the Foreign Trade Bank of Cambodia approved a new facility of USD280,000 which was utilised by the Company to repay the instalments due for November and December 2023 in respect of Loan 1. This new facility is repayable via 6 monthly interest payment and final payment of USD281,120 in June 2024. The loan bore interest at the rate of 12% annum (2022 : Nil).

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 FTB were subject to recall at the option of the lender as of 30 September 2023. The entire borrowings have been reclassified as current liabilities as of 30 September 2023. However, the breach in the repayment of instalments due for Loan 1 was subsequently rectified in November and December 2023.

On 29 December 2023 FTB also agreed to a restructuring of Loan 1 and Loan 2 with the Company. Under the restructuring, a moratorium of six months for the monthly repayment is set to commence from 1 January 2024 to 30 June 2024 for Loan 1 and Loan2.

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15. LEASE LIABILITIES

	Unaudited		Audited	
	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Lease liabilities				
Maturity analysis				
Less than one year (Current)	31,844	130,083	29,404	121,056
One to five years(Non-current)	34,488	140,883	66,331	273,085
	66,332	270,966	95,735	394,141
Amounts recognised in profit and loss				
Interest on lease liabilities	6,597	27,114	8,850	36,170
Amounts recognised in the statement of cash flows				
Cash outflow for leases	29,403	120,111	27,151	111,781

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	
	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Corporate bond payables				
Current	7,137	29,155	2,058	8,473
Non-current	1,468,109	5,997,225	1,474,885	6,072,100
	1,475,246	6,026,380	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").

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.

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16. CORPORATE BOND (CONT'D)

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 was a breach of the loan agreement by failing to make the repayment of Loan 1 from FTB. The breach has been remedied on 29 December 2023.

17. TRADE AND OTHER PAYABLES

	Unaudited		Audited	
	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Non-current				
Customer deposits	825,353	3,371,567	-	-
Current				
Unearned revenue	2,294	9,371	114,702	472,228
Other payables	109,872	448,827	72,068	296,704
Trade payables	50,676	207,011	45,197	186,076
Customer deposits	356,248	1,455,273	1,028,178	4,233,009
Other tax payables	20,359	83,167	19,645	80,878
	539,449	2,203,649	1,279,790	5,268,895
	1,364,802	5,575,216	1,279,790	5,268,895

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18. REVENUE

	Unaudited 3 months to 31 December 2023		Unaudited 3 months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Rental income	479,592	1,971,123	540,897	2,210,646
Service charges	121,105	497,742	140,046	572,368
Utility income	54,256	222,992	57,132	233,498
Parking fee	10,904	44,815	9,871	40,343
	665,857	2,736,672	747,946	3,056,855

	Unaudited 12 months to 31 December 2023		Audited 12 months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Rental income	1,978,845	8,133,053	2,170,315	8,870,077
Service charges	482,176	1,981,743	573,524	2,343,993
Utility income	227,214	933,850	247,453	1,011,340
Parking fee	47,771	196,339	40,824	166,848
	2,736,006	11,244,985	3,032,116	12,392,258

19. COST OF SALES

	Unaudited 3 months to 31 December 2023		Unaudited 3 months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Utility expense	72,441	297,733	62,319	254,698
Security service	17,299	71,099	17,641	72,099
Cleaning service	6,694	27,512	7,174	29,320
Other cost of service	70,661	290,417	12,615	51,557
Depreciation	102,413	420,917	101,252	413,817
Depreciation – ROU	6,873	28,248	6,874	28,094
	276,381	1,135,926	207,875	849,585

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19. COST OF SALES (CONT'D)

	Unaudited 12 months to 31 December 2023		Audited 12 months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Utility expense	268,409	1,103,161	262,592	1,073,214
Security service	70,145	288,296	69,578	284,365
Cleaning service	27,452	112,828	30,019	122,688
Other cost of service	140,637	578,018	48,686	198,979
Depreciation	408,649	1,679,547	403,905	1,650,760
Depreciation - ROU	27,492	112,992	27,497	112,380
	942,784	3,874,842	842,277	3,442,386

20. IMPAIRMENT LOSS ON PROPERTY AND EQUIPMENT

	Unaudited 3 Months to 31 December 2023		Unaudited 3 Months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Impairment loss on property and equipment (Note 8)	1,628,000	6,691,080	-	-

	Unaudited 12 Months to 31 December 2023		Audited 12 Months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Impairment loss on property and equipment (Note 8)	1,628,000	6,691,080	-	-

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21. REVERSAL/(IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	Unaudited 3 Months to 31 December 2023		Unaudited 3 Months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Reversal of impairment losses on trade receivable	10,343	42,510	-	-

	Unaudited 12 Months to 31 December 2023		Audited 12 Months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Impairment loss on trade receivable	(210,255)	(864,148)	-	-

22. FINANCIAL COSTS

	Unaudited 3 months to 31 December 2023		Unaudited 3 months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Interest expenses – borrowings	378,630	1,556,170	391,300	1,599,243
Interest expenses – lease	1,428	5,869	2,008	8,207
Interest expenses – Corporate bond	50,956	209,429	2,058	8,411
	431,014	1,771,468	395,366	1,615,861

	Unaudited 12 months to 31 December 2023		Audited 12 months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Interest expenses – borrowings	1,588,466	6,528,595	1,357,623	5,548,605
Interest expenses – lease	6,597	27,114	8,850	36,170
Interest expenses – Corporate bond	102,860	422,755	2,058	8,411
	1,697,923	6,978,464	1,368,531	5,593,186

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23. 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 31 December 2023		Unaudited 3 Months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Income tax expense recognised in profit for the period:				
Current income tax	(6,715)	(27,599)	(178,420)	(729,203)
Deferred tax	1	4	-	-
	(6,714)	(27,595)	(178,420)	(729,203)

	Unaudited 12 Months to 31 December 2023		Audited 12 Months to 31 December 2022	
	USD	KHR'000	USD	KHR'000
Income tax expense recognised in profit for the period:				
Current income tax	(26,685)	(109,675)	(124,979)	(510,789)
Deferred income tax – current	31,483	129,395	(77,076)	(315,010)
Overprovision of deferred tax in the previous financial year	75,101	308,665	-	-
	79,899	328,385	(202,055)	(825,799)

Please refer to Note 29 for the explanation on the tax contingencies in Cambodia.

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24. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

	Relationship	Unaudited		Audited	
		31 December 2023		31 December 2022	
		USD	KHR'000	USD	KHR'000
Amounts due from					
United Food Co., Ltd.	Company which a director has interest	115,146	470,374	22,186	91,340
Phnom Penh Securities Plc.	Company which a director has interest	36,870	150,611	26,204	107,882
Kuy Vat	Former Shareholder	-	-	626,068	2,577,522
		152,016	620,985	674,458	2,776,744
Non-current Amounts due to Hong Uy	Shareholder	4,933,736	20,154,312	5,700,000	23,466,900

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

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24. 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 31 December 2023		Unaudited 3 months to 31 December 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	87,991	19,066	77,923
Management fee		1,628	6,691	2,065	8,440
Phnom Penh Securities Plc.	Company which a director has interest				
Rental		3,326	13,670	3,115	12,731
Management fee		236	970	226	924
<u>Non-trade</u>					
Hong Uy	Shareholder				
Advance from shareholder		-	-	5,092,907	20,814,711
Repayment of advance		(118,000)	(484,980)	(10,484,023)	(42,848,202)
<hr/>					
	Relationship	Unaudited 12 months to 31 December 2023		Audited 12 months to 31 December 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		85,636	351,964	19,066	77,923
Management fee		7,324	30,102	3,120	12,751
Phnom Penh Securities Plc.	Company which a director has interest				
Rental		9,456	38,864	12,672	51,790
Management fee		1,210	4,973	1,049	4,287

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

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

	Relationship	Unaudited 12 months to 31 December 2023		Unaudited 12 months to 31 December 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<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				
Advance from shareholder		227,736	935,995	12,284,023	50,204,802
Repayment of advance		(994,000)	(4,085,340)	(6,291,484)	(25,713,295)

25. DEFERRED TAX LIABILITIES

	Unaudited 2023		Audited 2022	
	USD	KHR'000	USD	KHR'000
At 1 January	604,290	2,487,862	527,214	2,147,870
Recognised in profit or loss (Note 23)	(106,584)	(438,060)	77,076	315,010
Currency translation differences	-	(16,673)	-	24,982
At 31 December	497,706	2,033,129	604,290	2,487,862

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

	Unaudited 2023		Audited 2022	
	USD	KHR'000	USD	KHR'000
Deferred tax (assets)/liabilities of:				
Unused tax losses	92,196	376,621	-	-
Unabsorbed capital allowance	637,208	2,602,995	627,230	2,582,306
Allowance on impairment	(42,051)	(171,778)	-	-
Unearned revenue	-	-	(22,940)	(94,444)
Other	(189,647)	(774,709)	-	-
	497,706	2,033,129	604,290	2,487,862

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26. EARNINGS PER SHARE

	Unaudited 3 months to 31 December 2023		Unaudited 3 months to 31 December 2022	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Loss attributable to ordinary equity holders	(1,790,862)	(7,360,443)	(198,392)	(810,828)
Weighted average number of shares in issue	1,000,000	1,000,000	1,000,000	1,000,000
Basic loss per share	-1.791	-7.360	-0.198	-0.811
Diluted loss per share	-1.791	-7.360	-0.198	-0.811

	Unaudited 12 months to 31 December 2023		Audited 12 months to 31 December 2022	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
(Loss)/profit attributable to ordinary equity holders	(2,170,720)	(8,921,659)	55,429	226,538
Weighted average number of shares in issue	1,000,000	1,000,000	1,000,000	1,000,000
Basic loss per share	-2.171	-8.922	0.055	0.227
Diluted loss per share	-2.171	-8.922	0.055	0.227

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had no dilutive potential ordinary shares as at the periods ended. As such, the diluted earnings per share were equivalent to the basic earnings per share.

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27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Unaudited		Audited	
	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	1,360,144	5,556,188	402,728	1,658,031
Amount due from related parties	152,016	620,985	674,458	2,776,744
Cash and cash equivalents	6,493	26,524	442,090	1,820,085
	1,518,653	6,203,697	1,519,276	6,254,860

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

	Unaudited		Audited	
	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables*	160,548	655,838	117,265	482,780
Corporate bond payable	1,475,246	6,026,380	1,476,943	6,080,573
Borrowings	19,676,494	80,378,478	20,275,786	83,475,411
Amounts due to related parties	4,933,736	20,154,312	5,700,000	23,466,900
	26,238,887	107,185,853	27,569,994	113,505,664

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

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28. 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.

28.1 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.

28.2 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.

28.3 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

29. 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.

30. 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. The legal firm appointed by the Company has opined that the court proceeding would not result in any direct financial loss to the Company, other than the legal cost incurred.

31. EVENT AFTER THE REPORTING PERIOD

There is no significant adjusting or non-adjusting event that has occurred between 31 December 2023 and the date of authorisation of the Condensed Interim Financial Statements, save as disclosed in Note 14.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

32. AUTHORISATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Condensed Interim Financial Statements as at and for the period ended 31 December 2023 were approved for issue by the Board of Directors on 29 February 2024.

33. 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