

R M A (CAMBODIA) PLC.

**DIRECTORS' REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

R M A (CAMBODIA) PLC.

**DIRECTORS' REPORTS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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R M A (CAMBODIA) PLC.

DIRECTORS' REPORT

The Board of Directors (or the "Directors") hereby submit their report together with the audited financial statements of R M A (CAMBODIA) PLC. (the "Company") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are marketing and sale of motor vehicles, spare parts and heavy equipment, and maintenance and servicing of the equipment. There have been no significant changes in the nature of these principal activities during the year.

RESULTS

	USD	KHR'000
Profit for the year	<u>27,669,862</u>	<u>113,723,133</u>

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous year are as follows:

	USD	KHR'000
In respect of the year ended 31 December 2023	<u>9,945,791</u>	<u>40,877,201</u>

PROVISIONS

There were no material provisions during the year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the estimating of the allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any material extent.

ASSETS

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

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

R M A (CAMBODIA) PLC.

DIRECTORS' REPORT

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any change on the assets of the Company that had arisen since the end of the year to secure the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Company that had arisen since the end of the year.

In the opinion of the Directors, no contingent liabilities or other liabilities of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the year which will or may affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors,

- (i) the results of the operations of the Company for the year were not substantially affected by any item, transaction or event of material and unusual nature; and
- (ii) no item, transaction or event of material and unusual nature had arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

ISSUANCE OF SHARES AND DEBENTURES

During the year, no new shares or debentures were issued by the Company.

DIRECTORS

The Directors in office during the year and during the period from the end of the year to the date of the report are:

Kevin Robert Whitcraft
Thomas Arthur Whitcraft
Ngorn Saing
Christopher Gowen Manley
Ith Vichit

R M A (CAMBODIA) PLC.

DIRECTORS' REPORT

HOLDING COMPANIES

The Directors regard Clipper Holdings Limited, a company incorporated in Hong Kong, and Whitbro LLC, a company incorporated in United States of America, as the immediate holding and ultimate holding companies, respectively.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE YEAR

Details of significant event subsequent to the end of the year are disclosed in Note 30.

AUDITORS

The auditors, Baker Tilly (Cambodia) Co., Ltd., have expressed their willingness to continue in office.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for ascertaining that the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the financial year then ended. In preparing these financial statements, the directors of the Company are required to:

- (i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"), which are supported by reasonable and prudent judgement and estimates, and then apply them consistently;
- (ii) comply with the disclosure requirements of CIFRSs or, if there have been any departures from such standards, in the interest of fair presentation, ensure that this has been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records that enable the Company to prepare its financial statements under CIFRSs and an effective system of internal controls;
- (iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the reasonable future; and
- (v) effectively control and direct the Company and be involved in all material decisions affecting its operations and performance, and ascertain that such matters have been properly reflected in the financial statements.

The Directors confirm that the Company has complied with the above requirements in preparing its financial statements.

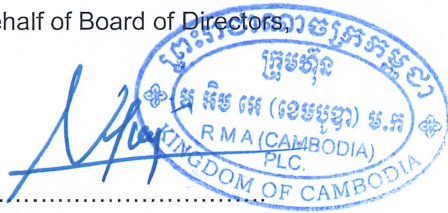
R M A (CAMBODIA) PLC.

DIRECTORS' REPORT

APPROVAL OF THE FINANCIAL STATEMENTS

In the opinion of the Board of Directors, the accompanying financial statements are drawn up in accordance with CIFRSs so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended, and the notes to the financial statements are presented fairly, in all material respects, in accordance with CIFRSs.

Signed on behalf of Board of Directors,

A blue circular official stamp of RMA (Cambodia) PLC. The stamp contains the text: "ក្រុមហ៊ុន អិម អេ (ខេមបូឌា) ឯ.ក" (RMA (Cambodia) PLC.), "RMA (CAMBODIA) PLC.", and "KINGDOM OF CAMBODIA". A handwritten signature in blue ink is written over the stamp.

.....
NGORN SAING
Chief Executive Officer

Date: 01 APR 2024

R M A (CAMBODIA) PLC.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		USD	KHR'000	USD	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	18,765,631	76,657,603	13,293,524	54,729,438
Right-of-use assets	6	26,793,822	109,452,763	3,118,448	12,838,650
Deferred tax assets, net	22	2,418,267	9,878,621	2,976,274	12,253,320
Investment in associate	7	-	-	-	-
Other investment	8	5,600,000	22,876,000	5,600,000	23,055,200
Deposits		5,600,000	22,876,000	-	-
Total non-current assets		59,177,720	241,740,987	24,988,246	102,876,608
Current assets					
Inventories	9	158,001,344	645,435,490	125,706,863	517,535,155
Trade and other receivables	10	22,258,355	90,925,380	16,761,267	69,006,136
Amounts due from related parties	11	6,089,501	24,875,612	6,464,903	26,616,006
Cash and cash equivalents	12	22,162,605	90,534,241	42,084,364	173,261,327
Total current assets		208,511,805	851,770,723	191,017,397	786,418,624
TOTAL ASSETS		267,689,525	1,093,511,710	216,005,643	889,295,232
LIABILITIES					
Current liabilities					
Trade and other payables	13	9,188,683	37,535,770	10,483,195	43,159,314
Contract liabilities	14	4,703,692	19,214,582	13,518,449	55,655,455
Amounts due to related parties	15	22,825,811	93,243,438	15,770,375	64,926,634
Loans and borrowings	16	45,525,573	185,971,966	44,073,317	181,449,845
Lease liabilities	17	885,296	3,616,434	1,174,018	4,833,432
Current tax liabilities		1,870,016	7,639,015	11,670,039	48,045,551
Provisions		-	-	998,000	4,108,766
Total current liabilities		84,999,071	347,221,205	97,687,393	402,178,997
Net current assets		123,512,734	504,549,518	93,330,004	384,239,627
Non-current liabilities					
Loans and borrowings	16	31,807,834	129,935,002	9,570,498	39,401,740
Lease liabilities	17	26,794,012	109,453,539	2,383,215	9,811,696
Total non-current liabilities		58,601,846	239,388,541	11,953,713	49,213,436
TOTAL LIABILITIES		143,600,917	586,609,746	109,641,106	451,392,433
NET ASSETS		124,088,608	506,901,964	106,364,537	437,902,799
EQUITY					
Share capital	18	4,000,000	16,000,000	4,000,000	16,000,000
Retained earnings		120,088,608	489,751,407	102,364,537	416,905,475
Exchange differences	2	-	1,150,557	-	4,997,324
TOTAL EQUITY		124,088,608	506,901,964	106,364,537	437,902,799

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

R M A (CAMBODIA) PLC.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023		2022	
		USD	KHR'000	USD	KHR'000
Revenues	19	438,044,305	1,800,362,094	539,088,195	2,203,253,453
Cost of revenues		(361,905,459)	(1,487,431,436)	(436,813,123)	(1,785,255,234)
Gross profit		76,138,846	312,930,658	102,275,072	417,998,219
Other income		1,688,194	6,938,477	3,364,410	13,750,344
Marketing expenses		(6,445,967)	(26,492,924)	(5,960,388)	(24,360,106)
Administrative expenses	20	(15,106,932)	(62,089,491)	(11,378,912)	(46,505,613)
Operating expenses	21	(15,195,613)	(62,453,969)	(12,728,649)	(52,021,988)
Profit from operations		41,078,528	168,832,751	75,571,533	308,860,856
Finance costs		(7,156,314)	(29,412,451)	(3,132,357)	(12,801,943)
Share of losses of investment in associate		-	-	-	-
Profit before tax		33,922,214	139,420,300	72,439,176	296,058,913
Income tax	22	(6,252,352)	(25,697,167)	(12,843,989)	(52,493,383)
Profit for the year		27,669,862	113,723,133	59,595,187	243,565,530
Other comprehensive income, net of tax					
<i>Items that will not be reclassified to profit or loss</i>					
Exchange differences		-	(3,846,767)	-	4,103,293
Total comprehensive income for the year		27,669,862	109,876,366	59,595,187	247,668,823

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

R M A (CAMBODIA) PLC.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Share capital USD	Retained earnings USD	Exchange differences USD	Total equity USD
At 1 January 2022		4,000,000	66,181,323	-	70,181,323
Profit and total comprehensive income for the year		-	59,595,187	-	59,595,187
Transactions with owners					
Dividends	24	-	(23,411,973)	-	(23,411,973)
At 31 December 2022/ 1 January 2023		4,000,000	102,364,537	-	106,364,537
Profit and total comprehensive income for the year		-	27,669,862	-	27,669,862
Transactions with owners					
Dividends	24	-	(9,945,791)	-	(9,945,791)
At 31 December 2023		4,000,000	120,088,608	-	124,088,608
At 31 December 2022 (KHR'000)		16,000,000	416,905,475	4,997,324	437,902,799
At 31 December 2023 (KHR'000)		16,000,000	489,751,407	1,150,557	506,901,964

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

R M A (CAMBODIA) PLC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023		2022	
		USD	KHR'000	USD	KHR'000
Operating activities					
Profit before tax		33,922,214	139,420,300	72,439,176	296,058,913
Adjustments for:					
Dividend income	8	-	-	(500,120)	(2,043,990)
Finance costs		7,156,314	29,412,451	3,132,357	12,801,943
Finance income		(638,097)	(2,622,579)	(1,175,841)	(4,805,662)
Net unrealised (gain)/ loss on foreign exchange		(35,432)	(145,626)	11,358	46,420
Property, plant and equipment					
- Depreciation	5	3,666,578	15,069,636	3,215,109	13,140,150
- Gain on disposal	5	(233,057)	(957,864)	(69,753)	(285,081)
- Write-off	5	-	-	43,080	176,068
Reversal on impairment loss of trade receivables		(6,261)	(25,733)	(782,593)	(3,198,458)
(Reversal)/ provision of warranty		(998,000)	(4,101,780)	998,000	4,078,826
Impairment loss on investment in associate	7	-	-	250,000	1,021,750
Right-of-use assets					
- Depreciation	6	1,616,480	6,643,733	1,225,384	5,008,144
- Loss on derecognition		(28,297)	(116,301)	-	-
Slow-moving inventories					
- Provision	9	2,494,347	10,251,766	3,142,630	12,843,929
- Reversal of provision	9	(1,937,119)	(7,961,559)	(863,232)	(3,528,029)
- Write-off	9	(244,306)	(1,004,098)	(344,092)	(1,406,304)
Operating profit before changes in working capital		44,735,364	183,862,346	80,721,463	329,908,619
Changes in working capital:					
Inventories		(36,881,315)	(151,582,205)	(64,792,786)	(264,808,116)
Trade and other receivables		(6,062,184)	(24,915,576)	(3,321,485)	(13,574,909)
Amounts due from related parties		375,402	1,542,902	(1,971,742)	(8,058,509)
Trade and other payables		(1,133,089)	(4,656,996)	(1,382,362)	(5,649,713)
Amounts due to related parties		7,055,436	28,997,842	14,384,315	58,788,695
Contract liabilities		(8,814,757)	(36,228,651)	(7,432,464)	(30,376,480)
Deposits		(5,600,000)	(23,016,000)	-	-
Net cash (used in)/ generated from operations		(6,325,143)	(25,996,338)	16,204,939	66,229,587
Interest received		1,228,714	5,050,015	986,177	4,030,505
Interest paid		(6,912,510)	(28,410,416)	(2,543,296)	(10,394,451)
Income tax paid		(15,697,076)	(64,514,982)	(7,996,414)	(32,681,344)
Net cash (used in)/ generated from operating activities		(27,706,015)	(113,871,721)	6,651,406	27,184,297

R M A (CAMBODIA) PLC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023		2022	
		USD	KHR'000	USD	KHR'000
Investing activities					
Proceeds from disposal of property, plant and equipment		1,630,467	6,701,219	597,920	2,443,699
Acquisition of investment in associate		-	-	(250,000)	(1,021,750)
Acquisition of other investment		-	-	(600,000)	(2,452,200)
Purchase of property, plant and equipment	5	(6,262,183)	(25,737,572)	(3,542,188)	(14,476,922)
Dividend received		-	-	500,120	2,043,990
Net cash used in investing activities		(4,631,716)	(19,036,353)	(3,294,148)	(13,463,183)
Financing activities					
Drawdown of trade finance	23	159,540,350	655,710,839	234,315,646	957,648,045
Drawdown of term loan	23	30,000,000	123,300,000	-	-
Change in bond guarantee		4,028,531	16,557,262	(3,511,122)	(14,349,956)
Repayment of lease liabilities	23	(1,141,482)	(4,691,491)	(1,135,219)	(4,639,640)
Repayments of corporate bonds	23	(3,838,899)	(15,777,875)	(3,009,590)	(12,300,194)
Dividends paid		(9,945,791)	(40,877,201)	(27,217,773)	(111,239,038)
Repayments of trade finance	23	(162,198,206)	(666,634,627)	(207,454,311)	(847,865,769)
Net cash generated from/ (used in) financing activities		16,444,503	67,586,907	(8,012,369)	(32,746,552)
Net decrease in cash and cash equivalents		(15,893,228)	(65,321,167)	(4,655,111)	(19,025,438)
Cash and cash equivalents at 1 January		37,491,363	154,351,942	42,146,474	171,704,735
Exchange differences		-	(802,394)	-	1,672,645
Cash and cash equivalents at 31 December	12	21,598,135	88,228,381	37,491,363	154,351,942

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

R M A (CAMBODIA) PLC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

R M A (CAMBODIA) PLC. (the "Company") is a public limited company, incorporated and domiciled in the Kingdom of Cambodia. The registered office and operating office of the Company are located at No. 27 E1, Street 134, Sangkat Mittakpheap, Khan 7 Makara, Phnom Penh, Cambodia.

The principal activities of the Company are marketing and sale of motor vehicles, spare parts and heavy equipment, and maintenance and servicing of equipment. There have been no significant changes in nature of these principal activities during the year.

At 31 December 2023, the directors consider the immediate holding and ultimate holding companies to be Clipper Holdings Limited, a company incorporated in Hong Kong, and Whitbro LLC, a company incorporated in United States of America, respectively.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation of the financial statements

Statement of Compliance

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

Basis of measurement

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with CIFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Company's financial statements are disclosed in Note 4.

(b) 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 Dollar ("USD"), the Board of Directors has determined the USD to be the Company's currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Functional and presentation currency (Continued)

The translations of USD amounts into KHR presented in the financial statements are included solely to comply with the Law on Accounting and Auditing and have been using the prescribed official annual closing and average exchange rate of USD1 to KHR4,085 and USD1 to KHR4,110, respectively, for the year ended 31 December 2023 (2022: KHR4,117 and KHR4,087) as announced by the National Bank of Cambodia.

These convenience translations should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

Exchange differences arise from the translation of the financial statements from USD amounts into KHR.

(c) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation. The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use.

Depreciation is calculated on a straight-line basis to write off the cost of all other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Buildings	10
Service and warehouse equipment	5
Furniture and fixtures	4
Leasehold improvements	5 - 10
Motor vehicles	5
Operating equipment	3 - 5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Leases

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

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

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

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

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

Short-term leases and leases of low-value assets

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

(e) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated on weighted average basis for the spare parts while specific identification basis for motor vehicles and heavy equipment and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(g) Cash and cash equivalents

For the purpose of Statement of Cash Flows, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Fixed deposits with licensed financial institutions form part of the Company's cash and cash equivalents regardless of its maturity, as it can be withdrawn at any time upon informing the financial institutions with a prior notice of 30 days, with interest to be forfeited upon withdrawal.

(h) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(i) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Further details of the Company's revenue recognition policies are as follows:

Revenue from sale of goods or services is recognised when the goods are delivered, rendered or satisfactory of performance obligation.

Motor vehicles, heavy equipment and related spares parts

The performance obligation is satisfied upon delivery of the motor vehicles, heavy equipment and related spares parts.

Warranty beyond fixing the defects that existed at the time of sale is provided to customers. The service warranty is accounted as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the service warranty is satisfied over one to two years based on time elapsed.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Revenue recognition (Continued)

Services

Revenue associated with free services performed on motor vehicles and heavy equipment are separated from the revenue of the goods and recognised over time when the services fall due. For other paid services relating to the motor vehicles and heavy equipment, the performance obligation is satisfied at a point in time when the service is rendered and payment is generally due upon completion and acceptance by the customer.

(j) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sales.

(k) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief executive officer of the Company, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

(l) Financial instruments

Classification and measurement of financial instruments.

The Company classifies financial assets into two principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI"). The classification of financial assets is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

There are no changes in classification and measurement for the Company's financial liabilities.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3. ADOPTION OF NEW CIFRSs AND AMENDMENTS/IMPROVEMENTS TO CIFRSs

(a) Amendments/Improvements to standards adopted during the year

Disclosure of Accounting Policies – Amendments to CIAS 1 and CIFRS Practice Statement 2

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, CIFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the CIFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of CIFRSs in the accounting policy information disclosures.

Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The following amendments/improvements were adopted by the Company but did not have significant impact on the current period or any prior period and it is not likely to affect the future periods.

- Definition of Accounting Estimates – Amendments to CIAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to CIAS 12

(b) Standards and amendments/improvements that have been issued but not yet effective

		Effective for financial periods beginning on or after
<u>New Standard</u>		
CIFRS 17	Insurance Contracts	1 January 2025
<u>Amendments/Improvements</u>		
CIAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
CIAS 1	Non-current liabilities with Covenants	1 January 2024
CIFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
CIAS 7 and CIFRS 7	Supplier finance arrangements	1 January 2024
CIAS 17	Initial Application of CIFRS 17 and CIFRS 9 - (
	Comparative Information	1 January 2025
CIFRS 10 and CIAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Company plans to adopt the above applicable standards and amendments/improvements when they become effective. These standards are not expected to have a material impact on the entity's financial statements in the current or future reporting periods and on foreseeable future transactions.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the year include the following:

(a) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 2(c), the Company reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Company's property, plant and equipment are disclosed in Note 5.

(b) Impairment of non-financial assets

The Company assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Company uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amounts of the non-financial assets are disclosed in Notes 5 and 6.

(c) Write-down of obsolete or slow-moving inventories

The Company writes down its obsolete or slow moving inventories based on the assessment of its estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Company's inventories are disclosed in Note 9.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(d) Impairment of trade receivables

The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rate. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Company uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Company's trade receivables is disclosed in Note 10.

(e) Measurement of income tax

Significant judgement is required in determining the Company's estimation for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Company is disclosed in Note 22.

(f) Contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, arbitration or government regulation. Judgement is required to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings USD	Service and warehouse equipment USD	Furniture and fixtures USD	Leasehold improvement USD	Motor vehicles USD	Operating equipment USD	Work in-progress USD	Total USD
Cost								
At 1 January 2022	5,742,611	1,441,660	1,022,915	1,174,872	7,785,331	3,030,587	654,147	20,852,123
Additions	660,312	168,016	27,822	242,301	-	655,874	1,787,863	3,542,188
Transfer from inventories (Note 9)	-	7,000	-	-	5,117,712	351,461	-	5,476,173
Disposals	-	(2,400)	(622)	-	(838,256)	(207,174)	(4,670)	(1,053,122)
Write-off	(153,571)	(1,700)	(6,771)	(35,745)	-	(40,037)	-	(237,824)
Transfer to inventories (Note 9)	-	(2,275)	-	-	(2,566,703)	(398,037)	-	(2,967,015)
Transfer from work in-progress	561,319	-	-	39,598	-	6,667	(607,584)	-
At 31 December 2022/								
1 January 2023	6,810,671	1,610,301	1,043,344	1,421,026	9,498,084	3,399,341	1,829,756	25,612,523
Additions	2,011,520	763,351	164,616	498,779	-	961,537	1,862,380	6,262,183
Transfer from inventories (Note 9)	-	-	-	-	7,968,175	437,718	-	8,405,893
Disposals	(333,563)	-	-	-	(2,701,303)	(21,948)	-	(3,056,814)
Write-off	-	-	-	-	-	(3,170)	-	(3,170)
Transfer to inventories (Note 9)	-	-	-	-	(4,244,682)	(718,103)	-	(4,962,785)
Transfer from work in-progress	1,651,533	-	-	46,749	-	4,680	(1,702,962)	-
At 31 December 2023	10,140,161	2,373,652	1,207,960	1,966,554	10,520,274	4,060,055	1,989,174	32,257,830

R M A (CAMBODIA) PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings USD	Service and warehouse equipment USD	Furniture and fixtures USD	Leasehold improvement USD	Motor vehicles USD	Operating equipment USD	Work in-progress USD	Total USD
Accumulated depreciation								
At 1 January 2022	3,061,140	1,024,761	781,310	1,029,698	2,561,931	1,872,744	-	10,331,584
Depreciation charged for the year	991,026	156,435	84,703	93,991	1,454,204	434,750	-	3,215,109
Disposals	-	(2,400)	(622)	-	(369,137)	(152,796)	-	(524,955)
Write-off	(113,547)	(1,247)	(6,732)	(35,745)	-	(37,473)	-	(194,744)
Transfer to inventories (Note 9)	-	(682)	-	-	(452,181)	(55,132)	-	(507,995)
At 31 December 2022/								
1 January 2023	3,938,619	1,176,867	858,659	1,087,944	3,194,817	2,062,093	-	12,318,999
Depreciation charged for the year	687,066	210,242	93,401	146,663	2,026,536	502,670	-	3,666,578
Disposals	(297,029)	-	-	-	(1,346,602)	(15,773)	-	(1,659,404)
Write-off	-	-	-	-	-	(3,170)	-	(3,170)
Transfer to inventories (Note 9)	-	-	-	-	(715,931)	(114,873)	-	(830,804)
At 31 December 2023	4,328,656	1,387,109	952,060	1,234,607	3,158,820	2,430,947	-	13,492,199
Carrying amount								
At 31 December 2022	2,872,052	433,434	184,685	333,082	6,303,267	1,337,248	1,829,756	13,293,524
At 31 December 2022 (KHR'000)	11,824,238	1,784,448	760,348	1,371,299	25,950,550	5,505,450	7,533,105	54,729,438
At 31 December 2023	5,811,505	986,543	255,900	731,947	7,361,454	1,629,108	1,989,174	18,765,631
At 31 December 2023 (KHR'000)	23,739,998	4,030,028	1,045,352	2,990,003	30,071,540	6,654,906	8,125,776	76,657,603

**NOTES TO THE FINANCIAL STATEMENTS
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6. RIGHT-OF-USE ASSETS

The Company leases lands, showrooms and warehouse facilities. These leases typically run for a period ranging from 2 years to 50 years (2022: 2 years to 25 years), with option to renew these leases after that date. Lease payments are renegotiated at end of lease terms to reflect market rentals. For certain leases, the Company is restricted from entering into any sub-lease arrangements.

The showrooms and warehouse leases were entered into many years ago as combined leases of land and buildings.

Information about leases for which the Company is a lessee is presented below.

	2023		2022	
	USD	KHR'000	USD	KHR'000
At 1 January	3,118,448	12,838,650	3,277,972	13,354,458
Additions	25,392,726	104,364,104	1,065,860	4,356,170
Depreciation charge	(1,616,480)	(6,643,733)	(1,225,384)	(5,008,144)
Derecognition	(100,872)	(414,584)	-	-
Exchange differences	-	(691,674)	-	136,166
At 31 December	<u>26,793,822</u>	<u>109,452,763</u>	<u>3,118,448</u>	<u>12,838,650</u>

7. INVESTMENT IN ASSOCIATE

	2023		2022	
	USD	KHR'000	USD	KHR'000
Unquoted shares, at cost	-	-	250,000	1,029,750
Less: Share of post-acquisition losses	-	-	(250,000)	(1,021,750)
Exchange differences	-	-	-	(8,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company's effective equity interest in the associate is as follows:

Name of associate	Country of incorporation	Effective equity	Nature of relationship
		interest (%)	
2023/2022			
R M A Automotive (Cambodia) Co., Ltd.	Cambodia	25	Vehicles assembly. The activity contributes to the Company's Ford business segment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. INVESTMENT IN ASSOCIATE (CONTINUED)

Summarised financial information of material associate

The following table illustrates the summarised financial information of the Company's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Company's interest in the associate:

	2023		2022	
	Unaudited USD	KHR'000	Unaudited USD	KHR'000
Assets and liabilities:				
Current assets	25,957,905	106,038,042	19,503,612	80,296,371
Non-current assets	11,800,811	48,206,313	12,231,180	50,355,768
Current liabilities	(29,609,273)	(120,953,880)	(25,469,538)	(104,858,089)
Non-current liabilities	(6,701,656)	(27,376,265)	(6,793,243)	(27,967,781)
Net assets	<u>1,447,787</u>	<u>5,914,210</u>	<u>(527,989)</u>	<u>(2,173,731)</u>
Results:				
Profit/ (Loss) from operations	6,830,717	28,074,247	(1,527,989)	(6,244,891)
Other comprehensive income		(170,768)	-	71,160
Total comprehensive loss	<u>6,830,717</u>	<u>27,903,479</u>	<u>(1,527,989)</u>	<u>(6,173,731)</u>
Included in the comprehensive loss is:				
Revenue	<u>133,744,698</u>	<u>549,690,709</u>	<u>29,849,851</u>	<u>121,996,341</u>
Reconciliation of net assets to carrying amount:				
Cost of investment/ opening net assets	-	-	250,000	1,029,750
Share of post-acquisition losses	-	-	(250,000)	(1,021,750)
Exchange differences	-	-	-	(8,000)
Carrying amount in the statement of financial position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Company's share of results:				
Loss from operations	-	-	250,000	1,021,750
Other comprehensive income	-	-	-	-
Company's share of total comprehensive loss	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>1,021,750</u>

The Company did not recognise its share of losses in R M A Automotive (Cambodia) Co., Ltd. amounting to USD79,296 (equivalent to KHR325,907,000) (2022: USD392,423 (equivalent to KHR1,603,833,000)) because the Company's cumulative share of losses has exceeded its interest in the associate and the Company has no obligation in respect of these losses. The Company's cumulative accumulated losses not recognised as at 31 December 2023 amounting to USD471,719 (equivalent to KHR1,929,740,000) (2022: USD392,423 (equivalent to KHR1,603,833,000)).

R M A (CAMBODIA) PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

8. OTHER INVESTMENT

	2023		2022	
	USD	KHR'000	USD	KHR'000
Financial assets designated at Fair Value through Other Comprehensive Income ("FVTOCI")				
At fair value:				
Unquoted equity securities				
- BSP Finance (Cambodia) Plc.				
At January 1	5,600,000	23,055,200	5,000,000	20,370,000
Acquisition	-	-	600,000	-
Exchange differences	-	(179,200)	-	2,685,200
	<u>5,600,000</u>	<u>22,876,000</u>	<u>5,600,000</u>	<u>23,055,200</u>

On 16 March 2022, the Board of Directors passed a resolution and approved the additional contribution to meet the capital injection to BSP Finance (Cambodia) Plc. (the "Investee") for a consideration of USD600,000 (equivalent to KHR2,442,000,000). The increase of registered capital in the Investee had been approved by the National Bank of Cambodia on 20 April 2022.

The Company holds non-controlling interests of 10% in equity of the Investee and designated it as investment at FVTOCI, as the Company considers this investment as strategic long-term investment and the volatility of market prices of this investment would not affect profit or loss.

In 2022, the Company received dividend from the Investee amounting to USD500,120 (equivalent to KHR2,043,990). No dividends were received in 2023.

9. INVENTORIES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Motor vehicles, spare parts and equipment				
At cost	139,814,530	571,142,355	114,881,032	472,965,209
At net realisable value	18,186,814	74,293,135	10,825,831	44,569,946
	<u>158,001,344</u>	<u>645,435,490</u>	<u>125,706,863</u>	<u>517,535,155</u>

The cost of inventories of the Company recognised as an expense in cost of sales during the year amounting to USD360,910,129 (2022: USD433,469,002).

Slow-moving inventories

During the year ended 31 December 2023, the Company has recognised provision for slow-moving inventories amounting to USD2,494,347 (equivalent to KHR10,251,766,000) (2022: USD3,142,630 (equivalent to KHR12,843,929,000)) but reversed its previously recognised provision amounting to USD1,937,119 (equivalent to KHR7,961,559,000) (2022: USD863,232 (equivalent to KHR3,528,029,000)) due to the sales of the written down inventories. The reversal is included in operating expenses in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. INVENTORIES (CONTINUED)

Slow-moving inventories (Continued)

Inventories are stated at net realisable value. As at 31 December 2023, the Company's allowance for slow-moving inventories amounting to USD4,247,843 (equivalent to KHR17,352,439,000). The write-off of inventories amounting to USD244,306 (equivalent to KHR1,004,098,000) (2022: USD344,092 (equivalent to KHR1,406,304,000)) is included in operating expenses in the statement of comprehensive income.

Transfer to/ from property, plant and equipment

In 2023, the Company transferred some of its inventories to property, plant and equipment amounting to USD8,405,893 (equivalent to KHR34,338,073,000) (2022: USD5,476,173 (equivalent to KHR22,545,404,000)) as these were no longer for sale in business operation but for showroom purposes.

In 2023, the Company transferred some of its property, plant and equipment to inventories amounting to USD4,131,981 - net (equivalent to KHR16,879,142,000) (2022: USD2,459,020 (equivalent to KHR10,123,785,000)) as these were initially used for showroom purposes but eventually sold to customers.

10. TRADE AND OTHER RECEIVABLES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Trade receivables from contract with customers				
Third parties	8,255,044	33,721,855	3,519,614	14,490,251
Allowance for impairment loss	(40,693)	(166,231)	(48,637)	(200,239)
	<u>8,214,351</u>	<u>33,555,624</u>	<u>3,470,977</u>	<u>14,290,012</u>
Other receivables				
Prepayments	7,951,691	32,482,658	8,738,844	35,977,821
Other receivables	2,546,830	10,403,800	1,267,459	5,218,129
Deposits	810,449	3,310,684	711,386	2,928,776
Other tax receivables	2,735,034	11,172,614	2,572,601	10,591,398
	<u>14,044,004</u>	<u>57,369,756</u>	<u>13,290,290</u>	<u>54,716,124</u>
	<u>22,258,355</u>	<u>90,925,380</u>	<u>16,761,267</u>	<u>69,006,136</u>

Trade receivables are amounts owing from contract customers for goods sold or services performed in the ordinary course of business. The credit term offered by the Company is 30 days (2022: 30 days).

Prepayments includes advance payment of USD5,059,200 (equivalent to KHR20,793,312,000) (2022: USD6,066,620 (equivalent to KHR24,794,276,000)) to an associate of the Company for the purchase of inventories.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an impairment loss allowance account unless the Company is satisfied that there is no realistic prospect of recovery, in which case the impairment loss is written off against trade receivables directly.

	2023		2022	
	USD	KHR'000	USD	KHR'000
At 1 January	48,637	200,239	1,050,310	4,278,963
Reversal on impairment loss of trade receivables	(6,261)	(25,733)	(782,593)	(3,198,458)
Write-off	(1,683)	(6,917)	(219,080)	(895,380)
Exchange differences	-	(1,358)	-	15,114
At 31 December	<u>40,693</u>	<u>166,231</u>	<u>48,637</u>	<u>200,239</u>

11. AMOUNTS DUE FROM RELATED PARTIES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Trade				
Fellow subsidiaries	5,834,504	23,833,949	6,303,063	25,949,710
Other related parties	254,997	1,041,663	161,840	666,296
	<u>6,089,501</u>	<u>24,875,612</u>	<u>6,464,903</u>	<u>26,616,006</u>

Amounts due from related parties are interest free, unsecured and are repayable on demand. Hence, Expected Credit Losses ("ECL") are based on the assumption that the repayment of receivables is demanded at the reporting date, with short contractual period for payment. The fellow subsidiaries and other related parties have sufficient accessible highly liquid assets to repay the balances if demanded at the reporting date. Therefore, ECL is likely to be immaterial with probability of default close to 0%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. CASH AND CASH EQUIVALENTS

	2023		2022	
	USD	KHR'000	USD	KHR'000
Cash and bank balances	22,157,605	90,513,816	27,081,864	111,496,033
Fixed deposits with licensed financial Institutions	5,000	20,425	15,002,500	61,765,294
Balance as stated in the Statement of Financial Position at 31 December	22,162,605	90,534,241	42,084,364	173,261,327
CGIF bond guarantee	(564,470)	(2,305,860)	(4,593,001)	(18,909,385)
Balance for Statement of Cash Flows at 31 December	21,598,135	88,228,381	37,491,363	154,351,942

Cash and bank balances includes bond guarantee amounting to USD564,470 (equivalent to KHR2,305,860,000) (2022: USD4,593,001 (equivalent to KHR18,909,385,000)) held by Asian Development Bank in relation to Credit Guarantee and Investment Facility ("CGIF") as disclosed in Note 16 and therefore not available for general use by the Company.

The fixed deposits with licensed financial institutions earn interest at the rates ranging from 5.25% to 5.75% (2022: 3% to 6.5%) per annum with maturity of 12 (2022: 6 to 12) months. The Company is of the view that the fixed deposits with licensed financial institutions form part of its cash and cash equivalents as it can be withdrawn at any time upon informing the financial institutions with a prior notice of 30 days, with interest to be forfeited upon withdrawal.

13. TRADE AND OTHER PAYABLES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Trade payables				
Third parties	3,683,461	15,046,938	5,064,747	20,851,563
Other payables				
Accruals	4,821,456	19,695,648	4,603,258	18,951,613
Other tax payables	683,766	2,793,184	815,190	3,356,138
	5,505,222	22,488,832	5,418,448	22,307,751
	9,188,683	37,535,770	10,483,195	43,159,314

Trade credit terms granted to the Company are normally within 30 days (2022: 30 days).

**NOTES TO THE FINANCIAL STATEMENTS
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14. CONTRACT LIABILITIES

Contract liabilities primarily relate to the advance consideration received from customers for deposits on motor vehicles and heavy equipment and to the unredeemed service on motor vehicles and heavy equipment for which revenue is recognised and billings in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as (or when) the Company satisfy the performance obligations under its contracts.

	2023		2022	
	USD	KHR'000	USD	KHR'000
At 1 January	13,518,449	55,655,455	20,950,913	85,354,020
Less: Revenue recognised in the year that was included in the opening contract liabilities				
- Customer deposit	(9,342,062)	(38,181,007)	(17,481,439)	(71,446,641)
- Unredeemed service	(4,428,952)	(18,101,127)	(2,703,963)	(11,051,097)
Add: Advance consideration received				
- Customer deposit	1,616,648	6,607,240	9,675,099	39,542,130
- Unredeemed service	3,339,609	13,648,982	3,077,839	12,579,128
Exchange differences	-	(414,961)	-	677,915
At 31 December	<u>4,703,692</u>	<u>19,214,582</u>	<u>13,518,449</u>	<u>55,655,455</u>
Advance consideration received	2,446,238	10,071,162	10,171,651	41,876,687
Unredeemed service	<u>2,257,454</u>	<u>9,293,939</u>	<u>3,346,798</u>	<u>13,778,768</u>
	<u>4,703,692</u>	<u>19,214,582</u>	<u>13,518,449</u>	<u>55,655,455</u>

The amount of advance consideration received on motor vehicles and heavy equipment will be recognised as revenue when the goods are transferred to the customers, which is expected to occur within one year.

The amount of unredeemed service on motor vehicles and heavy equipment will be recognised as revenue when the service is redeemed by customers, which is expected to occur over the next two years.

**NOTES TO THE FINANCIAL STATEMENTS
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15. AMOUNTS DUE TO RELATED PARTIES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Trade				
Associate	21,381,748	87,344,441	15,126,002	62,273,750
Fellow subsidiaries	1,393,112	5,690,863	515,302	2,121,499
Other related parties	50,951	208,134	129,071	531,385
	<u>22,825,811</u>	<u>93,243,438</u>	<u>15,770,375</u>	<u>64,926,634</u>

Amounts due to fellow subsidiaries, associate and other related parties are trade in nature, interest free, unsecured and are repayable on demand.

Amounts due to immediate holding company are non-trade in nature, interest free, unsecured and are repayable on demand.

16. LOANS AND BORROWINGS

	2023		2022	
	USD	KHR'000	USD	KHR'000
Current				
Trade finance	37,762,910	154,261,488	40,420,766	166,412,294
Corporate bonds	4,762,663	19,455,478	3,652,551	15,037,551
Term loan	3,000,000	12,255,000	-	-
	<u>45,525,573</u>	<u>185,971,966</u>	<u>44,073,317</u>	<u>181,449,845</u>
Non-current				
Term loan	27,000,000	110,295,000	-	-
Corporate bonds	4,807,834	19,640,002	9,570,498	39,401,740
	<u>31,807,834</u>	<u>129,935,002</u>	<u>9,570,498</u>	<u>39,401,740</u>
Total loans and borrowings	<u>77,333,407</u>	<u>315,906,968</u>	<u>53,643,815</u>	<u>220,851,585</u>

Trade finance

Trade finance represents various short-term financial obligations undertaken with financial institutions at a predetermined interest rates and maturity date. The loan proceeds are utilised to refinance existing working capital facilities of the Company. Finance costs in 2023 amounting to USD4,968,746 (2022: USD1,620,927).

Term loan

On 21 December 2023, the Company entered into a secured loan agreement with Export-Import Bank of Thailand for an approved limit of USD30 million and is repayable in 10 semi-annually installments within a period of 5 years. Finance costs in 2023 amounting to USD65,358 (2022: nil).

**NOTES TO THE FINANCIAL STATEMENTS
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16. LOANS AND BORROWINGS (CONTINUED)

Corporate bonds

On 9 April 2020, the Company issued an unsecured, unsubordinated and guaranteed bonds amounting to KHR80 billion (equivalent to USD19.67 million), with net bonds proceeds amounting to KHR76.38 billion (equivalent to USD18.78 million) in total and 5 years tenor which shall be partially redeemed before and on the maturity date. These corporate bonds are guaranteed by Credit Guarantee and Investment Facility ("CGIF"), a trust fund of the Asian Development Bank. The net bonds proceeds are utilised to refinance existing working capital facilities of the Company. Finance costs in 2023 amounting to USD870,843 (2022: USD1,156,843).

The terms of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Maturity	2023 USD	2022 USD
Corporate bonds	KHR	5.5% p.a.	9 April 2025	9,570,497	13,223,049
		EURIBOR/ SOFR + 6.79% to 6.84% p.a.	90 - 180 days every after drawdown		
Trade finance I	USD			21,887,639	35,464,997
			90 days every after drawdown		
Trade finance II	USD	8.5% p.a.		4,948,307	4,955,769
			90 days every after drawdown		
Trade finance III	USD	7.5% p.a.		992,765	-
			180 days every after drawdown		
Trade finance IV	USD	8% p.a.		9,934,199	-
		SOFR + 2.5% to 2.85% p.a.	21 December 2028		
Term loan	USD			30,000,000	-
Balance at 31 December 2023				77,333,407	53,643,815
Balance at 31 December 2023 (KHR'000)				315,906,968	220,851,585

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

17. LEASE LIABILITIES

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Minimum lease payments:				
- Not later than one year	3,204,532	13,090,513	1,433,275	5,900,793
- Later than one year but not later than 5 years	11,922,131	48,701,905	1,956,740	8,055,899
- More than 5 years	86,000,460	351,311,879	1,252,307	5,155,747
	<u>101,127,123</u>	<u>413,104,297</u>	<u>4,642,322</u>	<u>19,112,439</u>
Less: Future finance charges	(73,447,815)	(300,034,324)	(1,085,089)	(4,467,311)
Present value of minimum lease payments	<u>27,679,308</u>	<u>113,069,973</u>	<u>3,557,233</u>	<u>14,645,128</u>
Present value of minimum lease payments				
- Not later than one year	885,296	3,616,434	1,174,018	4,833,432
- Later than one year but not later than 5 years	3,374,782	13,785,984	1,418,718	5,840,862
- More than 5 years	23,419,230	95,667,555	964,497	3,970,834
	<u>27,679,308</u>	<u>113,069,973</u>	<u>3,557,233</u>	<u>14,645,128</u>

Movement of lease liabilities

	2023		2022	
	USD	KHR'000	USD	KHR'000
At 1 January	3,557,233	14,645,128	3,626,592	14,774,736
Addition of lease liabilities	25,392,726	104,364,104	1,065,860	4,356,170
Interest charged during the year	1,251,367	5,143,118	354,587	1,449,197
Repayment of lease liabilities	(2,392,849)	(9,834,609)	(1,489,806)	(6,088,837)
Derecognition of lease liabilities	(129,169)	(530,885)	-	-
Exchange differences	-	(716,883)	-	153,862
At 31 December	<u>27,679,308</u>	<u>113,069,973</u>	<u>3,557,233</u>	<u>14,645,128</u>
Less: current portion	885,296	3,616,434	1,174,018	4,833,432
Non-current portion	<u>26,794,012</u>	<u>109,453,539</u>	<u>2,383,215</u>	<u>9,811,696</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

18. SHARE CAPITAL

Details based on the Memorandum and Articles of Association are as follows:

	2023 and 2022		
	Number of shares	Equivalent to USD	KHR'000
Ordinary shares, registered, issued and fully paid At 1 January/ 31 December	1,000	4,000,000	16,000,000

The holders of ordinary shares is entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

19. REVENUES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Disaggregations of revenue from contract with customers:				
Sales of goods	420,819,028	1,729,566,206	524,028,096	2,141,702,828
Service revenue	17,225,277	70,795,888	15,060,099	61,550,625
	<u>438,044,305</u>	<u>1,800,362,094</u>	<u>539,088,195</u>	<u>2,203,253,453</u>

20. ADMINISTRATIVE EXPENSES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Salaries, wages and staff benefits	10,237,930	42,077,892	8,723,743	35,653,938
Storage fees	2,491,178	10,238,742	760,297	3,107,334
Utilities	404,895	1,664,118	313,625	1,281,785
Staff development	387,603	1,593,048	269,063	1,099,660
Repairs and maintenance	375,258	1,542,310	350,567	1,432,767
Short-term leases	35,284	145,017	14,706	60,103
Others	1,174,784	4,828,364	946,911	3,870,026
	<u>15,106,932</u>	<u>62,089,491</u>	<u>11,378,912</u>	<u>46,505,613</u>

Salaries, wages and staff benefits for the year comprises:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Wages and salaries	9,005,450	37,012,400	7,726,467	31,578,071
Other benefits	1,232,480	5,065,492	997,276	4,075,867
	<u>10,237,930</u>	<u>42,077,892</u>	<u>8,723,743</u>	<u>35,653,938</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

21. OPERATING EXPENSES

	2023		2022	
	USD	KHR'000	USD	KHR'000
Depreciation of property, plant and equipment (Note 5)	3,666,578	15,069,636	3,215,109	13,140,150
Penalty fees	3,405,797	13,997,826	-	-
Corporate services	1,906,819	7,837,026	1,564,442	6,393,874
Depreciation of right-of-use assets (Note 6)	1,616,480	6,643,733	1,225,384	5,008,144
Fuel and oil	971,722	3,993,777	864,128	3,531,694
Provision for slow-moving inventories	557,229	2,290,211	2,279,398	9,315,900
Entertainment	529,801	2,177,482	435,419	1,779,557
Communication	527,323	2,167,298	549,970	2,247,727
Insurance fees	523,346	2,150,952	364,212	1,488,534
Gifts and donations	401,626	1,650,683	265,069	1,083,337
Professional and legal fees	342,014	1,405,678	256,967	1,050,224
Bank charges and commission	310,986	1,278,151	446,216	1,823,684
Impairment loss on investment in associate	-	-	250,000	1,021,750
Reversal on impairment loss of trade receivables	(6,261)	(25,733)	(782,593)	(3,198,458)
(Reversal)/ provision of warranty	(998,000)	(4,101,780)	998,000	4,078,826
Others	1,440,153	5,919,029	796,928	3,257,045
	<u>15,195,613</u>	<u>62,453,969</u>	<u>12,728,649</u>	<u>52,021,988</u>

Penalty fees represents charges from R M A Automotive (Cambodia) Co., Ltd., an associate, for not fulfilling the minimum order as agreed by both parties.

22. INCOME TAX

(a) The tax expense for the year comprises:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Current tax	5,694,345	23,403,758	13,633,711	55,720,977
Tax incentive	-	-	(1,963,672)	(8,025,527)
Deferred tax	558,007	2,293,409	1,173,950	4,797,934
	<u>6,252,352</u>	<u>25,697,167</u>	<u>12,843,989</u>	<u>52,493,383</u>

Under the Cambodian Law of Taxation, the Company has an obligation to pay income tax at a higher of 20% based on profit before tax (2022: 20%) or 1% based on total revenue (2022: 1%).

**NOTES TO THE FINANCIAL STATEMENTS
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22. INCOME TAX (CONTINUED)

The reconciliation of income tax computed at the statutory tax rate to the Company's income tax expense is as follow:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Profit before tax	33,922,214	139,420,300	72,439,176	296,058,913
Tax at Cambodian statutory tax rate of 20%	6,784,443	27,884,061	14,487,835	59,211,783
Adjustments:				
Tax effect of non-deductible expenses	962,000	3,953,820	138,967	567,957
Origination of temporary differences	(578,837)	(2,379,020)	180,859	739,170
Underprovision of deferred tax	(915,254)	(3,761,694)	-	-
Tax incentive	-	-	(1,963,672)	(8,025,527)
	<u>6,252,352</u>	<u>25,697,167</u>	<u>12,843,989</u>	<u>52,493,383</u>

In accordance with Sub-Decree 01 ANKr.BK on Tax Incentives in Securities Sector and Prakas No. 183 on Implementation of Tax Incentives on Income Tax for Entities that Offer Securities to the Public, a qualifying entity will be eligible for the following Tax Incentives, subject to the approval from the relevant authorities:

- Entities that issue equity securities of more than 20% of its voting rights and / or issue debt securities of more than 20% of its total assets and carry maturities of at least 7 years shall receive Tax Incentives of 50% on the income tax for the period of 3 years.
- Entities that issue equity securities of 20% and / or less of its voting rights and / or issue debt securities of 20% and/ or less of its total assets shall receive Tax Incentives on the income tax for the period of 3 years based on proportion. These Tax Incentives are capped at KHR20,000,000,000 and KHR8,000,000,000 for issuer of equity securities and debt securities, respectively.

On 22 July 2021, General Department of Taxation (“GDT”) and the Securities and Exchange Commission of Cambodia (“SECC”) confirmed and granted to the Company with Tax Incentives on profit for the period of 3 years starting from financial year ended 31 December 2020.

(b) Deferred tax assets/ (liabilities) - net

	2023		2022	
	USD	KHR'000	USD	KHR'000
Deferred tax assets	7,777,031	31,769,172	3,599,963	14,821,048
Deferred tax liabilities	(5,358,764)	(21,890,551)	(623,689)	(2,567,728)
Net deferred tax assets	<u>2,418,267</u>	<u>9,878,621</u>	<u>2,976,274</u>	<u>12,253,320</u>

NOTES TO THE FINANCIAL STATEMENTS
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22. INCOME TAX (CONTINUED)

(b) Deferred tax assets/ (liabilities) - net

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

	2023		2022	
	USD	KHR'000	USD	KHR'000
At 1 January	2,976,274	12,253,320	4,150,224	16,908,013
Recognised in profit or loss	(558,007)	(2,293,409)	(1,173,950)	(4,797,934)
Exchange differences	-	(81,290)	-	143,241
At 31 December	<u>2,418,267</u>	<u>9,878,621</u>	<u>2,976,274</u>	<u>12,253,320</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

	1 January	Recognised in profit or loss during	31 December	31 December
	2023	the year	2023	2023
	USD	USD	USD	KHR'000
Deferred tax assets/ (liabilities)				
Property, plant and equipment	101,833	336,773	438,606	1,791,706
Right-of-use assets	(623,689)	(4,735,075)	(5,358,764)	(21,890,550)
Lease liabilities	-	5,535,862	5,535,862	22,613,996
Provision	1,466,031	(124,050)	1,341,981	5,481,992
Contract liabilities	1,991,772	(1,535,308)	456,464	1,864,655
Unrealised exchange differences	40,327	(36,209)	4,118	16,822
	<u>2,976,274</u>	<u>(558,007)</u>	<u>2,418,267</u>	<u>9,878,621</u>

	1 January	Recognised in profit or loss during	31 December	31 December
	2022	the year	2022	2022
	USD	USD	USD	KHR'000
Deferred tax assets/ (liabilities)				
Property, plant and equipment	49,534	52,299	101,833	419,246
Right-of-use assets	(655,594)	31,905	(623,689)	(2,567,727)
Provision	1,124,234	341,797	1,466,031	6,035,650
Contract liabilities	3,631,962	(1,640,190)	1,991,772	8,200,125
Unrealised exchange differences	88	40,239	40,327	166,026
	<u>4,150,224</u>	<u>(1,173,950)</u>	<u>2,976,274</u>	<u>12,253,320</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. CASH FLOWS INFORMATION

Reconciliation of liabilities arising from financing activities:

	Loans and borrowings USD (Note 16)	Lease liabilities USD (Note 6)	Amounts due to shareholders USD	Total USD
At 1 January 2022	29,598,743	3,626,592	3,805,800	37,031,135
Financing activities				
Drawdown of trade finance	234,315,646	-	-	234,315,646
Repayments of trade finance	(207,454,311)	-	-	(207,454,311)
Repayment of bonds	(3,009,590)	-	-	(3,009,590)
Repayment of lease liabilities	-	(1,135,219)	-	(1,135,219)
Dividends paid	-	-	(27,217,773)	(27,217,773)
Net cash generated from/ (used in) financing activities	23,851,745	(1,135,219)	(27,217,773)	(4,501,247)
Liability-related other changes				
Additional leases	-	1,065,860	-	1,065,860
Finance costs	193,327	-	-	193,327
Dividends declaration	-	-	23,411,973	23,411,973
Total other changes	193,327	1,065,860	23,411,973	24,671,160
At 31 December 2022/ 1 January 2023	53,643,815	3,557,233	-	57,201,048
Financing activities				
Drawdown of trade finance	159,540,350	-	-	159,540,350
Drawdown of term loan	30,000,000	-	-	30,000,000
Repayments of trade finance	(162,198,206)	-	-	(162,198,206)
Repayment of bonds	(3,838,899)	-	-	(3,838,899)
Repayment of lease liabilities	-	(1,141,482)	-	(1,141,482)
Dividends paid	-	-	(9,945,791)	(9,945,791)
Net cash generated from/ (used in) financing activities	23,503,245	(1,141,482)	(9,945,791)	12,415,972
Liability-related other changes				
Additional leases	-	25,392,726	-	25,392,726
Derecognition	-	(129,169)	-	(129,169)
Finance costs	186,347	-	-	186,347
Dividends declaration	-	-	9,945,791	9,945,791
Total other changes	186,347	25,263,557	9,945,791	35,395,695
At 31 December 2023	77,333,407	27,679,308	-	105,012,715
At 31 December 2022 (KHR'000)	220,851,585	14,645,128	-	235,496,713
At 31 December 2023 (KHR'000)	315,906,968	113,069,973	-	428,976,941

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

24. DIVIDENDS

	2023		2022	
	USD	KHR'000	USD	KHR'000
Recognised during the year:				
Dividend declared and paid during the period ended 31 March of USD2,500 (KHR10,275,000) per ordinary share (Note (a)(i))	2,500,000	10,275,000	-	-
Dividend declared and paid during the period ended 31 March of USD651 (KHR2,674,751) per ordinary share (Note (a)(ii))	650,791	2,674,751	-	-
Dividend declared and paid during the period ended 30 September of USD3,995 (KHR16,419,450) per ordinary share (Note b)	3,995,000	16,419,450	-	-
Dividend declared and paid during the period ended 31 December of USD2,800 (KHR11,508,000) per ordinary share (Note e)	2,800,000	11,508,000	-	-
Dividend declared and paid during the period ended 30 June of USD3,400 (KHR13,895,800) per ordinary share (Note c)	-	-	3,400,000	13,895,800
Dividend declared and paid during the period ended 30 June of USD919 (KHR3,757,036) per ordinary share (Note (a)(iii))	-	-	919,265	3,757,036
Dividend declared and paid during the period ended 30 September of USD9,700 (KHR39,643,900) per ordinary share (Note d)	-	-	9,700,000	39,643,900
Dividend declared and paid during the period ended 30 September of USD3,407 (KHR13,922,590) per ordinary share (Note (a)(iv))	-	-	3,406,555	13,922,590
Dividend declared and paid during the period ended 31 December of USD5,986 (KHR24,465,408) per ordinary share (Note (a)(v))	-	-	5,986,153	24,465,408
	<u>9,945,791</u>	<u>40,877,201</u>	<u>23,411,973</u>	<u>95,684,734</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

24. DIVIDENDS (CONTINUED)

- (a) On 14 June 2022, the Board of Directors resolved via a written resolution of the Board of Directors that monthly interim dividends for 2022, equal to or less than 20% of the net income earned in a specified month will be paid to those shareholders whose names appear on the Register of Members of the Company as of the end of the same month, subject to the relevant laws and regulations.
- (i) On 20 January 2023, an additional monthly interim dividend of USD2,500,000 (equivalent to KHR10,275,000,000) was declared from the earnings of the nine-month period ended 30 September 2022. The dividend was paid on 20 January 2023.
- (ii) On 30 January 2023, a monthly interim dividend of USD650,791 (equivalent to KHR2,674,751,000) was declared from the earnings of the month of December 2022. The dividend was paid on 7 February 2023.
- (iii) On 15 June 2022, a monthly interim dividend of USD919,265 (equivalent to KHR3,757,036,000) was declared from April and May 2022 earnings. This dividend was paid on 17 June 2022.
- (iv) On June 2022, July 2022 and August 2022, a monthly interim dividend of USD3,406,555 (equivalent to KHR13,922,590,000) was declared from June to August 2022 earnings. The dividend was paid on 22 July, 9 August, 30 August and 19 September 2022, respectively.
- (v) On June 2022, September 2022, October 2022 and November 2022, a monthly interim dividend of USD5,986,153 (equivalent to KHR24,465,408,000) was declared from June to November 2022 earnings. The dividend was paid on 13 October, 28 November and 22 December 2022, respectively.
- (b) On 10 August 2023, a final dividend of USD3,995,000 (equivalent to KHR16,419,450,000) was declared from the earnings for the financial year ended 2022. The dividend was paid on 27 September 2023.
- (c) On 29 April 2022, a monthly interim dividend of USD3,400,000 (equivalent to KHR13,895,800,000) was declared from the earnings of the three-month period ended 31 March 2022. The dividend was paid on 24 May 2022.
- (d) On 22 August 2022, a monthly interim of USD9,700,000 (equivalent to KHR39,643,900,000) was declared from the earnings for the financial year ended 2021. The dividend was paid on 8 September 2022.
- (e) On 14 December 2023, a monthly interim of USD2,800,000 (equivalent to KHR11,508,000,000) was declared from the retained earnings for the period ended January to September 2023. The dividend was paid on 18 December 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

25. RELATED PARTIES

(a) Significant related party balances and transactions

Information on related party balances are disclosed in Notes 10, 11 and 15. Significant related parties' transactions other than disclosed elsewhere in the financial statements are as follows:

	2023		2022	
	USD	KHR'000	USD	KHR'000
With immediate holding company				
Dividends	9,935,845	40,836,323	23,388,561	95,589,049
With shareholder				
Dividends	9,946	40,878	23,412	95,685
With associate				
Management fee and service charge to	(305,779)	(1,256,752)	-	-
Purchase of goods and services	133,856,324	550,149,492	29,811,518	121,839,674
Purchase of assets	-	-	17,772	72,634
Sale of goods and services	(233,334)	(959,003)	(81,691)	(333,872)
Penalty fees	3,405,422	13,996,284	-	-
Acquisition of investment in associate	-	-	250,000	1,021,750
With fellow subsidiaries and other related parties				
Rental charge by	845,250	3,473,978	9,000	36,783
Rental charge to	(93,703)	(385,119)	(37,800)	(154,489)
Management fee and service charge by	2,631,824	10,816,797	1,681,822	6,873,607
Management fee and service charge to	(352,650)	(1,449,392)	(161,017)	(658,076)
Purchase of assets	1,585,825	6,517,741	346,918	1,417,854
Purchase of goods and services	5,800,840	23,841,452	7,896,433	32,272,722
Sale of assets	(100,363)	(412,492)	(45,495)	(185,938)
Sale of goods and services	(38,389,732)	(157,781,798)	(63,600,531)	(259,935,370)
Acquisition of other investment	-	-	600,000	2,452,200
Dividend income	-	-	(500,120)	(2,043,990)
Interest paid	169,960	698,536	-	-
Commission fee	(36,702)	(150,845)	(9,660)	(39,480)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

25. RELATED PARTIES (CONTINUED)

(b) Key management personnel remuneration

Compensation of key management personnel are defined as the members of Board of Directors and the employees of the Company whereby the authority and responsibility for planning, directing and controlling the activities of the Company, directing or indirectly lies. Total compensation made to the key management personnel of the Company are as follows:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Wages and salaries	2,046,639	8,411,686	1,571,585	6,423,068
Directors' remuneration	144,852	595,342	137,882	563,524
Other benefits	135,175	555,569	136,070	556,118
	<u>2,326,666</u>	<u>9,562,597</u>	<u>1,845,537</u>	<u>7,542,710</u>

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

- (i) Amortised cost
- (ii) Designated fair value through other comprehensive income ("FVTOCI")

At 31 December 2023	Carrying amount		Amortised cost	FVTOCI
	USD	KHR'000	USD	USD
Financial assets				
Other investment	5,600,000	22,876,000	-	5,600,000
Trade and other receivables	11,571,630	47,270,108	11,571,630	-
Amounts due from related parties	6,089,501	24,875,612	6,089,501	-
Cash and cash equivalents	22,162,605	90,534,241	22,162,605	-
	<u>45,423,736</u>	<u>185,555,961</u>	<u>39,823,736</u>	<u>5,600,000</u>
Financial liabilities				
Trade and other payables	8,504,917	34,742,586	8,504,917	-
Amounts due to related parties	22,825,811	93,243,438	22,825,811	-
Loans and borrowings	77,333,407	315,906,968	77,333,407	-
Lease liabilities	27,679,308	113,069,973	27,679,308	-
	<u>136,343,443</u>	<u>556,962,965</u>	<u>136,343,443</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments (Continued)

At 31 December 2022	Carrying amount		Amortised	FVTOCI
	USD	KHR'000	cost USD	USD
Financial assets				
Other investment	5,600,000	23,055,200	-	5,600,000
Trade and other receivables	5,449,822	22,436,917	5,449,822	-
Amounts due from related parties	6,464,903	26,616,006	6,464,903	-
Cash and cash equivalents	42,084,364	173,261,327	42,084,364	-
	59,599,089	245,369,450	53,999,089	5,600,000
Financial liabilities				
Trade and other payables	9,668,005	39,803,176	9,668,005	-
Amounts due to related parties	15,770,375	64,926,634	15,770,375	-
Loans and borrowings	53,643,815	220,851,585	53,643,815	-
Lease liabilities	3,557,233	14,645,128	3,557,233	-
	82,639,428	340,226,523	82,639,428	-

Financial risk management

The Company's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company's overall financial risk management objective is to ensure that the Company creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control system and adherence to the Company's financial risk management policies.

(a) Credit risk

Credit risk is the risk of financial loss to the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables, amounts due from related parties and other receivables) and from its other financial assets, including deposits with banks and financial institutions and other investment. The Company has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables

As at the end of the reporting period the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Company considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

The Company applied the simplified approach to providing for impairment losses prescribed by CIFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the impairment losses trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information. However, based on the assessment performed by the management, the identified impairment losses were immaterial.

Other receivables and other financial assets

For other receivables and other financial assets (including deposits with banks and financial institutions), the Company minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

As at the end of the reporting date, the Company did not recognise any loss allowance for impairment for other receivables, amounts due from related companies and other financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations when they fall due. The Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Company's exposure to liquidity risk arise principally from trade and other payables, amounts due to related parties, loans and borrowings, and lease liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Company maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Company uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost of borrowed funds. The Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis

The maturity analysis of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations as follows:

	Carrying amount		Total USD	Within 1 year	More than 1 year	More than 5 years USD
	USD	KHR'000		or on demand USD	but less than 5 years USD	
At 31 December 2023						
Trade and other payables	8,504,917	34,742,586	8,504,917	8,504,917	-	-
Amounts due to related parties	22,825,811	93,243,438	22,825,811	22,825,811	-	-
Loans and borrowings	77,333,407	315,906,968	84,481,021	49,717,272	34,763,749	-
Lease liabilities	27,679,308	113,069,973	101,127,123	3,204,532	11,922,131	86,000,460
	136,343,443	556,962,965	216,938,872	84,252,532	46,685,880	86,000,460
At 31 December 2022						
Trade and other payables	9,668,005	39,803,176	9,668,005	9,668,005	-	-
Amounts due to related parties	15,770,375	64,926,634	15,770,375	15,770,375	-	-
Loans and borrowings	53,643,815	220,851,585	58,915,919	48,289,734	10,626,185	-
Lease liabilities	3,557,233	14,645,128	4,642,322	1,433,275	1,956,740	1,252,307
	82,639,428	340,226,523	88,996,621	75,161,389	12,582,925	1,252,307

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises primarily from loans and borrowings. Loans and borrowings expose the Company to fair value interest rate risk and cash flow interest rate risk respectively.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Company's total equity and profit for the year.

	Change in basis point (1/10,000)	Effect on profit or loss USD	Effect on equity USD	KHR'000
31 December 2023				
Loans and borrowings	+50	(25,171)	(25,171)	(102,824)
	-50	25,171	25,171	102,824
Corporate bonds	+50	(4,354)	(4,354)	(17,786)
	-50	4,354	4,354	17,786
31 December 2022				
Loans and borrowings	+50	(8,105)	(8,105)	(33,368)
	-50	8,105	8,105	33,368
Corporate bonds	+50	(5,784)	(5,784)	(23,813)
	-50	5,784	5,784	23,813

(d) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when cash and bank balances, trade and other receivables, trade and other payables, sales, purchases and borrowings that are denominated in a foreign currency).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk (Continued)

The Company's unhedged financial assets and liabilities that are not denominated in its functional currency are as follows:

	2023	2022
	USD	USD
<u>Cash and cash equivalents</u>		
Khmer Riel (KHR)	2,817,040	64,203
<u>Trade and other receivables</u>		
Khmer Riel (KHR)	-	19,587
British Pound Sterling (GBP)	-	94,879
<u>Trade and other payables</u>		
European Euro (EUR)	(39,089)	(159)
British Pound Sterling (GBP)	-	(46,621)
Japanese Yen (JPY)	(144,335)	(30,780)
Thai Baht (THB)	-	(941)
<u>Loans and borrowings</u>		
Khmer Riel (KHR)	(9,570,497)	(13,223,049)

The Company's principal foreign currency exposure relates mainly to Khmer Riel.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the KHR with all other variables held constant:

	Change in rate %	Effect on profit or loss USD	Effect on equity USD
31 December 2023			
KHR/USD	+ 3%	(202,604)	(202,604)
	- 3%	202,604	202,604
31 December 2022			
KHR/USD	+ 3%	(394,178)	(394,178)
	- 3%	394,178	394,178

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

26. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values

Level 3 fair value

Fair value of financial instruments carried at fair value

The fair value of unquoted equity investments has been estimated using a dividend discount model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of fair value for these unquoted equity investments.

	Carrying amount		Fair value of financial instruments carried at fair value USD
	USD	KHR'000	USD
Other investment			
31 December 2023	5,600,000	22,876,000	5,600,000
31 December 2022	5,600,000	23,055,200	5,600,000

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable.

Description	Valuation technique	Significant unobservable input	Relationship of unobservable inputs to fair value
Investment in unquoted equity shares (FVTOCI)	Dividend discount model	Intrinsic value approach based on a 10-year dividend discount model	Increase in the dividend would result in an increase in fair value.

Fair value of financial instruments not carried at fair value

The fair value of financial assets or liabilities are not materially different from their carrying amounts due to relatively short-term in nature or the interest is close to current market rates.

27. COMMITMENTS

The Company has made commitments for the following:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Property, plant and equipment	778,399	3,179,760	1,559,459	6,420,293
Unsecured bank guarantees issued in favour of suppliers	6,000,000	24,510,000	6,530,517	26,886,138
Leases	35,284	145,017	14,706	60,103

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

28. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong capital base and safeguards the Company's ability to continue as going concern in order to provide return to shareholders.

The Company's capital is represented by its total equity in the statement of financial position. The Company manages capital by regularly monitoring its current and expected liquidity requirements and to ensure compliance with any externally imposed capital requirements.

29. TAXATION CONTINGENCIES

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Often different interpretation exists among numerous taxation authorities and jurisdictions. Taxes are subjected 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 compared to other countries. Management believes that tax liabilities have been adequately provided based on its interpretation of tax legislations. However, the relevant authorities may have differing interpretations and effects could be significant.

30. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE YEAR

On 11 January 2024, an additional monthly interim dividend of USD5,000,000 (equivalent to KHR 20,445,000,000) was declared and paid from the earnings of financial year ended 2023. The dividend was paid on 17 January 2024.

The audited financial statements for the year ended 31 December 2023 does not reflect these dividends as liabilities. These dividends will be accounted for in equity as an appropriation of retained earnings in the quarter and three-month period ending 31 March 2024.

31. COMPARATIVE FIGURES

Certain amounts in the comparative finance statement and note disclosures have been reclassified to conform with the current year's presentation of the accounts. Management believes that these reclassifications would better reflect the nature of the transactions.

Summary of changes arising from the reclassifications are shown below:

	As previously stated USD	Reclassifications USD	As reclassified USD
<u>Statement of Cash Flows:</u>			
Adjustments for:			
Impairment loss on trade receivables			
- Provision	91,776	(91,776)	-
- Reversal of provision	(874,369)	874,369	-
Reversal on impairment loss of trade receivables	-	(782,593)	(782,593)
	-	(782,593)	(782,593)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

31. COMPARATIVE FIGURES (CONTINUED)

	As previously stated USD	Reclassifications USD	As reclassified USD
Changes in working capital:			
Related companies	12,412,573	(12,412,573)	-
Amounts due from related parties	-	(1,971,742)	(1,971,742)
Amounts due to related parties	-	14,384,315	14,384,315
<hr/>			
Investing activities			
Change in bond guarantee	(3,511,122)	3,511,122	-
Financing activities			
Change in bond guarantee	-	(3,511,122)	(3,511,122)
<hr/>			

32. SEGMENT INFORMATION

The Company is a diversified company which derives its revenue and profits from a variety of sources. The Company's chief operating decision maker, i.e. the chief executive officer ("CEO"), considers the business from different products and services and has identified one reportable segment.

- Ford - Marketing and sale of Ford's vehicles, service and spare parts.
- Other operations - Marketing and sale of machinery, equipment, maintenance and servicing of equipment, vehicles and spare parts other than Ford.

None of these operations met the quantitative thresholds for reportable segments.

Segment profit

Segment performance issued to measure performance as CEO believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the financial statements.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal reports that are reviewed by the CEO.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment, as included in the internal reports that are reviewed by the CEO.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

32. SEGMENT INFORMATION (CONTINUED)

The table below shows the segment information for the reportable segments for the year ended 31 December 2023 and 2022:

	Ford		Other operations		Elimination		Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000
As at 31 December 2023								
Total segment revenue	386,112,678	1,586,923,107	58,951,381	242,290,176	-	-	445,064,059	1,829,213,283
Inter segment revenue	-	-	-	-	(7,019,754)	(28,851,189)	(7,019,754)	(28,851,189)
	<u>386,112,678</u>	<u>1,586,923,107</u>	<u>58,951,381</u>	<u>242,290,176</u>	<u>(7,019,754)</u>	<u>(28,851,189)</u>	<u>438,044,305</u>	<u>1,800,362,094</u>
Revenue from:								
- External customers	349,116,151	1,434,867,381	50,305,088	206,753,912	-	-	399,421,239	1,641,621,293
- Related parties	36,996,527	152,055,726	8,646,293	35,536,264	(7,019,754)	(28,851,189)	38,623,066	158,740,801
	<u>386,112,678</u>	<u>1,586,923,107</u>	<u>58,951,381</u>	<u>242,290,176</u>	<u>(7,019,754)</u>	<u>(28,851,189)</u>	<u>438,044,305</u>	<u>1,800,362,094</u>
Segment profit*	<u>43,443,435</u>	<u>178,552,518</u>	<u>1,588,715</u>	<u>6,529,619</u>	<u>-</u>	<u>-</u>	<u>45,032,150</u>	<u>185,082,137</u>
As at 31 December 2022								
Total segment revenue	497,922,395	2,035,008,828	50,478,210	206,304,444	-	-	548,400,605	2,241,313,272
Inter segment revenue	-	-	-	-	(9,312,410)	(38,059,819)	(9,312,410)	(38,059,819)
	<u>497,922,395</u>	<u>2,035,008,828</u>	<u>50,478,210</u>	<u>206,304,444</u>	<u>(9,312,410)</u>	<u>(38,059,819)</u>	<u>539,088,195</u>	<u>2,203,253,453</u>
Revenue from:								
- External customers	440,406,499	1,799,941,361	34,999,474	143,042,850	-	-	475,405,973	1,942,984,211
- Related parties	57,515,896	235,067,467	15,478,736	63,261,594	(9,312,410)	(38,059,819)	63,682,222	260,269,242
	<u>497,922,395</u>	<u>2,035,008,828</u>	<u>50,478,210</u>	<u>206,304,444</u>	<u>(9,312,410)</u>	<u>(38,059,819)</u>	<u>539,088,195</u>	<u>2,203,253,453</u>
Segment profit*	<u>77,888,423</u>	<u>318,329,985</u>	<u>2,848,355</u>	<u>11,641,227</u>	<u>-</u>	<u>-</u>	<u>80,736,778</u>	<u>329,971,212</u>

R M A (CAMBODIA) PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

32. SEGMENT INFORMATION (CONTINUED)

The table below shows the segment information for the reportable segments for the year ended 31 December 2023 and 2022: (Continued)

	Ford		Other operations		Elimination		Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000
31 December 2023								
Total segment assets	191,734,092	783,233,766	75,955,433	310,277,944	-	-	267,689,525	1,093,511,710
Total segment liabilities	121,211,121	495,147,429	22,389,796	91,462,317	-	-	143,600,917	586,609,746
31 December 2022								
Total segment assets	168,267,323	692,756,569	47,738,320	196,538,663	-	-	216,005,643	889,295,232
Total segment liabilities	95,395,738	392,744,253	14,245,368	58,648,180	-	-	109,641,106	451,392,433

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

32. SEGMENT INFORMATION (CONTINUED)

(*) The chief operating decision maker uses segment profit as a measure to assess the performance of the segments. This excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings, legal expenses and impairment when the impairment is the result of an isolated, non-recurring event. It also excludes the effects of unrealised gains/losses on financial instruments.

A reconciliation of segment profit to operating profit before tax is provided as follows:

	2023		2022	
	USD	KHR'000	USD	KHR'000
Segment profit	45,032,150	185,082,137	80,736,778	329,971,212
Depreciation of:				
- property, plant and equipment	(3,666,578)	(15,069,636)	(3,215,109)	(13,140,150)
- right-of-use assets	(1,616,480)	(6,643,733)	(1,225,384)	(5,008,144)
Dividend income	-	-	500,120	2,043,990
Finance costs	(7,156,314)	(29,412,451)	(3,132,357)	(12,801,943)
Finance income	638,097	2,622,579	1,175,841	4,805,662
Reversal of impairment loss on trade receivables	6,261	25,733	782,593	3,198,458
Impairment loss on investment in associate	-	-	(250,000)	(1,021,750)
(Reversal)/ provision of warranty	998,000	4,101,780	(998,000)	(4,078,826)
Slow-moving inventories				
- Provision	(2,494,347)	(10,251,766)	(3,142,630)	(12,843,929)
- Reversal of provision	1,937,119	7,961,559	863,232	3,528,029
- Write-off	244,306	1,004,098	344,092	1,406,304
Profit before tax	33,922,214	139,420,300	72,439,176	296,058,913

33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors dated 22 March 2024.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R M A (CAMBODIA) PLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of R M A (Cambodia) PLC. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 5 to 49.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. The matter was addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of inventories

Refer to Note 2(e), Note 4(c) and Note 9 to the financial statements

As at 31 December 2023, the carrying values of inventories of the Company amounted to USD158,001,344.

The Company holds significant levels of inventories which consisted mainly of new vehicles and spare parts. The ability of the Company to sell the inventories in the future may be adversely affected by many factors including changes in consumers' preferences, competitors' activities including pricing and the introduction of new car models. As a result, there is a risk that certain models may be sold below the carrying value and may need to be written down to their net realisable value ("NRV"). It is a significant area for our audit as establishing the valuation of the inventories requires management to make estimates and judgements in determining the appropriateness of the write down of the inventories to NRV.

Accordingly, we have identified this as a key audit matter.

Our response:

- We obtained an understanding of the assessment performed by the management to arrive at the NRV of inventories;
- We tested the cost of inventories by model;
- We compared the inventory levels to recent sales trend of the Company; and
- We compared the cost of inventories against the expected selling price less cost to sell by model. The expected selling price less cost to sell was derived from post-year end published selling price by model net of estimated discounts and estimated sales incentives, and other related costs to sell.

Based on the above procedures performed, we did not identify any material exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the Annual Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the CIFRSs. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the directors, we determined those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.



Baker Tilly (Cambodia) Co., Ltd.
Certified Public Accountant



Oknha Tan Khee Meng
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia

Date: **01 APR 2024**