

SELL

Annual Report 2023

Our Vision

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

Our Mission

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

Our Slogan

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

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

Headquarters: 5th floor, ACLEDA Building #61, Preah Monivong Blvd., Sangkat Srah Chork Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

P.O. Box: 1149

Tel: (0) 23 999 966/ 999 977/ 723 388

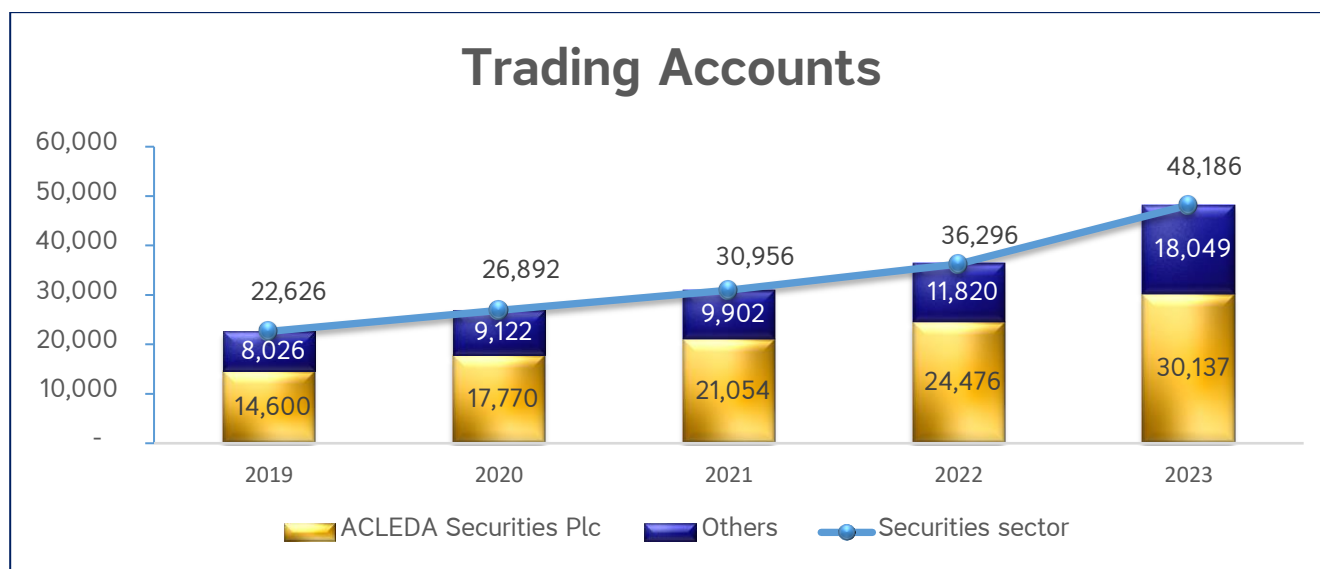
Email: info@acledasecurities.com.kh

Website: www.acledasecurites.com.kh

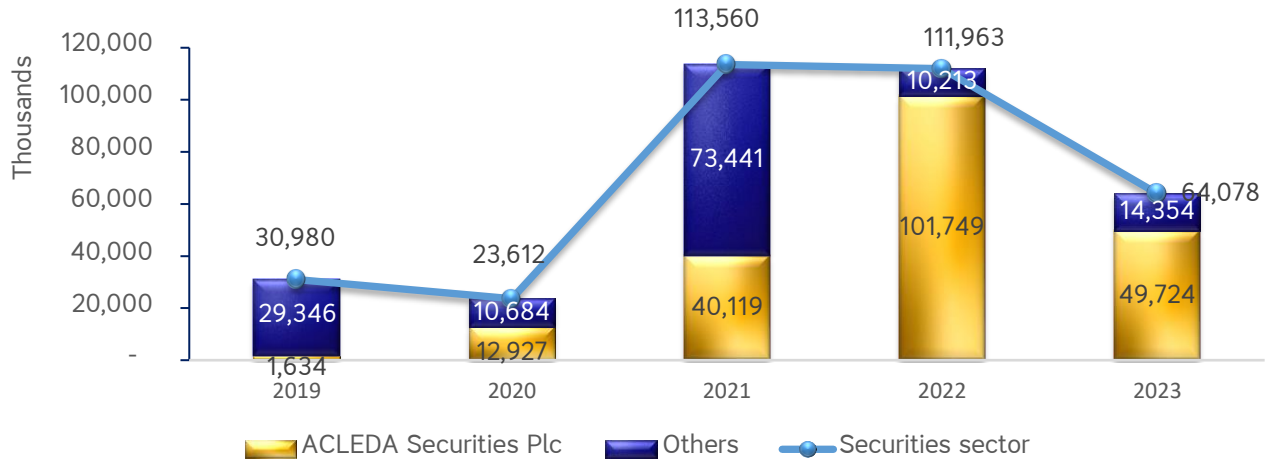
FINANCIAL RESULTS

	31/12/2023 Audited		31/12/2022 Audited		Percentage Change
	USD	000'KHR	USD	000'KHR	%
Balance Sheet					
Total Assets	2,714,968	11,090,643	2,850,641	11,736,089	-4.76%
Total Liabilities	139,318	569,112	308,787	1,271,275	-54.88%
Total Equities	2,575,650	10,521,531	2,541,854	10,464,814	1.33%
Income Statement					
Total Revenue	542,126	2,228,138	993,509	4,060,473	-45.43%
Profit before income tax	88,919	365,455	508,724	2,079,154	-82.52%
Profit for the year	33,796	138,899	430,334	1,758,773	-92.15%

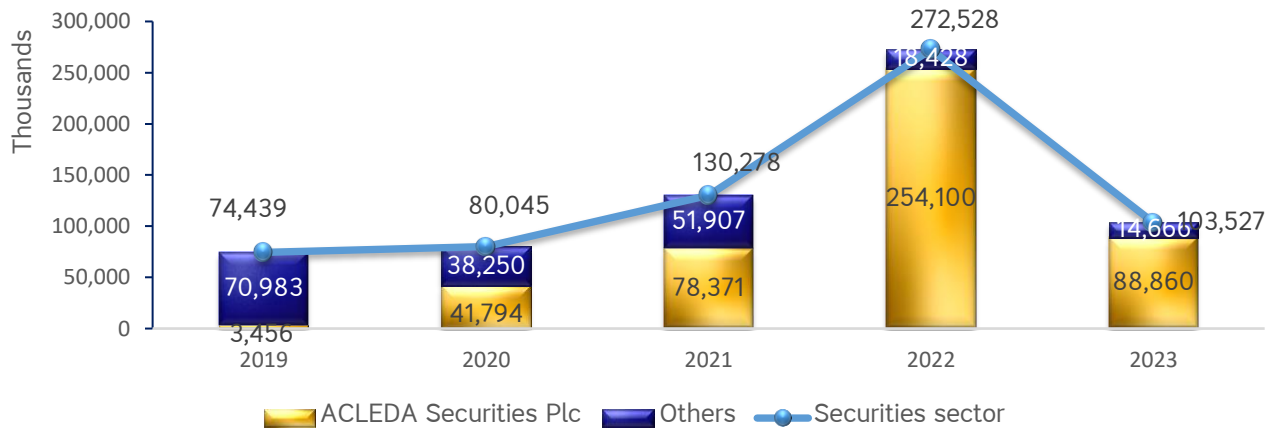
PERFORMANCE



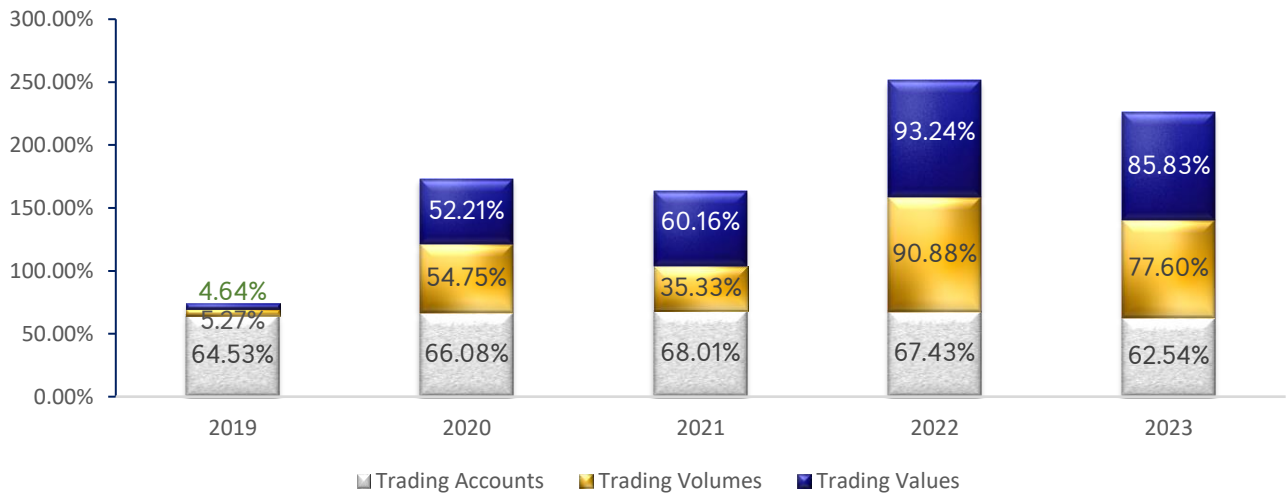
Trading Volumes



Trading Values (US\$)



Market Shares



Agreement signing ceremony "To Link Online Opening Trading Account"

Between ACLEDA Securities Plc., and SERC.



Training Course on “Smart Investment”
At Royal University of Law and Economics



“Cambodia Stock Market Exhibition 2023” program
At Aeon Mall Phnom Penh



Training course on “Smart Investment”
At National University of Battambang.



Seminar on “Investor Protection and Law enforcement in Securities Factor”
For Provincial Hall Officers

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CHAIRWOMAN'S REPORT



Mrs. MAR Amara

Chairwoman

“On behalf of ACLEDA Securities Plc.’s board of directors, a securities brokerage firm, I am really honored and pleased to present ACLEDA Securities Plc.’s 2023 annual report to all stakeholders.

The Cambodia Economy

Cambodia’s economy is firmly on a path to recovery, led by manufacturing exports and growth in services and agriculture, the World Bank said in a report on 18 May 2023. A strong rebound in services, especially trade, travel, and hospitality has helped bring Cambodia back to pre-COVID-19 growth levels, with foreign arrivals accelerating as the country hosts the Southeast Asian Games and ASEAN Para Games. This revival is also boosted by easing domestic prices as global oil and food prices stabilize. With the agriculture sector expanding due to improved access to regional markets following newly ratified trade agreements, economic growth is forecast to accelerate to 5.5% in 2023. However, an extended slowdown in external demand could weaken export-oriented manufacturing, while continued global financial tightening might expose risks in Cambodia’s highly leveraged financial sector.

Cambodia Securities Sector

Under supporting from the Royal Government on a tax incentive policy for both equity and debt listed companies, by obtaining up to 50 percent reduction over tax on profit within 3 years (2022-2024) or can get tax incentives on tax liabilities for companies/enterprise that fully comply for listing in main board or growth board. Any equity and debt securities public offering on CSX in green and sustainable finance scheme or financing any priority sector can receive additional special tax incentives. As at 2023, there are 18 listed companies have been listed on the Cambodia Securities Exchange (CSX) of which there were 11 companies have been issued the equity securities while other 7 companies have been issued the debt securities. The number of listing companies are expecting to continuously increase in 2024.

The Outlook for 2024

According to the Ministry of Economy and Finance, for 2024, the Cambodian economy is predicted to achieve a growth rate of around 6.6 percent due to the expectation of a recovery in external demand and recovery of investment and trade confidence, while domestic business activity continues to maintain a positive growth trend. In fact, the Ministry of Economy and Finance has presented the financial and public financial policy framework for the management of 2024 around the economic sector in 2023, the Cambodian economy is re-estimated to achieve a growth rate of 5.6% by sub-sector support for growth has changed compared to expectations at the beginning of the year.

The Royal Government of the 7th legislature of the National Assembly in 2024 will continue to adhere to the implementation of the principles of maintaining the old achievements, creating new achievements aimed at promoting the continuous development of the nation inclusive, especially the maintenance of national economic growth at the rate of 6.6 percent with the management inflation level. Within the macroeconomic policy framework of the draft law on finance for management in 2024, the Ministry of Economy and Finance highlighted the global economic outlook for 2024 is expected to grow well with a decrease in inflation, while 2023 is a road for global economic decrease to the lowest level in the Past-Covid-19 crisis. On this basis, Cambodia's economic growth in 2024 is expected to reach 6.6%, with management inflation rate of 2.5 percent.

ACLEDA Securities Plc.

In 2023, ACLEDA Securities Plc. continues implementing its foremost goal, outlined in its five-year strategy (2021-2025) to be a leading securities brokerage firm with its competitive advantages in competitive securities market. ACLEDA Securities Plc. continues strengthening its business model and facilitates the delivery of enhanced securities trading services to its clients in Cambodia securities market to earn sustaining revenue streams and ultimately benefits to its shareholders.

The annual performance in 2023 compared to the year 2022, ACLEDA Securities Plc. achieved a profit of USD 33,796, a decrease of 92.15% equivalent to USD 396,538. Return on Average Assets (ROAA) decreased from 16.08% in 2022 to 1.23% in 2023 and Return on Average Equity (ROAE) decreased from 17.93% in 2022 to 1.31% in 2023, while the operating efficiency ratio increased from 47.83% in 2022 to 84.25% in 2023.

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

Acknowledgement

On behalf of the Board of Directors, I would like to thank our shareholders, directors, management, customers, and all staffs of ACLEDA Securities Plc. especially all the relevant authorities for their constant support and cooperation in achieving its goals and plans in 2023.

We reaffirm our commitment to all our customers and shareholders that in 2024 we will continue to pay attention and dedicate all our efforts to achieving a strong and sustainable growth rate, and to deliver on our strategic goals to enhance future returns as well as strengthening the position of ACLEDA Securities Plc. to be the leading securities firm in the Kingdom of Cambodia.



Mrs. MAR Amara

Chairwoman

ACLEDA Securities Plc.

Dated: 28th, March 2024



On-site activities on ACLEDA Securities Plc.

From the Securities and Exchange Regulator of Cambodia

To review the case of requesting permission for the distribution company

PRESIDENT & CEO REPORT



Dr. PROM Visoth
President & CEO

“Maintaining the market leading position still the strategic goal of ACLEDA Securities Plc. in 2024 and the years to come.

Performance in 2023

Competitive Environment

Investment in the securities sector has played an important role in boosting the economic growth of the country and is a good choice for institutional and individual investors to diversify its investment portfolio and generate its additional revenue. Therefore, ACLEDA Securities Plc. has strengthened the quality of its securities services by continuously improving its customer service through electronic means to complement and respond to the evolution of information technology and the needs of investors from all segments of the community, as well as to develop a strong position and lead in the securities market.

Operational Highlights in 2023

- ❖ ACLEDA Securities Plc. has signed agreement as bondholders’ representative with CAMGSM Plc. which issued a guarantee bond on the CSX.
- ❖ ACLEDA Securities Plc. has signed agreement as selling agent with the underwriter to sell CAMGSM Plc.’s stock and MENGLY J.QUACH EDUCATION PLC.’s stock which has been public listed in CSX.
- ❖ ACLEDA Securities Plc. has been awarded as the Best Securities Broker in the 1st, 2nd, 3rd and 4th quarter of 2023 in a program which is initiated by Cambodia Securities Exchange (CSX).
- ❖ ACLEDA Securities Plc. got profit for the year USD 33,796 which decrease 92.15% compare to 2022.
- ❖ Income from securities broker decreased 66.85% or USD 516,892.
- ❖ Shareholders’ Equity increased 1.33% from USD 2,541,854 to USD 2,575,650.
- ❖ ACLEDA Securities Plc. hold market share 62.54% on trading account, 77.60% on trading volume and 85.83% on trading value.
- ❖ ACLEDA Securities Plc. has been acting as a bondholders representative of 6 listed companies which has total of 3,161,177 outstanding bonds listed in CSX.
- ❖ ACLEDA Securities Plc. provided training and knowledge related to securities sectors and trading in CSX for investors and public in total 31 courses that got 5,587 participants and 2,337 trading account.

Securities Brokerage Service

ACLEDA Securities Plc. hold 30,137 trading accounts, which has increased by 23.13% or 5,661 accounts if comparing to the total trading accounts in Cambodia Securities Exchange (CSX), the company hold 62.54% of the whole market. If comparing to 2022, there are only 24,476 accounts. The number of active investors with cash and shares balance with ACLEDA Securities Plc. increased by 19.41%.

In 2023, The trading volumes of ACLEDA Securities Plc. decreased by 51.13% or 52,024,793 shares and trading value also decreased by 65.03% equivalent to USD 165,239,966.

ACLEDA Securities Plc. has cooperate with SERC, CSX, all Institutions and Universities in Cambodia to organize a lots of training courses for students and investors to understand about securities sectors and the advantages of investment in this sectors wider and deeper.

Bondholders Representative Service

Bondholders representative services started in the middle of 2018. As at 2023, ACLEDA Securities Plc. acting as bondholders representative for 6 listed companies which acting as bondholders representative for 25 individual and entities equivalent to 3,161,177 outstanding bonds. In addition, ACLEDA Securities Plc. continues strengthening its duty of care and diligence as bondholders representative to provide the best service for issuers and bondholders as well.

Securities Selling Agent Service

Securities selling agent service started in the middle of 2019 and acted as selling agent for underwriter which is the total sale of 9,994,399 equities securities to 5,083 investors and the total sale of 16,574 debt securities to 26 investors.

Strategic Priority for 2024

- ❖ Continue to improve customer service by providing convenient, quick, and multi services
- ❖ Continuously develop electronic securities service in order to offer convenience for customers
- ❖ Build a good relationship with the issuers, underwriters and investors to develop and expand the service of the company on Cambodia Securities Market
- ❖ Diversification sources of income from both primary and secondary markets
- ❖ Continue to offer more training courses for the public to understand deeper about the securities market in the purpose to boost the trading transactions and more active in Cambodia Securities Market.

The Challenges for 2023

Global economic situation is not going well suffering from COVID-19, Russia-Ukraine war and competition for geopolitical influence of superpowers including increase global interest rates caused a negative impact on all sectors which a key factor that could put Cambodia’s economic situation in uncertainty.

In fact, in the securities sector, we see that there is an impact on the momentum of new issuers and the participation of local and foreign investors that can bring an impact on the volume of trading operations on the Cambodian securities Exchange. In particular, ACLEDA Securities Plc. will also be able to face its revenue challenges due to these factors.



Dr. PROM Visoth

President & CEO

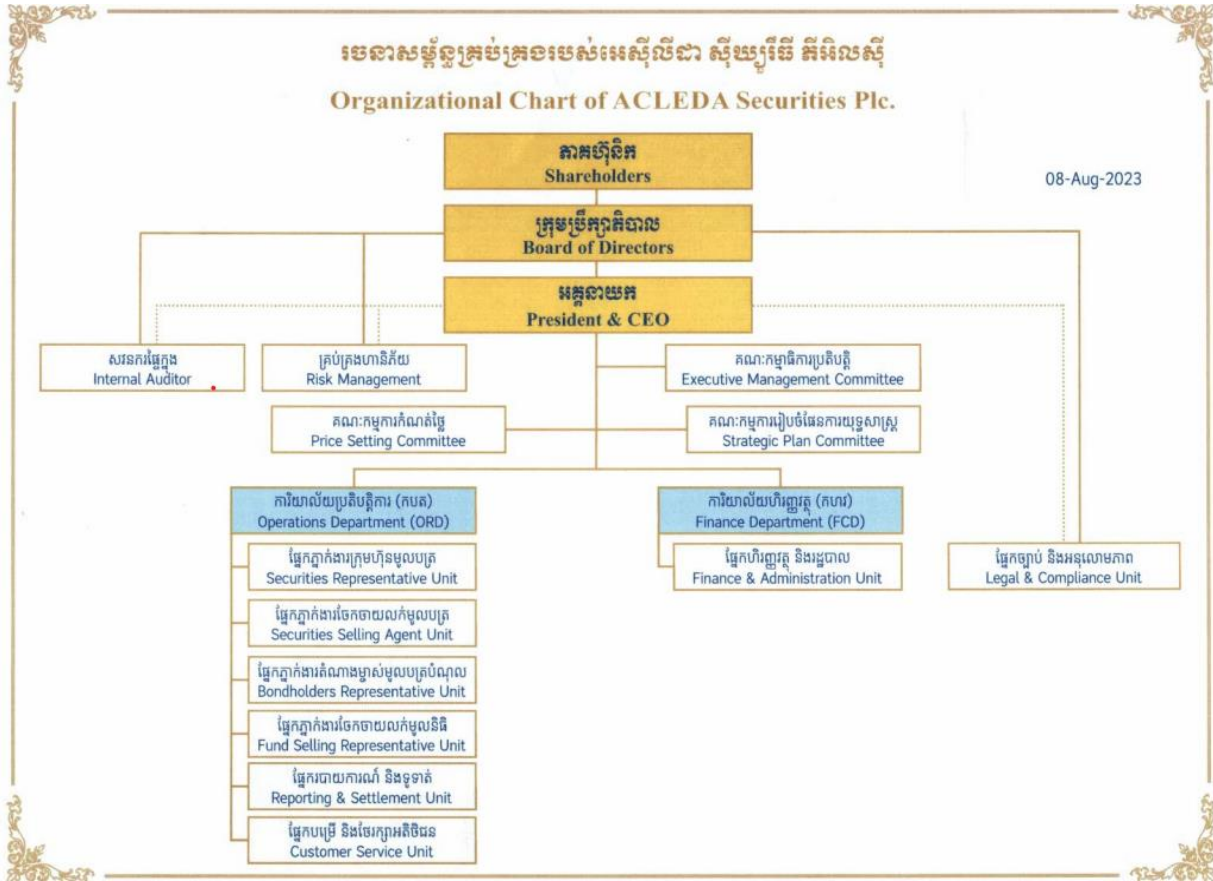
ACLEDA Securities Plc.

Dated: 28th, March 2024



Exhibition “CSX Fun Run, Run for Cambodia kid”

ORGANIZATIONAL CHART



CORPORATE GOVERNANCE

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

SHAREHOLDERS

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

BOARD OF DIRECTORS

The Directors are appointed by the shareholders for three-year terms to act on their behalf. The articles provide that the Board shall consist of 3 directors that:

- The Board of Directors is responsible for developing the strategic of the company and conduct supervisory role to make sure that management implement within the strategic.
- The powers of the Board of Directors are to be exercised collectively and no individual Director shall have any power to give directions to the officers or employees of the company, to sign any contracts, or to otherwise direct the operations of the company unless specifically empowered to do so by a resolution of the Board of Directors.
- Each Director shall have unlimited access to the books and records of the company during ordinary business hours.

The Board consists of 3 Directors, 2 of whom are non-executive directors and 1 of whom is executive director. In 2023, there were no changes in the composition of the board.

The Board of Directors shall elect, by majority vote, one of its members to serve as Chairman who shall preside over meetings of the Board of Directors.

According to the Memorandum and Articles Of Association, Board of Directors have to meeting at least every 3 months in order to review the performance of committee and effective review on operation of ACLEDA Securities Plc., The Board of Directors assumes responsibility for corporate governance and for promoting the success of the company by directing and supervising its business operations and affairs. It appoints and may remove the President & CEO. It also ensures that the necessary human resources are in place, establishes with management the strategies and financial objectives to be implemented by management, and monitors the performance of management both directly.

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





Mrs. MAR Amara

Chairwoman

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

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

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

She is graduated operation of green bond and sustainable financial course from Stockholm City, Sweden in October, 2022 also leadership of organization from Harvard Business School from United States of America in August, 2022 and Company directors from the Australian Institute of Company Directors (GAICD) in 2018, and also graduated from the National University of Management in Phnom Penh in 2006 with a Master's Degree in Finance, having previously obtained a Bachelor's Degree in Management in 2003. She attended courses on Management Accounting, Financial Accounting and Auditing among others at Regent College from 1996 to 1998 in Phnom Penh.



Dr. PROM Visoth

Director

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

He is nominated as the Board of Directors of ACLEDA Securities Plc. since 2010 and as the President & CEO of ACLEDA Securities Plc. since November, 2017.

Dr. Prom Visoth obtained Doctorate of Business Administration (DBA) from Asia Euro University, Phnom Penh, Cambodia in 2021. He is graduated company director's course from Australian Institute of Company Directors (GAICD), and also graduated company secretary's course from International Finance Corporation (IFC) in 2017. He hold a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia in 2006.



Dr. LOEUNG Sopheap

Director

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

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

EXECUTIVE MANAGEMENT

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

President & CEO appoints and chairs an Executive Committee comprising members of senior management as he deems appropriate. The Terms of Reference and proceedings of the Executive Committee shall be determined by the President & CEO at his discretion under the general headings of:

- ❖ Strategic direction – develop policies, goals, strategies and targets for Board approval.
- ❖ Performance – assemble and mobilise resources to implement agreed strategies and performance targets.
- ❖ Risk – identify and evaluate risk in the Company’s strategies and manage exposures.
- ❖ Compliance – ensure that the Company conforms to all corporate, legal and regulatory requirements.

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





Dr. Prom Visoth

President & CEO

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

He is nominated as the Board of Directors of ACLEDA Securities Plc. since 2010 and as the President & CEO of ACLEDA Securities Plc. since November, 2017.

Dr. Prom Visoth obtained Doctorate of Business Administration (DBA) from Asia Euro University, Phnom Penh, Cambodia in 2021. He is graduated company director's course from Australian Institute of Company Directors (GAICD) and also graduated company secretary's course from International Finance Corporation (IFC) in 2017. He hold a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia in 2006.



Mrs. Mao Phirak

VP & Head of Operations

Cambodian. Born in 1981. In position of VP & Head of Operations, she is also a member of an Executive Committee and is responsible for leading a group of operations which consists of six units including Securities Representative Unit, Securities Selling Agent Unit, Reporting and Settlement Unit, Bondholders Representative Unit and Customer Service Unit. She is chairwoman of the Business Strategic Planning Committee and Interest & Price Setting Committee. She is directly accountable to the President & CEO.

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



Mr. Touch Somchanphall

VP & Head of Finance

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

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



Mrs. Ren Sopheary

Legal and Compliance Officer

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

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

External Auditor

The appointment or removal of external audit shall be approved by the Board with the recommendation of the Board Audit committee. External Audit of ACLEDA Securities Plc. for 2023 By Grant Thornton (Cambodia) limited.

No	Name of Audit Firms	Appointment Date	Auditing Fee
1	Grant Thornton	26-Dec-22	USD 6,300

CODE OF CONDUCT

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

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Environmental and social sustainability (ESS) mission statement

ACLEDA Securities Plc. is committed to achieving strong, sustainable financial returns, while respecting the environment and community within which we live by subscribe to the concept of triple bottom line ('people, planet, profit').

ACLEDA SECURITIES PLC.

Financial Statements
As at 31 December 2023 and for the year then ended
and
Independent Auditor's Report

Corporate Information

Company	ACLEDA Securities Plc.	
Registration No.	00002713	
Registered office	5th floor ACLEDA Building #61, Preah Monivong Blvd. Sangkat Srah Chork, Khan Daun Penh Phnom Penh, Kingdom of Cambodia	
Shareholder	ACLEDA Bank Plc.	
Board of Directors	Mrs. Mar Amara Dr. Prom Visoth Dr. Loeung Sopheap	Chairwoman Director Director
Principal banker	ACLEDA Bank Plc.	
Auditor	Grant Thornton (Cambodia) Ltd.	

ACLEDA Securities Plc.

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Report of the Board of Directors

The Board of Directors (“the Directors”) hereby submits their report together with the audited financial statements of ACLEDA Securities Plc. (“the Company”) as at 31 December 2023 and for the year then ended.

The Company

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

Principal activities

The principal activities of the Company are providing services as a securities broker, bondholder representative, securities selling agent and other services approved by the Securities and Exchange Regulator of Cambodia (“SERC”).

Financial results

The financial results of the Company for the year ended 31 December 2023 were as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	88,919	365,455	508,724	2,079,154
Income tax	(55,123)	(226,556)	(78,390)	(320,381)
Profit for the year	33,796	138,899	430,334	1,758,773

Dividends

No dividend was declared or paid and the Directors do not recommend any dividends to be paid during the year.

Share capital

There was no change in the registered and issued share capital during the year.

ACLEDA Securities Plc.

Assets

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

Valuation methods

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

Contingent and other liabilities

At the date of this report, there is:

- (a) no charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Company that has arisen since the end of the financial year.

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

Change of circumstances

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

Items of unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any items, transactions or events of a material and unusual nature.

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

The Board of Directors

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

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

ACLEDA Securities Plc.

Directors' interests

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

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

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

Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with CIFRSs or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (iv) assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to assume that the Company will continue operations in the foreseeable future;
- (v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements; and,
- (vi) safeguard the assets of the Company and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms they have complied with the above requirements in preparing the financial statements.

ACLEDA Securities Plc.

Approval of the financial statements

I, hereby approve the accompanying financial statements as set out on pages 8 to 39 which present fairly, in all material respects, the financial position of ACLEDA Securities Plc. as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with CIFRSs.

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




Mrs. Mar Amara
Chairwoman

Phnom Penh, Kingdom of Cambodia

25 March 2024

Independent auditor's report

To the Shareholder of
ACLEDA Securities Plc.

Opinion

We have audited the financial statements of ACLEDA Securities Plc. ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including, material accounting policy information (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the financial statements and our auditor's report thereon, and the annual report, which is expected to be made available to us after that date.

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



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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors, and respond to that matter in accordance with the requirements of CISA 720 (revised).

Responsibilities of the Board of Directors and Management for the financial statements

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISA 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 CISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

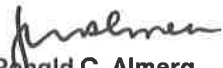


- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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




Ronald C. Almera
 Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
25 March 2024

ACLEDA Securities Plc.

Statement of financial position

As at 31 December 2023

	Note	31 December 2023		31 December 2022	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS					
Non-current assets					
Statutory deposits	6	281,518	1,150,000	242,895	1,000,000
Intangible assets	7	4,787	19,555	10,671	43,933
Property and equipment	8	106,874	436,580	10,624	43,740
Deferred tax assets	9(c)	25,087	102,480	43,263	178,114
Total non-current assets		<u>418,266</u>	<u>1,708,615</u>	<u>307,453</u>	<u>1,265,787</u>
Current assets					
Term deposits	10	2,019,285	8,248,779	2,225,885	9,163,969
Other assets	11	31,129	127,162	63,953	263,295
Cash and cash equivalents	12	246,288	1,006,087	253,349	1,043,038
Total current assets		<u>2,296,702</u>	<u>9,382,028</u>	<u>2,543,187</u>	<u>10,470,302</u>
TOTAL ASSETS		<u><u>2,714,968</u></u>	<u><u>11,090,643</u></u>	<u><u>2,850,641</u></u>	<u><u>11,736,089</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital	13	2,010,000	8,040,000	2,010,000	8,040,000
Retained earnings		565,650	2,306,323	531,854	2,167,424
Other reserves		-	175,208	-	257,390
Total equity		<u>2,575,650</u>	<u>10,521,531</u>	<u>2,541,854</u>	<u>10,464,814</u>
Liabilities					
Non-current liability					
Employee benefits	14	13,129	53,632	87,110	358,631
Current liabilities					
Accruals and other payables	15	125,815	513,954	153,085	630,251
Employee benefits – current	14	54	221	(51)	(210)
Current income tax liabilities	9(a)	320	1,305	68,643	282,603
Total current liabilities		<u>126,189</u>	<u>515,480</u>	<u>221,677</u>	<u>912,644</u>
Total liabilities		<u>139,318</u>	<u>569,112</u>	<u>308,787</u>	<u>1,271,275</u>
Total equity and liabilities		<u><u>2,714,968</u></u>	<u><u>11,090,643</u></u>	<u><u>2,850,641</u></u>	<u><u>11,736,089</u></u>

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

ACLEDA Securities Plc.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Note	2023		2022	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Revenue					
Fees and commission income		338,044	1,389,361	852,834	3,485,534
Interest income	16(a)	164,201	674,866	153,143	625,896
Other losses – net		39,881	163,911	(12,468)	(50,957)
		<u>542,126</u>	<u>2,228,138</u>	<u>993,509</u>	<u>4,060,473</u>
Expenses					
Salaries and wages		339,769	1,396,451	290,662	1,187,936
Other benefits		21,669	89,061	39,410	161,069
Membership and registration fees		18,665	76,713	15,922	65,072
Depreciation charge	8	10,135	41,655	4,805	19,636
Communication		8,921	36,665	8,393	34,303
Legal and professional fees		6,424	26,403	5,874	24,006
Utilities		6,435	26,448	6,687	27,328
Amortisation charge	7	5,884	24,183	4,562	18,644
Building rental		2,958	12,157	2,958	12,089
Bonuses and incentives		-	-	68,009	277,954
Impairment losses on financial assets		-	-	9,576	39,136
Retirement benefits	14(a)	-	-	8,877	36,282
Other expenses		32,347	132,947	19,052	77,864
		<u>453,207</u>	<u>1,862,683</u>	<u>484,787</u>	<u>1,981,319</u>
Profit before income tax		88,919	365,455	508,724	2,079,154
Income tax expense	9(b)	(55,123)	(226,556)	(78,390)	(320,381)
Profit for the year		<u>33,796</u>	<u>138,899</u>	<u>430,334</u>	<u>1,758,773</u>
Other comprehensive income:					
<i>Items that may not be reclassified to profit or loss:</i>					
Remeasurement of employee benefit obligations	14	-	-	(1,881)	(7,686)
Currency translation difference		-	(82,182)	-	103,731
Other comprehensive (loss)/income for the year		-	(82,182)	(1,881)	96,045
Total comprehensive income for the year		<u>33,796</u>	<u>56,717</u>	<u>428,453</u>	<u>1,854,818</u>

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

ACLEDA Securities Plc.

Statement of changes in equity

For the year ended 31 December 2023

	Share capital		Retained earnings		Other reserves	Total	
	US\$	KHR'000	US\$	KHR'000	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Balance as at 1 January 2023	2,010,000	8,040,000	531,854	2,167,424	257,390	2,541,854	10,464,814
<i>Comprehensive income:</i>							
Profit for the year	-	-	33,796	138,899	-	33,796	138,899
Other comprehensive income - currency translation difference	-	-	-	-	(82,182)	-	(82,182)
Total comprehensive income for the year	-	-	33,796	138,899	(82,182)	33,796	56,717
Balance as at 31 December 2023	2,010,000	8,040,000	565,650	2,306,323	175,208	2,575,650	10,521,531
Balance as at 1 January 2022	2,010,000	8,040,000	103,401	416,337	153,659	2,113,401	8,609,996
<i>Comprehensive income:</i>							
Profit for the year	-	-	430,334	1,758,773	-	430,334	1,758,773
Remeasurement of employee benefit obligations	-	-	(1,881)	(7,686)	-	(1,881)	(7,686)
Other comprehensive income - currency translation difference	-	-	-	-	103,731	-	103,731
Total comprehensive income for the year	-	-	428,453	1,751,087	103,731	428,453	1,854,818
Balance as at 31 December 2022	2,010,000	8,040,000	531,854	2,167,424	257,390	2,541,854	10,464,814

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

ACLEDA Securities Plc.

Statement of cash flows

For the year ended 31 December 2023

	Note	2023		2022	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash flows from operating activities					
Profit for the year		33,796	138,899	430,334	1,758,773
<i>Adjustments for:</i>					
Income tax expense	9(b)	55,123	226,556	78,391	320,381
Seniority indemnity	14(b)	23,179	95,266	18,621	76,105
Depreciation of property and equipment	8	10,135	41,655	4,805	19,636
Amortisation of intangible assets	7	5,884	24,183	4,562	18,644
Career developments benefits	14(c)	4,519	18,573	-	-
Unrealised foreign exchange loss		164	674	630	2,576
(Reversal of)/allowance for impairment losses on financial assets		(3,536)	(14,533)	9,576	39,136
(Reversal for)/provision for employee benefits expense	14(a)	(33,768)	(138,786)	8,877	36,282
Interest income		(164,201)	(674,866)	(153,143)	(625,896)
Operating (loss)/profit before changes in working capital		(68,705)	(282,378)	402,653	1,645,637
Changes in:					
Other assets		32,824	134,907	(6,033)	(24,657)
Accruals and other payables		(27,270)	(112,080)	28,335	115,804
Statutory deposits		(38,623)	(158,741)	-	-
Cash flows (used in)/from operations		(101,774)	(418,292)	424,955	1,736,784
Seniority benefits paid	14(b)	(22,193)	(91,213)	(18,960)	(77,490)
Retirement benefits paid	14(a)	(45,613)	(187,469)	-	-
Income tax paid	9(a)	(105,270)	(432,660)	(10,045)	(41,054)
Net cash (used in)/from operating activities		(274,850)	(1,129,634)	395,949	1,618,240
Cash flows from investing activities					
Net increase/(decrease) in term deposits		214,862	883,083	(438,537)	(1,792,302)
Interest received		159,312	654,772	142,359	581,820
Proceeds from disposals of property and equipment		108	443	-	-
Purchases of property and equipment		(106,493)	(437,686)	(7,405)	(30,264)
Net cash from/(used in) investing activities		267,789	1,100,612	(303,583)	(1,240,746)
Net change in cash and cash equivalents		(7,061)	(29,022)	92,365	377,494
Cash and cash equivalents at beginning of the year		253,349	1,043,038	160,984	655,847
Currency translation difference		-	(7,929)	-	9,697
Cash and cash equivalents at end of the year	12	246,288	1,006,087	253,349	1,043,038

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

ACLEDA Securities Plc.

Notes to the financial statements

As at 31 December 2023 and for the year then ended

1. Reporting entity

ACLEDA Securities Plc. (“the Company”) was established as a public limited company in the Kingdom of Cambodia on 1 March 2010, with registration no.00002713. The Company is wholly owned by ACLEDA Bank Plc. (“the parent company”), a commercial bank incorporated in the Kingdom of Cambodia.

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

The principal activities of the Company are providing services as a securities broker, bondholders representative, securities selling agent and other services approved by the SERC.

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

As at 31 December 2023, the Company had 18 employees (2022: 16 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in United States Dollar (US\$), which is the functional currency. The translations of US\$ amounts into Khmer Riel (“KHR”) are included solely for meeting the presentation requirements pursuant to the Law on Accounting and Auditing of Cambodia.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

2. Basis of preparation (continued)

(d) Use of estimates and judgements

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

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

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

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

Information about the assumptions made in measuring fair values is included in Note 17, Financial instruments – fair values and risk management.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Financial assets and financial liabilities

(i) Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI"); or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

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

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

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

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

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

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(a) Financial assets and financial liabilities (continued)

(ii) *Classification and subsequent measurement (continued)*

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and,
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual rate, including variable-rate features;
- prepayment and extension features; and,
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(a) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off and an intention to settle them on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are presented on a net basis only when permitted under CIFRSs, or for gains and losses arising from similar transactions.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(b) Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax, are recognised as a deduction from equity.

(c) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of property and equipment. Purchase of software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Property and equipment are depreciated on a straight-line basis to write off these assets to their estimated residual values over their estimated useful lives as follows:

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

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

(d) Intangible assets

Intangible assets represent computer software, license granted by the SERC and other related costs which are shown at historical cost. Computer software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of computer software over the period of seven years. Intangible assets under development are not amortised.

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

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(e) Impairment

(i) *Financial asset*

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

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

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

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

Measurement of ECL

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

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

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(e) Impairment (continued)

(i) Financial assets (continued)

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(e) Impairment (continued)

(ii) Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(f) Statutory deposits

The Company is required to reserve a capital guarantee deposit with the National Bank of Cambodia ("the NBC") pursuant to SERC Prakas No.001/18 SECC/PR.K dated March 20, 2008, on the licensing and supervision of securities, and SERC Prakas No.003/18 SECC/PR.K dated 29 May 2018, on the licensing and supervision of collective investment scheme business to be able to operate its business in Cambodia.

The deposits are non-interest bearing, not available for use in the Company's day-to-day operations, and refundable should the Company voluntarily ceases its operations in Cambodia.

Statutory deposits are stated at cost less allowance for impairment, if any.

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Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(g) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses, and other short-term benefits are accrued in the year in which the associated services are rendered by the employees of the Company.

(ii) Post-employment benefits

The Company has post-employment benefit schemes are summarised below.

Retirement benefits

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

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

No separate fund has been maintained for the retirement benefits.

As at 31 December 2022, the liability is recognised at the present value of defined obligation at the reporting period using the projected unit credit method to estimate the ultimate cost to the Company of the benefit that employees have earned in return for their service in the current and prior periods. The Company attributes benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Company expects to pay in future reporting periods. The present value of the retirement benefit obligations is determined by discounting the estimated future payments by reference to the parent company's long-term fixed deposit interest rate as its reference rate, as there is no deep high-quality corporate bonds or government bonds currently being offered in the market.

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

In 2023, the Company amended the Employee Retirement Operating Manual and decided to terminate the retirement benefit plan due to the Company has a legal obligation required by the Royal Government of Cambodia to pay the seniority benefits and provident fund (see Note 14(a)).

Provident fund

Provident fund is both the Company's and employee's obligation. Contributions were made effective 1 October 2022 and these are paid every month to the National Social Security Fund. For the first five years, contribution to the fund is set at 4% (from KHR400,000 to KHR1,200,000), which is paid both by the Company and its employees at 2% each.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(g) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Career development benefits

The Company provides career development benefits to their employees ranging from US\$1,000 to US\$5,000 based on the management position level.

Management position level employees are eligible to receive benefits provided they have been working since their date of appointment in a management position for two years continuously and their performance evaluation has been high (i.e., evaluation score equal to or higher than 700 and no warning letter). They will automatically be entitled to the benefit on the first day of their third year.

The liability is recognised in the statement of financial position at the present value of employee benefit obligation at the end of each reporting period using the Projected Unit Credit method. The present value is determined by discounting the estimated future payments by reference to the parent company's three-year fixed deposit interest rate, as the period of the benefit entitlement is three years.

Seniority indemnity

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

- **Current Seniority Indemnity:** Employees who have worked from 1 month to 6 months (excluding probation period) will receive payment of seniority indemnity equal to 7.5 days in June or December of each year.
- **Back Pay Seniority Indemnity:** Employees who have worked under permanent contract from 1 month to 6 months in applicable fiscal year will receive payment of seniority indemnity equal to 3 days, in case over 3 months will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 days of the average base salary of each year that shall be paid from 2008 to 2018 but shall not exceed 156 days. The payment will be made in June and December of each year.

The liability was recognised at the present value of defined obligation from the back-pay seniority indemnity at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Company of the benefit that employees have earned in return for their service in the periods from 2008 to 2018. The Company attributes benefit to periods in which the obligation to provide back pay seniority indemnity. That obligation arises as employees render services in return for back pay seniority indemnity that the Company expects to pay in future reporting periods.

The present value of the back-pay seniority indemnity is determined by discounting the estimated future payments by reference to the parent company's five-year fixed deposit interest rate.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(h) Provisions

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

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

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

(i) Revenue

Revenue recognition under CIFRS 15, Revenue from Contracts with Customers

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

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

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

(j) Interest income

Interest income is recognised using effective interest method.

(k) Leases

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

Short-term leases and leases of low-value assets

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. A lease of an underlying asset does not qualify as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically not of low value. 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 recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

3. Material accounting policy information (continued)

(I) Income tax

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax assets are recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profit improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

4. New standards and amendments adopted as at 1 January 2023

4.1. Amended accounting standards effective during the year

The Company adopted certain amended accounting standards and interpretations as at 31 December 2023. The amended accounting standards assessed to be applicable and which had no material impact to the Company's financial statements follow:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, *Income Taxes*)
- Disclosure of Accounting Policies (Amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*)

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

4. New standards and amendments adopted as at 1 January 2023 (continued)

4.2. Amended accounting standards, which are not yet effective and not early adopted

At the date of authorisation of the financial statements, the following amended accounting standards have been issued but are not yet effective were assessed to be applicable to the Company:

- Classification of Liabilities as Current or Non-current (Amendments to CIAS 1)
- Non-current Liabilities with Covenants (Amendments to CIAS 1)
- Lack of Exchangeability (Amendments to CIAS 21, The Effects of Changes in Foreign Exchange Rates)

Management does not expect that the adoption of the amendments to the accounting standards listed above will have a material impact on the financial statements of the Company in future periods.

5. Translation of United States Dollar into Khmer Riel

The financial statements are expressed in US\$. Assets and liabilities are translated at the closing rate as at the reporting date. The statement of profit or loss and other comprehensive income and statement of cash flows are translated into KHR using the average rate for the reporting period. Exchange differences arising from the translation are recognised as “Currency translation differences” in other comprehensive income.

The Company uses the following official exchange rates:

			Closing rate	Average rate
31 December 2023	US\$1	=	KHR 4,085	KHR 4,110
31 December 2022	US\$1	=	<u>KHR 4,117</u>	<u>KHR 4,087</u>

These translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

6. Statutory deposits

In compliance with Article 23 of SERC’s Prakas No.001/18 SECC/PR.K dated 20 March 2008 on licensing and supervision of securities, the Company is required to reserve a guarantee capital of KHR1,000,000,000 in the SERC’s bank account at the NBC to operate as a securities broker in the Kingdom of Cambodia.

On 24 November 2023, the Company reserved the additional guarantee capital of KHR150,000,000, which is equal to 15% of its minimum capital of KHR1,000,000,000 in the SERC’s bank account at the NBC to fulfill the requirements as stated in Prakas No.003/18 SECC/PR.K dated 29 May 2018 on the licensing and supervision of collective investment scheme business. On 6 February 2024, the Company obtained official approval from the SERC to be a fund distribution company.

As at 31 December 2023, the capital guarantee deposit maintained with the NBC amounts to KHR1,150,000,000 equivalent to US\$281,518 (2022: KHR1,000,000,000, equivalent to US\$242,895). The statutory deposits do not bear interest.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

7. Intangible assets

2023	SERC license	Intangible assets under development	Total	
	US\$	US\$	US\$	KHR'000 (Note 5)
Cost				
As at 1 January	15,233	-	15,233	62,714
Currency translation difference	-	-	-	(487)
As at 31 December	<u>15,233</u>	<u>-</u>	<u>15,233</u>	<u>62,227</u>
Less: Accumulated amortisation				
As at 1 January	4,562	-	4,562	18,781
Amortisation for the year	5,884	-	5,884	24,183
Currency translation difference	-	-	-	(292)
As at 31 December	<u>10,446</u>	<u>-</u>	<u>10,446</u>	<u>42,672</u>
Carrying amounts				
As at 31 December	<u>4,787</u>	<u>-</u>	<u>4,787</u>	<u>19,555</u>
2022	SERC license	Intangible assets under development	Total	
	US\$	US\$	US\$	KHR'000 (Note 5)
Cost				
As at 1 January	15,441	15,233	30,674	124,966
Additions	15,233	-	15,233	62,257
Disposal	(15,441)	(15,233)	(30,674)	(125,365)
Currency translation difference	-	-	-	856
As at 31 December	<u>15,233</u>	<u>-</u>	<u>15,233</u>	<u>62,714</u>
Less: Accumulated amortisation				
As at 1 January	15,441	-	15,441	62,907
Amortisation for the year	4,562	-	4,562	18,644
Disposal	(15,441)	-	(15,441)	(63,107)
Currency translation difference	-	-	-	337
As at 31 December	<u>4,562</u>	<u>-</u>	<u>4,562</u>	<u>18,781</u>
Carrying amounts				
As at 31 December	<u>10,671</u>	<u>-</u>	<u>10,671</u>	<u>43,933</u>

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

8. Property and equipment

	Furniture, fixture and office equipment	Computer equipment	Total	
	US\$	US\$	US\$	KHR'000
2023				(Note 5)
Cost				
At 1 January	13,844	53,747	67,591	278,272
Additions	1,625	104,868	106,493	437,686
Disposal/written off	(395)	-	(395)	(1,623)
Currency translation difference	-	-	-	(4,815)
At 31 December	<u>15,074</u>	<u>158,615</u>	<u>173,689</u>	<u>709,520</u>
Less: Accumulated depreciation				
At 1 January	8,298	48,669	56,967	234,532
Depreciation for the year	2,429	7,706	10,135	41,655
Disposal/written off	(287)	-	(287)	(1,180)
Currency translation difference	-	-	-	(2,067)
At 31 December	<u>10,440</u>	<u>56,375</u>	<u>66,815</u>	<u>272,940</u>
Carrying amounts				
At 31 December	<u><u>4,634</u></u>	<u><u>102,240</u></u>	<u><u>106,874</u></u>	<u><u>436,580</u></u>

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

8. Property and equipment (continued)

	Furniture, fixture and office equipment	Computer equipment	Total	
2022	US\$	US\$	US\$	KHR'000
				(Note 5)
Cost				
At 1 January	9,374	51,497	60,871	247,989
Additions	5,155	2,250	7,405	30,264
Disposal/written off	(685)	-	(685)	(2,800)
Currency translation difference	-	-	-	2,819
At 31 December	<u>13,844</u>	<u>53,747</u>	<u>67,591</u>	<u>278,272</u>
Less: Accumulated depreciation				
At 1 January	7,883	44,964	52,847	215,299
Depreciation for the year	1,100	3,705	4,805	19,636
Disposal/written off	(685)	-	(685)	(2,800)
Currency translation difference	-	-	-	2,397
At 31 December	<u>8,298</u>	<u>48,669</u>	<u>56,967</u>	<u>234,532</u>
Carrying amounts				
At 31 December	<u>5,546</u>	<u>5,078</u>	<u>10,624</u>	<u>43,740</u>

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

9. Income tax

(a) Current income tax liability

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	68,643	282,603	380	1,548
Current income tax expense	36,947	151,852	78,308	320,043
Income tax paid	(105,270)	(432,660)	(10,045)	(41,054)
Currency translation difference	-	(490)	-	2,066
As at 31 December	<u>320</u>	<u>1,305</u>	<u>68,643</u>	<u>282,603</u>

(b) Income tax expense

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current income tax	36,947	151,852	78,308	320,043
Deferred tax	<u>18,176</u>	<u>74,704</u>	<u>82</u>	<u>338</u>
	<u>55,123</u>	<u>226,556</u>	<u>78,390</u>	<u>320,381</u>

The reconciliation of income tax computed at the statutory tax rate to the income tax expense as shown in the profit or loss is as follows:

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Profit before income tax	<u>88,919</u>	<u>365,455</u>	<u>508,724</u>	<u>2,079,154</u>
Income tax using applicable income tax rate	17,784	73,092	101,745	415,831
Effect of net non-deductible/(non-taxable) items	32,671	134,278	(101,663)	(415,493)
Minimum tax	<u>4,668</u>	<u>19,186</u>	<u>78,308</u>	<u>320,043</u>
	<u>55,123</u>	<u>226,556</u>	<u>78,390</u>	<u>320,381</u>

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

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

9. Income tax (continued)

(c) Deferred tax assets

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Deferred tax assets – net	<u>25,087</u>	<u>102,480</u>	<u>43,263</u>	<u>178,114</u>

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

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	43,263	178,114	43,345	176,592
Credited to profit or loss	(18,176)	(74,704)	(82)	(338)
Currency translation difference	-	(930)	-	1,860
As at 31 December	<u>25,087</u>	<u>102,480</u>	<u>43,263</u>	<u>178,114</u>

Deferred tax assets

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

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Provision for unused annual leave	15,014	61,332	12,822	52,789
Impairment losses on financial assets	9,123	37,267	9,805	40,369
Unearned income	8,039	32,838	6,013	24,755
Provision for employment benefits	1,733	7,080	17,412	71,684
Provision for career development benefits	904	3,693	-	-
Unrealised foreign exchange gains	(1,898)	(7,753)	(3,260)	(13,424)
Depreciation	(7,828)	(31,977)	471	1,941
	<u>25,087</u>	<u>102,480</u>	<u>43,263</u>	<u>178,114</u>

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

10. Term deposits

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Term deposits	2,040,955	8,337,301	2,255,817	9,287,200
Interest receivables	18,945	77,390	14,056	57,869
	2,059,900	8,414,691	2,269,873	9,345,069
Less impairment loss allowance	(40,615)	(165,912)	(43,988)	(181,100)
	<u>2,019,285</u>	<u>8,248,779</u>	<u>2,225,885</u>	<u>9,163,969</u>

The Company placed term deposits with the parent company. The deposits earn interest rates ranging between 4.50% to 7.50% per annum (2022: 4.50% to 7.50% per annum).

11. Other assets

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Prepayments	18,867	77,072	18,966	78,083
Other receivables	10,810	44,159	43,535	179,234
Deposits	1,452	5,931	1,452	5,978
	<u>31,129</u>	<u>127,162</u>	<u>63,953</u>	<u>263,295</u>

12. Cash and cash equivalents

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash at bank - saving accounts	251,289	1,026,516	258,388	1,063,782
Less impairment loss allowance	(5,001)	(20,429)	(5,039)	(20,744)
	<u>246,288</u>	<u>1,006,087</u>	<u>253,349</u>	<u>1,043,038</u>

Savings accounts earn interest rate 0.75% per annum (2022: 0.20% to 0.75% per annum).

The Company also maintains a "Client Money Account" bank account at its parent company which is used for receiving deposits from customers who wish to trade in the CSX. However, this account is not recorded on the financial statements of the Company on the ground that the account is opened purely for customers trading purposes and therefore does not belong to the Company. As at 31 December 2023, the balance of the Client Money Account in KHR is KHR16,709,713,884 equivalent to US\$4,090,505 (2022: KHR54,396,442,888 equivalent to US\$13,212,641), and the balance of the Client Money Account in US\$ is US\$28,555.09 (2022: US\$13,397.28).

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

13. Share capital

The Company's registered share capital amounts to KHR8,040,000,000 (equivalent to US\$2,010,000), divided into 2,060,000 shares with a par value of KHR4,000 (equivalent to US\$1) per share. The registered share capital has been fully paid by the parent company.

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Share capital	<u>2,010,000</u>	<u>8,040,000</u>	<u>2,010,000</u>	<u>8,040,000</u>

There were no changes in the shareholder and the shareholding structure of the Company during the year.

14. Employee benefits

The amounts recognised in the statement of financial position are determined as follows:

		31 December 2023		31 December 2022	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Retirement benefits	(a)	-	-	79,381	326,811
Seniority indemnity	(b)	8,664	35,392	7,678	31,610
Career developments benefits	(c)	<u>4,519</u>	<u>18,461</u>	-	-
		<u>13,183</u>	<u>53,853</u>	<u>87,059</u>	<u>358,421</u>

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

14. Employee benefits (continued)

(a) Retirement benefits

The movements in the retirement benefits during the year are as follows:

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	79,381	326,811	68,623	279,570
Current service cost	4,158	17,089	4,059	16,588
Interest cost	477	1,960	4,818	19,694
Settlement gain	(38,403)	(157,835)	-	-
Benefits paid	(45,613)	(187,469)	-	-
Remeasurement loss from changes in actuarial assumptions	-	-	1,881	7,686
Currency translation difference	-	(556)	-	3,272
As at 31 December	<u>-</u>	<u>-</u>	<u>79,381</u>	<u>326,811</u>

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

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current service cost	4,158	17,089	4,059	16,588
Interest cost	477	1,960	4,818	19,694
Settlement gain	<u>(38,403)</u>	<u>(157,835)</u>	<u>-</u>	<u>-</u>
	<u>(33,768)</u>	<u>(138,786)</u>	<u>8,877</u>	<u>36,282</u>

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

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Remeasurement gains from changes in actuarial assumptions	<u>-</u>	<u>-</u>	<u>1,881</u>	<u>7,686</u>

During the year, the Company amended its Employee Retirement Operating Manual and decided to terminate its retirement benefits plan due to the Company has legal obligation required by the Royal Government of Cambodia to pay the seniority benefits and provident fund. Thus, the Company has settled the outstanding amounts accrued for the retirement benefits amounting to US\$45,613, with the remaining balance after the settlement of US\$38,403 credited to profit or loss.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

14. Employee benefits (continued)

(b) Seniority indemnity benefits

The movements in the seniority indemnity during the year are as follows:

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	7,678	31,610	8,017	32,661
Additions	23,179	95,266	18,621	76,105
Benefits paid	(22,193)	(91,213)	(18,960)	(77,490)
Currency translation difference	-	(271)	-	334
At 31 December	<u>8,664</u>	<u>35,392</u>	<u>7,678</u>	<u>31,610</u>

(c) Career development benefits

The movements in the career development benefits during the year are as follows:

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	-	-	-	-
Additions	4,519	18,573	-	-
Currency translation difference	-	(112)	-	-
At 31 December	<u>4,519</u>	<u>18,461</u>	<u>-</u>	<u>-</u>

15. Accruals and other payables

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Accrued annual leave	75,070	306,661	64,111	263,945
Unearned income	40,195	164,197	30,064	123,773
Other accruals	6,785	27,716	5,312	21,870
Tax payable	3,765	15,380	3,189	13,129
Accrued bonuses	-	-	50,409	207,534
	<u>125,815</u>	<u>513,954</u>	<u>153,085</u>	<u>630,251</u>

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

16. Related party transactions and balances

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

The following transactions are carried out with related parties:

(a) Interest income from parent company

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest income	164,201	674,866	153,143	625,896

(b) Fee and expenses to parent company

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Board of Directors' fees	3,200	13,152	-	-
Bank charges	522	2,145	603	2,457
	3,722	15,297	603	2,457

(c) Key management compensation

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Short-term employee benefits	178,643	734,223	175,943	719,081
Long-term benefits	43,675	179,504	38,112	155,763
Post-employment benefits	-	-	52,327	213,859
	222,318	913,727	266,382	1,088,703

(d) Related party balances

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Savings accounts (Note 12)	251,289	1,026,516	258,388	1,063,782
Term deposits (Note 10)	2,040,955	8,337,301	2,255,817	9,287,200
Interest receivables (Note 10)	18,945	77,390	14,056	57,869
	2,311,189	9,441,207	2,528,261	10,408,851

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

17. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The Company has not disclosed the fair value information for its financial assets and financial liabilities because their carrying amounts are a reasonable approximation of their fair values.

(b) Financial risk management

(i) Overview

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

- credit risk
- liquidity risk; and,
- market risk.

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

(ii) Credit risk

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

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

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

(iii) Liquidity risk

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

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

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

17. Financial instruments – fair values and risk management (continued)

(iii) Liquidity risk (continued)

Exposure to liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	More than 1 year
	US\$	US\$	US\$	US\$	US\$
2023					
Accruals and other payables	81,855	81,855	6,575	210	75,070
KHR'000 (Note 5)	<u>334,377</u>	<u>334,377</u>	<u>26,859</u>	<u>858</u>	<u>306,661</u>
2022					
Accruals and other payables	119,832	119,832	55,538	183	64,111
KHR'000 (Note 5)	<u>493,349</u>	<u>493,349</u>	<u>228,650</u>	<u>753</u>	<u>263,945</u>

(iv) Market risk

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

Foreign currency risk

The foreign currency exchange risk of the Company arises from the transactions denominated in foreign currencies. The Company's exposure to risk normally from changes in foreign currency exchange rates is minimal as most of its transactions are conducted in US\$.

Interest rate risk

The Company's exposure to interest rate risk relates to interest-bearing financial assets and liabilities.

Interest-bearing financial assets and liabilities

Interest-bearing financial assets include cash at bank. The interest rates and deposit terms of term deposits and cash at bank are disclosed in Notes 10 and 12, respectively. There are no interest-bearing financial liabilities as at the reporting date.

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Financial assets (includes interest and net of allowance for impairment loss)	<u>2,265,573</u>	<u>9,254,866</u>	<u>2,479,234</u>	<u>10,207,007</u>

Cash flow sensitivity analysis for variable-rate instruments

The Company does not have significant variable rate instruments. Therefore, no cash flow sensitivity analysis was prepared.

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

17. Financial instruments – fair values and risk management (continued)

(c) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As at 31 December 2023, the Company has a capital of KHR8,240,000,000 (equivalent to US\$2,010,000), does not have any debt from other parties and has met the minimum capital requirement of KHR6,000,000,000 (equivalent to US\$1,500,000).

In addition, under the SERC's regulation, the Company is required to maintain a net capital ratio of 150%. The Company's net capital and net capital ratio as at 31 December 2023 are shown in the table below.

	31 December 2023		31 December 2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Net capital				
Total current assets (*)	2,573,762	10,513,818	2,757,100	11,350,982
Total liabilities	(139,318)	(569,112)	(308,787)	(1,271,275)
	<u>2,434,444</u>	<u>9,944,706</u>	<u>2,448,313</u>	<u>10,079,707</u>
Prescribed level of capital (higher of A and B)				
5% of shareholders' equity (A)	128,783	526,077	127,093	523,241
10% of total external liabilities (B)	13,932	56,911	30,879	127,128
Prescribed level of capital	<u>128,783</u>	<u>526,077</u>	<u>127,093</u>	<u>523,241</u>
Net capital ratio	<u>1890%</u>	<u>1890%</u>	<u>1926%</u>	<u>1926%</u>

(*) Includes cash and cash equivalents, term deposits (excluding interest receivable and allowance for impairment loss) and statutory deposits.

18. Taxation contingencies

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

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

ACLEDA Securities Plc.

Notes to the financial statements (continued)

As at 31 December 2023 and for the year then ended

19. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements which would require adjustments or disclosures to be made in the financial statements, except for the following:

- On 6 February 2024, the SERC approved the Company to function as a fund distribution company.
- On 11 March 2024, the Ministry of Commerce officially approved the change in the Company's name in Khmer language, while the Company's name in English remained unchanged.

20. Authorisation of the financial statements

The financial statements as at 31 December 2023 and for the year then ended were approved for issue by the Board of Directors of the Company on 25 March 2024.

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ACLEDA SECURITIES



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