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ACLEDA SECURITIES



The securities firm you can trust



Annual Report

2020

Vision

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

Mission

ACLEDA Securities Plc.'s mission is to provide customer, investor and public 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.

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

Headquarters:

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Email: info@acledasecurities.com.kh

Website: www.acledasecurities.com.kh

FINANCIAL RESULTS

2020 Audited		2019 Audited	
USD	KHR'000	USD	KHR'000

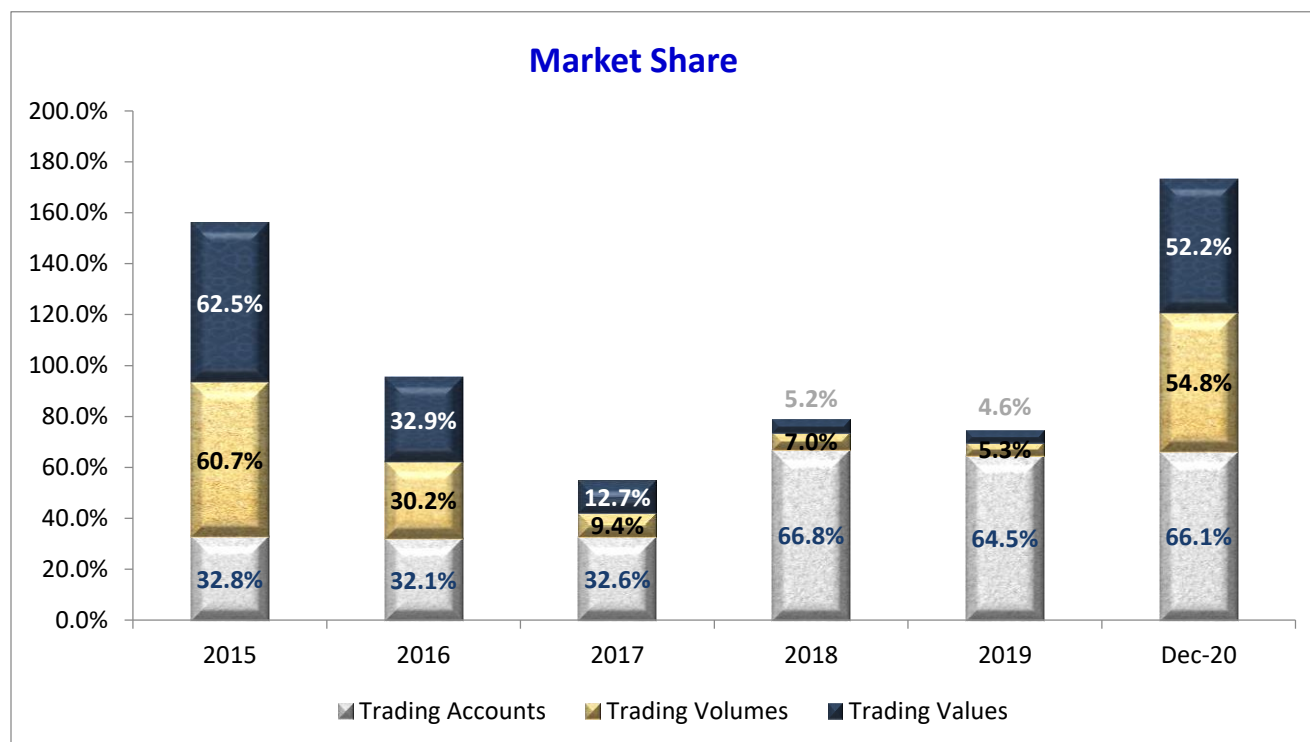
Balance Sheet

A. Total Asset	2,185,905	8,841,986	2,138,653	8,715,012
B. Total Liabilities	167,604	677,958	135,229	551,059
C. Total Equities	2,018,301	8,164,028	2,003,424	8,163,953

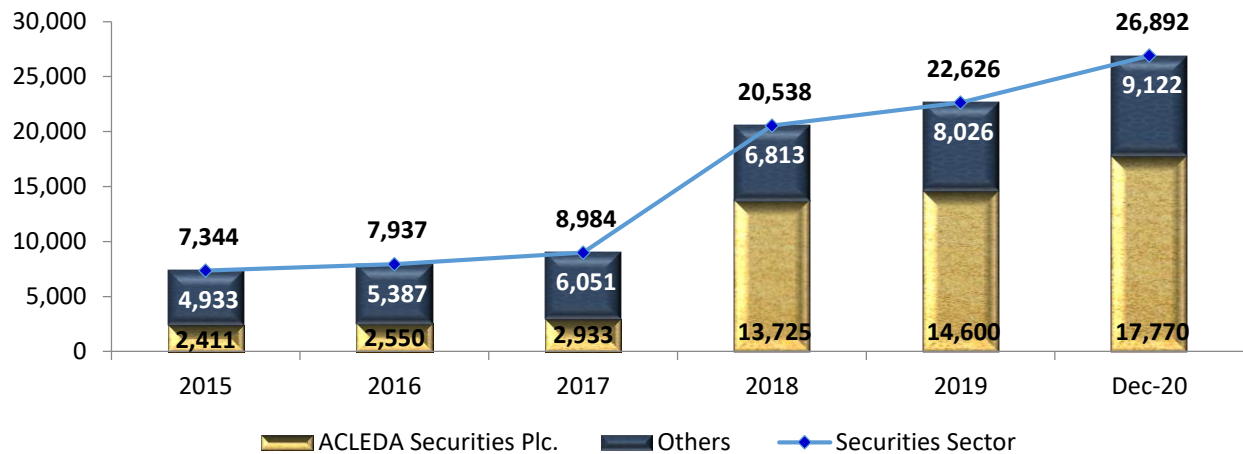
Income Statement

A. Total Revenues	371,554	1,514,826	129,392	524,296
B. Profit/(Loss) Before Income Tax	(3,188)	(12,996)	(141,696)	(574,152)
C. Total Comprehensive Income/(loss)	14,877	60,655	(147,343)	(477,829)

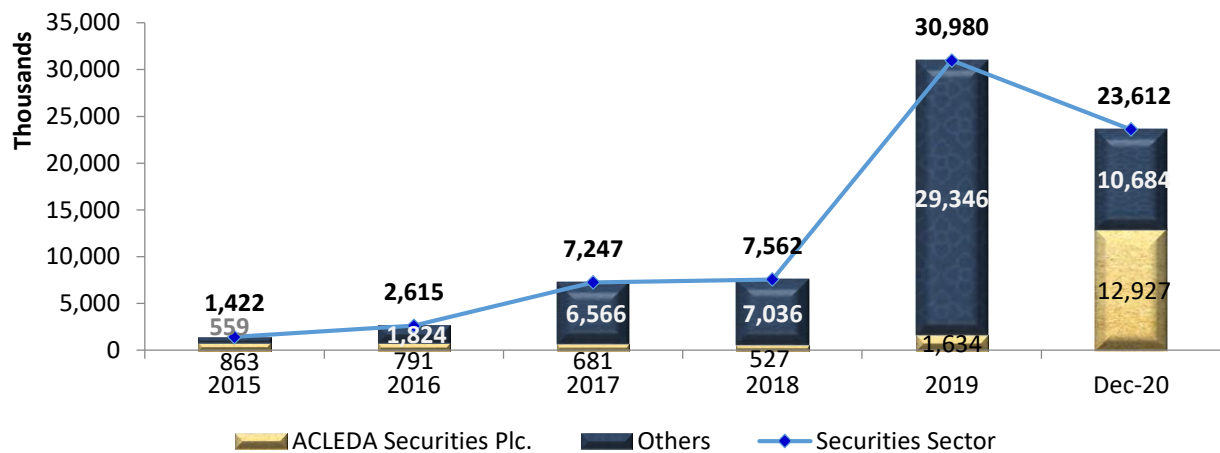
PERFORMANCE



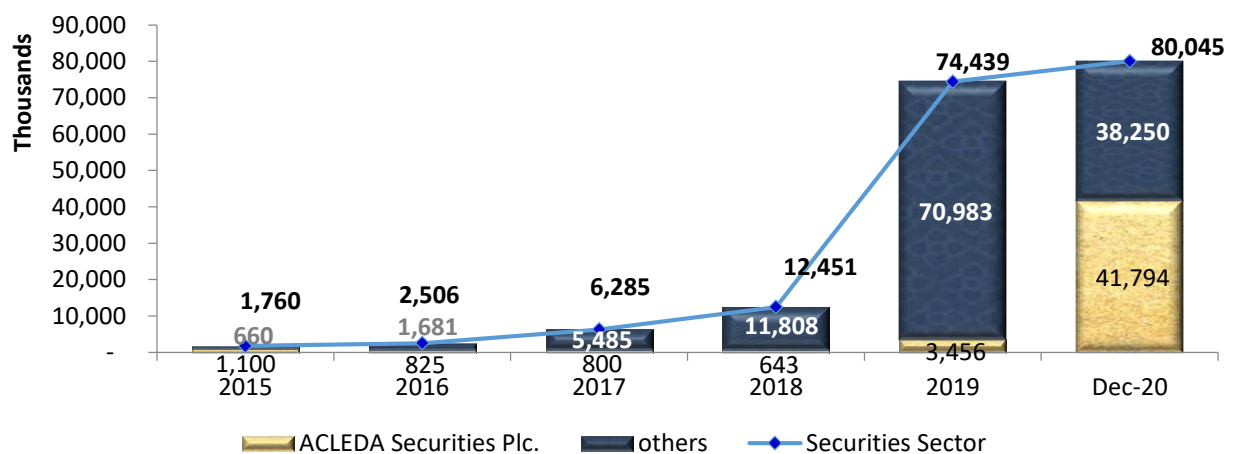
Trading Accounts



Trading Volumes



Trading Values (US\$)



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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 pleased to present ACLEDA Securities Plc.’s 2020 annual report to shareholders and other stakeholders of ACLEDA Securities Plc.”

The Cambodia Economy

Despite the impact of Covid-19 on some sectors in 2020, the economy of Cambodia continues to work properly, because some sectors are still operating normally and growing beyond 2019. This result is due to the right and timely measures taken by the Royal Government of Cambodia, as well as the involvement and faith of individually and institutionally various parties in preventing the spread of Covid-19.

Securities Sector

Because of peace, stability and sustaining economic growth, there has been six securities underwriters, one securities dealers, four securities brokers and two securities selling agents have been operating in Cambodia and thirteen listed companies have been listed on the Cambodia Securities Exchange (CSX). Among them, there were seven companies have been publicly issued the equity securities while six other companies have been publicly issued the debt securities. The number of listing companies are expecting to continuously increase in 2021 with the availability of Covid 19 vaccine and global economic recovery.

We welcome new regulations issued by the Ministry of Economy and Finance, the Securities and Exchange Commission of Cambodia (SECC), as well as the Cambodia Securities Exchange (CSX), which focuses on and address the need to mitigate risks, protect the interests of stakeholders and especially strengthen the legal rights protection of investors amongst many other mechanisms, with the optimal goal to guarantee sustainable growth in securities sector in the Kingdom of Cambodia.

ACLEDA Securities Plc.

In 2020, ACLEDA Securities Plc. continues to implement its foremost goal, outlined in its five-year strategy (2020-2024) to be a leading securities brokerage firm with a competitive edge in relevant securities market. Trust and transparency delivery to its stakeholders is our business long-term returns and sustainability in continuously support the economic growth agenda and the Rectangular Development Strategy of the Royal Government of the Kingdom of Cambodia.

ACLEDA Securities Plc. continues to strengthen its business model and facilitates the delivery of enhanced securities trading services to its clients in Cambodia securities market to earn sustaining revenue streams into the future and ultimately benefits its shareholders.

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

Board of Director

The Board consists of three Directors, two of whom are non-executive directors and one is executive director. In 2020, there were no changes in the composition of the board.

Governance

The Board and Management have the responsibility to ensure that ACLEDA Securities Plc.'s operations are conducted in accordance with all applicable laws and regulations, and as a credible going concern for years to come.

In accordance with its terms of reference, the Board of directors meet regularly at least four times per year, with reviewed the management performance and effective control over of ACLEDA Securities Plc.'s operation.

The Outlook for 2021

According to the analysis and forecast of World Bank and Asian Development Bank, Cambodia's economic growth is expecting to increase to almost 4% in 2021 because of the availability of vaccines, strong measurement of the spread of Covid-19 by the Royal Government of Cambodia and the movement of people in the world. The economic situation of the Kingdom of Cambodia will be also able to restore, whilst the foreign direct investment flows are expecting to return to normal and the start of new oil pumping operations which is another new source of revenue for government in developing priority sectors.

Acknowledgement

On behalf of the Board of Directors, I would like to thank our customers, shareholders, directors, management, and all staffs of ACLEDA Securities Plc. for their support and efforts in implementing its strategy and in achieving its goals and objectives.

We also express our sincerest gratitude to the Royal Government of Cambodia, the Ministry of Economy and Finance, the Securities and Exchange Commission of Cambodia (SECC), Cambodia Securities Exchange (CSX), regulators, and all relevant authorities for their constant support and dedicated efforts to develop Cambodia's financial industry, especially the securities sector.

We reaffirm our commitment to all our customers and shareholders that in 2021 we will continue to pay attention and dedicate all our efforts to achieving a strong and sustainable growth rate, and to deliver on our strategic goals to enhance future returns as well as strengthening the position of ACLEDA Securities Plc. in the Kingdom of Cambodia.



Mrs. Mar Amara

Chairwoman

ACLEDA Securities Plc.

Dated: March 26th, 2021

PRESIDENT & CEO REPORT



Mr. PROM Visoth

President & CEO

“The development of electronically infrastructure and automatic systems to serve and provide investors with the fastest and convenient services is a strategic objective of ACLEDA Securities Plc. in 2021 and the following years.”

Performance in 2020

Competitive Environment

Nowaday, the public as well as public and private institutions in all sectors have gained a more profound understanding about the securities sector in the Kingdom of Cambodia, which is in stage of enhance the sustaining growth and competition in securities sector. Therefore, ACLEDA Securities Plc. continues to remain on its safe and stable strategy in providing securities services to all investors with convenience, transparency and trust, and ensure the business sustainability and develop itself to be a leading securities firm in this sector.

Operational Highlights in 2020

- ❖ ACLEDA Securities Plc. has signed contract as bondholders’ representative with 03 (three) corporate bond issuers namely RMA Cambodia Plc., Phnom Penh Comercial Bank and Prasac Microfinance Institution Plc., which have been listed for public offering of debt securities on the Cambodia Securities Exchange (CSX).
- ❖ ACLEDA Securities Plc. has signed contract as selling agent with two leading underwriters to sell equity securities of 02 (two) issuers namely ACLEDA Bank Plc. and Pestech Cambodia Plc., which have been listed for initial public offering of equity securities on the Cambodia Securities Exchange (CSX).
- ❖ ACLEDA Securities Plc. has developed interfaced system with ACLEDA Mobile of parent company in order to facilitate investors to transfer money from his/her bank account to trading account and from trading account to bank account.

- ❖ ACLEDA Securities Plc. has been awarded as the Best Securities Broker in the first, second, third and fourth quarter of 2020 in a program which is initiated by Cambodia Securities Exchange (CSX).
- ❖ ACLEDA Securities Plc. has been awarded as the Best Securities Brokerage Cambodia 2020 in Global Banking and Finance Awards which is organized by Global Banking and Finance Review, based in London, United Kingdom.
- ❖ ACLEDA Securities Plc. continued its operations costs reduction, risk control and increase operating income.
- ❖ ACLEDA Securities Plc. continuously improves its website to provide comprehensive information for investors to analyze and decide to trade stock on the CSX.

Securities Brokerage Service

Total trading accounts at ACLEDA Securities Plc. were 17,770 in 2020 and 14,600 in 2019, increased by 21.71% or 3,170 accounts. If compared to the total trading accounts on the Cambodia Securities Exchange (CSX), it held 66.07% market share.

Total investor's shares balance with ACLEDA Securities Plc. increased by 5,969.57%, (If taken only the share balance with ACLEDA Bank Plc. increased by 114.24%) while investor's cash balance with ACLEDA Securities Plc. increased by 189.95%. The number of active investors with cash and shares balance with ACLEDA Securities Plc. increased by 368.04%.

Trading volume of investors at ACLEDA Securities Plc. increased by 971.19% and trading value increased by 1,209.33%.

Bondholders Representative Service

The bondholders' representative service started in the middle of 2018 and acted as Bondholders' Representative of 6 (six) listed companies namely Hattha Bank in 2018, and LOLC (Cambodia) Plc. and Advanced Bank of Asia Limited (ABA) in 2019, and RMA (Cambodia) Plc., Phnom Penh Commercial Bank and Prasac Microfinance Institution Plc. in 2020.

Securities Selling Agent Service

The securities selling agent service started in the middle of 2019 and acted as selling agent for underwriter, sold 3,217,862 shares to 2,359 investors. As of bond, selling agent has sold 16,520 bonds to 23 investors.

Priority Strategies for 2021

- ❖ Provide investors with the best quality, secure, convenient and quick service
- ❖ Developing e-service to make it convenience for investors in new Covid-19 era
- ❖ Deepen the knowledge and advantages of the market and securities sector to the public
- ❖ Cooperate with underwriter in order to encourage more company to list in the Cambodia Securities Exchange (CSX)
- ❖ Establish and develop multi-services in the securities market to absorb additional and diversified income in both primary and secondary markets.

The Challenges for 2021

Uncertainty of Covid-19 remains such a worrying sign on economic growth and global trade which cause the issuers and potential investors are awaiting to see this result that is the challenge in 2021. ACLEDA Securities Plc. may face impacts caused by this challenge as well.

To all our investors, Board of Directors, managements and staffs, and not least the Royal Government, especially Securities and Exchange Commission of Cambodia (SECC) and Cambodia Securities Exchange (CSX), I offer my sincerest thanks — both for your support in 2020 and in anticipation of a happy and prosperous 2021.



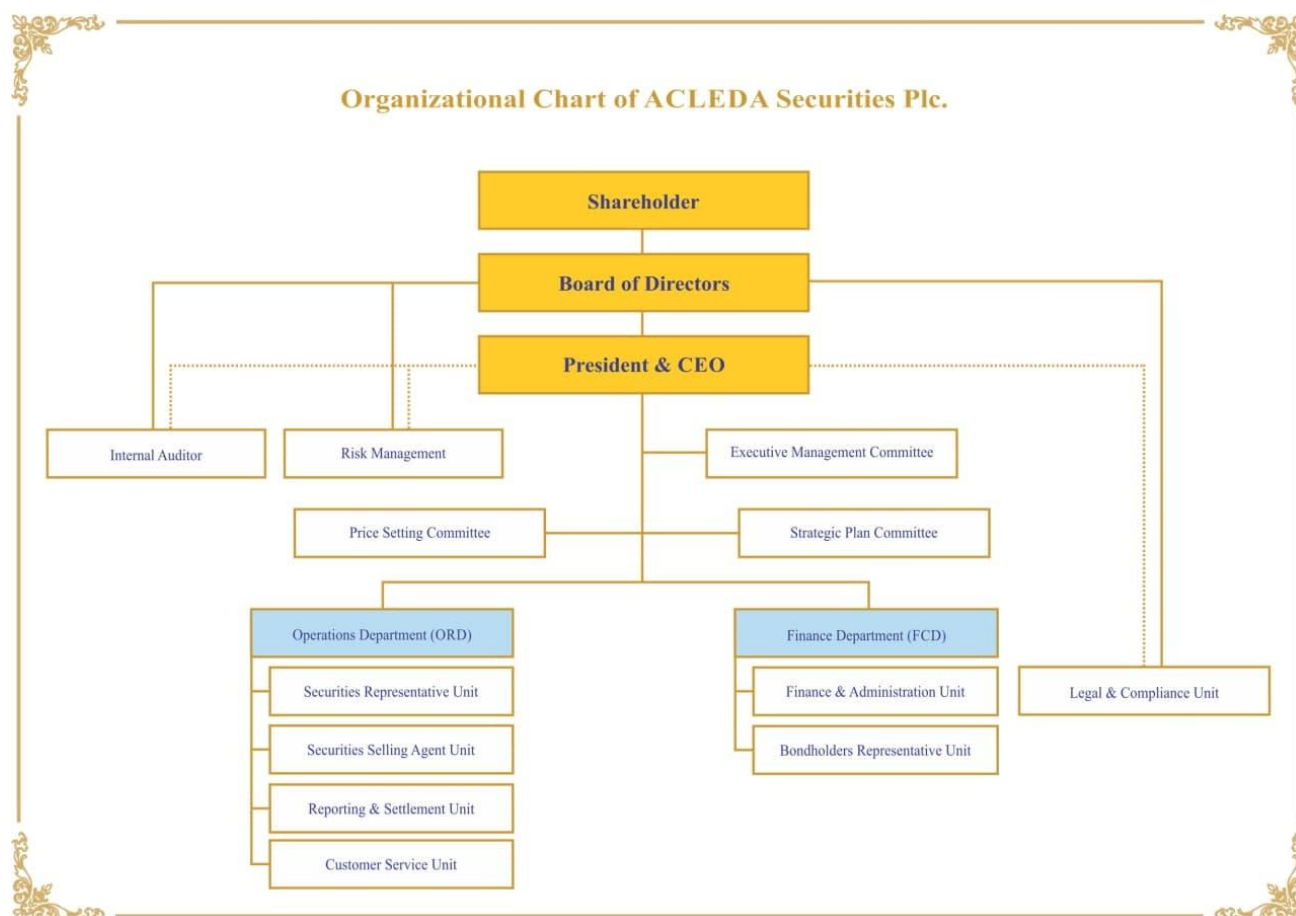
Mr. Prom Visoth

President & CEO

ACLEDA Securities Plc.

Dated: March 26th, 2021

ORGANIZATIONAL CHART



CORPORATE GOVERNANCE

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

SHAREHOLDERS

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

BOARD OF DIRECTORS

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

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





Mrs. Mar Amara

Board Chairwoman

Cambodian. Born September 1967. Mrs. Mar Amara joined ACLEDA in June 1993. As Senior Executive Vice President & Group Chief Financial Officer, she is a chairwoman of management's Assets & Liabilities Committee, 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 member of Risk Management's Executive Committee and 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.

Her other responsibilities with the group include being Board chairwoman of ACLEDA Securities Plc., vice chair of ACLEDA Financial Trust and a member of the Board of Directors of ACLEDA Institute of Business.

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



Mr. Prom Visoth

President & CEO

Khmer. Born January 11, 1975. He holds a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia. He started working for ACLEDA Bank Plc. since June 1998 in various positions such as Accountant, Head of Credit Control Unit, Branch Manager, Legal Team Leader and Company Secretary, Senior Vice President & Head of Legal Division and Company Secretary and last position as Executive Vice President & Group Chief Legal Officer and Company Secretary. His other responsibilities within the group include being a member of the Board of Directors of ACLEDA Institute of Business and ACLEDA Securities Plc. He is nominated as the President & CEO of ACLEDA Securities Plc. since November 1, 2017.



Dr. LOEUNG Sopheap

Director

Cambodian. Born March 1967. Dr. Sopheap obtained his Doctorate of Business Administration (DBA) from Preston University, Phnom Penh, Cambodia in 2012. He started working for ACLEDA in December 1997 as an accountant. Since then he held several positions, and currently as Executive Vice President & Group Chief Risk Officer. 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.

EXECUTIVE MANAGEMENT

President & CEO is appointed by the Board of Directors with full responsibility and authority to manage the day-to-day affairs of ACLEDA Securities Plc. within the framework of the policies and strategic guidelines approved by the Board. However, certain powers may be retained by the Board and shall be formally recorded in a 'Letter of Reserved Matters'.

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

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

MANAGEMENT



Mr. PROM Visoth

President & CEO

Khmer. Born January 11, 1975. He holds a Master of Business Administration majoring in Finance from the Charles Sturt University, Australia. He started working for ACLEDA Bank Plc. since June 1998 in various positions such as Accountant, Head of Credit Control Unit, Branch Manager, Legal Team Leader and Company Secretary, Senior Vice President & Head of Legal Division and Company Secretary and last position as Executive Vice President & Group Chief Legal Officer and Company Secretary. His other responsibilities within the group include being a member of the Board of Directors of ACLEDA Institute of Business and ACLEDA Securities Plc. He is nominated as the President & CEO of ACLEDA Securities Plc. since November 1, 2017.

(L to R) Mrs. Mao Phirak, Mr. Prom Visoth, Mrs. Phal Thyda, Mrs. Ren Sopheary





Mrs. MAO Phirak

VP & Head of Operations

Born in 1981, obtained a master's degree of business administration majoring in finance from National University of Management, Phnom Penh, in November 2011. She graduated with bachelor degree major on Finance and Banking at National University of Management in 2003. She finished high school at Kampong Thom High School in 1998. Mrs. Mao Phirak started working at ACLEDA Bank Plc. since 2004 and was promoted to Assistant Vice President & Assistant Manager of HR Development Unit of Human Resource Division in September 2007 and Assistant Vice President & Assistant Manager of Investment Relation Unit of Capital Market Division in January 2009. She became the Head of Securities Representatives of ACLEDA Securities Plc. in March 2016. She became the Vice President & Head of Operations in April 2020.



Mrs. PHAL Thyda

Chief Finance Officer

Born in August, 1985, and started working with ACLEDA Bank Plc. since April, 2009. In position of Chief Finance Officer, she is also a member of an Executive Committee and business strategic planning and business operation on short, medium and long term plans of ACLEDA Securities Plc. She is responsible for Financial Department including Finance and Administrative unit and Bondholders Representative unit. She is directly accountable to the President & CEO.

Mrs. PHAL Thyda graduated bachelor degree in Business Accounting at Norton University, Phnom Penh in 2007. She also graduated bachelor degree of English major in Business Communication from Western University, Phnom Penh in 2012.



Mrs. REN Sopheary

Legal & Compliance Officer

Born in 1993, she graduated bachelor degree in major of Law at Cambodian Mekong University, Phnom Penh in 2017. She is studying master degree in major of Private Law at Royal University of Law and Economics University. She finished high school at Kampong Speu high school. She started working with ACLEDA Bank Plc. as 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.

CODE OF CONDUCT

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

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Environmental and social sustainability (ESS) mission statement

ACLEDA Securities Plc. is committed to achieving strong, sustainable financial returns, while respecting the environment and community within which we live. We subscribe to the concept of triple bottom line ('people, planet, profit') reporting and are constantly developing indicators for measuring and reporting on our performance and impacts on the society and the environment, and to implement a reporting structure based on the guidelines of the Global Reporting Initiative.

Financial Statement

FOR THE YEAR ENDED
31 DECEMBER 2020

REPORT OF THE DIRECTORS

The Board of Directors (“the Board” or “the Directors”) hereby submit their report together with the audited financial statements of ACLEDA Securities Plc. (“the Company”) for the year ended 31 December 2020.

The Company

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

Principal activities

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

Financial results

The financial results of the Company for the year ended 31 December 2020 were as follows:

	2020		2019	
	US\$	KHR'000	US\$	KHR'000
Loss before income tax	(3,188)	(12,996)	(141,696)	(574,152)
Income tax benefit/(expense)	16,415	66,924	(4,311)	(17,468)
Net profit for the year	13,227	53,928	(146,007)	(591,620)

Dividends

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

Share capital

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

Current assets

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

Valuation methods

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

Contingent and other liabilities

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

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

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

Change of circumstances

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

Items of unusual nature

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

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

Impact of Novel Coronavirus Outbreak to the Company

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

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

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

The Board of Directors

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

Ms. Mar Amara	Chairwoman
Mr. Prom Visoth	Director
Dr. Loeung Sopheap	Director

Directors' interests

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

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

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

Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian International Financial Reporting Standards or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;

(iv) assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and

(v) control and direct effectively the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

Approval of the financial statements

I, hereby approve the accompanying financial statements as set out on pages 27 to 58 which present fairly, in all material respects, the financial position of ACLEDA Securities Plc. as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards.

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



Mrs. Mar Amara

Chairwoman

Phnom Penh, Kingdom of Cambodia

Date: March 24th, 2021

REPORT OF THE INDEPENDENT AUDITORS

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 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 27 to 58.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprised the Report of Board of the Directors as set out on pages 20 to 23.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with CISAs, we exercise professional 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

For **KPMG Cambodia Ltd**



Nge Huy

Partner

Phnom Penh, Kingdom of Cambodia

Date: March 24th, 2021

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		31 December 2020		31 December 2019	
	Note	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS					
Non-current assets					
Statutory deposit	6	247,219	1,000,000	245,399	1,000,000
Intangible assets	7	4,460	18,041	10,089	41,113
Property and equipment	8	7,315	29,589	4,025	16,403
Deferred tax assets	9(c)	41,069	166,124	20,982	85,502
Total non-current assets		300,063	1,213,754	280,495	1,143,018
Current assets					
Term deposits	10	1,665,837	6,738,311	1,676,595	6,832,125
Other assets	11	43,491	175,922	38,655	157,519
Cash and cash equivalents	12	176,514	713,999	142,908	582,350
Total current assets		1,885,842	7,628,232	1,858,158	7,571,994
TOTAL ASSETS		2,185,905	8,841,986	2,138,653	8,715,012
EQUITY AND LIABILITIES					
Equity					
Share capital	13	2,010,000	8,040,000	2,010,000	8,040,000
Retained earnings/(accumulated losses)		8,301	29,468	(6,576)	(31,187)
Other reserves		-	94,560	-	155,140
Total equity		2,018,301	8,164,028	2,003,424	8,163,953
Liabilities					
Non-current liabilities					
Employee benefits	14	61,419	248,440	57,442	234,077
Current liabilities					
Accruals and other payables	15	105,293	425,910	77,662	316,473
Employee benefits – current	14	630	2,548	-	-
Current income tax liabilities	9(a)	262	1,060	125	509
		106,185	429,518	77,787	316,982
Total liabilities		167,604	677,958	135,229	551,059
Total equity and liabilities		2,185,905	8,841,986	2,138,653	8,715,012

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020		2019	
	Note	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Continuing operations					
Revenue – fees and commission income		274,914	1,120,824	46,401	188,017
Finance income	16(a)	92,319	376,385	86,524	350,595
Other gains/(losses) – net		4,321	17,617	(3,533)	(14,316)
		<u>371,554</u>	<u>1,514,826</u>	<u>129,392</u>	<u>524,296</u>
Expenses					
Salaries and wages		218,541	890,992	186,653	756,318
Utilities		5,235	21,343	4,320	17,505
Membership and registration fees		20,248	82,551	16,424	66,550
Bonuses and incentives		27,548	112,313	24,255	98,281
Legal and professional fees		5,015	20,446	6,330	25,649
Communication		7,605	31,006	6,238	25,276
Amortisation charge	7	5,629	22,949	5,352	21,686
Retirement benefits	14	6,117	24,939	4,386	17,772
Other benefits		30,934	126,118	11,778	47,725
Depreciation charge	8	3,253	13,262	1,448	5,867
Other expenses		6,871	28,013	3,904	15,819
Impairment losses on financial assets		37,746	153,890	-	-
		<u>374,742</u>	<u>1,527,822</u>	<u>271,088</u>	<u>1,098,448</u>
Loss before income tax		(3,188)	(12,996)	(141,696)	(574,152)
Income tax benefit/(expense)	9(b)	16,415	66,924	(4,311)	(17,468)
Profit/(loss) for the year		<u>13,227</u>	<u>53,928</u>	<u>(146,007)</u>	<u>(591,620)</u>
Other comprehensive income:					
<i>Items that may not be reclassified to profit or loss:</i>					
Remeasurement of employee benefit obligations	14	1,650	6,727	(1,336)	(5,413)
Currency translation difference		-	(60,580)	-	119,204
Other comprehensive income/(loss) for the year		<u>1,650</u>	<u>(53,853)</u>	<u>(1,336)</u>	<u>(113,791)</u>
Total comprehensive income/(loss) for the year		<u>14,877</u>	<u>75</u>	<u>(147,343)</u>	<u>(477,829)</u>
Profit attributable to:					
Owner of the Company		<u>13,227</u>	<u>53,928</u>	<u>(146,007)</u>	<u>(591,620)</u>
Total comprehensive income/(loss) attributable to:					
Owner of the Company		14,877	60,655	(147,343)	(477,829)

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owner of the Company					
	Share capital		(Accumulated losses)/retained earnings		Other reserves	Total
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$ KHR'000 (Note 5)
For the year ended 31 December 2019						
Balance as at 1 January 2019	2,010,000	8,040,000	140,767	565,846	35,936	2,150,767 8,641,782
<i>Comprehensive loss:</i>						
Loss for the year	-	-	(146,007)	(591,620)	-	(146,007) (591,620)
Remeasurement of employee benefit obligations	-	-	(1,336)	(5,413)	-	(1,336) (5,413)
Other comprehensive income - currency translation difference	-	-	-	-	119,204	- 119,204
Total comprehensive loss for the year	-	-	(147,343)	(597,033)	119,204	(147,343) (477,829)
Balance as at 31 December 2019	<u>2,010,000</u>	<u>8,040,000</u>	<u>(6,576)</u>	<u>(31,187)</u>	<u>155,140</u>	<u>2,003,424 8,163,953</u>
For the year ended 31 December 2020						
Balance as at 1 January 2020	2,010,000	8,040,000	(6,576)	(31,187)	155,140	2,003,424 8,163,953
<i>Comprehensive income:</i>						
Profit for the year	-	-	13,227	53,928	-	13,227 53,928
Remeasurement of employee benefit obligations	-	-	1,650	6,727	-	1,650 6,727
Other comprehensive income - currency translation difference	-	-	-	-	(60,580)	- (60,580)
Total comprehensive loss for the year	-	-	14,877	60,655	(60,580)	14,877 75
Balance as at 31 December 2020	<u>2,010,000</u>	<u>8,040,000</u>	<u>8,301</u>	<u>29,468</u>	<u>94,560</u>	<u>2,018,301 8,164,028</u>

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

		2020		2019	
	Note	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash flows from operating activities					
Profit/(loss) for the year		13,227	53,928	(146,007)	(591,620)
<i>Adjustments for:</i>					
Depreciation charge	8	3,253	13,262	1,448	5,867
Amortisation charge	7	5,629	22,949	5,352	21,686
Income tax		(16,415)	(66,924)	4,311	17,468
Finance income		(92,319)	(376,385)	(86,524)	(350,595)
Employee benefits expense	14(a)	6,117	24,939	4,386	17,772
Seniority indemnity		140	571	(7,319)	(29,657)
Unrealised foreign exchange (gain)/loss		(1,820)	(7,422)	3,481	14,105
Impairment losses on financial assets		34,125	139,128	-	-
<i>Changes in:</i>					
Other assets		(4,836)	(19,716)	(2,874)	(11,645)
Accruals and other payables		27,631	112,652	14,776	59,872
Cash used in operations		(25,268)	(103,018)	(208,970)	(846,747)
Income tax paid	9(a)	(3,535)	(14,412)	(1,316)	(5,332)
Net cash used in operating activities		(28,803)	(117,430)	(210,286)	(852,079)
Cash flows from investing activities					
Purchases of property and equipment		(6,543)	(26,676)	(4,088)	(16,565)
Term deposits		(37,775)	(154,009)	250,000	1,013,000
Interest received		106,727	435,126	94,944	384,713
Net cash generated from investing activities		62,409	254,441	340,856	1,381,148
Net increase in cash and cash equivalents		33,606	137,011	130,570	529,069
Cash and cash equivalents at the beginning of the year		142,908	582,350	12,338	49,574
Currency translation difference		-	(5,362)	-	3,707
Cash and cash equivalents at the end of the year	12	176,514	713,999	142,908	582,350

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

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 December 2020

1. Reporting entity

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

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

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

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 2020, the Company had 14 employees (2019: 10 employees).

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were authorised for issue by the Company’s Board of Directors on March 25th, 2021.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that

date. Exchange differences arising on translation are recognised in other comprehensive income.

(d) Use of estimates and judgements

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

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

Measurement of fair values

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

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

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

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

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

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

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

3. Significant accounting policies

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

(a) Foreign currency transactions

Transactions in currencies other than US\$ are translated into US\$ at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at the exchange rates at the reporting date. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(b) Financial assets and financial liabilities

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing

whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

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

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

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Equity investments at FVOCI

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

(iii) Derecognition

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

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

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

(iv) Offsetting

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

(c) Share capital – ordinary shares

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

(d) Property and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less the estimated residual value using a straight-line method over the estimated useful lives, and is generally recognised in profit or loss.

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

Furniture, fixture, and office equipment	3 years
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Computer equipment	3 years
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Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

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

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

(f) Impairment**(i) Financial assets**

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be 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 entity in accordance with the contract and the cash flows that the Company expects to receive).

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

(ii) Non-financial assets

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

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

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

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

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

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

(g) Statutory deposit

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

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

(h) Employee benefits

(i) Short-term employee benefits

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

(ii) Retirement benefits

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

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

No separate fund has been maintained and interest contributed for the retirement benefits.

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

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

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

(iii) Seniority Indemnity

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

- Current Seniority Indemnity: Employees who have worked from 1 month to 6 months (not including probation period) by June 30, or December 31, will receive seniority indemnity equal to 7.5 days.
- Back Pay Seniority Indemnity: Employees who have worked under permanent contract from 1 month to 6 months in fiscal year will receive payment of seniority indemnity equal to 7.5 days, in case over 6 months will receive seniority indemnity equal to 15 days. The maximum seniority to be paid shall not exceed 6 months of the average base salary of each year that shall be paid from 2008 to 2018 but shall not exceed 156 days.

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

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

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

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

(i) Provisions

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

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

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

(j) Revenue

Revenue recognition under CIFRS 15

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

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

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

(k) Interest income

Interest income is recognised using effective interest method.

(l) Leases

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

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

As a lessee

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

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

the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories, less any lease incentives received.

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

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

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

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

Short-term leases and leases of low-value assets

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

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

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

(m) Income tax

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

Current tax

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

Deferred tax

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

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

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

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

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

4. New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- *COVID-19-Related Rent Concessions (Amendment to CIFRS 16).*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to CIAS 16).*
- *Reference to Conceptual Framework (Amendments to CIFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to CIAS 1).*

5. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars. The translations of United States Dollars amounts into Khmer Riel ("KHR") are included solely for meeting the presentation requirements pursuant to Law on Accounting and Auditing. Assets and liabilities are translated at the closing rate as at the reporting date. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as "Currency Translation Difference" in the other comprehensive income.

The Company uses the following official exchange rates:

			Closing rate	Average rate
31 December 2020	US\$1	=	KHR4,045	KHR4,077
31 December 2019	US\$1	=	KHR4,075	KHR4,052

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

6. Statutory deposit

In compliance with the SECC's Prakas No. 009 on the licensing of securities firms and securities representatives, the Company is required to place a capital guarantee deposit (at least

KHR 1 billion) maintained with the National Bank of Cambodia (“NBC”) specifically earmarked for the Company as required by SECC for operating as a securities broker in Cambodia. The deposit (non-interest bearing), which is not available for use in the Company’s day-to-day operation, is refundable should the Company voluntarily cease its operations in Cambodia.

7. Intangible assets

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

2019	Computer software	SECC license	Total	
	US\$	US\$	US\$	KHR’000 (Note 5)
Cost				
As at 1 January 2019	1,574	15,441	17,015	68,366
Disposals	(1,574)	-	(1,574)	(6,378)
Currency translation difference	-	-	-	934
As at 31 December 2019	<u>-</u>	<u>15,441</u>	<u>15,441</u>	<u>62,922</u>
Less: Accumulated amortisation				
As at 1 January 2019	1,574	-	1,574	6,324
Amortisation for the year	-	5,352	5,352	21,686
Disposals	(1,574)	-	(1,574)	(6,378)
Currency translation difference	-	-	-	177
As at 31 December 2019	<u>-</u>	<u>5,352</u>	<u>5,352</u>	<u>21,809</u>
Carrying amounts				
As at 31 December 2019	<u>-</u>	<u>10,089</u>	<u>10,089</u>	<u>41,113</u>

8. Property and equipment

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

2019	Furniture, fixture and office equipment US\$	Computer equipment US\$	US\$	Total KHR'000 (Note 5)
Cost				
At 1 January 2019	7,679	47,527	55,206	221,818
Additions	1,135	2,953	4,088	16,565
Written off	-	(5,316)	(5,316)	(21,540)
Currency translation difference	-	-	-	3,118
At 31 December 2019	<u>8,814</u>	<u>45,164</u>	<u>53,978</u>	<u>219,961</u>
Less: Accumulated depreciation				
At 1 January 2019	7,679	46,142	53,821	216,253
Depreciation for the year	194	1,254	1,448	5,867
Written off	-	(5,316)	(5,316)	(21,540)
Currency translation difference	-	-	-	2,978
At 31 December 2019	<u>7,873</u>	<u>42,080</u>	<u>49,953</u>	<u>203,558</u>
Carrying amounts				
At 31 December 2019	<u>941</u>	<u>3,084</u>	<u>4,025</u>	<u>16,403</u>

9. Income Tax

(a) Current income tax liability

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	125	509	111	446
Current income tax expenses	3,672	14,971	1,330	5,389
Income tax paid	(3,535)	(14,412)	(1,316)	(5,332)
Currency translation difference	-	(8)	-	6
As at 31 December	<u>262</u>	<u>1,060</u>	<u>125</u>	<u>509</u>

(b) Income tax expense/(benefit)

	2020		2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current income tax	3,672	14,971	1,330	5,389
Deferred tax	<u>(20,087)</u>	<u>(81,895)</u>	<u>2,981</u>	<u>12,079</u>
	<u>(16,415)</u>	<u>(66,924)</u>	<u>4,311</u>	<u>17,468</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:

	2020		2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Loss before income tax	<u>(3,188)</u>	<u>(12,996)</u>	<u>(141,696)</u>	<u>(574,152)</u>
Income tax using applicable income tax rate	(638)	(2,601)	(28,339)	(114,830)
Effect of non-deductible expenses	18,636	75,979	332	1,345
Effect of (utilisation of tax loss)/tax loss not recognised	(38,085)	(155,273)	30,988	125,564
Minimum tax	<u>3,672</u>	<u>14,971</u>	<u>1,330</u>	<u>5,389</u>
	<u>(16,415)</u>	<u>(66,924)</u>	<u>4,311</u>	<u>17,468</u>

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

(c) Deferred tax assets

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Deferred tax assets - net	<u>41,069</u>	<u>166,124</u>	<u>20,982</u>	<u>85,502</u>

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

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	20,982	85,502	23,963	96,283
Credited to profit or loss	20,087	81,895	(2,981)	(12,079)
Currency translation difference	-	(1,273)	-	1,298
As at 31 December	<u>41,069</u>	<u>166,124</u>	<u>20,982</u>	<u>85,502</u>

Deferred tax assets

Deferred tax assets are attributable to the following:

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Depreciation	1,996	8,074	1,534	6,251
Provision for unused annual leave	10,574	42,771	8,746	35,640
Provision for retirement benefit	12,410	50,198	11,488	46,814
Unrealised exchange gain/loss	(77)	(311)	(786)	(3,203)
Impairment losses on financial assets	7,549	30,536	-	-
Deferred income	8,617	34,856	-	-
As at 31 December	<u>41,069</u>	<u>166,124</u>	<u>20,982</u>	<u>85,502</u>

10. Term Deposit

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Term deposits	1,697,775	6,867,501	1,660,000	6,764,500
Interest receivables	2,187	8,846	16,595	67,625
	<u>1,699,962</u>	<u>6,876,347</u>	<u>1,676,595</u>	<u>6,832,125</u>
Less: Impairment loss allowance	<u>(34,125)</u>	<u>(138,036)</u>	<u>-</u>	<u>-</u>
	<u>1,665,837</u>	<u>6,738,311</u>	<u>1,676,595</u>	<u>6,832,125</u>

The Company placed term deposits with the parent company with maturity of one year. The deposits earn interest rates ranging between 5.50% to 7.50% per annum (2019: 4.50% - 5.50%).

11. Other assets

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Other receivables	23,972	96,967	17,966	73,211
Deposits	1,452	5,873	1,155	4,707
Other prepayments	18,067	73,082	19,534	79,601
	<u>43,491</u>	<u>175,922</u>	<u>38,655</u>	<u>157,519</u>

12. Cash and cash equivalents

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash at bank - saving accounts	180,135	728,646	142,908	582,350
Less: Impairment loss allowance	<u>(3,621)</u>	<u>(14,647)</u>	<u>-</u>	<u>-</u>
	<u>176,514</u>	<u>713,999</u>	<u>142,908</u>	<u>582,350</u>

Savings accounts earn interest rate of 0.20% per annum (2019: 0.20%).

The Company also maintains a bank account “Client Money Account” at ACLEDA Bank Plc. for receiving deposits from customers who wish to trade in the Cambodian Stock Exchange (“CSX”). However, this account does not record in the financial statements of the Company on the ground that the account is opened purely for the customers for this purpose and this does not belong to the Company. The balance of the Client Money Account in KHR as at 31 December 2020 is KHR4,133,968,919 equivalent to US\$1,021,994.79 (2019: KHR2,182,752,657, equivalent to US\$535,645), and the balance of the Client Money Account in USD as at 31 December 2020 is US\$3,061.04.

13. Share capital

The Company registered its share capital of Riel 8,240 million (equivalent to US\$2,010,000), divided into 2,060,000 shares with a par value of Riel 4,000 (equivalent to US\$1) each (2019: US\$2,010,000 with par value of US\$1 per share). The amount of US\$2,010,000 has been fully paid by the parent company.

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Share capital	2,010,000	8,040,000	2,010,000	8,040,000

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

14. Employee benefits

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

		31 December 2020		31 December 2019	
		US\$	KHR'000	US\$	KHR'000
			(Note 5)		(Note 5)
Non-current					
Retirement benefits	(a)	53,764	217,475	49,297	200,886
Seniority indemnity	(b)	<u>7,655</u>	<u>30,965</u>	<u>8,145</u>	<u>33,191</u>
		<u>61,419</u>	<u>248,440</u>	<u>57,442</u>	<u>234,077</u>
Current					
Seniority indemnity	(b)	630	2,548	-	-

(a) Retirement benefits

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

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
As at 1 January	49,297	200,886	43,575	175,084
Interest cost	3,564	14,530	2,306	9,344
Current service cost	2,553	10,409	2,080	8,428
Remeasurement losses from changes in assumptions	(1,650)	(6,727)	1,336	5,413
Currency translation difference	<u>-</u>	<u>(1,623)</u>	<u>-</u>	<u>2,617</u>
As at 31 December	<u>53,764</u>	<u>217,475</u>	<u>49,297</u>	<u>200,886</u>

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

	2020		2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest cost	3,564	14,530	2,306	9,344
Current service cost	<u>2,553</u>	<u>10,409</u>	<u>2,080</u>	<u>8,428</u>
	<u>6,117</u>	<u>24,939</u>	<u>4,386</u>	<u>17,772</u>

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

	2020		2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Remeasurement (gain)/loss from changes in actuarial assumptions	(1,650)	(6,727)	1,336	5,413

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

	2020	2019
Salary growth rate	3.46%	3.44%
Inflation rate	1.20%	1.20%
Discount rates	7.00%	7.00%
Mortality (*) and staff turnover rate (**)	-	-

(*) Mortality rate table is as follows:

Age	Mortality rate (% per annum)			
	2020		2019	
	Females	Males	Females	Males
18-29	0 - 0.49	0 - 0.42	0 - 0.22	0 - 0.42
30-39	0 - 0.10	0 - 0.32	0 - 0.10	0 - 0.58
40-49	-	-	-	-
50-59	-	0 - 6.67	-	-
60	-	-	-	-

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

Age	Staff turnover rate (% per annum)			
	2020		2019	
	Females	Males	Females	Males
18-29	2.3 - 9.10	4.29 - 9.24	0 - 7.39	4.42 - 7.38
30-39	1.68 - 4.68	2.74 - 5.76	2.31 - 5.26	2.82 - 5.40
40-49	0 - 6.67	0 - 4.38	0 - 14.07	0 - 5.02
50-59	-	0 - 8.33	-	0 - 6.06
60	-	-	-	-

(b) Seniority indemnity

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current	630	2,548	-	-
Non-current	7,655	30,964	8,145	33,191
	<u>8,285</u>	<u>33,512</u>	<u>8,145</u>	<u>33,191</u>

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

	2020		2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	8,145	33,191	15,464	62,135
Recognised/(reversed) in profit or loss	140	571	(7,319)	(29,657)
Currency translation difference	-	(250)	-	713
At 31 December	<u>8,285</u>	<u>33,512</u>	<u>8,145</u>	<u>33,191</u>

15. Accruals and other payables

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Accrued annual leave	52,871	213,863	43,729	178,196
Tax payable	2,591	10,481	1,846	7,522
Other accruals	49,831	201,566	32,087	130,755
	<u>105,293</u>	<u>425,910</u>	<u>77,662</u>	<u>316,473</u>

16. Related party transactions and balances

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

The following transactions were carried out with related parties.

(a) Interest income from parent company

	2020		2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest income	92,319	376,385	86,524	350,595

(b) Fee and expenses to parent company

	2020		2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Utilities charges	5,235	21,343	4,320	17,505
Bank charges	501	2,042	470	1,904
	5,736	23,385	4,790	19,409

(c) Key management compensation

	2020		2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Short-term employee benefits	133,138	542,804	126,934	514,337
Long-term benefits	32,570	132,788	26,685	108,126
Post-employment benefits	31,770	129,526	30,234	122,508
	197,478	805,118	183,853	744,971

(d) Related parties balances

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Savings accounts (Note 12)	180,135	728,646	142,908	582,350
Term deposits (Note 10)	1,697,775	6,867,501	1,660,000	6,764,500
Interest receivables (Note 10)	2,187	8,846	16,595	67,625
	1,880,097	7,604,993	1,819,503	7,414,475

17. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

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

(b) Financial risk management

(i) Overview

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

- credit risk
- liquidity risk; and
- market risk

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

(ii) Credit risk

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

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

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

(iii) Liquidity risk

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

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

Exposure to liquidity risk

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

	Carrying Amount US\$	Contractual cash flow US\$	Less than 6 months US\$	6 to 12 months US\$	More than 1 year US\$
2020					
Accrual and other payables	102,702	102,702	7,667	42,164	52,871
KHR'000 (Note 5)					
Accrual and other payables	415,430	415,430	31,013	170,553	213,863
2019					
Accrual and other payables	75,816	75,816	27,506	4,581	43,729
KHR'000 (Note 5)					
Accrual and other payables	308,950	308,950	112,088	18,668	178,196

(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 the return.

Foreign currency risk

The Company's revenue is principally earned in US\$. The Company's expenditure is principally paid in US\$. The Company does not therefore have significant exposure to foreign currency risk.

Interest rate risk

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

Interest-bearing financial assets and liabilities

Interest-bearing financial assets include cash at banks. The interest rates and deposit terms of cash in banks are disclosed in Note 10. There are no interest-bearing financial liabilities at the reporting date.

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Financial assets (include interest and net of allowance for impairment loss)	<u>1,665,837</u>	<u>6,738,311</u>	<u>1,676,595</u>	<u>6,832,125</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.

(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 2020, the Company has capital of US\$ 2,010,000, and it does not have any debt from other party and has met the minimum capital requirement of US\$1,500,000.

In addition, under SECC's regulation, the Company is required to maintain net capital ratio of 150%. The Company's net capital and net capital ratio as at 31 December 2020 are shown in table below:

	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Net capital				
Total current assets (*)	2,125,129	8,596,147	2,048,307	8,346,851
Total external liabilities	(167,604)	(677,958)	(135,229)	(551,059)
	<u>1,957,525</u>	<u>7,918,189</u>	<u>1,913,078</u>	<u>7,795,792</u>
Prescribed level of capital (higher of A and B)				
5% of shareholders' equity (A)	100,915	408,201	100,171	408,198
10% of total external liabilities (B)	16,760	67,796	13,523	55,106
Prescribed level of capital	<u>100,915</u>	<u>408,201</u>	<u>100,171</u>	<u>408,198</u>
Net capital ratio	<u>1,940%</u>	<u>1,940%</u>	<u>1,910%</u>	<u>1,910%</u>

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

18. Taxation contingencies

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

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

19. Significant event

Impact of Novel Coronavirus Outbreak to the Company

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

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