

Annual Report 2022



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VISION AND MISSION

VISION

To be a trusted and leading institution in Cambodia.

MISSION

Provided financial services to urban and rural people with transparency and professional ethics.

MESSAGE FROM THE FOUNDER AND CHAIRMAN



While the regulations and interest rates change, the market volatility and increasing competition will pose some challenges, we also see opportunities. We are committed to carrying out the right strategies, delivering our products and services to support the economic and also staff to drive the growth and to take advantages from the market volatility. From our previous time has shown that our strategies are growing well. We are more confident because we choose the right strategies and have the right people to challenges other tasks in the future. While we pursue the responsible and sustainable growth, we will continue to bring our clients and shareholders to joint on this journey with us that leading through these difficult times into the bright future.

From year to year, our investment capital has been increased while our overdue loans have decreased from month to month that those overdue loans do not affect to the quality of loan disbursement. Moreover, our staff have ability to provide

fast and efficient loan service, But also they are able to control income and expense via the counter effectively. In 2022, Prasethpheap Finance Plc. has made remarkable growth through providing sustainable and responsible financial services to low-income people, small businesses and farmers. As of December 2022, Prasethpheap Finance Plc. has served 1,398 active clients, USD 4,267,491.49 in loans. The portfolio at risk (PAR) has remained at the average of 7.05% monthly as end of year 2022. So, it represents the better effort of our operation staff at branch level to solve the loan past due.

In 2023, Prasethpheap Finance Plc. aims to increase the productivity and capacity of our operations as well as to open more branches in order to increase our market shares and to attract new shareholders by following our 5-year Business Plan. According to competitive market and client's demand, management team has prepared 5-year Business Plan (2022-2026) to open more new branches in order to bring Prasethpheap Finance Plc. closer to clients' locations, so they know Prasethpheap Finance Plc, from day to day. Moreover, our management team has prepared refreshment plan for staff in order to review and update the new memos or amendments to staff every quarterly. Our management team has provided more targeted trainings to all relevant staff for improving their skills and abilities. In addition, our management team in Credit Department will try to improve loan quality and to recover bad loans to be remaining at under 7% in order to make our loan healthy.

Finally, I would like to thank all Prasethpheap Finance Plc's staff and management team who have achieved the fruitful results through their concerted efforts. If we did not have our dedicated staff and management team, Prasethpheap Finance Plc. would have nothing right now. We all are

committed to continue our collaboration in the future to ensure that Prasethpheap Finance Plc. will be sustainable and will have good reputation in the microfinance sector.

Founder and Chairman
of the Board of Directors



Neak Oknha Dr. Mengly J. Quach

MESSAGE FROM THE CEO



Prasethpheap Finance Plc. is an institution that provides the best financial services to customers and the public quickly, promptly, transparently and efficiently, especially in accordance with the laws and announcements of the relevant authorities that is the main priority of Prasethpheap Finance Plc. Despite covid-19, the fastest and most serious economic impact we have ever encountered, Prasethpheap Finance Plc. remains committed to providing the best financial services to its clients and the public. Key highlight operations the institution has one head office and four branches with the following branch locations: (1) Phnom Penh Branch (2) Bati District Branch (3) Cheung Prey District Branch and (4) Kampong Speu Branch with total loan portfolio of USD 4,267,491.49 and 1,398 active clients (1,035 female clients). In order to continue to achieve the goals and plans of the institution effectively and get better results for 2023, the institution has set the following strategic plans:

1. The institution will expand its services to the people and add new services at affordable prices.
2. The institution will increase the work efficiency of staff and introduce automated systems to facilitate the work to be better.
3. The institution will strengthen the quality of loan as well as disburses new loans with transparency to follow its long-term vision.
4. Strengthen internal control, risk management, and compliance with laws and regulations, including compliance with national and international standards.
5. The institution will provide services to customers with skillful staff and high professional ethics.
6. Provide easy ways for customer's loan repayment through various payment agents.
7. Strengthen staff's capacity by internal and external trainings.
8. We will continue to provide loan in Khmer Riel currency (KHR) at 10% of total loan portfolio of the institution.

Finally, on behalf of management and all staff, I would like to express my thanks to the Shareholders and the Board of Directors, who has led and supported to institution's operations. We also would like to thank our deepest gratitude to the Royal Government of Cambodia, the National Bank of Cambodia, all levels of local authorities, lenders and clients who have provided the trust and supports to the operations of the Prasethpheap Finance PLC.

Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Sorn Piseth', written over a horizontal blue line.

Sorn Piseth

MILESTONES

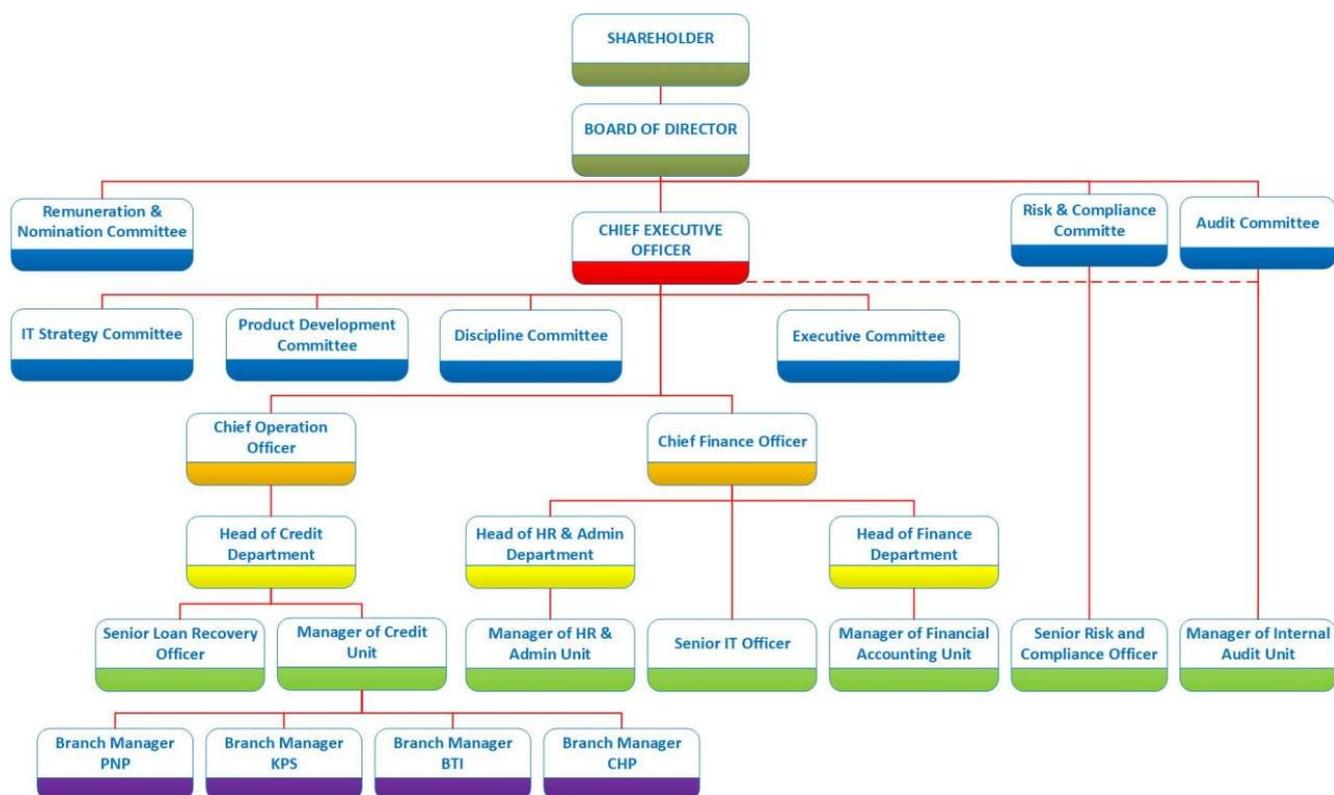
Prasethpheap Finance (PF) was one of the many projects of the Mengly J. Quach Foundation which is a non-profit organization. It functions as Social Responsibility and a part of the Mengly J. Quach Education.

- 2005** Pracheacheat Finance is NGO was established in 2005 with the purpose of providing zero interest loans to students, staff, poor families and people. Pracheacheat Finance has been granting loans with the amount over three million US Dollars to staff, students and people since Pracheacheat Finance was created.
- 2013** To reach our vision, "... making life better," Pracheacheat Finance has been transforming since 2013 into a financial institution providing low interest loans to the public in order to ensure the sustainability of its operations. Pracheacheat Finance is a separate entity from the Mengly J. Quach Foundation. Pracheacheat Finance committed to become strong financial institution by providing loans to create opportunities to the people for growing and is the part to develop Cambodia. Pracheacheat Finance will apply for the transparency of career opportunity and work capacity.
- 2016** Prasethpheap Finance Plc. has been granted an official license from the National Bank of Cambodia on August 31, 2016 with ID No. M.H 73. On September 16, 2016 by converted to "Prasethpheap Finance Plc." And was officially launched new MFI by Neak Oknha Dr. Mengly J. Quach, the Founder, Chairman and President of Prasethpheap Finance Plc. with total investment capital of 2,915,766 US Dollars, which is created 100% Cambodian shareholders.
- 2017** Two new branches were set up in Kampong Speu Province and Kompong Cham (Cheung Prey District).
- 2021** Prasethpheap Finance Plc. has operated in 5 provinces, 42 districts, 122 communes, 338 Villages, and has total loan outstanding 4 052 944 million US Dollars with 1,209 active clients.
- 2022** Prasethpheap Finance Plc, has renewed its business license with the National Bank of Cambodia, dated 22 August 2022.

PERFORMANCE HIGHLIGHT

REPORTING PERIOD	2022	2021	2020
Provinces	5	5	5
Districts	50	42	31
Branch Offices	4	4	4
Employees	55	49	56
Active clients (KHR)	450	310	236
Active clients (USD)	948	899	816
Consolidated active clients	1,398	1,209	1,052
Loan outstanding KHR (Million)	2,565.43	2,199.47	2,249.55
Loan outstanding USD (Million)	3.644	3.513	3.573
Total loan outstanding (Million) IFRS_SME	4.267	4.053	4.128
Amount NPL	300,651.97	267,986.39	60,685.99
% NPL	7.05%	6.61%	1.47%
Loan write-off (USD)	457,714	38,037	0
% Loan write-off	11.44%	0.94%	0%
Operational Self-Sufficiency (OSS)	72.03%	119%	113.17%
Financial Self-Sufficiency (FSS)	65.63%	104.29%	104.00%
Capital Adequacy Ratio (CAR)	62.77%	71.16%	71.38%
Total Asset (USD)	5,249,443	4,977,444	4,984,081
Total Liabilities (USD)	1,954,433	1,394,812	1,429,431
Net profit before tax (USD)	(349,321.00)	115,614	121,549
Net profit after tax (USD)	(287,622.00)	83,862	91,044
Return on Assets (ROA)	-3.28%	1.68%	1.83%
Return on Equity (ROE)	-5.16%	2.34%	2.56%
Exchange Rate	4,117	4,074	4,045

ORGANIZATIONAL CHART PRASETHPHEAP FINANCE PLC.



SHAREHOLDERS

No	Name	Total shares(USD)	Amount shares	% Share
1	Neak Oknha Dr. Mengly J. Quach	2,873,178	2,873,178	98.54%
2	Mr. Long Pisey	42,588	42,588	1.46%
Total		2,915,766	2,915,766	100%

CLIENT SUCCESS STORY



Mr. TENG SAING and Mrs. PHANN SOKNAO were born in Chambak village, Sampong Chey commune, Cheung Prey district, Kampong Cham province. They have two children. They are wholesalers and retailers of vegetables in their village (They have experience with this business for 5 years). They have received many loans from Prasethpheap Finance Plc. to expand their business and making their business grow.

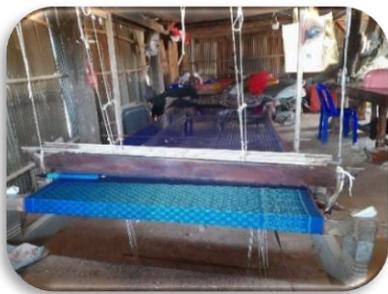
So, for this loan, they have no problem with our institution, the repayment and family situation are good and we can ask to offer or give them more cash for the loan next time if they need.





Mrs. Sok Chanthavy and Mr. Chum Kunthea were born in Kraing Thnong village, Rovieng commune, Samrong district, Takeo province. Mrs. Sok Chanthavy has a child as grocery seller, and her husband is painter, and she raises lobsters and frogs in her village (raising lobsters and frogs for four years). They received many loans from Prasethpheap Finance Plc. to expand their raising lobsters and frog buesiness. So for this loan, they have no problem with our company, the repayment and the family situation are good and we can ask to offer or give them more cash for the loan next time if they needs.

Client's Business Activities



BOARD OF DIRECTORS

Neak Oknha Dr. Mengly J. Quach Founder and Chairman



Neak Oknha Dr. Mengly J. Quach, is an educationist, medical doctor, entrepreneur and philanthropist, is the Founder, Chairman and Chief Executive Officer of the Mengly J. Quach Education, an umbrella for Aii Language Centers (Aii) and American Intercon Schools (AIS), Study Overseas Go Overseas (SOGO) and i-Learn, specializing in education, finance, social and community development. Currently, Dr. Quach is an Advisory Member and Vice Chair of Education Technical Working Group, 2019 of Cambodia Chamber of Commerce, Honorary Advisor to the Cambodia Women Entrepreneurs Association, Board of Director of the

Cambodian Institute for Cooperation and Peace, Founding Member and Advisor to the Cambodia Investor Club, Board of Advisor of Federation of Education Services in Cambodia, Honorary Founding President of Cambodia Bokator Federation, Founder and Chairman of the Prasethpheap Finance, Founder, Chairman and Publisher of MJQ Media Network and Founder, Chairman and Chief Executive Officer of MJQ Travel.

Originally from Battambang, Cambodia, Dr. Mengly J. Quach was raised and educated in the United States. Dr. Quach completed his Pre-Med studies at the University of California at Berkeley. He has an MPH in Public Health Practice from the University of Massachusetts at Amherst and a Doctor of Medicine in General Medicine from the School of Medicine at Spartan Health Sciences University in St. Lucia, West Indies/Santa Teresa, New Mexico. Dr. Quach also completed his medical clerkships at the University of Illinois Hospital in Chicago and fellowship training in Public Health and IMCI (Integrated Management of Childhood Illness) with Partners for Development, Maryland, a U.S.-based NGO in Cambodia.

Prior to coming to Cambodia in 2002, Dr. Quach was a Professor at Cleveland Chiropractic College in California. After completing his volunteer work as an IMCI & Public Health Advisor with Partners for Development, he held positions as an Associate Professor at Pannasastra University of Cambodia, Vice Chairman of the University Academic Advisory Council, Founding Dean and Associate Professor of Public Health for the College of Public Health at the University of Cambodia before founding the Mengly J. Quach Education in 2005.

Neak Oknha Dr. Mengly J. Quach is well-known and recognized for his active involvement in community development in the fields of education, health and social services.

Mr. Kong Vara
Independent Board



Mr. Kong Vara is Chief Operating Officer of Maritime Group. Mr. Kong Vara was appointed as Chief Operating Officer in November 2018 overseeing all business activities of the Group and its subsidiaries. Its main businesses are: transportation, food and beverages, banking and finance, hotel and resort, land and property development, trading and agriculture. Before joining Maritime Group, he was a Chief HR and Operating Officer of MJQE. With this position, he played a major role in providing strategic planning advice to all departments to reach the MJQE business goals, which included the Office of the Founder, Chairman and CEO in developing “Good Corporate Governance”, the “Table of Commitment Authority” and “Profits Sharing Policy”, the Human Resources Department in developing “Group’s Policies”, “Employee Handbook” and “HR Policies & Procedures”.

In his 37-year working experiences in different business sectors - such as newspapers, logging, investment, printing and media, garment manufacturing, banking, hotel and casino, general insurance, construction, import & export, food & beverage, environmental impact assessment, real estate and now education. - he used to hold managerial positions ranging from Manager, Head of HR & Admin, Director of HR & Admin, Chief People Officer and the last one was Chief Planning Officer with MJQE. With broad knowledge gained from his overseas exposures in Turin, Italy and Hawaii, USA, he has sometimes been invited to be trainer and/or guest speaker for training/seminar conducted locally and overseas. He got his Baccalaureate of Second Cycle in Experimental Sciences in 1974, and Diploma of Law in 1990.

Mr. Long Pisey
Board Member



Pisey Long is now one of the board of directors of Prasethpheap Finance. With the position of the director of Prasethpheap Finance, he is playing major role in helping making decision on PF business plan, reviewing and reinforcing the business plan with the annual budget plan as well as making sure that PF operations run smoothly. Mr. Long joined Prasethpheap Finance in April 13, 2018 and Mengly J. Quach Education in 2006. Prior to that, he was first recruited as a part-time ESL teacher in 2006. Due to his dedication and outstanding teaching performance for almost 5 years, Mr. Long was promoted from a part-time and full-time ESL teacher to Head Teacher in 2010. In addition to his position as a head teacher, he was also appointed to be a Principal for English at the American Intercon School in 2013. In 2016, he got another promotion as vice chancellor and Board of observer, finally in 2017, he is promoted to be a campus director and he is also a Steering Committee Member of the Annual CamTESOL Conference. Mr. Long received his Bachelor degree of Education in Teaching English as a Foreign Language from Build Bright University. He also holds a Master's Degree in Business Administration in 2022 from the Royal University of Law.

MANAGEMENT TEAM

Mr. Piseth Sorn

Chief Executive Officer



Mr. Sorn Piseth currently holds position of Chief Executive Officer at Prasethpheap Finance Plc. He has over 17 years of experience in Banking, Microfinance and Payment Service Provider (PSP) Sector. He has Bachelor degree of Computer Science from the Royal University of Phnom Penh, 2002. He has jointed several training courses related to Bank, Microfinance and Fintech sector.

Mr. Khun Davuth

Chief Finance Officer and Chief Operation Officer Acting



Mr. Khun Davuth, Chief Finance Officer and Chief Operation Officer Acting at Prasethpheap Finance, hold a BBA in Accounting and pursuing Master in Finance & Banking. He has more than 15 years experiences in Microfinance. he has experience in financial management around 6 years and 6 years experiences in branch supervisions level and 3 years experiences in accountant. He also joined a 3 months course of regulatory and compliance which is recognized by NBC.

Mr. Ek Narith

Head of Credit Department



Narith, obtained Master Degree in Business Administration (MBA) from Phnom Penh international University (PPIU) in 2012, and graduated Bachelor Degree of Sale and Marketing (BBA) from National Institute of Business (NIB) in 2008. He attended various local trainings and workshops on relevant courses related to microfinance managing growth and impact, credit risk management, training of trainer, branch management, Selling skill, micro, Small & SME business operation management, collateral evaluation and leadership etc. Narith has got more than 15 years of experience working with MFI and Bank in Cambodia. He started his career with CPC Organization., in 2007 as Credit Officer and Branch Manager in 2010, he moved to work with WOORI Finance Plc., which has been merged with WB Finance Plc, as SME Credit Officer in 2014, Chief of Credit Officer in 2015 and Branch Manager in 2015, he moved to work with SBILH Bank Plc., which as Senior Relationship Manager (SME) In 2020 and Sale Support Manager in 2022. He has started working at Prasethpheap Finance Plc. as Head of Credit Department since October 03, 2022.

Mr. Ly Kimngorn

Internal Audit Manager



Mr. Ly Kimngorn, Age 32, He joined with Prasethpheap Finance Plc in 2022 on position an Internal Audit Manager. He has graduated the Bachelor of Banking and Finance from the University of Management and Economics (UME). He had more than 11 years' work experiences in microfinance, Real Estate, Education and Agriculture Sector with various position included Audit Staff, Accountant, HR and Admin, Credit Officer. He used to join a lot of other training related Auditing and Risk Management.

Miss. Sey Thida

Manager Finance Accounting Unit



Ms. Sey Thida, Manager of finance Accounting Unit, born in 1994, joined Prasethpheap Finance PLC in Oct 2014 as an Assistant Teller at Branch Phnom Penh. In April 2017, she was promoted to be a Cashier officer at Head office. After then she was promoted to be Senior Accountant in Oct 2019.and she promoted to a manager finance accounting unit start in Jan 2022 to currently.

She obtained the Bachelor of accounting at Vanda Institute in 2016 and she attended many training courses, and workshops.

Mrs. Yem Sreylong

Senior Risk and Compliance Officer



Mrs. Yem Sreylong was born in 1992, she joined Prasethpheap Finance Plc as Senior Risk and Compliance Officer in September 2020. She graduated the Bachelor of Banking and Finance from the National Institute of Business (NIB). She had more than 5 years' experiences in microfinance sector with various position included Credit Officer, Assistant Accountant, Assistant Operation and Compliance Officer at Microfinance.

Mr. Chhoy Vandeth,
Manager of HR & Admin Unit



Mr. Chhoy Vandeth, Cambodian nationality, has been working with Prasethpheap Finance Plc. Since December 2021, with the position as Manager of Human Resources and Administration Unit, and holds a Bachelor's Degree in Accounting. He has more than 18 years of experience in microfinance industry and has worked with many microfinance institutions. He has more than 10 years of experience in credit field such as: Credit Officer, Chief Credit Officer, Sub-Branch Manager and Branch Manager. He has more than 8 years of experience in human resource management. He has also attended many training courses and seminars related to his position in microfinance industry.

Mr. Beiv PolTo
Senior IT Officer



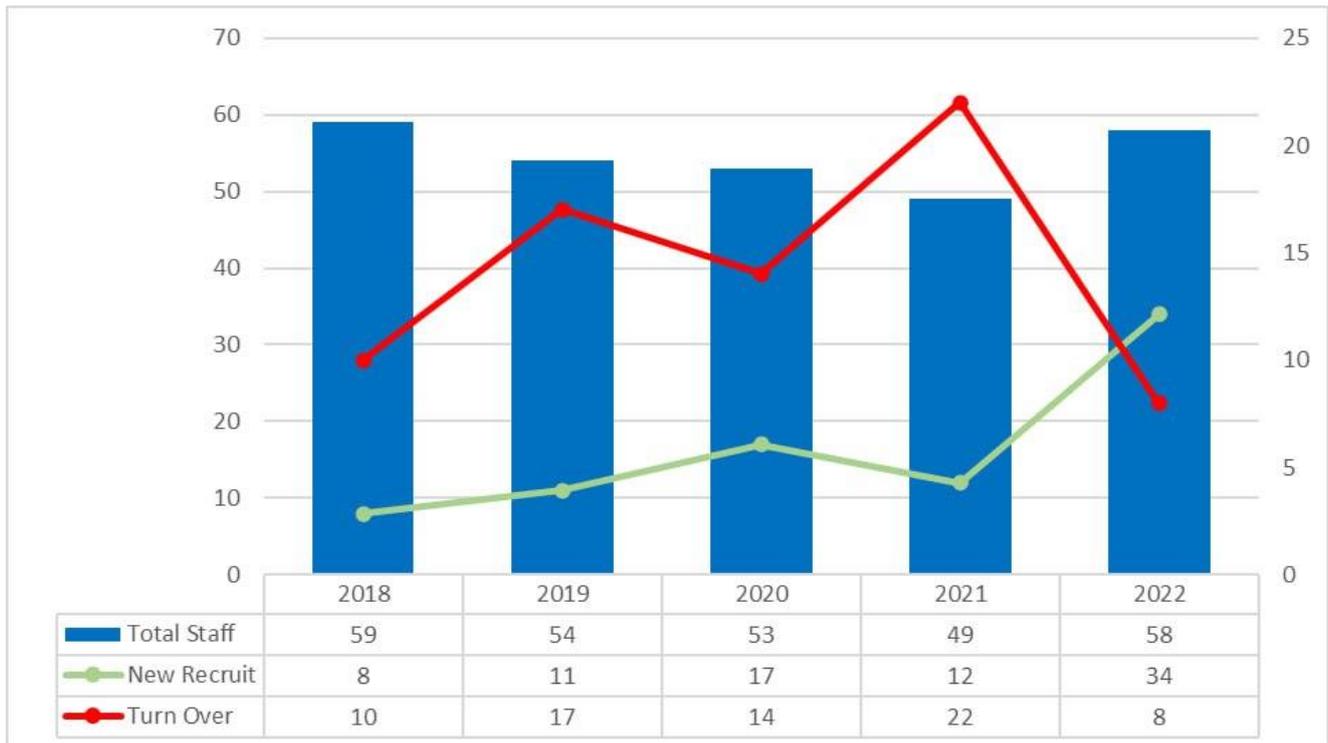
Mr. Beiv Polto, Senior IT Officer at Prasethpheap Finance Plc. He has Bachelor degree of Computer Science from the Build Bright University in 2019. He has over 5 years of experience in information technology Sector. He has jointed several training courses related to information technology Sector. He is currently responsible the IT Infrastructure of the Prasethpheap Finance Plc.

EMPLOYEE PROGRESS, DEVELOPMENT AND CAPACITY BUILDING

Employee Progress

The number of Prasethpheap Finance Plc's staff has gradually increased to 58 in 2022 which include 19 of female staff and represented 32.65% of the total staff. Staff turnover rate was a bit higher than the last year, which increased from 25.00% to 44.90%.

To be competitive in the market, the company has developed a clear and transparent Human Resource policies and procedures That related to staff recruitment, appraisal, compensation and discipline.



Staff Development and Capacity Building

Staff development and capacity building play important role in ensuring the working quality of the company, Prasethpheap Finance Plc. has organized trainings for its newly recruited and promoted staff to ensure that they have enough skills and capacity to perform their responsibilities, as well as to make them productive, effective and efficient. Prasethpheap Finance Plc. has also allocated the budget each year for staff's development and capacity building on skill development trainings, refresher trainings, training on the new products or new policies, specialized courses, and others capacity building programs deemed necessary. Each staff is also given an opportunity to attend short course or certificated training program. The training courses were related to orientation for newly recruited staff, refreshment trainings, orientation on new products, loan assessment, orientation on new policies, practical audit skill, human resource management, IT policy development, corporate governance workshop, contract law and legal procedure, effective human resource policy, procedure & manual development, strategy workshop on effective internal audit & control for MFIs/Banks, risk management, practical research methodology, experience and practical on taxation, labor law practices & working conditions related to human resource. labor law application for legal

documentation that related to human resource and practical training on calculation methods for overtime and other payments under the Cambodian labor law that is effective role of Human and administration Department.

PRODUCTS AND SERVICES

Prasethpheap Finance Plc. has designed credit products to serve low-income people, micro and small enterprise, and farmers in both rural and urban areas. Due to the clients' business and income sources, they can choose between Declining or Balloon payment method.

Group Loan

Is offered to poor Cambodian people with low-income, micro enterprise, and farmers. For group loan consists of 2 to 6 persons with the loan size from USD 50 to USD 250 for each person and its equivalence to KHR with the loan term ranges from 1-12 months both in balloon and declining repayment mode depending on the business types.

Individual Loan

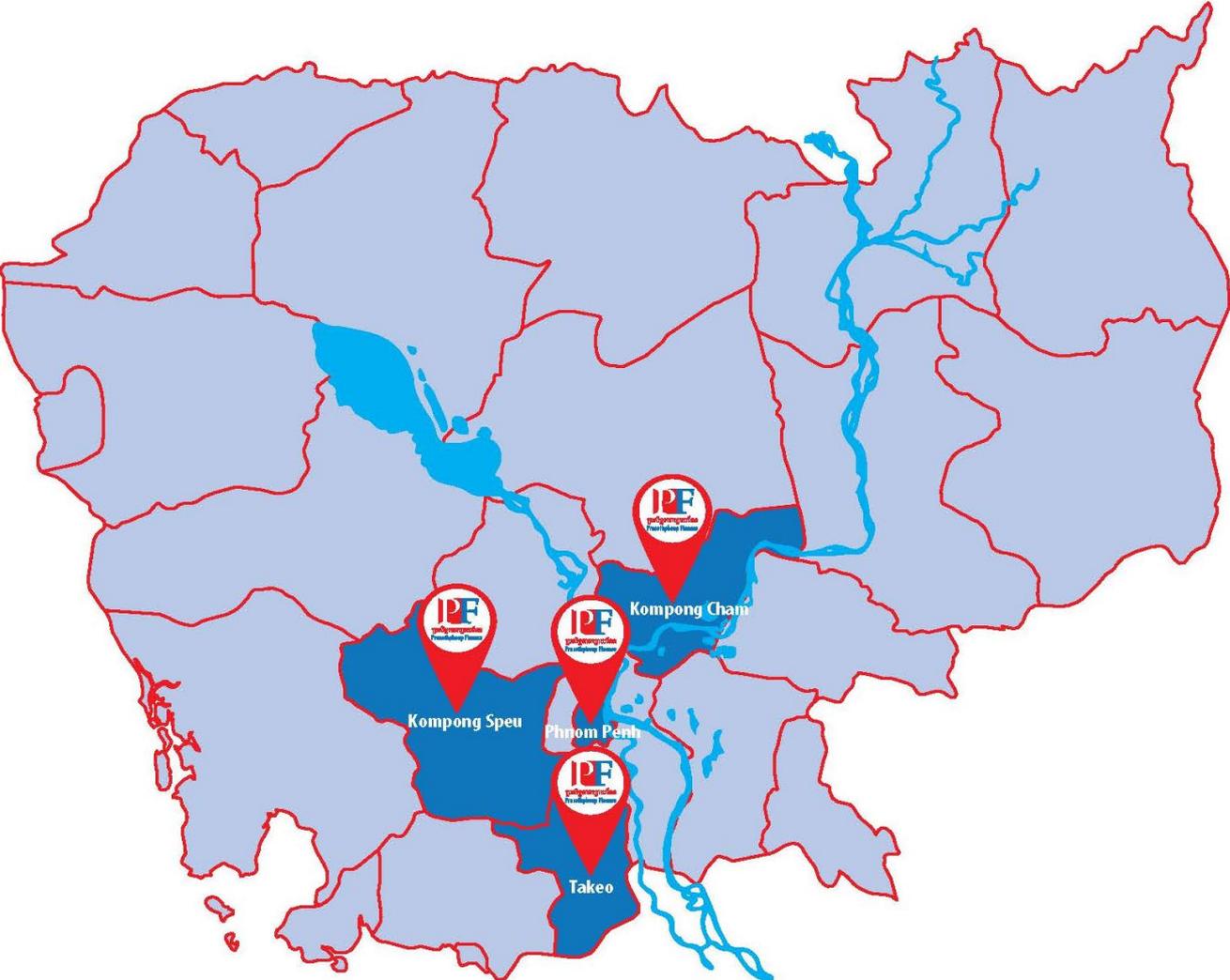
Is offered to both poor and medium income clients who are engaged in micro and small enterprises and farmers. Clients can borrow money individually with loan size up to USD 50,000 and its equivalent to KHR with the term up to 60 months declining or balloon repayment mode depending on the type of business.

OPERATIONAL PERFORMANCE

Prasethpheap Finance Plc, continues its growth to expand number of branches, and loan size. During the year 2017 two new branches were established Kampong Speu and Cheung Prey Branch.

As of December 31, 2022, Prasethpheap Finance Plc has served 1,398 clients with loan outstanding USD 4,267,491.49 and operated through 4 branches which covered its operations in Phnom Penh City, Takeo (Bati District), Kompong Speu, and Kampong Cham province (Cheung Prey District).

Operational Coverage



BORROWER AND LOAN PORTFOLIO

Loan Disbursement

The total loan disbursement in 2022 was USD 3,924,073 and 1,194 clients. All loans were provided to customer are using different sectors such as: Agriculture, Business, Service, Transportation, Construction, Household Family and others.

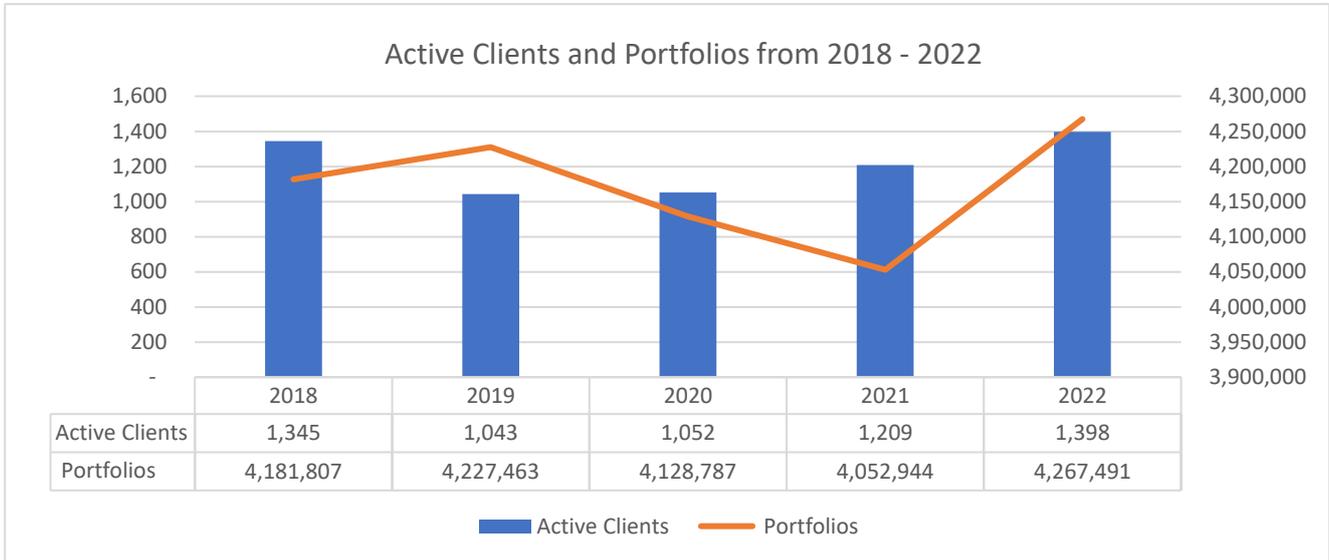
Trend of Disbursement, Gross Facilities, and Active Clients during 2022



Loan portfolio

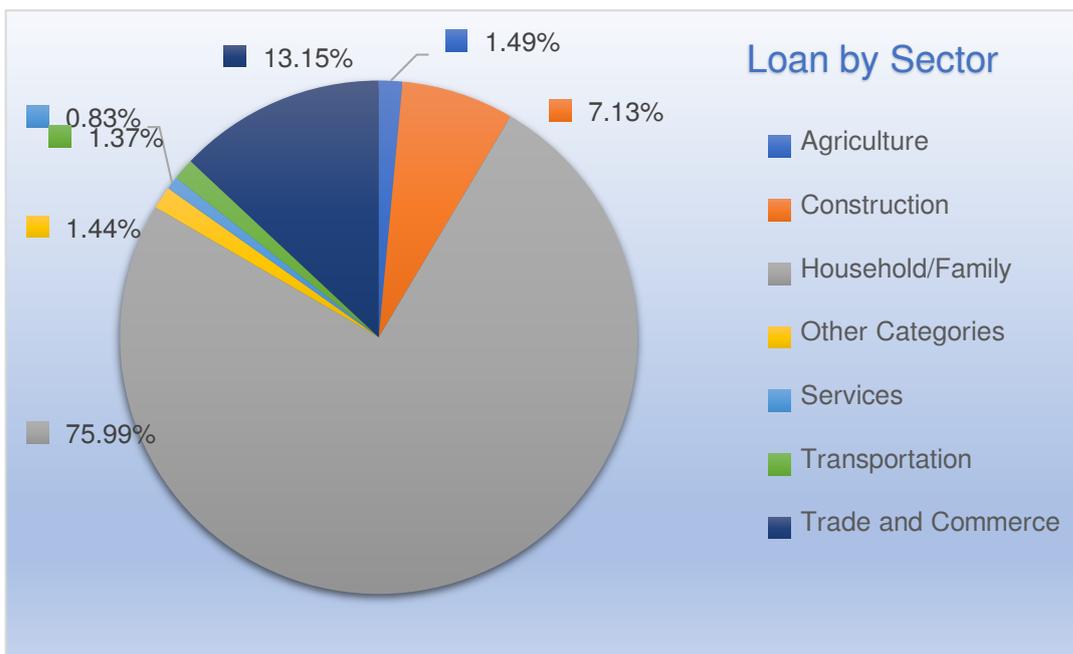
Prasethpheap Finance has gross loan portfolio of \$ 4,267,491 as of the end of 2022. The total loan portfolio is from group and individual loan.

Loan portfolio and Borrowers: 2018-2022



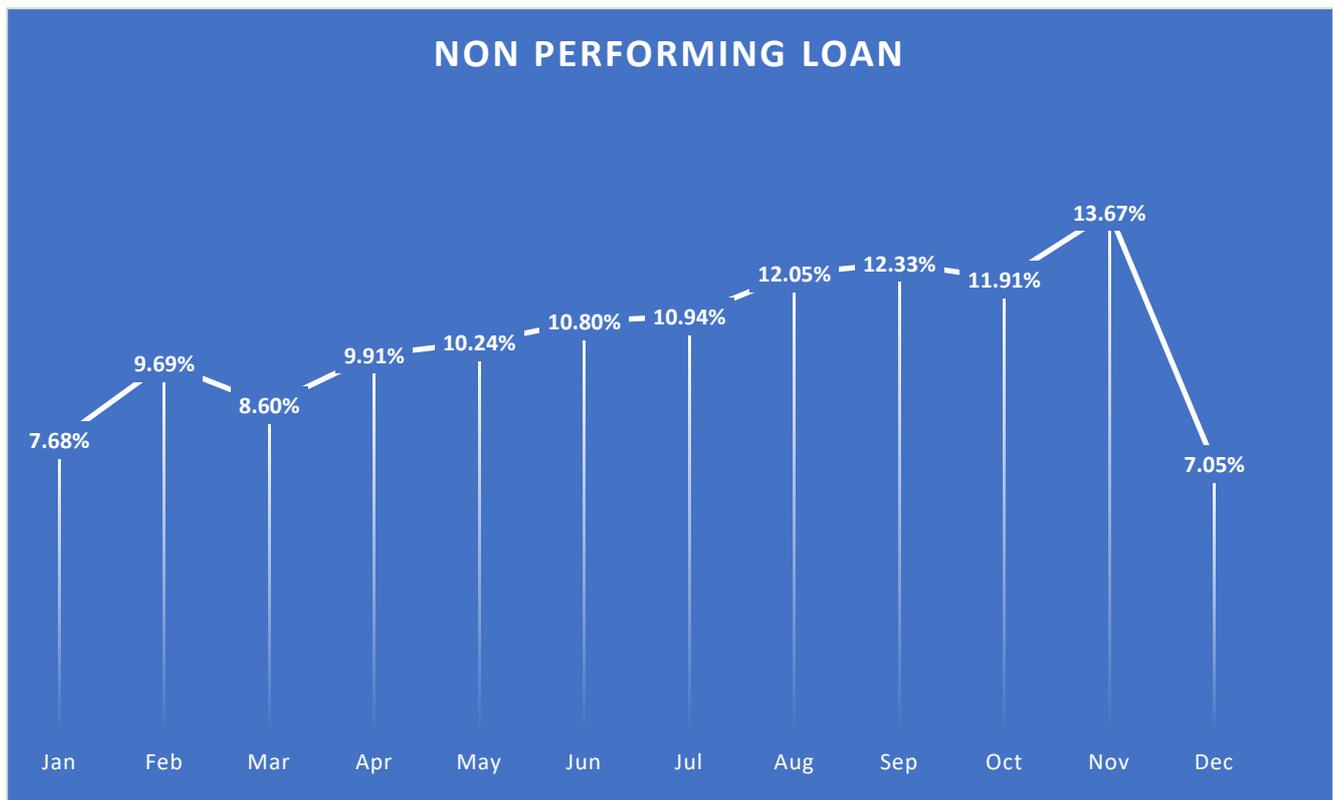
Loan by Sector

Prasethpheap Finance Plc. offers loan to different types of products. As of December 2022, loan in Agriculture sector consisted of 1.49% of total portfolio, mostly in farming crops such as corn, potato, green bean, soybean, sesame, rice etc. Business and Commerce sector represented 13.15% which mainly involved in buying and selling from other activities by small and medium enterprise. Service sector is constituted by 0.83% consisting of house renting, taxi, motor-taxi, etc. Construction sectors represented 7.13% involving in repairing and building new house. Household / Family sectors represented 75.99. Transportation sector 1.37% while 1.44% is represented by other types of total loan portfolio.



Loan Portfolio Quality

During the year of 2022, Prasethpheap Finance Plc. has set strong commitment to improve the loan portfolio quality as well as pay deep attention to disbursement to new loans. As result, Prasethpheap Finance Plc. was able to maintain the portfolio at risk 7.05% that from year 2021 is 6.61%. These results are from following up and monitoring Loan Portfolio Quality by all level staff and hard - working on well training of operation staff, especially credit officers, also established credit policies and, code ethic for staff and good relationship between staff and clients and pay attention by staff on clients and advices from management and Board. Besides, the Morakot system provided very detailed data and information for staff and management to monitor, analyze and follow up the portfolio on timely basis. Making the loan portfolio quality improved economic environment in the country better.



PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

DIRECTORS' REPORT

The Board of Directors have pleasure in submitting their report together with the audited financial statements of Prasethpheap Finance Plc. ("the Company") for the year ended 31 December 2022.

Principal activities

The principal activities of the Company are to provide credit service and other financial services to low-income families in the Kingdom of Cambodia.

Financial results

The financial results of the Company were as follows:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
(Loss)/profit before income tax	(349,231)	(1,427,307)	115,614	470,318
Income tax benefit/(expense)	<u>61,609</u>	<u>251,796</u>	<u>(31,752)</u>	<u>(129,167)</u>
Net (loss)/profit for the year	<u>(287,622)</u>	<u>(1,175,511)</u>	<u>83,862</u>	<u>341,151</u>

Share capital

There is no change in the shareholding structure during the year.

Dividends

At the reporting date, no dividend was declared or paid and the Directors does not recommend any dividend to be paid in respect of the year ended 31 December 2022.

Reserves and provisions

There were no material movements to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

Bad and doubtful loans

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

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

Assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets, other than loans, which were unlikely to be realized in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realize.

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

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 other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

Events since the reporting date

At the date of this report, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

The Board of Directors

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

Neak Oknha Dr. Mengly J. Quach	Founder and Chairman
Mr. Long Pisey	Director
Mr. Kong Vara	Independent Director

Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any item, transaction or event of a material and unusual nature.

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

Directors' interests

The Directors who held office at the end of the financial year and their interests in the shares of the Company are as follows:

	31 December 2022			31 December 2021		
	% of ownership	Number of shares	Amount US\$	% of ownership	Number of shares	Amount US\$
Neak Oknha Dr. Mengly J. Quach	98.54%	2,873,178	2,873,178	98.54%	2,873,178	2,873,178
Mr. Long Pisey	1.46%	42,588	42,588	1.46%	42,588	42,588

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of share purchase option.

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 received or due and 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.

Responsibilities of Directors in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"), 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;
- oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

We hereby approve the accompanying financial statements together with the notes thereto as set out on pages 8 to 52 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

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



Neak Oknha Dr. Mengly J. Quach

Chairman

Phnom Penh, Cambodia

Date: 28 April 2023

Mr. Sorn Piseth

Chief Executive Officer

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Prasethpheap Finance Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2022, the statements of 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 8 to 52 (hereafter referred as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”). ***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.

Emphasis of Matter – Comparative Information

We draw attention to Note 30 to the financial statements which indicates that the comparative information presented as at 31 December 2021 and 1 January 2021, and the statements of comprehensive income and cash flow for the year ended 31 December 2021 have been restated. Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The financial statements of the Company as at 31 December 2021 and for the year then ended, excluding the retrospective adjustments described in Note 30 to the financial statements, were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 27 April 2022.

As part of our audit of the financial statements as at and for the year ended 31 December 2022, we audited the adjustments described in Note 30 that were applied to restate the comparative information presented as at and for the year ended 31 December 2021 and the statement of financial position as at 1 January 2021. We were not engaged to audit, review or apply any procedures to the financial statements as at and for the year ended 31 December 2021 or 31 December 2020 (not presented herein) and to the statement of financial position as at 1 January 2021, other than with respect to the adjustments described in Note 30 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 30 are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. The other information comprises the Report of the Directors as set out on pages 1 to 4. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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 for SMEs, 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**



Guek Teav
Partner

Phnom Penh, Kingdom of Cambodia

28 April 2023

PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	31 December 2022 US\$	31 December 2021 US\$	1 January 2021 US\$
ASSETS				
Cash on hand	6	26,360	34,020	25,503
Balances with banks and financial institutions	7	654,332	578,568	148,199
Balances with the National Bank of Cambodia	8	148,834	148,289	426,595
Loans to customers	9	4,132,908	3,991,808	4,111,324
Other assets	10	114,552	104,958	116,970
Property and equipment	11	28,072	17,861	45,696
Intangible assets	12	53,662	72,826	25,986
Deferred tax assets	13D	90,723	29,114	33,722
TOTAL ASSETS		<u>5,249,443</u>	<u>4,977,444</u>	<u>4,933,995</u>
LIABILITIES AND EQUITY				
Liabilities				
Current income tax liability	13C	291	16,987	26,462
Borrowings	14	1,930,130	1,352,409	1,331,116
Other payables	15	24,012	25,416	77,647
Total liabilities		<u>1,954,433</u>	<u>1,394,812</u>	<u>1,435,225</u>
Equity				
Share capital	16	2,915,766	2,915,766	2,915,766
Share premium		63,078	63,078	63,078
Other capital	17	190,000	190,000	190,000
Reserves	18	27,838	27,838	40,433
Retained earnings		98,328	385,950	289,493
Currency translation reserves		-	-	-
Total equity		<u>3,295,010</u>	<u>3,582,632</u>	<u>3,498,770</u>
TOTAL LIABILITIES AND EQUITY		<u>5,249,443</u>	<u>4,977,444</u>	<u>4,933,995</u>

PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022		2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest income	19	997,010	4,074,780	1,001,659	4,074,749
Interest expenses	20	<u>(132,079)</u>	<u>(539,807)</u>	<u>(136,277)</u>	<u>(554,375)</u>
Net interest income		864,931	3,534,973	865,382	3,520,374
Other operating income	21	<u>34,212</u>	<u>139,825</u>	<u>16,349</u>	<u>66,508</u>
Net Operating income		899,143	3,674,797	881,731	3,586,882
Net impairment loss on financial assets	9	(518,775)	(2,120,234)	(103,589)	(421,400)
Personnel expenses	22	(461,339)	(1,885,492)	(442,019)	(1,798,133)
Depreciation and amortization	23	(36,437)	(148,918)	(41,516)	(168,887)
Operating expenses	24	(222,217)	(908,201)	(178,993)	(728,144)
Minimum tax expense	13B	<u>(9,606)</u>	<u>(39,260)</u>	-	-
(Loss)/Profit before income tax		(349,231)	(1,427,307)	115,614	470,318
Income tax benefit/(expense)	13B	<u>61,609</u>	<u>251,796</u>	<u>(31,752)</u>	<u>(129,167)</u>
Net (loss)/profit for the year		<u>(287,622)</u>	<u>(1,175,511)</u>	<u>83,862</u>	<u>341,151</u>
Other comprehensive income:					
Currency translation differences		<u>-</u>	<u>145,424</u>	<u>-</u>	<u>101,967</u>
Total comprehensive income for the year		<u>(287,622)</u>	<u>(1,030,087)</u>	<u>83,862</u>	<u>443,118</u>

PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital US\$	Share premium US\$	Other capital US\$	Reserves US\$	Retained earnings US\$	Currency translation reserves US\$	Total US\$
At 1 January 2021 (as restated)	2,915,766	63,078	190,000	40,433	289,493	-	3,498,770
<i>Transaction with the shareholders:</i>							
Transfer from reserves to retained earnings (Note 18)	-	-	-	(12,595)	12,595	-	-
<i>Total comprehensive income:</i>							
Net profit for the year	-	-	-	-	83,862	-	83,862
Currency translation difference	-	-	-	-	-	-	-
	-	-	-	-	83,862	-	83,862
At 31 December 2021 (as restated)	2,915,766	63,078	190,000	27,838	385,950	-	3,582,632
At 1 January 2022	2,915,766	63,078	190,000	27,838	385,950	-	3,582,632
<i>Transaction with the shareholders:</i>							
Transfer from reserves to retained earnings (Note 18)	-	-	-	-	-	-	-

Total comprehensive income:

Net loss for the year

	-	-	-	-	(287,622)	-	(287,622)
Currency translation difference	-	-	-	-	-	-	-
	-	-	-	-	(287,622)	-	(287,622)
At 31 December 2022	<u>2,915,766</u>	<u>63,078</u>	<u>190,000</u>	<u>27,838</u>	<u>98,328</u>	-	<u>3,295,010</u>

PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

STATEMENT OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022		2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) (As restated)
Cash flows from operating activities					
Net (loss)/profit for the year		(287,622)	(1,175,511)	83,862	341,151
<i>Adjustments for:</i>					
Interest income	19	(997,010)	(4,074,780)	(1,001,659)	(4,074,749)
Interest expense	20	132,079	539,807	136,277	554,375
Net impairment loss on financial assets	9	518,775	2,120,234	103,589	421,400
Minimum tax expense		9,606	39,260	-	-
Income tax (benefit)/expense	13B	(61,609)	(251,796)	31,752	129,167
Depreciation and amortization	23	36,437	148,918	41,516	168,887
		(649,344)	(2,653,868)	(604,663)	(2,459,769)
<i>Changes in:</i>					
Loans to customers		(642,747)	(2,626,907)	37,878	154,088
Other assets		(9,594)	(39,211)	12,012	48,865
Other payables		(1,404)	(5,738)	(52,231)	(212,476)
Cash used in operations		(1,303,089)	(5,325,724)	(607,004)	(2,469,292)
Interest received		979,882	4,004,778	979,708	3,985,452
Interest paid		(130,847)	(534,772)	(148,429)	(603,809)
Income tax paid	13C	(26,302)	(107,496)	(36,619)	(148,966)
Net cash (used in)/generated from operating activities		<u>(480,356)</u>	<u>(1,963,214)</u>	<u>187,656</u>	<u>763,385</u>
Cash flows from investing activities					
Acquisition of property and equipment	11	(27,484)	(112,327)	(5,521)	(22,459)
Acquisition of intangible assets	12	-	-	(55,000)	(223,740)
Placement of term deposits		(505,682)	(2,066,722)	-	-
Withdraw of term deposits		-	-	246,000	1,000,728
Net cash (used in)/generated from investing activities		<u>(533,166)</u>	<u>(2,179,049)</u>	<u>185,479</u>	<u>754,529</u>
Cash flows from financing activities					
Repayment of borrowings	14	(1,556,854)	(6,362,862)	(794,994)	(3,234,036)
Proceeds from borrowings	14	2,133,343	8,718,973	828,439	3,370,090
Net cash generated from financing activities		<u>576,489</u>	<u>2,356,111</u>	<u>33,445</u>	<u>136,054</u>

Net (decrease)/increase in cash and cash equivalents	(437,033)	(1,786,152)	406,580	1,653,968
Cash and cash equivalents at 1 January	615,089	2,505,872	208,509	843,419
Currency translation difference	-	13,337	-	8,485
Cash and cash equivalents at 31 December (Note 26)	<u>178,056</u>	<u>733,057</u>	<u>615,089</u>	<u>2,505,872</u>

ANNUAL STAFF TRIP

Under the initiative and encouragement for employee, Neak Oknha Dr. Mengly J. Quach, Founder and Chairman of the Board, allowed to organize a two-day annual trip from 24 to 25 December 2022 to Kampot Province and participate in planting mangrove seedlings in Trapeang Sangkae community.



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...Making Life Better