

ANNUAL REPORT

PF 2023

Head Office

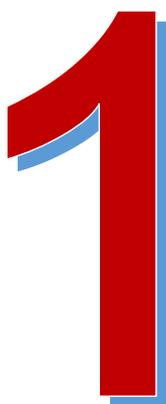
No.132, St.193 corner St.388, Sk. Toul Svay Prey I, Kh. Boeung Keng Kang, Phnom Penh.

Tel: 023 970 000

Email: info@prasethpheapfinance.com.kh

Website: www.prasethpheapfinance.com.kh

1. MESSAGE FROM THE FOUNDER AND CHAIRMAN	1
2. MESSAGE FROM THE CEO	4
3. ABOUT PRASETHPHEAP FINANCE PLC	6
HISTORY OF PRASETHPHEAP	7
VISION AND MISSION	8
PERFORMANCE OF PRASETHPHEAP	9
BRANCH NETWORK	10
PRODUCTS	12
MESSAGE FROM THE CLIENTS	14
4. CORPORATE GOVERNANCE	16
SHAREHOLDERS	17
ORGANIZATIONAL STRUCTURE	17
BOARD OF DIRECTORS	18
MANAGEMENT TEAM	20
BOARD OF DIRECTORS' MEETING	23
5. STAFF CAPACITY DEVELOPMENT	25
6. STAFF ANNUAL TRIP	30
7. AUDITED FINANCIAL STATEMENTS	32



MESSAGE FROM THE FOUNDER AND CHAIRMAN



MESSAGE FROM THE FOUNDER AND CHAIRMAN



On behalf of Prasethpheap Finance Plc board of directors i am honored and delighted to present the financial statement 2023.

Since the beginning of 2023, we have noticed that the situation of the COVID-19 pandemic has improved significantly. However, if we look at the global economic situation, it has not yet fully recovered, as there is an increase in inflation such as: changes in interest rates, fluctuation of exchange rates, rising expenses, rising fuel prices, the ongoing conflict between Israel-Palestine, while the Russia-Ukraine war is not yet resolved and is still dragging on, causing concerns that could turn into a global crisis, which will impact the economic growth of Cambodia, leading to rising inflation, increasing costs for the people, and declining incomes. To respond to this situation, the government has introduced new strategies and numerous measures to reduce inflation and maintain economic growth in 2024 and the following years.

While Cambodia's economy was impacted in 2023, the Prasethpheap Finance Plc has also made efforts to contribute to the development of the country. The Institution continues to provide sustainable financial services to all segments of the population at reasonable interest rates, allowing clients to use financial services

according to their needs, which include business expansion or agriculture, home improvement, and purchases of necessary household items. As of the end of December 2023, Prasethpheap has served a total of 1,377 active clients, with a total loan portfolio of USD 4,979,059, the portfolio at risk (over 30 days) is maintained at 14.33%.

On this occasion, I would like to express my gratitude to all staff as well as managements of Prasethpheap, who have been committed to provide the financial services with highest efficiency and professional to our clients.

In conclusion, I would also like to thanks and express my deep gratitude to the government, the National Bank of Cambodia, all relevant authorities for their continued support and guidance to our institution.

**Founder and Chairman
of the Board of Directors**

A handwritten signature in blue ink, appearing to read 'Mengly J. Quach', written in a cursive style.

Neak Oknha Dr. Mengly J. Quach



MESSAGE FROM THE CEO

MESSAGE FROM THE CEO



First of all, I would like to express my heartfelt gratitude to the customers and the general public of Prasethpheap Finance Plc, who have consistently supported and continue to support our financial services. We have been able to earn their trust, confidence, promptness, and transparency, which are invaluable to our Institution.

Prasethpheap Finance Plc, was granted a full legal license as a microfinance institution in 2016. Up to the present, through providing the professional financial services with trust to the customers, particularly by complying with the laws and regulations of the relevant authorities. As of the end of December 2023, the Institution has been operating in Cambodia with total of 1,377 active customers, 4 operational branches, and total loan portfolio of USD 4,979,059.

Despite the global economy being impacted by the COVID-19 pandemic in 2023, as well as the ongoing conflicts between Israel and Palestine, and the unresolved Russia-Ukraine war, Cambodia was still able to maintain economic growth. Currently, the government of Cambodia is promoting digital governance, in which the institution strives to continue to develop itself to improve and update its core banking system in line with the digital age, as well as contribute to support the livelihood of the people and the economic sector of Cambodia as a whole.

Finally, on behalf of the managements and staff, I would like to express my deep gratitude to the Shareholders and Chairman, Board of Directors for leading and supporting operation of the Institution, and I would like to express my deep thankfulness to the government, the National Bank of Cambodia, authorities at all levels, business partners and clients who have given their trust, support and cooperation to daily operation of Prasethpheap Finance Plc.

Chief Executive Officer

A handwritten signature in blue ink, which appears to read 'Sorn Piseth'. The signature is written in a cursive style and is positioned above a solid blue horizontal line.

Sorn Piseth



ABOUT PRASETHPHEAP FINANCE PLC

HISTORY OF PRASETHPHEAP

2005 Prasethpheap Finance (PF) was one of the many projects of the Mengly J. Quach Foundation which is a non-profit organization.

2005

2013 to achieve its vision of "...making life better" and with the growth of loan portfolio, this Foundation evolved into Pracheacheat Finance licensed by the Ministry of Interior. It provides loans with low interest rates to the public.

2013

2016 Pracheacheat Finance, was officially licensed by the National Bank of Cambodia as a microfinance institution on August 31, 2016, with number M-F73 and renamed as "**Prasethpheap Finance Plc.**"

2016

2017 Prasethpheap Finance Plc expand new branches such as Phnom Penh Branch, Bati District Branch, Kampong Speu Branch and Cheung Prey District Branch.

2017

2018 Prasethpheap Finance Plc changed its Head Office address as follows:

- Previous Head Office: No. B78, Street 199, Sangkat Tumnuop Teuk, Khan Chamkarmon, Phnom Penh.
- Current Office: Building 132, Street 193, corner 388, Sangkat Toul Svay Prey I, Khan Boeung Keng Kang, Phnom Penh.

2018

2019 Prasethpheap Finance Plc migrated its core banking system from the FIPLUS System to the Morakot System.

2019

2021 Prasethpheap Finance Plc upgraded its core banking system to full capacity in compliance with the Cambodian International Financial Reporting Standards for Small and Medium Enterprises (CIFRS for SME)."

2021

2023 Prasethpheap Finance Plc has test to implement the loan origination system (LOS) into the Morokot core banking system.

2023

VISION AND MISSION



VISION

“To be a trusted and leading institution in Cambodia”



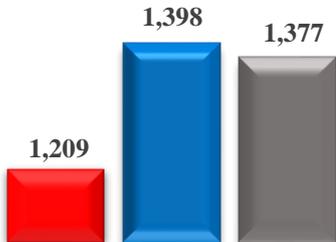
MISSION

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

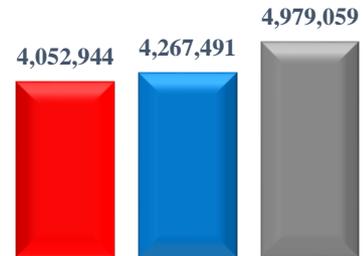
PERFORMANCE OF PRASETHPHEAP

■ 2021 ■ 2022 ■ 2023

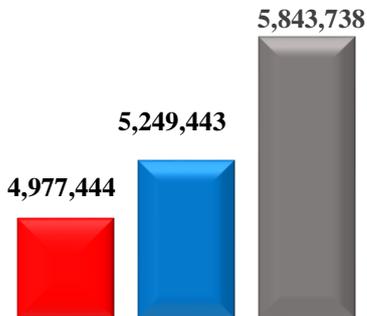
Clients



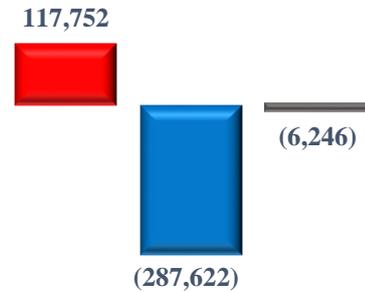
Total Portfolio (USD)



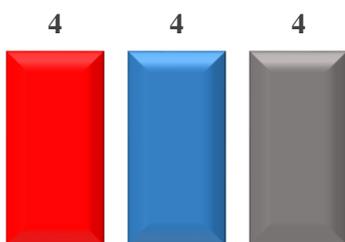
Assests (USD)



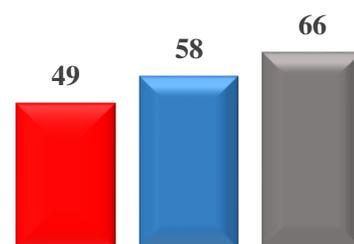
Total Net Profit (USD)



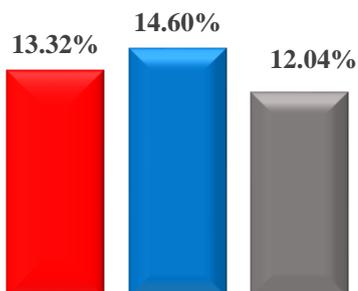
Branch



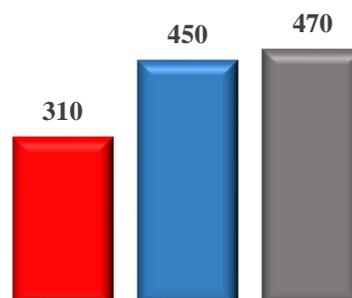
Staff



Percentage of loan in KHR



Clients in KHR



BRANCH NETWORK

1. Head Office

Building #132, St.193 Corner St. 388, Sangkat Tuol Svay Prey I, Khan Boeng Kengkang, Phnom Penh.

Email: info@prasethpheapfinance.com.kh

Tel & Fax: 023 97 0000 / 017 642 319

website: www.prasethpheapfinance.com.kh

2. Phnom Penh Branch

Building #132, St.193 Corner St. 388, Sangkat Tuol Svay Prey I, Khan Boeng Kengkang, Phnom Penh.

Email: pnpbm@prasethpheapfinance.com.kh

Tel & Fax: 086 222 813 / 086 567 689

website: www.prasethpheapfinance.com.kh

3. Bati District Branch

National Road N°2, Bacham Village, Chambak Commune, Bati District, Takeo Province.

Email: btibm@prasethpheapfinance.com.kh

Tel: 086 222 812 / 086 567 817

website: www.prasethpheapfinance.com.kh

4. Kompong Speu Branch

National Road N°4, Eng Serey Village, Sangkat Rokatom, Chbarmorn City, Kompong Speu Province.

Email: kpsbm@prasethpheapfinance.com.kh

Tel: 086 222 751 / 086 567 803

website: www.prasethpheapfinance.com.kh

5. Cheung Prey District Branch

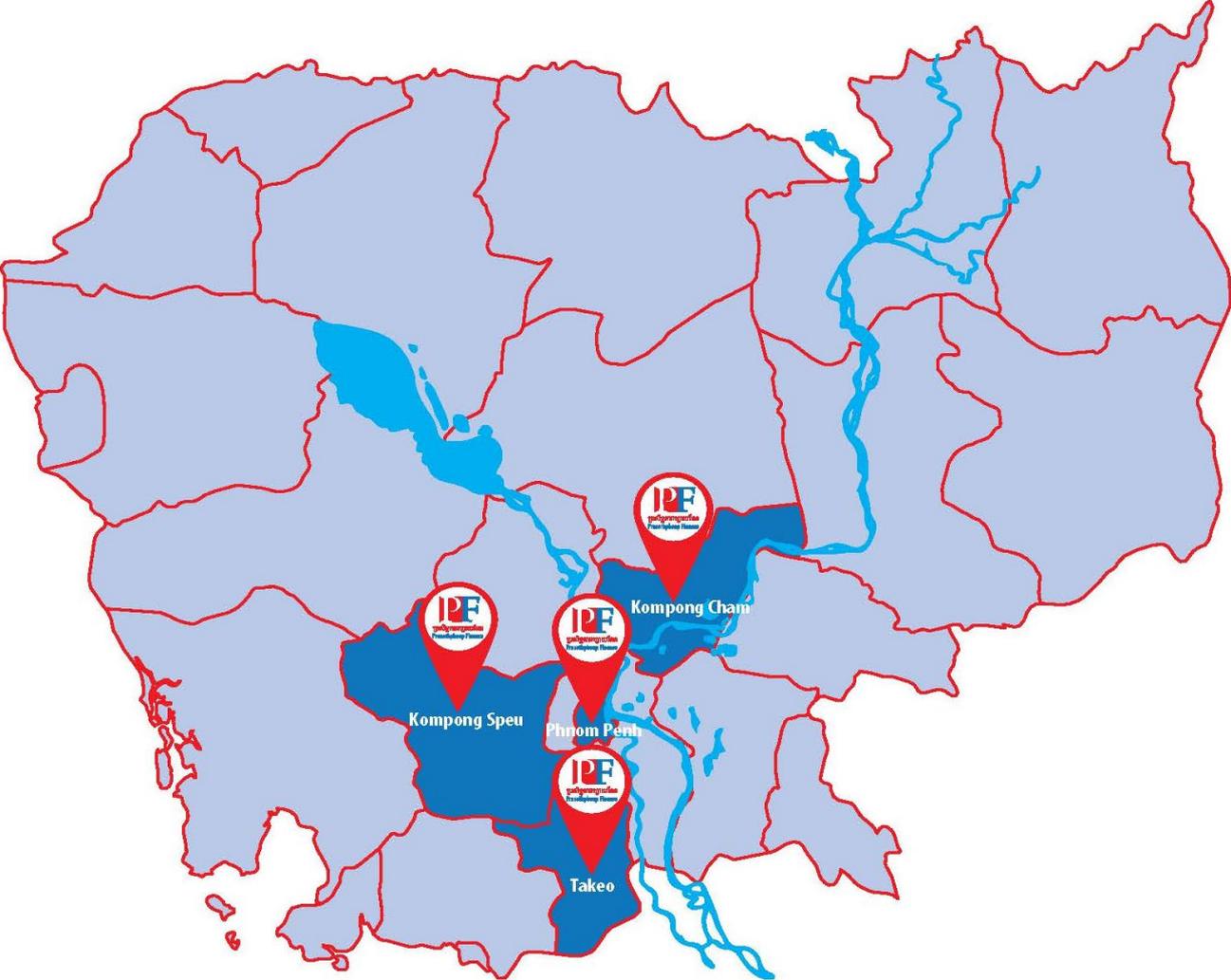
National Road N°6, Tasen Village, Sotep Commune, Cheung Prey District, Kompong Cham Province.

Email: chpbm@prasethpheapfinance.com.kh

Tel: 086 222 758 / 086 567 813

website: www.prasethpheapfinance.com.kh

Operational Area Coverage



PRODUCTS

Business loan



Business loan is created with the purpose of providing capital for small, medium, and large-scale business owner who require capital to expand their businesses. Loans can be requested up to USD 50,000 or the equivalent Khmer Riel amount, with loan term of up to 120 months.

Real Estate Loan



Real estate loan is designed to provide personal financing for purchasing land, house, or home improvement, etc. Loans can be requested up to USD 50,000 or the equivalent in Khmer Riel, with loan term of up to 120 months.

Agriculture loan



Agricultural loan is created with the purpose of providing personal financing options for customers to purchase seeds, animals, fishing equipment, agricultural tools, land for agriculture, etc. Loans can be requested up to USD 20,000 or the equivalent in Khmer Riel, with loan term of up to 60 months.

Auto Loan



Auto loan is created with the purpose of providing personal financing options for customers to purchase motorcycles, cars, etc. Loan can be requested up to USD 50,000 or the equivalent in Khmer Riel, with loan term of up to 84 months.

Staff Loan



Staff loan is provided to employees working at Prasethpheap Finance Plc, for the purpose of purchasing personal items and other. Loan can be requested up to USD 50,000 or the equivalent in Khmer Riel, with loan term of up to 120 months.

Education Loan



Education loan is created with the purpose of covering tuition fees for general education, bachelor degree, postgraduate education, or vocational training on an annual, quarterly, or per-course, or purchasing study material, and other services that related to education, etc. Loan can be requested up to USD 5,000 or the equivalent in Khmer Riel, with loan term of up to 48 months.

Consumption Loan



Consumption loan is created with the purpose of providing personal financing options for customers to purchase consumption goods such as mobile phone, television, camera, washing machine, air conditioner, refrigerator, and other households. Loans can be requested up to USD 5,000 or the equivalent in Khmer Riel, with loan term of up to 48 months.

Entertainment Loan



Entertainment loan is created with the purpose of providing personal financing options for customers to use for wedding ceremonies, domestic or international travel, etc. Loan can be requested up to USD 20,000 or the equivalent in Khmer Riel, with loan term of up to 60 months

Working Capital Loan



Working capital loan is created with the purpose of providing a source of fund to business owners who need short-term cash, etc. Loan can be requested up to USD 50,000 or the equivalent in Khmer Riel, with loan term of up to 84 months.

Sanitation Loan



Sanitation loan is created with the purpose of contributing to the well-being of people in urban or rural areas and their living in a healthy environment through the construction of clean water wells, biogas systems, sanitation toilets, and the purchase of clean water tanks, etc. Loan can be requested up to USD 2,000 or the equivalent in Khmer Riel, with loan term of up to 24 months.

Group Loan



Group loan is a type of loan in Khmer Riel which be offered to the public in rural and urban areas, as a group guarantee to each other in the purpose of starting up or expanding small businesses or other needs. Loan can be requested up to USD 1,000 or the equivalent in Khmer Riel, with loan term of up to 24 months.

MESSAGE FROM THE CLIENT



have decided to use Prasethpheap Finance's business loan. Currently, my business is thriving and stable. I would like to express my gratitude to the staff of Prasethpheap Finance for their advice and loan to my business to strengthen and expand it further.

I have been running a laundry business for almost 10 years. When I need more fund to expand and strengthen my business, I have aware of the business loan products offered by Prasethpheap Finance Plc which is conveniently located near my residence. I



The repayment and the family's situation are good, along with the reliability. I would like to express my sincere appreciation to the managements for providing me this loan to make family living standard more better.

I am a farmer who plows and harvests rice. I own a tractor and rice harvester, which I have been using for about 5 years. I have received loans from Prasethpheap Finance Plc several times to invest in agriculture and expand my business, which has led to the growth of my family. regarding this loan, I have no issues whatsoever.



I am a tricycle driver, and my wife is grocer for 8 years. We have received loans from Prasethpheap Finance several cycles, always accompanied by advice from their staff to expand our businesses that adapted with economic situation. Currently, our businesses are running smoothly, and our family living standard is better to make our loan repayments on time. Finally, we



wish the managements and staff of Prasethpheap Finance all the best, healthy, good fortune, and continued growth and prosperity.

I am a delivery driver, and I have been working for over 3 years. I would like to improve my home to provide my family with comfortable and warm living environment. During that time, I'm aware of Prasethpheap Finance Plc



located near my house, which make me easy to inquire more information. Prasethpheap Finance has more loan products with suitable interest rates, fast service, and flexible repayment options. I decided to take loan from Prasethpheap Finance to improve my house. Through this loan, I was able to achieve my goal of improving my house that providing suitable living environment for my family.





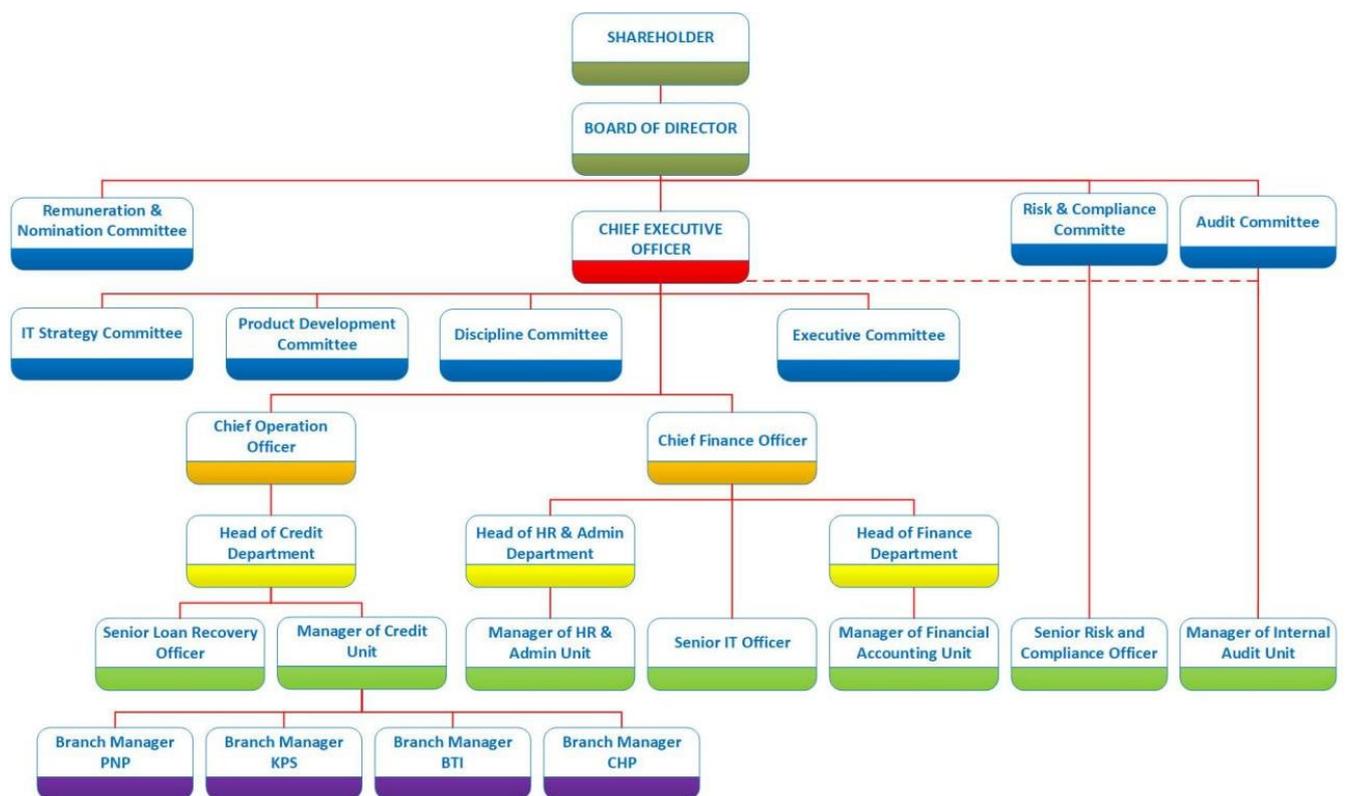
CORPORATE GOVERNANCE

SHAREHOLDERS

Shareholder name	Number of shares	Amount in USD	Percentage
Neak Oknha Dr. Mengly J. Quach	2,873,178	2,873,178	98.54%
Mr. Long Pisey	42,588	42,588	1.46%
Total	2,915,766	2,915,766	100%

1 Share = 1 USD

ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTORS

Neak Oknha Dr. Mengly J. Quach Founder and Chairman

Neak Oknha Dr. Mengly J. Quach, an educationist, medical doctor, entrepreneur and philanthropist, currently, Neak Oknha is the Founder and Chairman of the Prasethpheap Finance Plc. Neak Oknha is also Founder, Chairman of the and Chief Executive Officer of the Mengly J. Quach Education, an umbrella for Aii Language Centers (Aii) and American Intercon Schools (AIS) and Study Overseas Go Overseas (SOGO), specializing in education, social and community development. Currently, Dr. Quach is an Advisory Member and Co-Vice Chair of Health Technical Working Group, (since 2023) and Education Technical Working Group, (since 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 of Federation of Education Services in Cambodia, Honorary Founding President of Cambodia Bokator Federation, Supreme Advisor to The Board of Monk Chief Cambodia.

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 has served as an Independent Board of Prasethpheap Finance Plc since 2018. He is also an Independent Board of Mengly J. Quach Education and a member of the Board of Directors of Maritime Specialized Bank. He has nearly 40 years of experience in leadership and management across various business sectors, including newspapers, magazines, investment, publishing, garment manufacturing, banking, hotels, casinos, general insurance, construction materials, export and import (Export & Import Company), food and beverage, environmental impact assessment, real estate, and education. He has gained extensive knowledge both domestically and internationally, including Turin Italy, and Hawaii, USA and he has also been invited as a trainer and speaker in workshops and seminars held both domestically and internationally.

Mr. Long Pisey Board Member

Mr. Long Pisey is a shareholder and member of the Board of Directors of Prasethpheap Finance Plc. As board member, he plays crucial role in overseeing the organization's business plan and strengthening all business operation compare to annual budget ensuring the business run smoothly. He has been a board member since 2018. He has extensive experience in leadership and management across various sectors, particularly in the education sector.

Mr. Long Pisey graduated with the Bachelor of Arts in English Literature in 2006 from Build Bright University. He also obtained a Master's degree in Business Administration in 2022 from the Royal University of Law and Economics.



MANAGEMENT TEAM



Mr. Piseth Sorn Chief Executive Officer

Mr. Sorn Piseth holds the position of Chief Executive Officer (CEO) of Prasethpheap Finance Plc. He joined Prasethpheap Finance since 2021. He has nearly 20 years of professional experience in the banking, microfinance, and payment service sectors. Mr. Piseth graduated with the Bachelor degree in Computer Science from the Royal University of Phnom Penh in 2002. He has also participated in numerous training programs and workshops related to the banking, microfinance, and payment sectors.



Mr. Khun Davuth Chief Finance Officer and Chief Operation Officer Acting

Mr. Khun Davuth holds the position of Chief Financial Officer (CFO) and Acting Chief Operating Officer (COO). He joined Prasethpheap Finance since 2021. He graduated Bachelor degree in Accounting and Master degree in Banking and Finance. He has nearly 20 years of experiences in the microfinance sector. He has experience in financial management, branch management and branch accounting management. He also participated in a three-month training program on regulations and compliance recognized by the National Bank of Cambodia.



Mr. Ek Narith Head of Credit Department

Mr. Ek Narith holds the Master degree of Business Management and Bachelor degree of Sales and Marketing. He joined Prasethpheap Finance since 2022 and has nearly 20 years of experience in the microfinance and banking sectors in Cambodia. He has participated in various training programs and workshops related to microfinance and banking management, credit risk management, staff training and development, branch management, sale skills, small and medium enterprise operational management, collateral valuation, and leadership.



Mr. Chhoy Vandeth Head of Human Resource and Administration

Mr. Chhoy Vandeth joined Prasethpheap Finance Plc as Human Resource and Administration Manager since December 2021. In 2023, he was promoted to Head of Human Resource and Administration. He holds Bachelor degree in Accounting and has nearly 20 years of experience in the microfinance and banking sectors. He has worked with various microfinance institutions throughout his career. He has extensive experience in human resources management and has participated in numerous training programs and workshops related to human resource management.



Mr. Ly Kimngorn Internal Audit Manager

Mr. Ly Kimngorn joined Prasethpheap Finance Plc since 2022 as the Internal Audit Manager. He holds Bachelor degree in Banking and Finance. Prior to join Prasethpheap Finance Plc, he had over 11 years of experience in various roles including Internal Audit, Accountant, Credit Officer, Human Resource and Administration (microfinance, real estate, education, and agriculture sectors). He has participated in numerous training programs related to audit and risk management.



Mr. Keat Sokkim Credit Manager

Mr. Keat Sokkim joined Prasethpheap Finance Plc at the beginning of 2023 as the Credit Manager. He holds Bachelor degree in Information Technology. He has over 10 years of experience in the microfinance and banking sectors, including roles in credit risk management, training of trainer, branch management, selling skill, business operational management, collateral evaluation, and leadership. In addition, he has participated in numerous training courses and workshops related to management in finance and banking sectors.



Miss. Sey Thida Manager of Finance Accounting Unit

Miss. Sey Thida holds the position Manager of Finance Accounting Unit. She joined Prasethpheap Finance PLC since 2014 as Teller Assistant in Phnom Penh Branch. Through her hard working, she has progressed through various roles within the institution. She holds the Bachelor degree in Accounting and Finance and participats in numerous training programs and workshops related to banking and finance.



Mrs. Yem Sreylong Senior Risk and Compliance Officer

Mrs. Yem Sreylong joined Prasethpheap Finance PLC as Senior Risk and Compliance Officer in early September 2020. She holds the Bachelor degree in Banking and Finance. She has over 7 years of experience in compliance within the financial sector. She has obtained Compliance and Regulatory Certificate recognized by the National Bank of Cambodia and has participated in numerous training programs and workshops related to banking and finance.



Mr. Beiv PolTo Senior IT Officer

Mr. Beiv Polto is Senior IT Officer. He holds Bachelor degree of Computer Science and has worked with Prasethpheap Finance Plc since 2022. He has over 5 years of experience in IT within the financial and payment sectors. He has participated in numerous of IT training courses. Currently, he is the IT Infrastructure and Core Banking Systems Management for Prasethpheap Finance Plc.

BOARD OF DIRECTORS' MEETING

Board meetings are held regularly on quarterly basis, or “Four times a year”. Board will convene an extraordinary meeting as needed. For the Audit Committee and Risk & Compliance Committee meeting will be conducted at least twice per year.







STAFF CAPACITY DEVELOPMENT

Internal Training

Prasethpheap Finance Plc consistently provides internal training programs for all staff to ensure that they have clear understanding of the institution's policies, procedures, vision, mission, code of ethics, fostering positive mindset, and enhancing their skill. The training included Human Resource Policies and Procedures, Credit Policies, Collateral Evaluation Procedures, Fraud Prevention, Anti-Money Laundering and Combating the Financing of Terrorism. Selling Skills, etc. The internal training programs for 2023 as the following:

- ❖ **On March 6, 2023, training was provided to the management team as well as all branch managers on the topics:** Anti-Money Laundering and Combating the Financing of Terrorism.
- ❖ **On March 25, 2023, organized a training course on:**
 - 1) Credit Policy
 - 2) Use of Credit Form
 - 3) Cash Management
- ❖ **On May 27, 2023, organized a training course on:**
 - 1) Human Resource Policy
 - 2) Anti-Money Laundering and Combating the Financing of Terrorism.
 - 3) Credit Procedures
 - 4) Succession and Other Legal Aid
- ❖ **On September 9, 2023, organized a training course on:**
 - 1) Functions and Ethics of Internal Audit
 - 2) Qualifications of Good Staff
 - 3) Credit Assessment and Delinquency Management Procedures and Loan Written Off
 - 4) Use of Voucher and Collateral Management
 - 5) Best Seller Strategy

This training is a key factor in driving and strengthening the capabilities of staff to be adequately qualified in performing their work more effectively and achieving the institution's goals.



Activities to attend the training





Awarding certificates to employees



Photo album after the successful completion of the training program



External Training

In addition to the internal training programs, the institution also sent staff to participate in external training and workshops organized by National Bank of Cambodia, Cambodia Microfinance Association, Credit Bureau of (Cambodia) Co., Ltd (CBC), General Department of Taxation, Ministry of Labor and Vocational Training, Ministry of Commerce, Institute of Banking and Finance, as well as other relevant ministries and authorities.

Department	Topic	Institution
Internal Audit	Effective Fraud Prevention and Risk Reduction Management	Cambodia Microfinance Association
Credit Staff Attended 24 Training Courses	Responsible Lending	Institute of Banking and Finance
Risk Management and Compliance	Regulatory of Compliance 2023	Institute of Banking and Finance
Head of Credit Department	Regional Workshop on "Effective Branch Management with Ethical and Professional Sustainability"	Center for Banking Studies

Certificates received by staff from the training program





STAFF ANNUAL TRIP

Prasethpheap Finance Plc, usually organizes annual trips or parties for the staff every year. Specifically, in 2023, Prasethpheap organized its annual staff party, which took place in December 23, 2023 at the Amazon Resort. All employees participated in this event. The program included various activities such as group meals, recognition of employee's services award from 5 years up with certificates and gift to them.





AUDITED FINANCIAL STATEMENTS

Prasethpheap Finance Plc

(Incorporated in Cambodia)

Report of the Directors

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 2023.

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:

	2023		2022	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Loss before income tax	(9,141)	(37,569)	(349,231)	(1,427,307)
Income tax benefit	2,895	11,898	61,609	251,796
Net loss for the year	<u>(6,246)</u>	<u>(25,671)</u>	<u>(287,622)</u>	<u>(1,175,511)</u>

Share capital

There is no change in the shareholding structure during the financial year. Refer to Note 16 for detail.

Dividends

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 2023.

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 financial 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 2023/2022		
	% of ownership	Number of shares	Amount US\$
Neak Oknha Dr. Mengly J. Quach	98.54%	2,873,178	2,873,178
Mr. Long Pisey	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 2023, 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 46 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2023, 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
Founder and Chairman



Mr. Sorn Piseth
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 30 April 2024

Report of the Independent Auditors

To the shareholders of Prasethpheap Finance Plc.

Opinion

We have audited the financial statements of Prasethpheap Finance Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2023, 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 46 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and 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.

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

30 April 2024

Statement of financial position as at 31 December 2023

	Note	31 December 2023		31 December 2022	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS					
Cash on hand	6	2,968	12,124	26,360	108,524
Balances with banks and financial institutions	7	718,953	2,936,923	654,332	2,693,885
Balances with the National Bank of Cambodia	8	150,628	615,315	148,834	612,750
Loans to customers	9	4,695,159	19,179,725	4,132,908	17,015,182
Other assets	10	134,921	551,153	114,552	471,611
Property and equipment	11	22,675	92,627	28,072	115,572
Intangible assets	12	34,498	140,924	53,662	220,926
Deferred tax assets	13D	83,936	342,879	90,723	373,507
TOTAL ASSETS		<u>5,843,738</u>	<u>23,871,670</u>	<u>5,249,443</u>	<u>21,611,957</u>
LIABILITIES AND EQUITY					
Liabilities					
Current income tax liability	13C	-	-	291	1,198
Borrowings	14	2,501,090	10,216,953	1,930,130	7,946,345
Other payables	15	53,884	220,116	24,012	98,858
Total liabilities		<u>2,554,974</u>	<u>10,437,069</u>	<u>1,954,433</u>	<u>8,046,401</u>
Equity					
Share capital	16	2,915,766	11,663,064	2,915,766	11,663,064
Share premium		63,078	256,980	63,078	256,980
Other capital	17	190,000	774,060	190,000	774,060
Reserves	18	67,770	275,436	27,838	112,314
Retained earnings		52,150	199,083	98,328	387,876
Currency translation reserves		-	265,978	-	371,262
Total equity		<u>3,288,764</u>	<u>13,434,601</u>	<u>3,295,010</u>	<u>13,565,556</u>
TOTAL LIABILITIES AND EQUITY		<u>5,843,738</u>	<u>23,871,670</u>	<u>5,249,443</u>	<u>21,611,957</u>

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

Statement of comprehensive income

for the year ended to 31 December 2023

	Note	2023		2022	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Interest income	19	1,160,280	4,768,751	997,010	4,074,780
Interest expenses	20	<u>(272,077)</u>	<u>(1,118,236)</u>	<u>(132,079)</u>	<u>(539,807)</u>
Net interest income		888,203	3,650,515	864,931	3,534,973
Other operating income	21	<u>122,621</u>	<u>503,972</u>	<u>34,212</u>	<u>139,825</u>
Net Operating income		1,010,824	4,154,487	899,143	3,674,798
Net impairment loss on financial assets	9	(257,394)	(1,057,889)	(518,775)	(2,120,234)
Personnel expenses	22	(499,478)	(2,052,855)	(461,339)	(1,885,492)
Depreciation and amortization	23	(29,807)	(122,507)	(36,437)	(148,918)
Operating expenses	24	(233,286)	(958,805)	(222,217)	(908,201)
Minimum tax expense	13B	<u>-</u>	<u>-</u>	<u>(9,606)</u>	<u>(39,260)</u>
Loss before income tax		(9,141)	(37,569)	(349,231)	(1,427,307)
Income tax benefit	13B	<u>2,895</u>	<u>11,898</u>	<u>61,609</u>	<u>251,796</u>
Net loss for the year		<u>(6,246)</u>	<u>(25,671)</u>	<u>(287,622)</u>	<u>(1,175,511)</u>
Other comprehensive (loss)/income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Currency translation differences		<u>-</u>	<u>(105,284)</u>	<u>-</u>	<u>145,424</u>
Total comprehensive loss for the year		<u>(6,246)</u>	<u>(130,955)</u>	<u>(287,622)</u>	<u>(1,030,087)</u>

The accompanying notes form an integral part of these financial statements

Statement of changes in equity for the year ended 31 December 2023

	Share capital US\$	Share premium US\$	Other capital US\$	Reserves US\$	Retained earnings US\$	Currency translation reserves US\$	Total US\$
At 1 January 2023	2,915,766	63,078	190,000	27,838	98,328	-	3,295,010
<i>Transaction with the shareholders:</i>							
Transfer from retained earnings to reserves (Note 18)	-	-	-	39,932	(39,932)	-	-
<i>Total comprehensive income:</i>							
Net loss for the year	-	-	-	-	(6,246)	-	(6,246)
Currency translation difference	-	-	-	-	-	-	-
	-	-	-	-	(6,246)	-	(6,246)
At 31 December 2023	<u>2,915,766</u>	<u>63,078</u>	<u>190,000</u>	<u>67,770</u>	<u>52,150</u>	<u>-</u>	<u>3,288,764</u>
At 1 January 2022	2,915,766	63,078	190,000	27,838	385,950	-	3,582,632
<i>Total comprehensive income:</i>							
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>-</u>	<u>3,295,010</u>

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

Statement of cash flows

for the year ended to 31 December 2023

	Note	2023		2022	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash flows from operating activities					
Net loss for the year		(6,246)	(25,671)	(287,622)	(1,175,511)
<i>Adjustments for:</i>					
Interest income	19	(1,160,280)	(4,768,751)	(997,010)	(4,074,780)
Interest expense	20	272,077	1,118,236	132,079	539,807
Net impairment loss on financial assets	9	257,394	1,057,889	518,775	2,120,234
Minimum tax expense		-	-	9,606	39,260
Income tax benefit	13B	(2,895)	(11,898)	(61,609)	(251,796)
Depreciation and amortisation	23	29,807	122,507	36,437	148,918
		<u>(610,143)</u>	<u>(2,507,688)</u>	<u>(649,344)</u>	<u>(2,653,868)</u>
<i>Changes in:</i>					
Loans to customers		(740,039)	(3,041,560)	(642,747)	(2,626,907)
Other assets		(10,687)	(43,924)	(9,594)	(39,211)
Other payables		29,872	122,774	(1,404)	(5,738)
		<u>(1,330,997)</u>	<u>(5,470,398)</u>	<u>(1,303,089)</u>	<u>(5,325,724)</u>
Interest received		1,080,674	4,441,570	979,882	4,004,778
Interest paid		(267,618)	(1,099,910)	(130,847)	(534,772)
Income tax paid	13C	(291)	(1,196)	(26,302)	(107,496)
		<u>(518,232)</u>	<u>(2,131,998)</u>	<u>(480,356)</u>	<u>(1,963,214)</u>
Net cash used in operating activities					
Cash flows from investing activities					
Acquisition of property and equipment	11	(5,246)	(21,561)	(27,484)	(112,327)
Placement of term deposits		-	-	(505,682)	(2,066,722)
		<u>(5,246)</u>	<u>(21,561)</u>	<u>(533,166)</u>	<u>(2,179,049)</u>
Net cash used in investing activities					
Cash flows from financing activities					
Repayment of borrowings	14	(2,405,585)	(9,886,954)	(1,556,854)	(6,362,862)
Proceeds from borrowings	14	2,972,086	12,215,273	2,133,343	8,718,973
		<u>566,501</u>	<u>2,328,319</u>	<u>576,489</u>	<u>2,356,111</u>
Net cash generated from financing activities					

Statement of cash flows (continued)

for the year ended to 31 December 2023

	Note	2023		2022	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Net increase/(decrease) in cash and cash equivalents		43,023	174,760	(437,033)	(1,786,152)
Cash and cash equivalents at 1 January		178,056	733,057	615,089	2,505,872
Currency translation difference		<u>-</u>	<u>(4,710)</u>	<u>-</u>	<u>13,337</u>
Cash and cash equivalents at 31 December	26	<u>221,079</u>	<u>903,107</u>	<u>178,056</u>	<u>733,057</u>

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

...ធ្វើឲ្យជីវិតអ្នកកាន់តែប្រសើរ
...Making Life Better

