

MOBILITY FINANCE (CAMBODIA) PLC.

ANNUAL REPORT

2023



MESSAGE FROM CHAIRMAN

I hope this message finds you in good spirits despite the challenging economic climate we find ourselves navigating. As we confront the realities of fluctuating markets and evolving consumer behaviors, it's crucial that we address the impact on our car leasing business head-on.

It's no secret that recent economic shifts have presented obstacles for our industry. However, I firmly believe that within these challenges lie opportunities for growth and differentiation.

To our stakeholders, thank you for your collaboration and flexibility as we navigate this ever-changing landscape together. Your steadfast support enables us to fulfill our commitments to our customers and maintain the quality and reliability they have come to expect from us.

I am humbled by the resilience and determination demonstrated by our team members, whose unwavering dedication to excellence continues to drive our company forward. Your hard work and perseverance are the backbone of our organization, and for that, I am immensely grateful.

Thank you for your unwavering support and dedication to our company. Your contributions are truly valued and appreciated.



TAKESHI KURODA

CHAIRMAN OF THE BOARD

黒田 武志

TAKESHI KURODA

CHAIRMAN OF THE BOARD

BOARD OF DIRECTOR



TAKESHI KURODA
CHAIRMAN OF THE BOARD

Mr. Kuroda is the Chairman of the board of Mobility Finance (Cambodia) Plc., and the President and CEO of ReNet Japan Group. In 1989, he joined Toyota Motor Corporation. In 1998, after leaving Toyota Motor Corporation, he established BOOKOFF WAVE Co., Ltd. and became a President and CEO. In 2000, he established eBOOKOFF Co., Ltd. (currently ReNet Japan Group, Inc.) as a President and CEO. In December 2016, ReNet Japan Group, Inc. was successfully listed on Tokyo Stock Exchange.



YOSHITAKA TAKAHASHI
INDEPENDENT DIRECTOR

Mr. Takahashi was appointed as the board of Independent Director of Mobility Finance (Cambodia) Plc. in May 2019. Since 2008, he has been the Independent Director of ReNet Japan Group Inc, advising on business development. In 1990, he started his career at Anderson Consulting (currently Accenture Japan Ltd.). After that, he joined Global Food Creators Co., Ltd. where he direct IPO of that company. In 1999, he set up his own consulting business and worked for numerous companies to support business development.



TOSHIYA MATSUO
DIRECTOR

Mr. Matsuo was appointed as the board of director of Mobility Finance (Cambodia) Plc. in December 2019. He also serves as CEO at Mobility Finance (Cambodia) Plc. and CEO of ReNet Japan (Cambodia) Co., Ltd. He has more than 25 years of experience in managing and conducting new business development as well as global business operation including PMI in ASEAN, Europe and USA. He held several senior management positions, including Executive Officer, President and CEO, Managing Director, in the several renowned companies. Over the years, he has been based in Thailand and Cambodia.



SHIZUKA AOKI
DIRECTOR

Ms. Aoki was appointed as the board of director of Mobility Finance (Cambodia) Plc. in December 2019. Her international working experience was started in 2016 in Thailand. In August 2018, she joined ReNet Japan (Cambodia) Co., Ltd. as General Manager. In September 2019, when ELIN Leasing Plc. (currently Mobility Finance (Cambodia) Plc.) started the business operation, she jointed Mobility Finance (Cambodia) Plc. as Chief Operation Officer (COO). She oversees budget and overall operations, including sales, marketing, credit evaluation, contracts, legal, finance, accounting, human resources and IT, both in strategic and execution.

MOBILITY FINANCE (CAMBODIA) PLC.

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

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ម៉ូប៊ីលីតឺ ហ្វាយនែន (ខេមបូឌា) ម.ក MOBILITY FINANCE (CAMBODIA) PLC

DIRECTORS' REPORT

The Board of Directors (the Directors) hereby submits its report together with the audited financial statements of Mobility Finance (Cambodia) Plc. (the Company) for the year ended 31 December 2023.

THE COMPANY

The Company was incorporated as a public limited company in the Kingdom of Cambodia under registration number 00000306 dated 08 December 2014 with the Ministry of Commerce. On 17 February 2015, the Company obtained license from the National Bank of Cambodia (NBC or the central bank) to operate as a financial leasing company.

PRINCIPAL ACTIVITIES

The Company is principally engaged to provide financial leasing in Cambodia.

FINANCIAL PERFORMANCE

The financial performance for the year ended 31 December 2023 is set out in the statement of comprehensive income on page 8.

SHARE CAPITAL

There is a decrease of capital US\$1,500,00 during the year (Note 13).

BAD AND DOUBTFUL LEASE RECEIVABLES

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

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

ASSETS

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

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no charge on the assets of the Company that has arisen since the end of the year that secures the liabilities of any other person; and
- (b) no contingent liability in respect of the Company that has arisen since the end of the year other than in the ordinary course of business.

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 year which, in the opinion of the Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

There were no items, transactions or events of a material and unusual nature that, in the opinion of the Directors, materially affected the financial performance of the Company for the year ended 31 December 2023.

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

THE BOARD OF DIRECTORS

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

Mr. Takeshi Kuroda	Chairman
Mr. Matsuo Toshiya	Director and Chief Executive Officer
Mrs. Shizuka Aoki	Director
Mr. Yoshitaka Takahashi	Independent Director

RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities, were approved by the Board of Directors.

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



Mr. Matsuo Toshiya
Director and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

24 APR 2024



Independent auditor's report

To the shareholders of Mobility Finance (Cambodia) Plc.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mobility Finance (Cambodia) Plc. (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).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kampuchea Institute of Certified Public Accountants and Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code) that are relevant to our audit of the financial statements in Cambodia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KICPAA Code.



Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report are the directors' report and supplementary financial information and other disclosures required by the National Bank of Cambodia but do not include the financial statements and our auditor's report thereon.

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

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.

Auditor's responsibilities for the audit of the financial statements

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

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

We communicate with 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 PricewaterhouseCoopers (Cambodia) Ltd.



By Touch Sovannara
Partner

Phnom Penh, Kingdom of Cambodia
24 April 2024

MOBILITY FINANCE (CAMBODIA) PLC.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	2023		2022	
		US\$	KHR'000	US\$	KHR'000
Assets					
Deposits and placements with the central bank	5	944	3,856	983	4,047
Deposits and placements with banks	6	1,316,564	5,378,164	2,547,081	10,486,332
Statutory deposits with the central bank	7	229,200	936,282	229,200	943,616
Lease receivables	8	320,949	1,311,077	664,141	2,734,268
Property and equipment	9	109	445	783	3,224
Intangible assets	10	692	2,827	1,389	5,719
Other assets	11	33,105	135,234	74,522	306,807
Total assets		1,901,563	7,767,885	3,518,099	14,484,013
Liabilities and equity					
Liabilities					
Other liabilities	12	39,090	159,683	62,450	257,106
Deferred tax liabilities		709	2,896	709	2,919
Total liabilities		39,799	162,579	63,159	260,025
Equity					
Share capital	13	3,084,000	12,598,140	4,584,000	18,872,328
Accumulated losses		(1,236,983)	(5,041,002)	(1,187,957)	(4,839,507)
Regulatory reserves		14,747	60,241	58,897	238,761
Other reserves		-	(12,073)	-	(47,594)
Total equity		1,861,764	7,605,306	3,454,940	14,223,988
Total liabilities and equity		1,901,563	7,767,885	3,518,099	14,484,013

The accompanying notes on pages 11 to 29 form an integral part of these financial statements.

MOBILITY FINANCE (CAMBODIA) PLC.

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

	Notes	2023		2022	
		US\$	KHR'000	US\$	KHR'000
Interest income	14	191,460	786,901	309,072	1,263,177
Net interest income		<u>191,460</u>	<u>786,901</u>	<u>309,072</u>	<u>1,263,177</u>
Fee and commission income	15	15	62	1,025	4,189
Net fee and commission income		<u>15</u>	<u>62</u>	<u>1,025</u>	<u>4,189</u>
Credit impairment losses	16	29,841	122,647	(28,883)	(118,045)
Other operating income		2,420	9,946	4,132	16,887
Other losses - net	17	(18,311)	(75,258)	(54,709)	(223,596)
Net other operating expense		<u>13,950</u>	<u>57,335</u>	<u>(79,460)</u>	<u>(324,754)</u>
Personnel expenses	18	(135,257)	(555,906)	(143,459)	(586,317)
Depreciation charge	9	(674)	(2,770)	(4,836)	(19,765)
Amortisation charge	10	(697)	(2,865)	(1,069)	(4,369)
Other operating expenses	19	(161,973)	(665,709)	(154,682)	(632,185)
Loss before income tax		<u>(93,176)</u>	<u>(382,952)</u>	<u>(73,409)</u>	<u>(300,024)</u>
Income tax expense	20	-	-	-	-
Loss for the year		<u>(93,176)</u>	<u>(382,952)</u>	<u>(73,409)</u>	<u>(300,024)</u>
Other comprehensive income: <i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	35,521	-	(47,594)
Total comprehensive loss for the year		<u>(93,176)</u>	<u>(347,431)</u>	<u>(73,409)</u>	<u>(347,618)</u>
Loss for the year attributable to:					
Owners of the Company		<u>(93,176)</u>	<u>(382,952)</u>	<u>(73,409)</u>	<u>(300,024)</u>
Total comprehensive loss attributable to:					
Owners of the Company		<u>(93,176)</u>	<u>(347,431)</u>	<u>(73,409)</u>	<u>(347,618)</u>

The accompanying notes on pages 11 to 29 form an integral part of these financial statements.

MOBILITY FINANCE (CAMBODIA) PLC.

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

	Attributable to owners of the Company									
	Share capital		Accumulated losses		Regulatory reserves		Other reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
As at 1 January 2022	4,584,000	18,675,216	(1,205,729)	(4,912,140)	150,078	611,418	-	-	3,528,349	14,374,494
Loss for the year	-	-	(73,409)	(300,024)	-	-	-	-	(73,409)	(300,024)
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(47,594)	-	(47,594)
Total comprehensive loss for the year	-	-	(73,409)	(300,024)	-	-	-	(47,594)	(73,409)	(347,618)
Transaction with the owners										
Transfer from regulatory reserves	-	-	91,181	372,657	(91,181)	(372,657)	-	-	-	-
Currency translation differences	-	197,112	-	-	-	-	-	-	-	197,112
Total transaction with the owners	-	197,112	91,181	372,657	(91,181)	(372,657)	-	-	-	197,112
As at 31 December 2022	<u>4,584,000</u>	<u>18,872,328</u>	<u>(1,187,957)</u>	<u>(4,839,507)</u>	<u>58,897</u>	<u>238,761</u>	-	<u>(47,594)</u>	<u>3,454,940</u>	<u>14,223,988</u>
As at 1 January 2023	4,584,000	18,872,328	(1,187,957)	(4,839,507)	58,897	238,761	-	(47,594)	3,454,940	14,223,988
Loss for the year	-	-	(93,176)	(382,952)	-	-	-	-	(93,176)	(382,952)
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	35,521	-	35,521
Total comprehensive loss for the year	-	-	(93,176)	(382,952)	-	-	-	35,521	(93,176)	(347,431)
Transaction with the owners										
Reduction of share capital	(1,500,000)	(6,165,000)	-	-	-	-	-	-	(1,500,000)	(6,165,000)
Transfer from regulatory reserves	-	-	44,150	181,457	(44,150)	(181,457)	-	-	-	-
Currency translation differences	-	(109,188)	-	-	-	2,937	-	-	-	(106,251)
Total transaction with the owners	<u>(1,500,000)</u>	<u>(6,274,188)</u>	<u>44,150</u>	<u>181,457</u>	<u>(44,150)</u>	<u>(178,520)</u>	-	-	<u>(1,500,000)</u>	<u>(6,271,251)</u>
As at 31 December 2023	<u>3,084,000</u>	<u>12,598,140</u>	<u>(1,236,983)</u>	<u>(5,041,002)</u>	<u>14,747</u>	<u>60,241</u>	-	<u>(12,073)</u>	<u>1,861,764</u>	<u>7,605,306</u>

The accompanying notes on pages 11 to 29 form an integral part of these financial statements.

MOBILITY FINANCE (CAMBODIA) PLC.

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

	Notes	2023		2022	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Loss before income tax		(93,176)	(382,953)	(73,409)	(300,024)
Adjustments for:					
Depreciation charge	9	674	2,770	4,836	19,765
Amortisation charge	10	697	2,865	1,069	4,369
Gain on disposal of property and equipment		-	-	(5,765)	(23,562)
Loss on write-off of intangible asset		-	-	1,874	7,659
Adjustment of property and equipment	9	-	-	(1,698)	(6,940)
Credit impairment losses	16	13,174	54,145	28,883	118,045
Interest income	14	(191,460)	(786,901)	(309,072)	(1,263,177)
		<u>(270,091)</u>	<u>(1,110,074)</u>	<u>(353,282)</u>	<u>(1,443,865)</u>
Changes in working capital:					
Lease receivables		332,244	1,365,523	756,800	3,093,042
Other assets		41,417	170,224	93,053	380,308
Other liabilities		<u>(23,360)</u>	<u>(96,010)</u>	<u>(78,282)</u>	<u>(319,939)</u>
Cash generated from operations		80,210	329,663	418,289	1,709,546
Interest received		<u>204,741</u>	<u>841,486</u>	<u>312,181</u>	<u>1,275,884</u>
Net cash generated from operating activities		<u>284,951</u>	<u>1,171,149</u>	<u>730,470</u>	<u>2,985,430</u>
Cash flow from investing activities					
Deposits and placements with banks – maturity more than three months		1,049,492	4,313,412	(1,029,492)	(4,207,534)
Proceeds from disposal of property and equipment		<u>-</u>	<u>-</u>	<u>12,637</u>	<u>51,647</u>
Net cash generated from/ (used in) investing activities		<u>1,049,492</u>	<u>4,313,412</u>	<u>(1,016,855)</u>	<u>(4,155,887)</u>
Cash flow from investing activities					
Reduction of share capital	13	<u>(1,500,000)</u>	<u>(6,165,000)</u>	-	-
Net cash used in financing activities		<u>(1,500,000)</u>	<u>(6,165,000)</u>	-	-
Net decrease in cash and cash equivalents					
		(165,557)	(680,439)	(286,385)	(1,170,457)
Cash and cash equivalents at the beginning of year		485,290	1,997,939	771,675	3,143,804
Currency translation difference		<u>-</u>	<u>(11,391)</u>	<u>-</u>	<u>24,592</u>
Cash and cash equivalents at the end of year	21	<u>319,733</u>	<u>1,306,109</u>	<u>485,290</u>	<u>1,997,939</u>

The accompanying notes on pages 11 to 29 form an integral part of these financial statements.

MOBILITY FINANCE (CAMBODIA) PLC.

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

1. GENERAL INFORMATION

Mobility Finance (Cambodia) Plc. (the Company) was incorporated as a public limited company in the Kingdom of Cambodia under the registration number 00000306 dated 8 December 2014 from the Ministry of Commerce. On 17 February 2015, the Company obtained its license from the National Bank of Cambodia (NBC or the central bank) to operate as a financial leasing company.

The Company is principally engaged to provide financial leasing in Cambodia.

The registered office of the Company is located at 5th floor, No. 425, Street 271, Sangkat Toul tom Pong 2, Khan Chamkarmon, Phnom Penh, Cambodia.

The financial statements were authorised for issue by the Board of Director on 24 April 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs). They have been prepared using the historical cost convention.

The Company discloses the amount for each asset and liability that is expected to be recovered or settled no more than 12-month after the reporting period as current, and more than 12-month after the reporting period as non-current.

The preparation of financial statements in conformity with CIFRS for SMEs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language statutory financial statements shall prevail.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The functional currency is the United States dollars (US\$) because of the significant influence of the US\$ on its operations. The financial statements are presented in US\$ which is the Company's functional and presentation currency.

MOBILITY FINANCE (CAMBODIA) PLC.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than US\$ are recognised in profit or loss.

(c) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, the financial statements shall be expressed in Khmer Riel (KHR). The statement of comprehensive income and the statement of cash flows are translated into KHR using the average exchange rates for the year. Assets and liabilities for the statement of financial position presented and shareholders' capital and reserves are translated at the closing rate at the reporting date. Resulting exchange differences arising from the translation of shareholders' capital and reserves are recognised directly in equity; all other resulting exchange differences are recognised in the other comprehensive income.

The Company has used the official rates of exchange published by the National Bank of Cambodia, and as at the reporting date, the average rate was US\$ 1 to KHR 4,110 (2022: KHR 4,087) and the closing rate was US\$ 1 to KHR 4,085 (2022: KHR 4,117).

2.3 Financial instruments

2.3.1 Scope of financial instruments

All the financial assets and financial liabilities of the Company are basic financial instruments and are within the scope of section 11 of CIFRS for SMEs.

Basic financial assets of the Company are deposits and placements with the central bank, deposits and placements with banks, lease receivables and other financial assets.

Basic financial liabilities of the Company are other financial liabilities.

2.3.2 Recognition and derecognition

The Company recognises a financial asset or a financial liability only when the Company becomes a party to the contractual provision of the instrument.

The Company derecognises a financial asset only when either:

- The contractual rights to the cash flows from the financial asset expire or are settled;
- The Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The Company has retained some significant risks and rewards of ownership but has transferred control of the asset to another party. The asset is therefore derecognised, and any rights and obligation created or retained are recognised.

The Company derecognises a financial liability only when it is extinguished; when the obligation specified in the contract is discharged, is cancelled or expires.

MOBILITY FINANCE (CAMBODIA) PLC.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

2.3.3 Initial and subsequent measurement

Financial instruments measured at amortised cost

When a financial asset or financial liability is recognised initially, the Company measures it at the transaction price (including transaction costs).

Financial assets and financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method.

The amortised cost of a financial asset or financial liability is the net of the following amount:

- The amount at which the financial asset or financial liability is measured at initial recognition;
- Minus any repayments of the principal;
- Plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and maturity amount;
- Minus, in the case of a financial asset, any reduction for impairment or uncollectability.

2.3.4 Impairment of financial assets measured at cost or amortised cost

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criteria the Company uses to determine whether there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as adverse economic conditions or adverse changes in industry conditions.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. These lease receivables are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

MOBILITY FINANCE (CAMBODIA) PLC.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

2.3.4 Impairment of financial assets measured at cost or amortised cost (continued)

When a financial asset is uncollectible, it is written off against the related allowance for the financial assets. Such financial assets are written off after the realisable value of collateral has been taken into consideration, if any, when in the judgement of the management, there is no prospect of recovery.

If, in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

2.4 Leases

The Company as a lessor

(i) Initial recognition

The Company recognises assets held under a finance lease in the statement of financial position and present them as a lease receivable at an amount equal to the net investment in the lease. The net investment in a lease is the Company's gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the lease is the minimum lease payments receivable by the Company under a finance lease.

(ii) Subsequent measurement

The Company recognises finance income based on a constant periodic rate of return on its net investment in the finance lease.

The gross investment which includes the principal and unearned finance income are reduced periodically by the lease payments (excluding costs for services).

(iii) Derecognition and impairment of lease receivables

The Company applies derecognition requirements of financial assets in Note 2.3.2 and impairment of financial assets in Note 2.3.4 to its lease receivables following Section 11 of CIFRS for SMEs.

The Company as a lessee

Leases in which a significant portion of risks and rewards of ownership of assets are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the leases.

2.5 Cash and cash equivalents

Cash and cash equivalents include non-restricted deposits and placements with the central bank, deposits and placements with banks, with original maturities of three months or less from the date of acquisition.

MOBILITY FINANCE (CAMBODIA) PLC.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation of property and equipment is charged to the profit or loss over the estimated useful lives of the assets using the straight-line method as follows:

	Useful life
Office furniture, fixtures and equipment	2 - 4 years
Computer equipment	2 years
Motor vehicles	4 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and recognised in the profit or loss.

2.7 Intangible assets

Intangible assets, which comprise acquired computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment loss.

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire the specific software and bring it to use. These costs are amortised with the useful life of five years using the straight-line method. Work-in-progress is not depreciated. Costs associated with maintaining computer software are recognised as expenses when incurred.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment loss is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised.

MOBILITY FINANCE (CAMBODIA) PLC.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

Repossessed assets are not depreciated or amortised while they are being disposed. An impairment loss is recognised for repossessed assets for any initial or subsequent write down of the asset to fair value less costs to sell. A gain or loss is recognised in the profit or loss at the date of derecognition.

2.9 Provisions

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

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

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

2.10 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within interest income and interest expense in the profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument, which are an integral part of the effective interest rate, but does not consider future credit losses.

When there is change in estimated future cash payments or receipts, the carrying amount of the financial asset and financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. Such adjustment is recognised in the profit or loss at the date of revision.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

When a financial asset is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired lease receivable is recognised using the original effective interest rate.

MOBILITY FINANCE (CAMBODIA) PLC.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Fee and commission income

Fees and commission consist of fees related to lease receivables that are not integral to lease disbursement such as penalty fee on late payment and other fee charges (if any). Income is recognised when (a) the amount of income can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the entity. The income is derived from different contracts and pattern of recognition and is based on the stated policy.

2.12 Employee benefits

(a) Short-term employee benefits

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

(b) Pension fund scheme

The Company pays monthly contributions for the compulsory pension scheme to National Social Security Fund (NSSF), a publicly administered social security scheme for pension in Cambodia. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(c) Other employment benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with an unspecified duration employment contract the seniority scheme for annual service.

Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Company.

2.13 Current and deferred income tax

The income tax expenses are the tax payables on the current's period taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

Deferred tax is provided in full, using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

MOBILITY FINANCE (CAMBODIA) PLC.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Current and deferred income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Regulatory reserve

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment, and Circular No. B7-021-2314 dated 28 December 2021 on classification and provisioning requirements on restructured leases. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS for SMEs, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision be lower than accumulated impairment based on CIFRS for SMEs. The regulatory reserve is set aside as a buffer, is non-distributable, and is not allowed to be included in the net worth calculation.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on financial assets

The Company makes allowance for impairment for losses on lease receivables based on assessment of recoverability. Whilst management is guided by the accounting standard, management makes judgement on the future and other key factors in respect of the estimation of the amount and time of the cash flows in allowance for impairment of lease receivables and other financial assets. Among the factors considered are the Company's segmentation of lease receivable portfolios, point of no return of non-performing lease receivables, aggregate exposure to the borrowers, the viability of the customer's business model, and the capacity to generate sufficient cash flow to service debt obligations.

MOBILITY FINANCE (CAMBODIA) PLC.

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

4. FINANCIAL INSTRUMENTS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Financial assets				
Financial assets measured at amortised cost:				
Deposits and placements with the central bank (Note 5)	944	3,856	983	4,047
Deposits and placements with banks (Note 6)	1,316,564	5,378,164	2,547,081	10,486,332
Lease receivables (Note 8)	320,949	1,311,077	664,141	2,734,268
Other financial assets	2,060	8,415	4,252	17,505
	<u>1,640,517</u>	<u>6,701,512</u>	<u>3,216,457</u>	<u>13,242,152</u>
Financial liabilities				
Financial liabilities measured at amortised cost:				
Other liabilities	26,396	107,828	54,834	225,752
	<u>26,396</u>	<u>107,828</u>	<u>54,834</u>	<u>225,752</u>

5. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current accounts	944	3,856	983	4,047
	<u>944</u>	<u>3,856</u>	<u>983</u>	<u>4,047</u>

Current accounts are non-interest bearing.

6. DEPOSITS AND PLACEMENTS WITH BANKS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Current:</i>				
Current accounts	153,940	628,845	206,641	850,741
Savings accounts	164,849	673,408	27,666	113,901
Fixed deposits	997,775	4,075,911	2,312,774	9,521,690
	<u>1,316,564</u>	<u>5,378,164</u>	<u>2,547,081</u>	<u>10,486,332</u>

The fixed deposit terms are ranging from six to nine months, with maturity dates from February to June 2024.

Annual interest rates of deposits and placements with banks are as follows:

	2023	2022
Current accounts	Nil	Nil
Saving accounts	2% - 2.5%	1.25%
Fixed deposits	4.85% - 6.7%	1.50% - 6%

MOBILITY FINANCE (CAMBODIA) PLC.

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

7. STATUTORY DEPOSITS WITH THE CENTRAL BANK

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Non-current:</i>				
Capital guarantee deposit	229,200	936,282	229,200	943,616

In compliance with Prakas B7-011-242 dated 27 December 2011 on the licensed financing leasing company, the Company is required to maintain a statutory capital deposit with the central bank at 5% of paid-up capital. This deposit is refundable should the Company voluntarily liquidate and bears no interest.

8. LEASE RECEIVABLES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Gross investment in the lease	392,508	1,603,395	872,239	3,591,008
Unearned finance income	(58,305)	(238,175)	(202,743)	(834,693)
Net investment in the lease	334,203	1,365,220	669,496	2,756,315
Less: Impairment loss	(13,254)	(54,143)	(5,355)	(22,047)
	320,949	1,311,077	664,141	2,734,268

The gross investment in the lease and the present value of minimum lease payments receivable at the end of the year is as follows:

	2023		
	Gross investment in the lease US\$	Unearned finance income US\$	Net investment in the lease US\$
Within one year	261,894	(48,826)	213,068
Later than one year but within five years	130,614	(9,479)	121,135
	392,508	(58,305)	334,203
In KHR' 000 equivalent	1,603,395	(238,175)	1,365,220
	2022		
	Gross investment in the lease US\$	Unearned finance income US\$	Net investment in the lease US\$
Within one year	353,430	(119,025)	234,405
Later than one year but within five years	518,809	(83,718)	435,091
	872,239	(202,743)	669,496
In KHR'000 equivalent	3,591,008	(834,693)	2,756,315

MOBILITY FINANCE (CAMBODIA) PLC.

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

8. LEASE RECEIVABLES (continued)

(a) Allowance for impairment losses on lease receivables

The movements in allowance for impairment losses on lease receivables are as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
As at 1 January	5,355	22,047	15,653	63,771
Charged for the year	13,174	54,145	28,883	118,045
Written off during the year	(5,275)	(21,559)	(39,181)	(160,133)
Currency translation difference	-	(490)	-	364
As at 31 December	<u>13,254</u>	<u>54,143</u>	<u>5,355</u>	<u>22,047</u>

(b) Analysis by maturity

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	18,444	75,344	4,337	17,855
Later than one year but not later than three years	308,304	1,259,422	637,604	2,625,016
Later than three years but not later than five years	<u>7,455</u>	<u>30,454</u>	<u>27,555</u>	<u>113,444</u>
	<u>334,203</u>	<u>1,365,220</u>	<u>669,496</u>	<u>2,756,315</u>

(c) Analysis by currency

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
US Dollars	<u>334,203</u>	<u>1,365,220</u>	<u>669,496</u>	<u>2,756,315</u>
	<u>334,203</u>	<u>1,365,220</u>	<u>669,496</u>	<u>2,756,315</u>

(d) Analysis by interest rate

	2023	2022
Individual lease receivables	12% - 21.48%	12% - 21.48%

MOBILITY FINANCE (CAMBODIA) PLC.

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

9. PROPERTY AND EQUIPMENT

	Office furniture, fixtures and equipment US\$	Computer equipment US\$	Motor vehicles US\$	Total US\$
<i>Non-current</i>				
For the year ended 31 December 2022				
As at 1 January 2022	824	-	9,969	10,793
Disposal	-	-	(6,872)	(6,872)
Adjustment	-	1,698	-	1,698
Depreciation charge	(359)	(1,380)	(3,097)	(4,836)
Closing net book value	<u>465</u>	<u>318</u>	<u>-</u>	<u>783</u>
As at 31 December 2022				
Cost	3,431	24,325	-	27,756
Accumulated depreciation	(2,966)	(24,007)	-	(26,973)
Net book value	<u>465</u>	<u>318</u>	<u>-</u>	<u>783</u>
In KHR'000 equivalent	<u>1,915</u>	<u>1,309</u>	<u>-</u>	<u>3,224</u>
For the year ended 31 December 2023				
As at 1 January 2023	465	318	-	783
Depreciation charge	(356)	(318)	-	(674)
Closing net book value	<u>109</u>	<u>-</u>	<u>-</u>	<u>109</u>
As at 31 December 2023				
Cost	3,431	24,325	-	27,756
Accumulated depreciation	(3,322)	(24,325)	-	(27,647)
Net book value	<u>109</u>	<u>-</u>	<u>-</u>	<u>109</u>
In KHR'000 equivalent	<u>445</u>	<u>-</u>	<u>-</u>	<u>445</u>

MOBILITY FINANCE (CAMBODIA) PLC.

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

10. INTANGIBLE ASSETS

	Computer software US\$
<i>Non-current</i>	
For the year ended 31 December 2022	
As at 1 January 2022	4,332
Disposal	(1,874)
Amortisation charge	(1,069)
Closing net book value	<u>1,389</u>
As at 31 December 2022	
Cost	21,200
Accumulated amortisation	<u>(19,811)</u>
Net book value	<u>1,389</u>
In KHR'000 equivalent	<u>5,719</u>
For the year ended 31 December 2023	
As at 1 January 2023	1,389
Amortisation charge	(697)
Closing net book value	<u>692</u>
As at 31 December 2023	
Cost	21,200
Accumulated amortisation	<u>(20,508)</u>
Net book value	<u>692</u>
In KHR'000 equivalent	<u>2,827</u>

11. OTHER ASSETS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Prepayments	17,284	70,605	17,284	71,158
Stationery and supplies	13,761	56,214	13,761	56,655
Account receivables	1,863	7,610	4,054	16,690
Deposits	197	805	198	815
Repossessed assets	-	-	39,225	161,489
	<u>33,105</u>	<u>135,234</u>	<u>74,522</u>	<u>306,807</u>
	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current	2,591	10,584	39,008	160,596
Non-current	<u>30,514</u>	<u>124,650</u>	<u>35,514</u>	<u>146,211</u>
	<u>33,105</u>	<u>135,234</u>	<u>74,522</u>	<u>306,807</u>

Repossessed assets refer to repossession of customers' leased assets who had no ability to continue making lease payment. These assets are not held for operational purposes.

MOBILITY FINANCE (CAMBODIA) PLC.

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

12. OTHER LIABILITIES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Account payables	17,406	71,104	36,467	150,135
Accruals	15,964	65,213	13,820	56,895
Tax payables	3,582	14,632	1,785	7,349
Advance payments from customers	2,138	8,734	7,090	29,190
Unearned income	-	-	3,188	13,125
Others	-	-	100	412
	<u>39,090</u>	<u>159,683</u>	<u>62,450</u>	<u>257,106</u>

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current	21,742	88,816	26,592	109,479
Non-current	17,348	70,867	35,858	147,627
	<u>39,090</u>	<u>159,683</u>	<u>62,450</u>	<u>257,106</u>

13. SHARE CAPITAL

The Company decreased its registered capital from 4,584,000 shares to 3,084,000 shares with a par value of US\$1 per share (2022: US\$1 per share) which was approved by the central bank on 27 June 2023. Ministry of Commerce approved for revision of memorandum and articles of incorporation on 14 September 2023.

As at 31 December 2023, the registered shares have been fully paid up.

The new shareholder structure is as follows:

Shareholders	2023			
	Number of shares	% of ownership	US\$	KHR'000
ReNet Japan Group Inc.	3,038,160	98.51	3,038,160	12,410,884
Renet Japan International Pte. Ltd.	45,840	1.49	45,840	187,256
	<u>3,084,000</u>	<u>100</u>	<u>3,084,000</u>	<u>12,598,140</u>

Shareholders	2022			
	Number of shares	% of ownership	US\$	KHR'000
ReNet Japan Group Inc.	4,538,160	99	4,538,160	18,683,605
Renet Japan International Pte. Ltd.	45,840	1	45,840	188,723
	<u>4,584,000</u>	<u>100</u>	<u>4,584,000</u>	<u>18,872,328</u>

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13. SHARE CAPITAL (continued)

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Issued and fully paid:</i>				
At 1 January	4,584,000	18,872,328	4,584,000	18,675,216
Reduction of share capital	(1,500,000)	(6,165,000)	-	-
Currency translation differences	-	(109,188)	-	197,112
As at 31 December	<u>3,084,000</u>	<u>12,598,140</u>	<u>4,584,000</u>	<u>18,872,328</u>

14. INTEREST INCOME

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Interest income from financial assets at amortised cost:</i>				
Lease receivables	109,310	449,264	234,189	957,130
Deposits and placements with banks	82,150	337,637	74,883	306,047
	<u>191,460</u>	<u>786,901</u>	<u>309,072</u>	<u>1,263,177</u>

15. FEES AND COMMISSION INCOME

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Penalty fee	<u>15</u>	<u>62</u>	<u>1,025</u>	<u>4,189</u>

16. CREDIT IMPAIRMENT LOSSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Credit impairment losses (Note 8.a)	13,174	54,145	28,883	118,045
Recovery on leases written off	(43,015)	(176,792)	-	-
	<u>(29,841)</u>	<u>(122,647)</u>	<u>28,883</u>	<u>118,045</u>

17. OTHER LOSSES - NET

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Loss on disposal of repossessed asset	18,237	74,954	58,815	240,377
Gain on foreign exchange translation	74	304	(215)	(878)
Gain on disposal of property and equipment	-	-	(3,891)	(15,903)
	<u>18,311</u>	<u>75,258</u>	<u>54,709</u>	<u>223,596</u>

MOBILITY FINANCE (CAMBODIA) PLC.

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18. PERSONNEL EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Salaries and wages expenses	122,478	503,385	132,093	539,864
Seniority payment – annual service	6,198	25,474	5,278	21,571
Employee training expenses	683	2,807	480	1,962
Other benefits	5,898	24,240	5,608	22,920
	<u>135,257</u>	<u>555,906</u>	<u>143,459</u>	<u>586,317</u>

19. OTHER OPERATING EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Professional fees	63,517	261,055	66,670	272,480
Office rental	33,112	136,090	32,242	131,773
Other taxes	15,803	64,950	13,489	55,130
Repair and maintenance	2,520	10,357	3,660	14,958
Minimum tax expense (Note 20)	1,819	7,476	3,296	13,471
Membership fees	1,400	5,754	1,400	5,722
Transportation and travelling	1,230	5,055	2,505	10,238
Communications	1,174	4,825	1,775	7,254
Insurance	581	2,388	2,931	11,979
License fees	407	1,673	284	1,161
Stationery and printing costs	85	349	237	969
Impairment loss on repossessed assets	-	-	5,427	22,180
Others	40,325	165,737	20,766	84,870
	<u>161,973</u>	<u>665,709</u>	<u>154,682</u>	<u>632,185</u>

20. INCOME TAX EXPENSE

a) Reconciliation between accounting loss and income tax expense

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Loss before income tax	(93,176)	(382,953)	(73,409)	(300,024)
Tax calculated at the rate of 20%	(18,635)	(76,590)	(14,682)	(60,005)
<i>Tax effect in respect of:</i>				
Expenses not deductible for tax purposes	5,169	21,245	3,422	13,986
Unrecognised temporary differences	(8,126)	(33,398)	(4,420)	(18,065)
Unrecognised tax losses	21,592	88,743	15,680	64,084
Income tax expense	-	-	-	-
Minimum tax expense	<u>1,819</u>	<u>7,476</u>	<u>3,296</u>	<u>13,471</u>

MOBILITY FINANCE (CAMBODIA) PLC.

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20. INCOME TAX EXPENSE (continued)

a) Reconciliation between accounting loss and income tax expense (continued)

Under the Cambodian tax regulations, the Company has an obligation to pay Income Tax at 20% of taxable profit or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher.

Effective 2017, a Company may be exempted from Minimum Tax if they comply with the conditions governing the maintenance of proper accounting records. The tax regulations also defined five criteria of improper accounting records.

The Company incurred taxable losses and is not subject to 20% income tax for the year ended 31 December 2023 and 2022. The prepayment of 1% of total revenue is written off to profit or loss and presented in other operating expense (Note 19).

No deferred tax for depreciable asset and allowance for credit impairment loss, and deferred tax assets for tax losses were recognised because it is not probable that future taxable amounts will be available to utilise those temporary differences and losses as:

- tax losses can only be carried forward to offset against the taxable profits of subsequent years, for a maximum period of five years;
- the tax losses that can be carried forward is subject to review and approval by the tax authorities.

Tax losses for which no deferred tax asset has been recognised expire as follows:

	<u>Expiry date</u>	<u>Tax losses US\$</u>
<i>At 31 December</i>		
2019	2024	223,689
2020	2025	523,814
2021	2026	-
2022	2027	77,278
2023	2028	<u>106,143</u>
		<u>930,924</u>

b) Other matters

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

MOBILITY FINANCE (CAMBODIA) PLC.

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

21. CASH AND CASH EQUIVALENTS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Deposits and placements with the central bank (Note 5)				
Current account	944	3,856	983	4,047
Deposits and placements with banks				
Current accounts	153,940	628,845	206,641	850,741
Savings accounts	164,849	673,408	27,666	113,901
Fixed deposits with maturity three months or less	-	-	250,000	1,029,250
	<u>319,733</u>	<u>1,306,109</u>	<u>485,290</u>	<u>1,997,939</u>

22. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into a number of transactions with related parties in the normal course of business. The volumes of related-party transactions, outstanding balances at the year-end, and related expense and income for the year are as follows:

(a) Related parties and relationships

The related parties of and their relationship with the Company are as follows:

Related party	Relationship
ReNet Japan Group Inc.	Shareholder/ Holding company
Renet Japan International Pte. Ltd.	Shareholder
Entities under the same holding company	Related companies
Key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members)

(b) Transaction with related parties

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Expense with related company</i>				
Management fee	<u>24,000</u>	<u>98,640</u>	<u>24,000</u>	<u>98,088</u>

Transactions with related parties are under normal business terms and conditions.

(c) Key management personnel compensation

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Key management:				
Salaries and other benefits	<u>61,645</u>	<u>253,361</u>	<u>86,029</u>	<u>351,601</u>

MOBILITY FINANCE (CAMBODIA) PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****23. COMMITMENTS****Operating lease commitments – the Company as lessee**

These operating leases related to the office rental. Where the Company is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	33,112	135,261	33,112	136,322
Later than one year and not later than five years	68,983	281,795	102,094	420,321
	<u>102,095</u>	<u>417,056</u>	<u>135,206</u>	<u>556,643</u>

Audit fee information

The following fees were paid or are payable to PricewaterhouseCoopers (Cambodia) Ltd.

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Group audit fees - Quarterly review and year end audit	18,504	75,589	15,000	61,755
Statutory audit fee	17,100	69,854	19,600	80,693
	<u>35,604</u>	<u>145,443</u>	<u>34,600</u>	<u>142,448</u>