

BORVOR FINANCE PLC.

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT AUDITORS**

FOR THE YEAR ENDED 31 DECEMBER 2024

BORVOR FINANCE PLC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

CORPORATE INFORMATION

Company	:	Borvor Finance Plc.
Registration No.	:	00029713
Registered office	:	#99, Group 4, Romchek 5 Village Ratanak Commune, Battambang City Battambang Province, Kingdom of Cambodia
Shareholders	:	Association of Employee share (represented by Mr. Ly Chan Ty) Mr. Meas Thon Ms. Nget Ny Ms. Chea Chanda Mr. Veurn Phally Mr. Ly Chan Ty
Board of Directors	:	Mr. Sao Roeun Chairman Mr. Ly Chan Ty Vice Chairman Mr. Prom Mary Member Mr. Pheng Raksa Member
Principal bankers	:	National Bank of Cambodia Acleda Bank Plc. Advanced Bank of Asia Limited
Auditors	:	Morisonkak MKA Audit - Accounting Co., Ltd.

BORVOR FINANCE PLC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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REPORT OF THE BOARD OF DIRECTORS

The Directors (“the Board of Directors”) are pleased to submit their report together with the audited financial statements of Borvor Finance Plc. (“the Company”) as at and for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in all aspects of credit service and other financial services to individual customers in Cambodia. There were no significant changes in the nature of the principal activities during the year.

FINANCIAL PERFORMANCE

The financial performance for the year ended 31 December 2024 are set out in the statement of comprehensive income on page 8.

STATUTORY CAPITAL

There were no changes in the issued and paid-up capital of the Company during the year.

RESERVES AND PROVISIONS

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

ASSETS

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

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

BAD AND DOUBTFUL LOANS

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

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 the provisions for doubtful loans in the financial statements of the Company inadequate to any material extent.

VALUATION METHODS

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



CONTINGENT AND OTHER LIABILITIES

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

- a. Any charge on the assets of the Company that 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 micro-finance business and as disclosed in the financial statements.

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

CHANGES OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The financial performance 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 substantially the financial performance of the Company for the current financial year in which this report is made.

EVENTS SINCE THE REPORTING DATE

There have been no significant events occurred after the reporting date which would requires disclosure or adjustments other than those already disclosed in the financial statements.

THE BOARD OF DIRECTORS

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

Mr. Sao Roeun	Chairman
Mr. Ly Chan Ty	Vice Chairman
Mr. Prom Mary	Member
Mr. Pheng Raksa	Member

DIRECTORS' INTERESTS

The Directors who held office at the end of the financial year and their direct financial interests in the Company are disclosed in Note 14.



DIRECTORS' BENEFITS

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

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

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible to ensure that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and cash flows for the year then ended. In preparing those financial statements, the Board of Directors is required to:

- i) adopt appropriate accounting policies which 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 have been any departures in the interests of true and fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- iv) assess the Company's ability to continue as a going concern and 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 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 the Company has complied with the above requirements in preparing the financial statements.

STATEMENT BY DIRECTORS

We, being the Directors of Borvor Finance Plc., do hereby approve the accompanying financial statements of the Company which have been drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024, and of financial performance and cash flows for the year ended, in accordance with the CIFRS for SMEs.

Signed on behalf of the Board of Directors:



Mr. Meas Thon
Chief Executive Officer

Date: 30 April 2025

**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BORVOR FINANCE PLC.**

Opinion

We have audited the financial statements of Borvor Finance Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2024 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and cash flows for the year then ended, in accordance with the 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 *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Report of the Directors as set out on pages 1 to 3, but does not include the financial statements and our auditors’ 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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.

**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BORVOR FINANCE
PLC. (continued)**

**Responsibilities of Management and those charged with governance for the financial
statements (continued)**

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 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 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, if any, 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.

**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BORVOR FINANCE
PLC. (continued)**

Auditors' responsibilities for the audit of financial statements (continued)

- 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.

On behalf of Morisonkak MKA

Morisonkak MKA
Certified Public Accountants
Independent Auditors


Key KAK
Managing Partner



Date: 30 April 2025

BORVOR FINANCE PLC.
**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

		2024		2023	
	Notes	KHR'000	USD	KHR'000	USD
ASSETS					
Cash on hand	4	115,883	28,791	152,685	37,377
Balances with the National Bank of Cambodia	5	487,400	121,093	487,480	119,334
Balances with other banks	6	1,867,927	464,081	1,466,429	358,979
Loans to customers – net	7	26,307,952	6,536,137	25,309,660	6,195,755
Property and equipment	8	1,047,916	260,352	1,131,937	277,096
Other assets	9	83,600	20,770	67,811	16,600
Deferred tax assets	21 (c)	93,589	23,252	122,940	30,095
TOTAL ASSETS		30,004,267	7,454,476	28,738,942	7,035,236
LIABILITIES AND EQUITY					
LIABILITIES					
Customer deposits	10	908,153	225,628	1,107,089	271,013
Other liabilities	11	878,425	218,242	905,274	221,609
Borrowings	12	8,098,197	2,011,974	6,441,232	1,576,801
Current tax liabilities	21 (b)	3,912	972	5,749	1,407
TOTAL LIABILITIES		9,888,687	2,456,816	8,459,344	2,070,830
EQUITY					
Project SEAD capital	13	949,821	237,455	949,821	237,455
Share capital	14	9,741,600	2,435,400	9,741,600	2,435,400
Regulatory reserves	15	1,323,854	328,908	885,565	216,786
Retained earnings		8,100,305	2,018,147	8,702,612	2,166,097
Currency translation differences		-	(22,250)	-	(91,332)
TOTAL EQUITY		20,115,580	4,997,660	20,279,598	4,964,406
TOTAL LIABILITIES AND EQUITY		30,004,267	7,454,476	28,738,942	7,035,236

Signed and authorized for release on behalf of the Board



Mr. Meas Thon
Chief Executive Officer

Date: 30 April 2025

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

BORVOR FINANCE PLC.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

		2024		2023	
	Notes	KHR'000	USD	KHR'000	USD
Interest income	16	4,618,460	1,134,478	4,637,003	1,128,225
Interest expense	17	(386,690)	(94,986)	(444,123)	(108,059)
Net interest income		4,231,770	1,039,492	4,192,880	1,020,166
Other operating income	18	170,022	41,764	321,764	78,288
Personnel expenses	19	(3,156,360)	(775,328)	(3,164,021)	(769,835)
Depreciation expenses		(84,934)	(20,863)	(103,539)	(25,192)
Other operating expenses	20	(936,537)	(230,051)	(817,990)	(199,024)
Operating profit		223,961	55,014	429,094	104,403
Allowances for impairment losses	7	(315,216)	(77,430)	(215,588)	(52,455)
Profit/(loss) before income tax		(91,255)	(22,416)	213,506	51,948
Income tax expense	21 (a)	(72,763)	(17,873)	(181,820)	(44,238)
Net profit/(loss) for the year		(164,018)	(40,289)	31,686	7,710
Currency translation differences		-	69,082	-	36,802
Net comprehensive income/(loss)		(164,018)	28,793	31,686	44,512

Signed and authorized for release on behalf of the Board



Mr. Meas Thon
Chief Executive Officer

Date: 30 April 2025

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

EVERGREEN MICROFINANCE PLC.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Project		Share capital		Regulatory reserve		Retained earnings		Currency translation		Total	
	SEAD KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	USD	KHR'000	USD	USD
As at 1 January 2023	949,821	237,455	9,741,600	2,435,400	1,094,218	265,780	8,467,127	2,108,801	(128,134)	20,252,766	4,919,302	
Last year's adjustment	-	-	-	-	-	-	(4,854)	(1,181)	-	(4,854)	(1,181)	
Net profit/(loss) for the year	-	-	-	-	-	-	31,686	7,710	-	31,686	7,710	
Transfer from regulatory reserve	-	-	-	-	(208,653)	(50,767)	208,653	50,767	-	-	-	
Exchange translation difference	-	-	-	-	-	1,773	-	-	36,802	-	38,575	
As at 31 December 2023	949,821	237,455	9,741,600	2,435,400	885,565	216,786	8,702,612	2,166,097	(91,332)	20,279,598	4,964,406	
As at 1 January 2024	949,821	237,455	9,741,600	2,435,400	885,565	216,786	8,702,612	2,166,097	(91,332)	20,279,598	4,964,406	
Net profit/(loss) for the year	-	-	-	-	-	-	(164,018)	(40,289)	-	(164,018)	(40,289)	
Transfer to regulatory reserve	-	-	-	-	438,289	107,661	(438,289)	(107,661)	-	-	-	
Exchange translation difference	-	-	-	-	-	4,461	-	-	69,082	-	73,543	
As at 31 December 2024	949,821	237,455	9,741,600	2,435,400	1,323,854	328,908	8,100,305	2,018,147	(22,250)	20,115,580	4,997,660	

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

BORVOR FINANCE PLC.
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024		2023	
	KHR'000	USD	KHR'000	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(loss) for the year	(164,018)	(40,289)	31,686	7,710
<i>Adjustments for:</i>				
Income tax expense	72,763	17,873	181,820	44,238
Depreciation expenses	84,934	20,863	103,539	25,192
Allowance for impairment losses	315,216	77,430	215,588	52,455
Fixed assets written off	10,925	2,683	-	-
Operating profit before working capital changes	319,820	78,560	532,633	129,595
<i>Changes in working capital:</i>				
Loans to customers	(1,313,508)	(322,650)	2,778,262	675,976
Other assets	(15,789)	(3,878)	(1,597)	(389)
Customer deposits	(198,936)	(48,867)	(52,276)	(12,719)
Other liabilities	(22,603)	(5,552)	(302,479)	(73,596)
Cash generated from operations	(1,231,016)	(302,387)	2,954,543	718,867
Seniority indemnity paid	(4,246)	(1,043)	(1,765)	(429)
Income tax paid (Note 21)	(45,250)	(11,115)	(54,992)	(13,380)
Net cash from operating activities	(1,280,512)	(314,545)	2,897,786	705,058
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(11,836)	(2,907)	(17,156)	(4,174)
Net cash used in investing activities	(11,836)	(2,907)	(17,156)	(4,174)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from borrowings (Note 12)	5,736,893	1,409,210	3,034,397	738,296
Repayment of borrowings (Note 12)	(4,079,928)	(1,002,193)	(5,523,012)	(1,343,799)
Net cash used in financing activities	1,656,965	407,017	(2,488,615)	(605,503)
Net changes in cash and cash equivalents	364,616	89,565	392,015	95,381
Cash and cash equivalents at beginning of year	1,619,514	396,454	1,227,499	298,154
Currency translation differences	-	6,932	-	2,919
Cash and cash equivalents at end of year (Note 22)	1,984,130	492,951	1,619,514	396,454

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

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. ENTITY INFORMATION

Borvor Finance Plc. (“the Company”) was incorporated as a public limited company in the Kingdom of Cambodia under registration number 00029713 dated 25 December 2017 with the Ministry of Commerce. On 22 November 2017, the Company obtained a license from the National Bank of Cambodia (“the Central Bank” or “the NBC”) to operate as a rural credit operator.

The Company was formerly known as Small Economic Activity Development (“SEAD”), a project operated under the umbrella of CARE International in Cambodia. SEAD’s saving programme is a component of CARE International Cambodia’s community saving programme in Battambang province.

SEAD was designed in 1998 with the aim to promote the economic security of low-income households through mobilisation of savings of the members. SEAD is implemented through community-based micro-finance institution by the establishment of saving banks at the community level.

On 5 September 2002, SEAD was registered as a non-political association under the name of Cambodian Savings and Credit Federation (“CSCF”). Subsequently, on 1 October 2002, the CSCF requested to the Ministry of Interior to change its name to Cambodian Community Savings Federation.

The Company is principally engaged in providing financial support to low income family and other related financial services within the scope of rural credit operator license in Cambodia. The Company operates through 3 branches located in Battambang, Banteay Meanchey, and Bavel.

The registered office of the Company is located at No. 99, Group 4, Phum Romchek 5, Sangkat Ratanak, Krong Battambang, Battambang Province, Kingdom of Cambodia.

As at 31 December 2024, the Company had 104 employees (2023: 107 employees).

The financial statements were authorized for issue by the Board of Directors on 30 April 2025.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-Sized Entities (“the CIFRS for SMEs”), which are based on International Financial Reporting Standard for Small and Medium-Sized Entities issued by the International Accounting Standards Board. They are prepared under the historical cost convention, except otherwise indicated.

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.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currencies 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 Company transacts essentially in Khmer Riel ("KHR") and maintains its books of accounts primarily in KHR, as the management has determined the KHR to be the Company's measurement and functional currency as it reflects the economic substance of the underlying events and circumstances of the Company.

(b) Transactions and balances

Transactions in currencies other than the KHR are translated into the functional currency using the exchange rates prevailing on 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 the KHR are recognized in the statement of comprehensive income.

2.3 Presentation in USD

The statements of comprehensive income and cash flows are translated from KHR into USD using the average rates for the year. Assets and liabilities for each statement of financial position presented and items of capital are translated at the closing rates as at the year-end. All resulting exchange differences arising from the translation are recognized in the other comprehensive income and as a separate component of equity. These convenience translations should not be construed as representations that the KHR amounts have been, could be, or could in the future be, converted into USD at this or any other rate of exchange.

The Company has used the following official rates of exchange published by the National Bank of Cambodia:

<i>Reporting date</i>	<i>Closing rate</i>	<i>Average rate</i>
31 December 2024	USD1 = KHR 4,025	USD1 = KHR 4,071
31 December 2023	USD1 = KHR 4,085	USD1 = KHR 4,110

2.4 Financial assets and financial liabilities

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

All financial assets and financial liabilities of the Company are classified as basic financial instruments, namely cash and debt instruments such as deposits and placements with NBC and other banks, loans to customers, borrowings, other receivables and payables.

Financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial assets and financial liabilities (continued)

(iii) Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flow from these assets ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

A financial liability is derecognized when it is extinguished, discharged or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The relevant amounts have therefore been presented net in the statement of financial position.

2.5 Impairment

(i) Impairment of financial assets

Objective evidence of impairment

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 reorganization, default of delinquency in interest or principal amounts and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Impairment (continued)

(i) *Impairment of financial assets (continued)*

Impairment assessments

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 determine that no objective evidence of impairment exists for an individually assessed financial assets, 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.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. The loan 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 using a formula approach on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Assumptions are made to determine the required input parameters and to define the inherent losses to estimate the required loss allowance. In assessing the collective loss allowance, management considers factors such as ageing profile, credit quality, portfolio size, concentrations and economic trends.

Measurement

The amount of the 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 recognized in the statement of comprehensive income. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

Reversal of impairment and write off

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 recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Impairment (continued)

(ii) *Impairment of non-financial assets*

At each reporting date, assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. Impairment loss is recognized immediately for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Any impairment loss is charged to the statement of comprehensive income in the period in which it arises. Reversal of impairment loss is recognized in the statement of comprehensive income to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with the NBC and balances with other banks which are readily convertible to known amounts of cash within three months and subject to an insignificant risk of changes in value.

2.7 Statutory deposits with NBC

Statutory deposits represent mandatory capital guarantee deposits, which are determined by defined percentages of minimum share capital, maintained with the NBC in compliance with the Law on Banking and Financial Institutions ("LBFI"); and are not available to finance the Company day-to-day operations and hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

2.8 Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

2.9 Other assets

Other assets are recognized initially at transaction price and measured subsequently at amortized cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at transaction price.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. 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 recognized as a separate asset, as appropriate, only when it is probable 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 repairs and maintenance are charged to the statement of income during the financial year in which they are incurred.

Depreciation of property and equipment is calculated on a straight line basis over the estimated useful lives of the assets at the following years:

Buildings	20 years
Office equipment	2 years
Motor vehicle	2-5 years
IT and computer equipment	2 years

If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. 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. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognized in profit or loss on the date of disposal.

2.11 Borrowings and other liabilities

Borrowings and other liabilities are recognized at transaction price and are subsequently measured at amortized cost, unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.12 Share capital

Ordinary shares are classified as equity. Other shares are classified as equity and/or liabilities according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged to equity.

2.13 Provisions

Provisions are recognized 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.

Provisions are measured at the present value of the expenditure 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 passage of time is recognized as interest expense.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are measured at amortized cost and are recognized within “interest income” and “interest expense” in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortized 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 carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company takes into account all contractual terms of financial instruments and, if significant, include any fees or incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability, which are an integral part of the effective interest rate of the contract, but does not consider future credit losses.

When there is change in estimate 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 recognized as interest income or expense in the statement of comprehensive income at the date of revision.

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 loans to customers is recognized using the original effective interest rate.

2.15 Fee and commission income and expense

Fee and commission incomes comprise loan monitoring fee and fee on penalty charged for late payment.

Other fees and commission incomes are not integral to effective interest of loans at amortized cost and are thus recognized as income when services are rendered. Other fees on penalty charged for late payment is recognized when cash is received.

Other fees and commission expenses are recognized on an accrual basis as the services are received.

2.16 Employee benefits

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

Wages, salaries, social security contributions, seniority indemnity payment, pension fund, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Income tax

Income tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss for the year. Taxes other than on income are recorded within operating expenses.

Income tax is calculated on the basis of taxable profit using tax rates that have been enacted or substantially enacted at the reporting date in accordance with Cambodian Law on Taxation, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred tax is determined using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realized or deferred tax liability is settled

Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered. Deferred tax assets are reviewed at each reporting date and recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

2.18 Operating leases

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 the statement of comprehensive income on a straight-line basis over the period of the leases.

2.19 Regulatory provision and reserves

According to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk grading and impairment provisioning issued by the National Bank of Cambodia (NBC), banks and financial institutions are required to measure the impairment and provide sufficient regulatory provisions for all financial facilities based on the new credit risk grading and provision, and the minimum regulatory provision is made depending on the classification concerned.

The facilities under this Prakas are defined as all loans, other financial products and off-the-statement of financial position financial commitments, provided by the financial institutions to a counterparty, which give rise to credit risk exposure.

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, is not allowed to be included in the net worth calculation.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Related parties

Parties are considered to be related parties if one party has the ability, directly or indirectly through one or more intermediaries, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities and include close family members of any individuals considered to be a related party.

Under the LBFI, the definition of related parties includes parties who hold, directly or indirectly, at least 10 percent of the capital or voting power and includes any individual who participates in the administration, direction, management or internal control of the Company.

3. USE OF ESTIMATES AND JUDGEMENTS

The Company makes estimates and judgements that have significant affect reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations with regard to future events that are believed to be reasonable under the circumstances. These estimates may differ from actual results.

(i) *Impairment losses of financial assets*

The Company makes allowance for impairment for losses on loan to customers and other financial assets based on assessment of recoverability. When making a judgement on the estimation of the amount and timing of future cash flows in allowance for impairment of loans to customers and other financial assets and to evaluate the adequacy of the allowance for impairment losses, Management specifically analyses segmentation of loan to customer portfolios and other financial assets, and their ageing profile, historical loss experience, customer concentrations, customer creditworthiness, current economic trends, the capacity to generate sufficient cash flow to service debt obligations and changes in the customer payment terms. The accuracy of the allowance depends on the model assumptions and parameters used in determining the loss allowance. If the expectation is different from the estimation, such difference will impact the carrying value of loans to customers and other financial assets.

(ii) *Taxes*

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at the reporting date. However, the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations when reassessed by tax authorities of the General Department of Taxation. The Company's judgment of its business activities may not coincide with the interpretation of the same activities by the tax authorities. These may result in tax increases and other retroactive tax claims and penalties. Where the final tax outcome is different from the amounts that were initially recorded, the taxes liabilities reported in the financial statements could be changed in the financial period upon final determination by the tax authorities.

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****4. CASH ON HAND**

	2024		2023	
	KHR'000	USD	KHR'000	USD
Cash on hand	115,883	28,791	152,685	37,377
	<u>115,883</u>	<u>28,791</u>	<u>152,685</u>	<u>37,377</u>

Cash on hand is analysed as follows:

By currency denomination:

	2024		2023	
	KHR'000	USD	KHR'000	USD
US Dollar	37,714	9,370	59,547	14,577
Khmer Riel	56,535	14,046	61,648	15,091
Thai Baht	21,634	5,375	31,490	7,709
	<u>115,883</u>	<u>28,791</u>	<u>152,685</u>	<u>37,377</u>

5. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	2024		2023	
	KHR'000	USD	KHR'000	USD
Capital guarantee (*)	487,080	121,014	487,080	119,236
Current accounts (**)	320	79	400	98
	<u>487,400</u>	<u>121,093</u>	<u>487,480</u>	<u>119,334</u>

(*) Capital guarantee deposit represents a five percent of the Company's registered capital to comply with NBC's Prakas No. B7-017-326 dated 25 October 2017. The deposit is non-interest bearing and refundable when the Company voluntarily liquidates its business which has no deposit liabilities.

(**) Current accounts are non-interests bearing.

6. BALANCES WITH OTHER BANKS

	2024		2023	
	KHR'000	USD	KHR'000	USD
Saving accounts	1,867,524	463,981	1,466,020	358,879
Current accounts	403	100	409	100
	<u>1,867,927</u>	<u>464,081</u>	<u>1,466,429</u>	<u>358,979</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****6. BALANCES WITH OTHER BANKS (continued)**

Balances with other banks are analysed as follows:

a) By maturity period:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Within one month	<u>1,867,927</u>	<u>464,081</u>	<u>1,466,429</u>	<u>358,979</u>

b) By currency denomination:

	2024		2023	
	KHR'000	USD	KHR'000	USD
US Dollars	561,831	139,585	296,608	72,609
Khmer Riel	940,231	233,598	491,221	120,250
Thai Baht	365,865	90,898	678,600	166,120
	<u>1,867,927</u>	<u>464,081</u>	<u>1,466,429</u>	<u>358,979</u>

c) By interest rate (per annum):

	2024	2023
Saving accounts	0.05% - 0.70%	0.05% - 0.70%
Current accounts	0%	0%

7. LOANS TO CUSTOMERS – NET

	2024		2023	
	KHR'000	USD	KHR'000	USD
Individual loans	27,198,548	6,757,403	26,062,478	6,380,044
Unearned income	(427,637)	(106,245)	(374,880)	(91,771)
	<u>26,770,911</u>	<u>6,651,158</u>	<u>25,687,598</u>	<u>6,288,273</u>
Allowance for impairment losses	(462,959)	(115,021)	(377,938)	(92,518)
Net loans to customers	<u>26,307,952</u>	<u>6,536,137</u>	<u>25,309,660</u>	<u>6,195,755</u>

Movements on allowances for impairment loss are as follows:

	2024		2023	
	KHR'000	USD	KHR'000	USD
At beginning of year	377,938	92,518	310,831	75,499
Allowance for the year	315,216	77,430	215,588	52,455
Written off during the year	(230,195)	(56,545)	(148,481)	(36,127)
Currency translation differences	-	1,618	-	691
At end of year	<u>462,959</u>	<u>115,021</u>	<u>377,938</u>	<u>92,518</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****7. LOANS TO CUSTOMERS – NET (continued)**

Further analysis of the above loans to customers is provided below:

a) By maturity period:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Within one year	623,667	154,948	2,499,835	611,955
From one to five years	19,777,720	4,913,719	22,089,613	5,407,494
Over five years	6,797,161	1,688,736	1,473,030	360,595
	<u>27,198,548</u>	<u>6,757,403</u>	<u>26,062,478</u>	<u>6,380,044</u>

b) By currency:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Khmer Riel	10,899,460	2,707,940	9,147,492	2,239,288
US Dollar	13,263,549	3,295,292	13,335,346	3,264,467
Thai Baht	3,035,539	754,171	3,579,640	876,289
	<u>27,198,548</u>	<u>6,757,403</u>	<u>26,062,478</u>	<u>6,380,044</u>

c) By status of residence:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Residents	<u>27,198,548</u>	<u>6,757,403</u>	<u>26,062,478</u>	<u>6,380,044</u>

d) By industry:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Agriculture	13,444,630	3,340,280	12,781,682	3,128,931
Consumption	9,715,902	2,413,889	8,606,977	2,106,971
Trade	2,222,479	552,169	2,745,034	671,979
Service	655,054	162,746	974,970	238,671
Construction	678,941	168,681	920,322	225,293
Other categories	481,542	119,638	33,493	8,199
	<u>27,198,548</u>	<u>6,757,403</u>	<u>26,062,478</u>	<u>6,380,044</u>

e) By relationship:

	2024		2023	
	KHR'000	USD	KHR'000	USD
External customers	<u>27,198,548</u>	<u>6,757,403</u>	<u>26,062,478</u>	<u>6,380,044</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****7. LOANS TO CUSTOMERS – NET (continued)**

Further analysis of the above loans to customers is provided below: (continued)

f) By locations:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Battambang	10,259,545	2,548,955	8,999,654	2,203,098
Banteay Meanchey	8,939,504	2,220,995	9,255,822	2,265,807
Bavel	7,999,499	1,987,453	7,807,002	1,911,139
	<u>27,198,548</u>	<u>6,757,403</u>	<u>26,062,478</u>	<u>6,380,044</u>

g) By interest rates (per annum):

	2024	2023
	% p.a.	% p.a.
Loans to SMEs	16.80% - 18%	16.80% - 18%

BORVOR FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

8. PROPERTY AND EQUIPMENT

Cost	Land KHR'000	Building KHR'000	Motor vehicles KHR'000	Office equipment KHR'000	IT and computer equipment KHR'000	Total KHR'000	USD
At 1 January 2024	703,826	538,327	377,694	221,410	108,513	1,949,770	477,300
Additions	-	-	-	9,883	1,953	11,836	2,907
Disposals	(10,700)	(44,616)	-	-	-	(55,316)	(13,588)
Other adjustments	(1,091)	(956)	(5,511)	(3,227)	(1,564)	(12,350)	(3,034)
Currency translation difference	-	-	-	-	-	-	6,958
At 31 December 2024	692,035	492,754	372,184	228,066	108,902	1,893,941	470,544
Accumulated depreciation							
At 1 January 2024	-	191,951	313,663	205,474	106,745	817,833	200,204
Charge for the year	-	26,879	44,894	12,339	822	84,934	20,863
Disposals	-	(44,270)	-	-	-	(44,270)	(10,875)
Other adjustments	-	(2,556)	(5,164)	(3,173)	(1,578)	(12,471)	(3,063)
Currency translation difference	-	-	-	-	-	-	3,064
At 31 December 2024	-	172,003	353,393	214,640	105,989	846,026	210,193
Carrying value							
At 31 December 2024	692,035	320,751	18,790	13,426	2,913	1,047,916	260,352

BORVOR FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

8. PROPERTY AND EQUIPMENT (continued)

Cost	Land KHR'000	Building KHR'000	Motor vehicles KHR'000	Office equipment KHR'000	IT and computer equipment KHR'000	Total KHR'000	USD
At 1 January 2023	703,281	537,848	375,273	212,676	112,281	1,941,359	471,547
Additions	-	-	5,206	10,140	1,811	17,156	4,174
Disposals	-	-	-	-	(4,861)	(4,861)	(1,183)
Other adjustments	545	479	(2,785)	(1,406)	(717)	(3,884)	(945)
Currency translation difference	-	-	-	-	-	-	3,707
At 31 December 2023	703,826	538,327	377,694	221,410	108,513	1,949,770	477,300
Accumulated depreciation							
At 1 January 2023	-	164,329	265,336	181,118	109,165	719,948	174,872
Charge for the year	-	28,997	45,399	25,843	3,301	103,539	25,334
Disposals	-	-	-	-	(4,861)	(4,861)	(1,189)
Other adjustments	-	(1,375)	2,928	(1,488)	(859)	(793)	(194)
Currency translation difference	-	-	-	-	-	-	1,381
At 31 December 2023	-	191,951	313,663	205,474	106,745	817,833	200,204
Carrying value							
At 31 December 2023	703,826	346,376	64,031	15,936	1,768	1,131,937	277,096

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

9. OTHER ASSETS

	2024		2023	
	KHR'000	USD	KHR'000	USD
Prepayments	12,075	3,000	12,255	3,000
Others	71,525	17,770	55,556	13,599
	<u>83,600</u>	<u>20,770</u>	<u>67,811</u>	<u>16,599</u>

10. DEPOSIT FROM CUSTOMERS

	2024		2023	
	KHR'000	USD	KHR'000	USD
Deposit from SMEs:				
Dormant accounts	645,061	160,264	747,281	182,933
Compulsory savings	262,000	65,093	351,973	86,162
Promissory notes	1,092	271	5,560	1,361
Voluntary savings	-	-	2,275	557
	<u>908,153</u>	<u>225,628</u>	<u>1,107,089</u>	<u>271,013</u>

Deposit from customers are carried forward from prior years. No additional deposits from customers have been collected from 2019. The amounts are analysed as follows:

a) By currency:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Khmer Riel	722,448	179,490	852,471	208,683
Thai Baht	185,705	46,138	254,618	62,330
	<u>908,153</u>	<u>225,628</u>	<u>1,107,089</u>	<u>271,013</u>

b) By location:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Battambang	405,139	100,656	484,878	118,697
Banteay Meanchey	185,656	46,126	254,454	62,290
Bavel	317,358	78,846	367,757	90,026
	<u>908,153</u>	<u>225,628</u>	<u>1,107,089</u>	<u>271,013</u>

c) By interest rates (per annum):

	2024	2023
	% p.a.	% p.a.
Deposit from SMEs:		
Promissory notes	5% -10.50%	5% -10.50%
Compulsory savings	6%	6%
Voluntary savings	3%	3%

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

11. OTHER LIABILITIES

	2024		2023	
	KHR'000	USD	KHR'000	USD
Severance benefits payable	446,887	111,028	527,791	129,202
Annual leave payable	161,581	40,144	156,817	38,388
Accrued expenses	99,874	24,813	80,232	19,641
Tax payments	18,991	4,718	18,638	4,563
Other payables	151,092	37,539	121,796	29,815
	<u>878,425</u>	<u>218,242</u>	<u>905,274</u>	<u>221,609</u>

12. BORROWINGS

	2024		2023	
	KHR'000	USD	KHR'000	USD
CARE International UK Micro funds	3,726,131	925,747	3,119,523	763,653
Impulso	37,878	9,411	17,959	4,396
Individuals	4,265,000	1,059,626	3,303,750	808,752
KIVA	69,188	17,190	-	-
	<u>8,098,197</u>	<u>2,011,974</u>	<u>6,441,232</u>	<u>1,576,801</u>

a) By maturity:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Within one month	-	-	362,550	88,752
Within two to three months	-	-	367,650	90,000
Three to Twelve months	885,500	220,000	1,021,250	250,000
One to five years	7,212,697	1,791,974	4,689,782	1,148,049
	<u>8,098,197</u>	<u>2,011,974</u>	<u>6,441,232</u>	<u>1,576,801</u>

b) By currency:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Khmer Riel	240,000	59,627	240,000	58,752
US Dollar	7,858,197	1,952,347	6,201,232	1,518,049
	<u>8,098,197</u>	<u>2,011,974</u>	<u>6,441,232</u>	<u>1,576,801</u>

c) By interest rates (per annum):

	2024	2023
	% p.a.	% p.a.
Khmer Riel	9%	8.30%
US Dollar	0% - 9%	0% - 9%

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****13. PROJECT SEAD CAPITAL**

	2024		2023	
	KHR'000	USD	KHR'000	USD
Project SEAD capital under Credit Union Foundation Australia ("CUFA") funds	83,365	20,841	83,365	20,841
Project SEAD capital under AusAID funds	866,456	216,614	866,456	216,614
	<u>949,821</u>	<u>237,455</u>	<u>949,821</u>	<u>237,455</u>

Be referred to Note 1 for detail.

14. SHARE CAPITAL

	2024		2023	
	KHR'000	USD	KHR'000	USD
Issued and fully paid	<u>9,741,600</u>	<u>2,435,400</u>	<u>9,741,600</u>	<u>2,435,400</u>

The registered capital of the Company as at 31 December 2024 is composed of 48,708 shares at par value of KHR 200,000 per share. All shares are fully paid up by the following shareholders and their respective shareholding in the Company is as follows:

	2024		2023	
	%	Number of shares of KHR 200,000 each	%	Number of shares of KHR 200,000 each
Association of employee share (represented by Mr. Ly Chan Ty)	97.78%	47,622	97.78%	47,622
Mr. Meas Thon	0.82%	400	0.82%	400
Ms. Nget Ny	0.41%	200	0.41%	200
Ms. Chea Chanda	0.44%	216	0.44%	216
Mr. Veurn Phally	0.14%	70	0.14%	70
Mr. Ly Chan Ty	0.41%	200	0.41%	200
	<u>100%</u>	<u>48,708</u>	<u>100%</u>	<u>48,708</u>

15. REGULATORY RESERVE

Regulatory reserves represent the difference between the allowance of impairment losses calculated in accordance with CIFRS for SMEs and the regulatory provision calculated in accordance with the NBC's requirement. When the regulatory provision is higher than impairment losses calculated in accordance with CIFRS for SMEs, the difference is recorded as regulatory reserve. The reserve is transferred from the retained earnings.

	2024		2023	
	KHR'000	USD	KHR'000	USD
At 1 January	885,565	216,786	1,094,218	265,780
Transfer	438,288	107,661	(208,653)	(50,767)
Currency translation difference	-	4,461	-	1,773
At 31 December	<u>1,323,853</u>	<u>328,908</u>	<u>885,565</u>	<u>216,786</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****15. REGULATORY RESERVE (continued)**

Transfer from retained earnings to reserve pertaining to impairment during the year:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Impairment on credit facilities required by the NBC				
- Balance with other banks	18,679	4,641	14,664	3,590
- Loans to customers	1,768,133	439,288	1,248,839	305,713
	<u>1,786,812</u>	<u>443,929</u>	<u>1,263,503</u>	<u>309,303</u>
Impairment loss on financial assets under CIFRS for SMEs	462,959	115,021	377,938	92,518
	<u>1,323,853</u>	<u>328,908</u>	<u>885,565</u>	<u>216,785</u>

16. INTEREST INCOME

	2024		2023	
	KHR'000	USD	KHR'000	USD
Interest income is earned from:				
Loans to customers	4,614,465	1,133,497	4,630,790	1,126,713
Deposits with other banks	3,995	981	6,213	1,512
	<u>4,618,460</u>	<u>1,134,478</u>	<u>4,637,003</u>	<u>1,128,225</u>

17. INTEREST EXPENSE

	2024		2023	
	KHR'000	USD	KHR'000	USD
Borrowings	368,027	90,402	422,839	102,881
Deposit from customers	18,663	4,584	21,284	5,178
	<u>386,690</u>	<u>94,986</u>	<u>444,123</u>	<u>108,059</u>

18. OTHER OPERATING INCOME

	2024		2023	
	KHR'000	USD	KHR'000	USD
Other incomes	76,493	18,790	258,810	62,971
Loan recovery	93,529	22,974	62,954	15,317
	<u>170,022</u>	<u>41,764</u>	<u>321,764</u>	<u>78,288</u>

19. PERSONNEL EXPENSES

	2024		2023	
	KHR'000	USD	KHR'000	USD
Staff salaries and wages	2,893,895	710,856	2,882,159	701,255
Severance and benefits	147,742	36,291	150,980	36,735
Medical expenses	103,537	25,433	117,797	28,661
Annual leave expenses	11,186	2,748	13,085	3,184
	<u>3,156,360</u>	<u>775,328</u>	<u>3,164,021</u>	<u>769,835</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****20. OTHER OPERATING EXPENSES**

	2024		2023	
	KHR'000	USD	KHR'000	USD
Rental	217,449	53,414	217,379	52,890
Professional fees	119,061	29,246	127,043	30,911
Training and workshop	82,522	20,271	91,093	22,164
Office supplies	58,665	14,410	68,425	16,648
Insurance	48,136	11,824	48,373	11,770
Utilities	51,489	12,648	49,856	12,130
Fuel and gasoline	40,052	9,838	42,186	10,264
Travel and DSA	30,426	7,474	29,788	7,248
Social service fees	10,366	2,546	6,090	1,482
Loan protection and life savings expense	18,682	4,589	24,390	5,934
Other charge on borrowings	2,616	643	4,268	1,038
Repair and maintenance	17,823	4,378	15,883	3,864
Communication	14,511	3,564	15,489	3,770
License fees	12,343	3,032	12,000	2,920
Withholding tax	5,453	1,339	5,645	1,373
Litigation fees	496	122	396	96
Affiliation fees	7,944	1,951	14,551	3,540
Loss on exchange rate	148,138	36,389	28,690	6,981
Other expenses	50,365	12,373	16,445	4,001
	<u>936,537</u>	<u>230,051</u>	<u>817,990</u>	<u>199,024</u>

21. INCOME TAX EXPENSE

	2024		2023	
	KHR'000	USD	KHR'000	USD
Current tax	43,413	10,664	54,789	13,330
Deferred tax	29,350	7,209	127,031	30,908
	<u>72,763</u>	<u>17,873</u>	<u>181,820</u>	<u>44,238</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

21. INCOME TAX EXPENSE (continued)

(a) Reconciliation of current income tax

In accordance with the Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profit or the minimum tax at 1% of gross revenue, whichever is higher.

	2024		2023	
	KHR'000	USD	KHR'000	USD
Profit/(loss) before income tax	(91,255)	(22,416)	213,507	51,948
Income tax @ 20%	(18,251)	(4,483)	42,701	10,390
Effect of non-deductible expenses	1,994,639	489,963	4,878	1,187
Effect of allowable expenses	(2,012,882)	(494,444)	(106,222)	(25,845)
Unrecognized tax loss	36,494	8,964	58,643	14,268
	-	-	-	-
Minimum tax @ 1%	43,413	10,664	54,789	13,330
Current income tax	43,413	10,664	54,789	13,330
Recognised deferred tax	29,350	7,209	127,031	30,908
Income tax expense	<u>72,763</u>	<u>17,873</u>	<u>181,820</u>	<u>44,238</u>

(b) Provision for income tax

	2024		2023	
	KHR'000	USD	KHR'000	USD
Balance at beginning of year	5,749	1,407	5,952	1,446
Charge during the year	43,413	10,664	54,789	13,330
Taxation paid during the year	(45,250)	(11,115)	(54,992)	(13,380)
Currency translation difference	-	16	-	11
Balance at end of year	<u>3,912</u>	<u>972</u>	<u>5,749</u>	<u>1,407</u>

(c) Deferred tax assets

	2024		2023	
	KHR'000	USD	KHR'000	USD
Deferred tax assets	243,781	60,567	226,512	55,449
Deferred tax liabilities	(150,192)	(37,315)	(103,572)	(25,354)
Deferred tax assets/(liabilities), net	<u>93,589</u>	<u>23,252</u>	<u>122,940</u>	<u>30,095</u>

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

21. INCOME TAX EXPENSE (continued)

(i) Deferred tax assets are attributable as follows:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Deferred tax liability				
Allowance for impairment losses	(150,192)	(37,315)	(103,572)	(25,354)
Deferred tax assets				
Accelerated depreciation	4,303	1,069	8,851	2,167
Provision for severance pay and annual leave	121,694	30,234	136,922	33,518
Unrealized exchange loss	32,257	8,014	5,763	1,411
Deferred income	85,527	21,250	74,976	18,353
Deferred tax (liabilities)/assets, net	<u>93,589</u>	<u>23,252</u>	<u>122,940</u>	<u>30,095</u>

(ii) Movements on net deferred tax are as follows:

	2024		2023	
	KHR'000	USD	KHR'000	USD
At 1 January	122,940	30,095	249,971	60,717
Recognised during the year	(29,350)	(7,209)	(127,031)	(30,908)
Currency translation difference	-	366	-	286
At 31 December	<u>93,589</u>	<u>23,252</u>	<u>122,940</u>	<u>30,095</u>

22. CASH AND CASH EQUIVALANTS

	2024		2023	
	KHR'000	USD	KHR'000	USD
Cash in hand (Note 4)	115,883	28,791	152,685	37,377
Balances with the NBC (excluding capital guarantee) (Note 5)	320	79	400	98
Balances with other banks (Note 6)	<u>1,867,927</u>	<u>464,081</u>	<u>1,466,429</u>	<u>358,979</u>
	<u>1,984,130</u>	<u>492,951</u>	<u>1,619,514</u>	<u>396,454</u>

23. RELATED PARTY DISCLOSURES

The Company had the following significant balances and transactions with related party during the financial year.

		2024		2023	
	Relationship	KHR'000	USD	KHR'000	USD
Related parties					
Mr. Meas Thon	Shareholder				
Borrowing		241,500	60,000	245,100	60,000
Interest expense		<u>20,355</u>	<u>5,000</u>	<u>23,209</u>	<u>5,647</u>
		<u>261,855</u>	<u>65,000</u>	<u>268,309</u>	<u>65,647</u>
Mr. Prom Mary	Board member				
Borrowing		523,250	130,000	408,500	100,000
Interest expense		<u>40,089</u>	<u>9,848</u>	<u>40,839</u>	<u>9,936</u>
		<u>563,339</u>	<u>139,848</u>	<u>449,339</u>	<u>109,936</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****23. RELATED PARTY DISCLOSURES (continued)**

	2024		2023	
	KHR'000	USD	KHR'000	USD
Key management remuneration:				
Directors and key management compensation	<u>520,734</u>	<u>127,912</u>	<u>539,689</u>	<u>131,312</u>

24. LEASE COMMITMENTS

The Company lease commitments for the lease of its offices are as follows:

	2024		2023	
	KHR'000	USD	KHR'000	USD
Within one year	163,534	40,171	179,242	43,878
Over one year and up to five years	<u>226,760</u>	<u>55,701</u>	<u>117,439</u>	<u>28,749</u>
	<u>390,294</u>	<u>95,872</u>	<u>296,681</u>	<u>72,627</u>

25. TAX CONTINGENCY

Taxes are subject to review and investigation by tax authorities of the General Department of Taxation (GDT). The application of tax laws and regulations on many types of transactions are susceptible to varying interpretations when reviewed by these tax authorities. These may result in tax increases and other retroactive tax claims and penalties.

Management believes that it has adequately provided for tax liabilities based on its interpretation of the tax legislation. If a particular treatment was to be challenged by those tax authorities, the Company may be assessed additional taxes, penalties and interest, whose effects could be significant. Tax years remain open to review by the GDT for three years with a possible extension of up to ten years.

26. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated events after the end of the reporting period until the date the financial statements were available for issue. The Directors affirm that no other material events should be reported.