

ANNUAL

REPORT 2022

**ANNUAL
REPORT
2022**

CONTENTS

Institute Profile	1
Share Capital	3
Vision	4
Mission	4
Board of Directors	5
Senior and Management Team	6
Institution Governance	7
Organizational Chart	13
Message from Chairman	14
Message from President	16
Financial Highlights	18
Director's Report and Audited Financial Statement	(1-28)

INSTITUTE PROFILE



The PG Development Plc. (PG MFI) was formed by the strategic partnership between a reputable businessman, **Mr. Men Sokchamroeun** and a conglomerate investor, **Mrs. Ngov Vouchngim**, and obtained the license from the Ministry of Commerce on April 25th, 2017. and received financial incorporation license No. MF-84 dated August 11th, 2017 from the National Bank of Cambodia. The institution is established for the purpose of facilitating the financial need of people who are unable to find the source of funds to create, upgrade and expand their business.

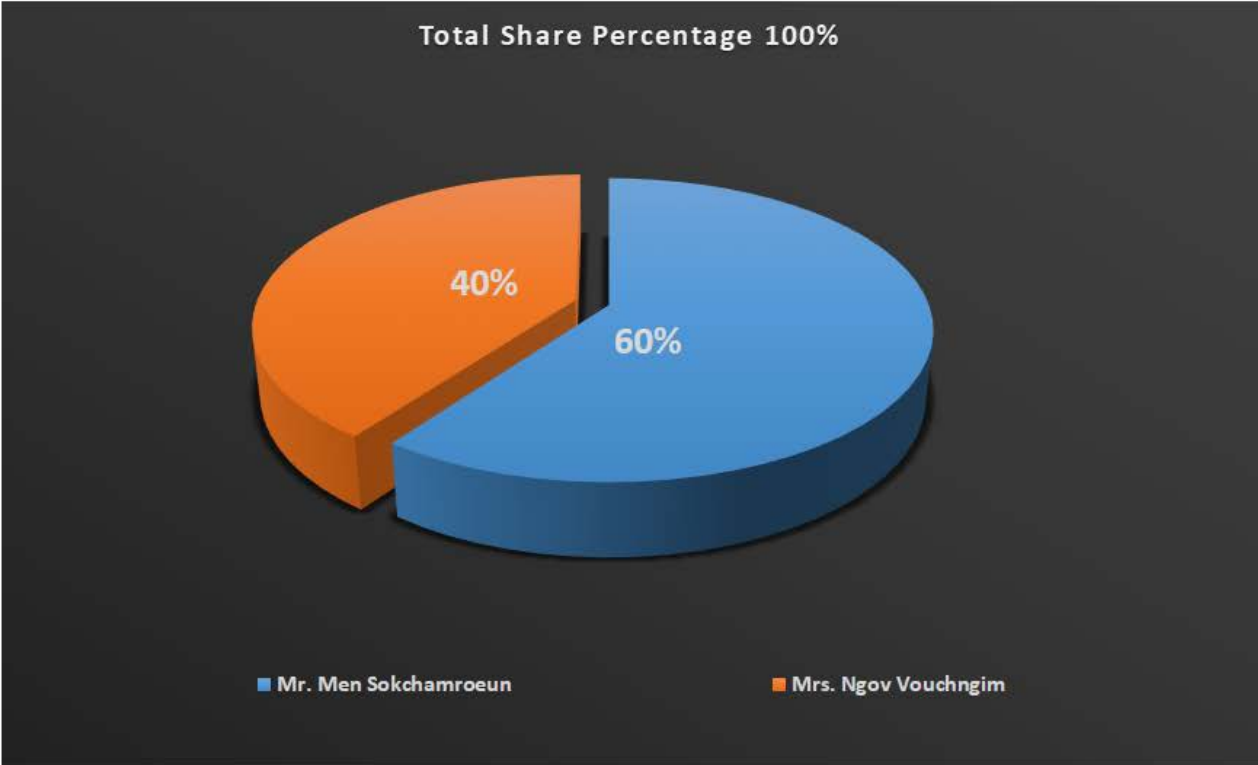
The economic growth remains robust and the need for financial services to support this growth agenda is the most important to sustain microeconomic development. The PG MFI has realized that the financial services accessible to agricultural, SME, and micro-business have kept growing year-on-year and there is the potential chance to service these segments and sustain them in the long run.

The MFI aims to be the best partner by fulfilling the aspiration of people in these specific segments while creating sustainable value for shareholders, employees, and communities. It is the Bank's objective to grow with customers as well as the improvement of living standards of Cambodians and poverty alleviation.

SHARE CAPITAL

PG DEVELOPMENT PLC

PG DEVELOPMENT PLC is owned by Cambodian Shareholders and two shareholders own 100% of the shares of the institution.





VISION

Leading PG DEVELOPMENT PLC. to become the first microfinance which provides convenient service to the customer and diversifies financial services in Cambodia.

MISSION

PG DEVELOPMENT PLC. is one of the financial institutions providing small and medium financial services to promote the public living standard through lending the loan with reasonable interest rates and providing fast services to customers and SMEs in the urban and rural areas.



BOARD OF DIRECTORS



The Board of Directors of the PG Development Plc. (PGMFI) is composed of three members who have decades of experience in the finance sector, risk management, and as well as business operation. The Board of Directors appointed by the shareholder’s meeting has played the key role to deliver the Bank’s strategy, being responsible for shareholders, creating the long shareholders’ value, and assure the policies and practices are implemented in line with applicable legal requirements. The Board of Directors established two committees including Audit Committee and Risk Committee.

After the board meeting with participation from the Board of Director, Board Supervisor, and Senior Management, it has decided to appoint the following personnel:

- ❖ Mr. Men Sokchamroeun, Chairman
- ❖ Mrs. Ngov Vouchngim, Director
- ❖ Mrs. Min Li, Member

SENIOR AND MANAGEMENT TEAM



Solidarity and Unity is a strength. Our managements work and collaborate with each other straitening forward to achieve vision, mission, strategic and goal of PG DEVELOPMENT PLC.

Most importantly, our management’s team focus on professionalism, ethic, morality, core values and sincerity to customers as well as interpersonal staff within PG DEVELOPMENT PLC. **“Your success, Our goal”**, We provide the best financial service to everyone to change their standard of living.

INSTITUTION GOVERNANCE

PRODUCTS AND SERVICES PRODUCTS

Considering the people need for finding the sources of fund to expand and support their businesses in better growth consistently with current market increasing, PG DEVELOPMENT PLC, provide loan service with flexible loan amount, loan maturity and diversity repayment methods, and better choice of loan with either currency in KHR Riel or US dollar upon customers' demand.



គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ ភីឌី ឌីវឡូបម៉ង់
PG 限额供资银行
PG DEVELOPMENT MICROFINANCE PLC.

ផលិតផល និងសេវាកម្ម

- ឥណទានយានយន្ត & ឥណទានផ្ទាល់ខ្លួន
- ឥណទានអាជីវកម្ម
- ឥណទានគេហដ្ឋាន



ព័ត៌មានបន្ថែមសូមទាក់ទង
ទូរស័ព្ទលេខ៖ 098 999 111
098 999 611

ផ្ទះលេខ ២០, ផ្លូវលេខ ១៧៨, សង្កាត់ ផ្សារធ្មេយ៍ ៣, ខណ្ឌដូនពេញ, រាជធានីភ្នំពេញ
#20, ST 178, SANGKAT PHSAR THMEY 3,
KHAN DAUN PENH, PHNOM PENH, CAMBODIA
INFO@PGDEVELOPMENT.COM.KH
WWW.PGDEVELOPMENT.COM.KH

ភាពជោគជ័យរបស់អ្នក គឺជាគោលដៅរបស់យើង
YOUR SUCCESS, OUR GOAL

SERVICES

PG DEVELOPMENT PLC, has focus on customer service based for sustaining close relationship, friendly, ethical and professional work to ensure the best service to customers.



BUSINESS ETHIC

The institution has set out regulations to guide all staffs towards ethical behavior based on key principles such as:

- No discrimination;
- Avoid the conflict to the institution's benefit;
- Equality for all employees and customers;
- Maintains the confidentiality data of institution and client;
- Service and Commission Fee transparency;
- Avoid personal interests gain through institutional operations.



CORPORATE VISION

- Providing excellent service and efficiency;
- Good communication and loyalty to all customers and individuals;
- Promoting employees to be positive and active through salary appraisal, additional benefits and organizing parties;
- To strengthen staff training for new knowledge;
- Promoting good discipline;
- Providing new services to our customers;
- Leading Service;
- To research, study new content and learn about risk management.



RISK MANAGEMENT

Risk management is an essential issue that PG DEVELOPMENT PLC, is paying close attention in the reason that it is the key to the success for the entire institution. At the meantime, the institution has its main principle to prevent any risks which may occur by identifying the measures and allocating of high responsibilities independently to each function.

The institution will identify appropriate strategies to address and mitigate the risks level, such as: acceptance, remedy, transfer and avoidance, and will continue to monitor to ensure that those risks are being managed and resolved.

Audit Department and Compliance Department play an important role in identifying the appropriateness and assessing the risks impact which may occur, then manage to address them in time manner. Regular monitoring is specifically evaluated the likelihood of the risk occurrence and identified the appropriate strategies or new planning activities in mitigating risk with effective manner.



BUSINESS GOAL

PG DEVELOPMENT PLC is in constant position to manage its structure in order to strengthen its institutional interests, establishment and guidance the implementation of Customer-oriented services for continuing enhancement its main growth through providing loan to clients. In addition, institution plans is focused on expanding loan service package with financial partnership which is mainly sustainable development of client.

CORPORATE GOVERNANCE

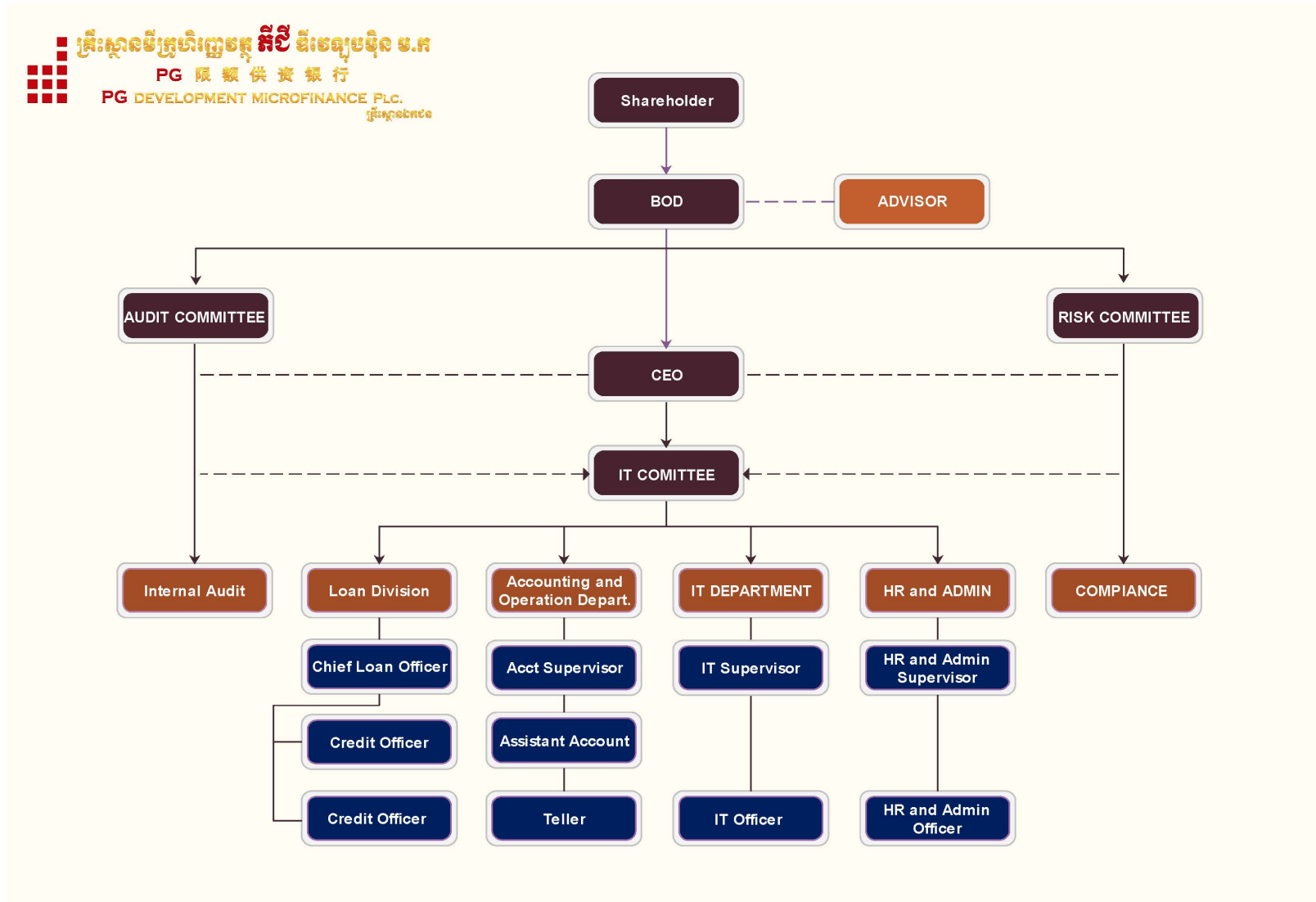
To strengthen our organizational structure and comply with laws and regulation of National Bank of Cambodia, we are currently recruiting experience and competence staffs in the field of internal audit and compliance. The internal control and AML policies and procedure are gradually progressed in accordance with the best practice and as required by the National Bank of Cambodia's regulation and guidelines. Furthermore, some committees are formed or established in response to its own development and impact from economic and industry trend.

TRAINING & DEVELOPMENT

Training and development are the central to further enhancing our staff's improvement and customers' satisfaction. Therefore, we invest in skillful and development and recruit experienced professional staff. Indeed, professionalism, high ethical, integrity and honesty of employees are the core for the MFI in pursuing and maintaining its regulatory rule undertaking. All managements and staffs are required to perform their work diligently and honestly, placing first the interests of the MFI and customers' satisfaction.



ORGANIZATIONAL CHART



MESSAGE FROM CHAIRMAN



Cambodia is in peace, sustainable macro-economic growth and political stability, under the wise leadership, flexible policy implementation, and long term vision Samdech Akka Moha Sena Padei Techo Hun Sen, the Prime Minister of the kingdom of Cambodia, is the crucial foundation to foster the development of all economic sector. Even though, the global economy continues to face various challenge such as the Russia-Ukraine war and uncertainty of Covid-19 new variant, reference to the National Bank of Cambodia’s 2022 report, the banking system consisted of 58 commercial banks, 9 specialized banks, 5, microfinance deposit-taking institutions, 82 microfinance non-deposit-taking institutions, 16 financial leasing institutions, 223 rural credit institutions, 6 third-party processors, 35 payment service institutions, 1 credit reporting service provider, 6

representative offices, and 2,866 money changers.

The banking system continued to expand, gain public confidence and actively contribute to economic activities.

Cambodia will set its sights on attaining upper middle-income status by 2030 according to World Bank overview. The resilient of Cambodia Economic growth during the year of 2022 may cause by fast developing and political stability. This because of a firm direction from the Royal Government of Cambodia to undertake rectangular phase IV to promote Human Resource Development, Economic Diversification, Private Sector and Market Development and Sustainable Inclusive Development. While the private sectors is part of the strategy and while access to affordable and reliable financial services are limited, the PG Development Plc (PG

MFI) has kept pacing an eye on the real market development and trend to assess its business model to meet the customer's demand sustaining its revenue for the future particularly the ultimate our shareholders. In response to regional expansion, social economy, social policy and new products and services development, the transformation to digital banking are our foremost strategies to tackle the fierce competition.

We would like to thank our customers, shareholders, directors, executive management, and all staffs of PG MFI for their support and efforts in undertaking the MFI's strategy and in achieving its goals and objectives. We also express our sincerest gratitude to the Royal Government of Cambodia, the National Bank of Cambodia, regulators, and all relevant authorities for their constant support and dedicated efforts to develop Cambodia's financial industry, especially the banking sector. We reaffirm our commitment to all our customers and shareholders continuing to represent the best opportunities for PG MFI to achieve a strong and sustainable growth and to deliver on our strategic goals to enhance future returns as well as strengthening its position in the Kingdom of Cambodia and the region.



Mr. Men Sokchamroeun
Chairman of Board Director
June 26, 2023

MESSAGE FROM CEO



The 2022 fiscal year was strong progress and performance for the PG Development Plc. (PGMFI) by continuing to deliver its long-term strategy and keep moving forward dedicating our passion to improving returns and better serving our great customers.

Even though, the COVID pandemic seem more release, management concern still remains unchanged. PGMFI continues to serve customers with professionalism, deep capability, and unique insight. We keep providing good banking solutions service in supporting business growth, customer's demand, the development of the economy and country.

First and foremost, the MFI built up solid corporate governance by putting the

policies and procedures in place and sound internal control. Furthermore, the deep experience and knowledge of the Board of Directors and the management team is the key cornerstone to the sustainable and long-term growth of the MFI. Secondly, we have taken part in the banking development as well as the economic development by providing financial assistance to the agricultural sector to enable customers in rural areas to fulfil their need in promoting agricultural export and poverty alleviation. Thirdly, the MFI has shown remarkable growth and achieved a significant return in 2022. At the end of 2022, according to the audited financial report, the MFI's total assets stood at USD 2,359,447, the outstanding loan is USD592,185, and the shareholder

paid-up capital was USD3,000,000. During the year, the MFI achieved the revenue (interest income and loan fee) for the year of USD63,878.

PG MFI continuous to set clear priorities to improve the staff ethics and management level; and enhanced the risk management efficiency. Moreover, the MFI tightened the internal controls and governance within institution.

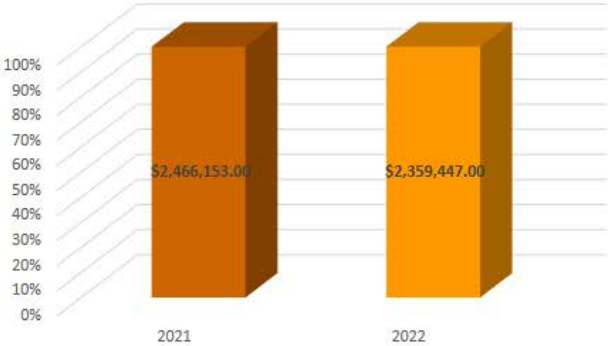
The year of 2023 is expected to bring a great hope thanks to steady growth of economy and political stability. We believed that the united is strength. As long as we fight as united, the PG PG MFI must become stronger and therefore, have a bright future.



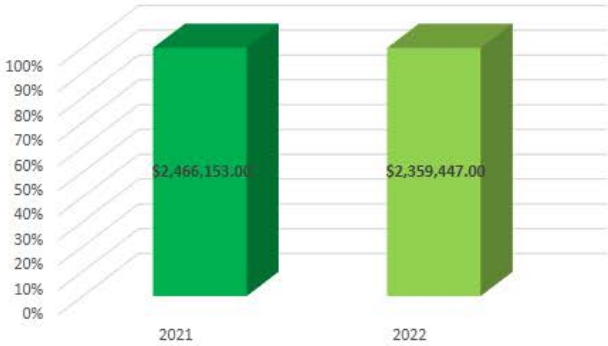
Mrs. Ngov Vouchngim
Chief Executive Officer
June 26, 2023

FINANCIAL HIGHLIGHTS

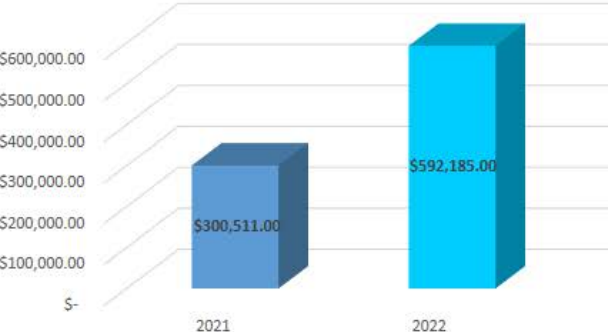
Total Asset



Total Liabilities and Equity



Loan Outstanding



Capital



Total Revenue



Loan by Industry 2022



PG DEVELOPMENT PLC.
(Company No. 00024896)
(Incorporated in Cambodia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company No. 00024896

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

CONTENTS	Page
DIRECTORS' REPORT	1 – 3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 – 25
INDEPENDENT AUDITORS' REPORT	26 – 28

Company No. 00024896

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in all aspects of micro-finance services business and the provision of related financial service in Cambodia.

There have been no significant changes in the nature of this principal activity during the financial year.

RESULTS

	USD	KHR'000
Loss for the financial year	<u>113,632</u>	<u>464,415</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT (CONTINUED)

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Company which has arisen since the end of the financial year.

In the opinion of the directors, 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 will or may affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Men Sokchamroeun
Min Li
Ngov Vouchngim

Company No. 00024896

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There is no significant event subsequent to the end of the financial year.

AUDITORS

The auditors, Messrs. Baker Tilly (Cambodia) Co., Ltd., have expressed their willingness to continue in office.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors of the Company are responsible for ascertaining that the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the financial year then ended. In preparing these financial statements, the directors of the Company are required to:

- (i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs"), which are supported by reasonable and prudent judgement and estimates, and then apply them consistently;
- (ii) comply with the disclosure requirements of CIFRS for SMEs or, if there have been any departures 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 that enable the Company to prepare its financial statements in accordance to CIFRS for SMEs 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 reasonable 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 its financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

In the opinion of the Board of Directors, the accompanying financial statements are properly drawn up in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities so as to give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended.

Signed on behalf of the Board of Directors,

Mr. Men Sokchamroeun
Chairman

Date: 27 April 2023

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022		2021	
		USD	KHR'000	USD	KHR'000
ASSETS					
Cash on hand	5	1,592,885	6,557,908	1,988,588	8,101,508
Deposit and placement with the National Bank of Cambodia ("NBC")	6	14,133	58,186	14,058	57,272
Loans to customers - net	7	592,185	2,438,026	300,511	1,224,282
Other assets	8	8,165	33,615	6,546	26,668
Statutory deposit	9	150,000	617,550	150,000	611,100
Property and equipment	10	2,079	8,559	6,450	26,277
Intangible assets	11	-	-	-	-
TOTAL ASSETS		<u>2,359,447</u>	<u>9,713,844</u>	<u>2,466,153</u>	<u>10,047,107</u>
EQUITY AND LIABILITIES					
Share capital	12	3,000,000	12,000,000	3,000,000	12,000,000
Accumulated losses		(676,909)	(2,786,834)	(563,033)	(2,280,502)
Exchange differences	13	713	353,936	-	208,705
TOTAL EQUITY		<u>2,323,804</u>	<u>9,567,102</u>	<u>2,436,967</u>	<u>9,928,203</u>
Liabilities					
Other liabilities	14	35,643	146,742	29,186	118,904
TOTAL EQUITY AN LIABILITIES		<u>2,359,447</u>	<u>9,713,844</u>	<u>2,466,153</u>	<u>10,047,107</u>

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

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

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

	Note	2022		2021	
		USD	KHR'000	USD	KHR'000
Interest income	15	63,878	261,069	53,430	217,353
Other operating income	16	8,659	35,389	1,972	8,022
Total income		72,537	296,458	55,402	225,375
Personnel expenses	17	(101,733)	(415,783)	(83,480)	(339,597)
Depreciation expenses		(6,880)	(28,119)	(9,197)	(37,413)
Allowance for impairment losses on loans		(14,291)	(58,407)	(1,973)	(8,026)
General and administrative expenses		(62,659)	(256,087)	(53,632)	(218,175)
Total operating expenses		(185,563)	(758,396)	(148,282)	(603,211)
Loss before tax	18	(113,026)	(461,938)	(92,880)	(377,836)
Income tax expenses	19	(606)	(2,477)	(1,397)	(5,683)
Loss after tax		(113,632)	(464,415)	(94,277)	(383,519)
Other comprehensive income					
Exchange differences		-	142,296	-	72,841
Total comprehensive loss for the financial year		(113,632)	(322,119)	(94,277)	(310,678)

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

Company No. 00024896

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Share capital		Accumulated losses		Exchange differences		Total equity	
		USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000
At 1 January 2021		3,000,000	12,000,000	(468,756)	(1,896,983)	-	135,864	2,531,244	10,238,881
Total comprehensive income for the financial year									
Loss for the financial year		-	-	(94,277)	(383,519)	-	-	(94,277)	(383,519)
Other comprehensive income for the financial year		-	-	-	-	-	72,841	-	72,841
Total comprehensive income		-	-	(94,277)	(383,519)	-	72,841	(94,277)	(310,678)
At 31 December 2021/1 January 2022		3,000,000	12,000,000	(563,033)	(2,280,502)	-	208,705	2,436,967	9,928,203
Total comprehensive income for the financial year									
Loss for the financial year		-	-	(113,632)	(464,415)	-	-	(113,632)	(464,415)
Other comprehensive income for the financial year		-	-	-	-	-	142,296	-	142,296
Total comprehensive income		-	-	(113,632)	(464,415)	-	142,296	(113,632)	(322,119)
Exchange differences	13	-	-	(244)	(41,917)	713	2,935	469	(38,982)
At 31 December 2022		3,000,000	12,000,000	(676,909)	(2,786,834)	713	353,936	2,323,804	9,567,102

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

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

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

	2022		2021	
	USD	KHR'000	USD	KHR'000
Cash flows from operating activities				
Loss before tax	(113,026)	(461,938)	(92,880)	(377,836)
Adjustments for:				
Depreciation of property and equipment	6,880	28,119	9,197	37,413
Impairment losses on loans	14,291	58,407	1,973	8,026
Net unrealised foreign exchange loss	3,095	12,649	511	2,079
Operating loss before changes in working capital	(88,760)	(362,763)	(81,199)	(330,318)
Loans to customers	(305,965)	(1,250,479)	199,551	811,773
Other assets	(4,714)	(19,266)	(2,164)	(8,803)
Other liabilities	6,457	26,390	(1,985)	(8,087)
Net cash (used in)/generated from operations	(392,982)	(1,606,118)	114,203	464,565
Income tax paid	(606)	(2,477)	(1,457)	(5,926)
Net cash (used in)/generated from operating activity	(393,588)	(1,608,595)	112,746	458,639
Cash flows from investing activity				
Purchase of property and equipment	(2,509)	(10,254)	-	-
Net (decrease)/increase in cash and cash equivalents during the financial year	(396,097)	(1,618,849)	112,746	458,639
Cash and cash equivalents at the beginning of the financial year	2,002,646	8,158,780	1,889,900	7,644,645
Exchange differences	469	76,163	-	55,496
Cash and cash equivalents at the end of the financial year	<u>1,607,018</u>	<u>6,616,094</u>	<u>2,002,646</u>	<u>8,158,780</u>

Cash and cash equivalents comprise of the followings:

	Note	2022		2021	
		USD	KHR'000	USD	KHR'000
Cash on hand	5	1,592,885	6,557,908	1,988,588	8,101,508
Deposit and placement with NBC	6	14,133	58,186	14,058	57,272
		<u>1,607,018</u>	<u>6,616,094</u>	<u>2,002,646</u>	<u>8,158,780</u>

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

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

PG Development Plc. (“the Company”), is a public limited company, incorporated and domiciled in Cambodia. The registered office and principal place of business of the Company is located in No. 20E0, Street 178, Sangkat Phsar Thmey 3, Khan Duan Penh, Phnom Penh, Cambodia.

The Company is principally involved in all aspects of micro-finance services business and the provision of related financial service in Cambodia.

There have been no significant changes in the nature of this principal activity during the financial year.

The financial statements were approved and authorised for issue by the directors on 27 April 2023.

2. BASIS FOR PREPARATION

2.1 Statement of compliance

The financial statements of the Company are prepared in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-Sized Entities (“CIFRS for SMEs”), following Circular No. 004 MoEF.NAC dated 3 January 2019 issued by the National Accounting Council of the Ministry of Economy and Finance on the implementation of the accounting standards for banks and financial institutions.

2.2 Basis of measurement

The financial statements of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.3 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). The Company maintains its records and prepares financial statements in both US dollars (“USD”) and Khmer Riel (“KHR”) and management has determined the USD to be the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

The translation of USD amounts into KHR is presented in the financial statements for management purposes. Assets and liabilities presented are translated at the closing rate ruling at each reporting date, whereas income and expense items for each statement of comprehensive income presented are translated at the average rate for the year. Exchange differences arising from the translation are recognised and accumulated in the cumulative exchange differences presented under equity in the statement of financial position.

The financial statements are translated based on applicable exchange rate at annual closing and average exchange rate of USD1 to KHR4,117 and USD1 to KHR4,087 respectively, for the year ended 31 December 2022 (2021: KHR4,074 and KHR4,068) as announced by the National Bank of Cambodia.

These convenience translations should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS FOR PREPARATION (CONTINUED)

2.4 Use of estimates and judgement

The preparation of the financial statements in conformity with the CIFRS for SMEs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Company.

3.1 Property and equipment

(a) Recognition and measurement

All property and equipment are initially measured at cost.

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for recognition and measurement of impairment losses is in accordance with Note 3.7 to the financial statements.

Cost of asset comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use, and, if any, the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Property and equipment (continued)

(c) Depreciation

Property and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives Years
Leasehold improvements	5
Furniture and fixtures	2 - 3
Office equipment	3
Computer and IT equipment	3
Motor vehicles	3

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.2 Intangible assets

Intangible assets consist of computer software license and are stated at cost less accumulated amortisation and any accumulated impairment. Acquired computer software is capitalised on the basis of the cost incurred to acquire the specific software and bring it into use. Intangible assets are amortised on the straight-line method over 5 years.

3.3 Financial instruments

(a) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provision of the instrument.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss) unless the arrangements constitute, in effect, a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at as a market rate of the interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(b) Subsequent measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- (i) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;
- (ii) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and
- (iii) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

Investments in non-puttable ordinary shares, and investments in non-convertible and non-puttable preference shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

All financial assets (except for financial assets measured at fair value through or profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leased assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating lease.

Lessee accounting

If the Company is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property and equipment or investment property.

For operating leases, the Company does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

3.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

3.6 Statutory deposits with NBC

Statutory deposits represent mandatory reserve deposits and cash maintained with the National Bank of Cambodia in compliance with the Law on Banking and Financial Institutions. Statutory deposits are not available to finance the Company's day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment

3.7.1 Impairment of Financial Assets

Loans to customers

Credit classification and impairment allowance on loans to customers are classified into 5 classes with allowance rates as follows:

Classification	Number of days past due	Allowance
Short-term loans (less than or equal to one year)		
Normal/standard	< 15 days	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	≥ 91 days	100%
Long-term loans (more than one year)		
Normal/standard	< 30 days	1%
Special mention	30 days – 89 days	3%
Substandard	90 days – 179 days	20%
Doubtful	180 days – 359 days	50%
Loss	≥ 360 days	100%

3.7.2 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (i.e. property and equipment, investment property, and intangible assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units. For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

3.7.2 Impairment of Non-Financial Assets (Continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.8 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.9 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest income is recognised using the effective interest method and included in interest income in profit or loss.

Fee and commission income

Loan arrangement fee and commissions are recognised in the other operating income when all the conditions precedent are fulfilled.

Service charges, processing fees and other operating income are recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Employee benefits

Short-term employee benefits obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave, and non-monetary benefits are recognised as an expense in the profit or loss when the employees have rendered their services to the Company.

3.11 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3.13 Foreign currencies translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates the fair value was determined.

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTION

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial period include the followings:

4.1 Impairment on loans and advances to customers

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and advances and analyses their ageing profile, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4.2 Income taxes

Significant judgement is required in determining the Company's estimation for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Company is disclosed in Note 19.

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. CASH ON HAND

	2022		2021	
	USD	KHR'000	USD	KHR'000
US dollar	1,584,392	6,522,942	1,959,674	7,983,712
Khmer Riel	8,493	34,966	28,914	117,796
	<u>1,592,885</u>	<u>6,557,908</u>	<u>1,988,588</u>	<u>8,101,508</u>

6. DEPOSIT AND PLACEMENT WITH THE NATIONAL BANK OF CAMBODIA (“NBC”)

	2022		2021	
	USD	KHR'000	USD	KHR'000
Current accounts - USD	11,796	48,564	11,677	47,572
Current accounts - KHR	2,337	9,622	2,381	9,700
	<u>14,133</u>	<u>58,186</u>	<u>14,058</u>	<u>57,272</u>

7. LOANS TO CUSTOMERS - NET

	2022		2021	
	USD	KHR'000	USD	KHR'000
Short-term loans	208,291	857,534	126,115	526,177
Long-term loans	400,042	1,646,973	177,849	712,172
Gross loans to customers	608,333	2,504,507	303,964	1,238,349
Less: allowance for impairment losses	<u>(16,148)</u>	<u>(66,481)</u>	<u>(3,453)</u>	<u>(14,067)</u>
Loans to customer - net	<u>592,185</u>	<u>2,438,026</u>	<u>300,511</u>	<u>1,224,282</u>

The movements in allowance for impairment losses are as follows:

	2022		2021	
	USD	KHR'000	USD	KHR'000
At 1 January	3,453	14,067	1,480	6,030
Allowance for the year	14,291	58,407	1,973	8,026
Exchange difference	<u>(1,596)</u>	<u>(5,993)</u>	<u>-</u>	<u>11</u>
At 31 December	<u>16,148</u>	<u>66,481</u>	<u>3,453</u>	<u>14,067</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. LOANS TO CUSTOMERS - NET (CONTINUED)

Further analysis of the above loans to customers are provided as follows:

	2022		2021	
	USD	KHR'000	USD	KHR'000
A. By maturity period				
Less than one year	208,291	857,534	129,155	526,177
Between one year to five years	166,252	684,459	146,945	598,654
More than five years	233,790	962,514	27,864	113,518
	<u>608,333</u>	<u>2,504,507</u>	<u>303,964</u>	<u>1,238,349</u>
B. By performance				
Standard loans	592,446	2,439,100	303,964	1,238,349
Substandard loans	5,374	22,125	-	-
Doubtful loans	2,760	11,363	-	-
Loss loans	7,753	31,919	-	-
	<u>608,333</u>	<u>2,504,507</u>	<u>303,964</u>	<u>1,238,349</u>
C. By currency denomination				
US Dollar	462,237	1,903,030	259,577	1,057,517
Khmer Riel	146,096	601,477	44,387	180,832
	<u>608,333</u>	<u>2,504,507</u>	<u>303,964</u>	<u>1,238,349</u>

On 1 December 2016, the NBC issued a Prakas No. B7-016-334 on Provision of Credit in National Currency of Banking and Financial Institutions, required all institutions to maintain loans in national currency (KHR) at least 10% of the total loan portfolio.

	2022		2021	
	USD	KHR'000	USD	KHR'000
D. By residency				
Residents	<u>608,333</u>	<u>2,504,507</u>	<u>303,964</u>	<u>1,238,349</u>
E. By relationship				
Staff loans	74,340	306,058	37,744	153,769
External loans	533,993	2,198,449	266,220	1,084,580
	<u>608,333</u>	<u>2,504,507</u>	<u>303,964</u>	<u>1,238,349</u>
F. By industry				
Trade and commerce	164,408	676,869	224,786	915,778
Transportation	48,771	200,792	76,660	312,313
Household/family	285,389	1,174,946	2,518	10,258
Agriculture	73,458	302,426	-	-
Others	36,307	149,474	-	-
	<u>608,333</u>	<u>2,504,507</u>	<u>303,964</u>	<u>1,238,349</u>

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. LOANS TO CUSTOMERS - NET (CONTINUED)

Further analysis of the above loans to customers are provided as follows (Continued):

	2022		2021	
	USD	KHR'000	USD	KHR'000
G. By large exposure				
Non large exposure	608,333	2,504,507	303,964	1,238,349

A "large exposure" is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Company's net worth. The exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

H. By interest rate per annum

	2022	2021
Loans to staff	6.5-10%	6.5-10%
Loans to customers	9.0-15%	10-15%

8. OTHER ASSETS

	2022		2021	
	USD	KHR'000	USD	KHR'000
Interest receivables	1,601	6,591	723	2,946
Prepayments	2,444	10,062	1,703	6,937
Rental deposit	4,120	16,962	4,120	16,785
	8,165	33,615	6,546	26,668

9. STATUTORY DEPOSIT

According to NBC's Prakas No. B7-00-06 dated 11 January 2000 and Prakas No. B7-06-209 dated 13 September 2006, the Company is required to maintain a statutory deposit of 5% of its registered capital in a permanent account with the NBC. The deposit is not available for the Company's daily operation and is refundable when the Company voluntarily liquidates its activities and has no deposit liabilities. This statutory deposit is subjected to the following conditions:

- A. Deposit in Riel will bear interest at 1/2 of refinancing rate set by the NBC. The interest payment shall be settled semi-annually.
- B. Deposit in foreign currency will bear interest at 3/8 SIBOR. The interest payment shall be settled semi-annually. The NBC will notify the Company of the applicable rate for the relevant period.

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. PROPERTY AND EQUIPMENT

	Leasehold improvements USD	Furniture and fixtures USD	Office equipment USD	Computer and IT equipment USD	Motor Vehicles USD	Total USD
2022						
Cost						
At 1 January 2022	43,452	12,350	902	48,159	1,500	106,363
Additions	-	959	-	1,550	-	2,509
At 31 December 2022	43,452	13,309	902	49,709	1,500	108,872
Accumulated depreciation						
At 1 January 2022	37,691	12,350	902	47,945	1,025	99,913
Depreciation charge for the financial year	5,761	258	-	562	299	6,880
At 31 December 2022	43,452	12,608	902	48,507	1,324	106,793
Net carrying amount						
At 31 December 2022	-	701	-	1,202	176	2,079
At 31 December 2022 (KHR'000)	-	2,886	-	4,949	725	8,559
At 31 December 2021	5,761	-	-	214	475	6,450
At 31 December 2021 (KHR'000)	23,470	-	-	872	1,935	26,277

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. INTANGIBLE ASSETS

	System and Software
2022	
Cost	
At 1 January 2022/31 December 2022	<u>35,000</u>
Accumulated depreciation	
At 1 January 2022/31 December 2022	<u>35,000</u>
Net carrying amount	
At 31 December 2022	<u>-</u>
At 31 December 2022 (KHR'000)	<u>-</u>
At 31 December 2021	<u>-</u>
At 31 December 2021 (KHR'000)	<u>-</u>

12. SHARE CAPITAL

The company's registered and fully paid capital is USD3,000,000 (equivalents to KHR12,000,000,000) divided into 1,500 shares with par value of USD2,000 (equivalents to KHR8,000,000) per share. Details as follows are based on the Articles of Incorporation of the Company:

	2022		2021	
	No. of shares	Equivalent to USD	No. of shares	Equivalent to USD
Ordinary shares				
Issued and fully paid				
At 1 January/31 December	<u>1,500</u>	<u>3,000,000</u>	<u>1,500</u>	<u>3,000,000</u>
(KHR'000)		<u>12,000,000</u>		<u>12,000,000</u>

13. EXCHANGE DIFFERENCES

Exchange differences arise from the translation of the financial statements from the USD amounts into KHR and vice versa as per Note 2.3 and 3.13 to the financial statements.

14. OTHER LIABILITIES

	2022		2021	
	USD	KHR'000	USD	KHR'000
Accruals	14,071	57,930	10,137	41,298
Other tax payables	677	2,787	501	2,041
Other payables	<u>20,895</u>	<u>86,025</u>	<u>18,548</u>	<u>75,565</u>
	<u>35,643</u>	<u>146,742</u>	<u>29,186</u>	<u>118,904</u>

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. INTEREST INCOME

	2022		2021	
	USD	KHR'000	USD	KHR'000
Interest incomes from:				
- short-term loans	23,842	97,442	24,878	101,203
- long-term loans	40,036	163,627	28,552	116,150
	<u>63,878</u>	<u>261,069</u>	<u>53,430</u>	<u>217,353</u>

16. OTHER OPERATING INCOME

	2022		2021	
	USD	KHR'000	USD	KHR'000
Interest income from statutory deposit	60	245	45	183
Fees and commissions	5,014	20,492	-	-
Others	3,585	14,652	1,927	7,839
	<u>8,659</u>	<u>35,389</u>	<u>1,972</u>	<u>8,022</u>

17. PERSONNEL EXPENSES

	2022		2021	
	USD	KHR'000	USD	KHR'000
Salaries and bonus	87,074	355,871	71,373	290,346
Other employee benefits	14,659	59,912	12,107	49,251
	<u>101,733</u>	<u>415,783</u>	<u>83,480</u>	<u>339,597</u>

18. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before income tax:

	2022		2021	
	USD	KHR'000	USD	KHR'000
Rental expenses	24,720	101,031	14,830	60,328
Net unrealised foreign exchange loss	3,095	12,649	511	2,079
	<u>27,815</u>	<u>113,680</u>	<u>15,341</u>	<u>62,407</u>

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. INCOME TAX EXPENSES

	2022		2021	
	USD	KHR'000	USD	KHR'000
Income tax				
Current year	606	2,477	1,397	5,683

In accordance with Cambodian tax law, the Company has an obligation to pay tax on profit at 20% (2021: 20%) of the taxable profit or minimum tax at 1% (2021: 1%) of total turnover, whichever is higher.

20. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Company include:

- (i) Company's shareholders;
- (ii) Entities having significant influence over the Company;
- (iii) Joint ventures;
- (iv) Entities in which the directors have substantial financial interest; and
- (v) Key management personnel of the Company's and the Company's immediate and ultimate controlling party, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party balances and transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	2022		2021	
	USD	KHR'000	USD	KHR'000
Office rental expense with related party	24,720	101,031	14,830	60,328

Information on related party balance is disclosed as follows:

	2022		2021	
	USD	KHR'000	USD	KHR'000
Loans to key management	74,340	306,058	35,410	144,260

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

Financial assets and financial liabilities are measured at amortised cost.

	Amortised cost USD	Carrying amount USD KHR'000	
2022			
Financial Assets			
Deposit and placement with the NBC	14,133	14,133	58,186
Cash on hand	1,592,885	1,592,885	6,557,908
Loans to customers - net	592,185	592,185	2,438,026
Other assets	5,721	5,721	23,553
	<u>2,204,924</u>	<u>2,204,924</u>	<u>9,077,673</u>
Financial Liabilities			
Other liabilities	<u>34,966</u>	<u>34,966</u>	<u>143,955</u>
2021			
Financial Assets			
Deposit and placement with the NBC	14,058	14,058	57,272
Cash on hand	1,988,588	1,988,588	8,101,508
Loans to customers - net	300,511	300,511	1,224,282
Other assets	4,843	4,843	19,731
	<u>2,308,000</u>	<u>2,308,000</u>	<u>9,402,793</u>
Financial Liabilities			
Other liabilities	<u>28,685</u>	<u>28,685</u>	<u>116,863</u>

22. LEASE COMMITMENTS - AS LESSEE

Future minimum rental payable under non-cancellable operating leases at the reporting date is as follows:

	2022		2021	
	USD	KHR'000	USD	KHR'000
Not more than 1 year	24,720	101,031	12,360	50,280
Later than 1 year but not later than 5 year	12,360	50,515	-	-
	<u>37,080</u>	<u>151,546</u>	<u>12,360</u>	<u>50,280</u>

The Company entered into an operating lease agreement for its office space which runs for a period of 2 years, with an option to renew the lease after that date.

PG DEVELOPMENT PLC.
(Incorporated in Cambodia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which could be unclear and subject to interpretation. Often different interpretation exists among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially more compared to other states. Management believes that tax liabilities have been adequately provided based on its interpretation of tax legislations. However, the relevant authorities may have differing interpretations and effects could be or not be significant since the incorporation of the Company.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

Company No. 00024896

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PG DEVELOPMENT PLC.**
(Incorporated in Cambodia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PG Development Plc. ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial 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 *Auditors' 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"), and the requirements of Kampuchea Institute of Certified Public Accountant and Auditors' *Code of Ethics for Certified Public Accountants and Auditors* ("KICPAA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ethical requirements of KICPAA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PG Development Plc. (CONTINUED)**
(Incorporated in Cambodia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Annual Report and Directors' Report (but does not include the financial statements of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and other sections included in the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company 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 that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs"). The directors are also responsible for such internal controls as the directors determine are 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 of the Company, the directors are 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 the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PG Development Plc. (CONTINUED)**
(Incorporated in Cambodia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Company, 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 the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

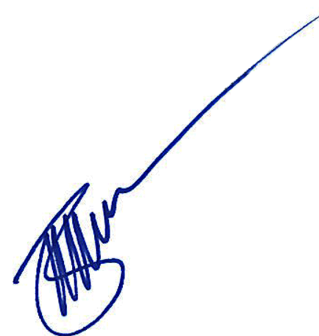
Other matter

The financial statements of the Company for the financial year ended 31 December 2021 was audited by another firm of Chartered Accountants, whose report dated 28 April 2022 expressed an unqualified opinion on those statements.



Baker Tilly (Cambodia) Co., Ltd.
Certified Public Accountants

Phnom Penh, Kingdom of Cambodia



Oknha Tan Khee Meng
Certified Public Accountant

Date: 27 APR 2023