



L O D Leasing Plc

ANNUAL REPORT 2022

Battambang 2022

1.COMPANY BACKGROUND

L O D Leasing Plc. was incorporated in the Kingdom of Cambodia on 23 April 2018 and registered with the Ministry of Commerce as a public limited liability company under registration number 00032936. with the Ministry of Commerce in 2018 #00032936.

The company was granted formal license from National Bank of Cambodia to operate financial leasing products and service under the name as L O D Leasing Plc. in 2018. Onwards, with clear vision, missions, and values the institution keeps growing and expanding its products and services.

The Company provides finance leasing services to the economically active poor population of Cambodia through its head office.

The registered office of the Company is located in House No. 359, Group 10, Phum Kammakor, Sangkat Svay Por, Krong Battambang, Battambang Province.

2.OUR VISOIN

To be a leading financial lease through customer satisfaction and new product innovation.

3.OUR MISSION

To provide a financial lease service that meet client's need though our quality and on-time distribution channels and respect all laws and regulations.

4.CORE VALUE (LOD)

We believe that building a strong business starts with **building a company culture that reflects our core values.**

Loyalty : we work collaboratively with employees, partners, suppliers and customers to solve problems and achieve goals

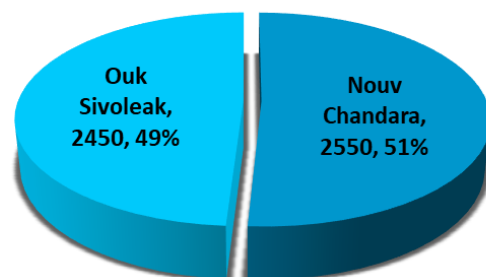
Ownership: we are the owner of actions and decisions and we train our management and staff to have ownership with their work.

Discipline: In everything we do. We accept responsibility and deliver on all of our commitments.

5.SHAREHOLDER STRUCTURE

Shared Capital 500k ,
5000shares
100\$ principle value

Shares Structure of LOD Leasing

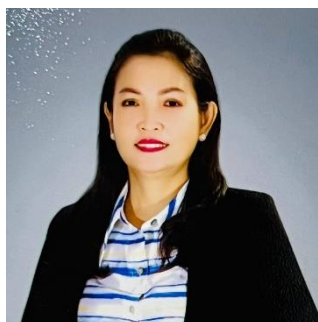


6. BOARD OF DIRECTORS

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

Mrs. Nov Chandara	Chairperson
Mrs. Uk Sivoleak	Member/ CEO
Mr. Vann Bunthin	Independent member

7. MESSAGE FROM CHAIRWOMAN



The recovery from the COVID-19 pandemic allowed the world economy to rebound in 2022, but several challenges remain such as supply chain disruptions due to lockdown measures in China and the ongoing Russia-Ukraine war causing a hike in prices of goods, particularly in fuel and raw materials. These factors pushed global inflation to 8.8% and lowered the earlier global growth projection of 4.4% to 3.2% according to world bank report.

In Cambodia, the Royal Government's introduction of the "Living with COVID-19" strategy after the success of vaccination campaign has ensured the resumption of domestic economic activities. A series of economic and financial measures and the relaxation of regulatory forbearance in the banking sector in place have supported and sped up the recovery of Cambodia's economy. These favorable domestic conditions coupled with an increasing external demand have accelerated Cambodia's economic growth to 5.1% in 2022. According to the National Bank of Cambodia, the growth rate was driven by a 9.4% increase in the manufacturing sector, 15.2% in hotels and restaurants, 6.1% in transportation and 4.5% in wholesale and retail trades. Meanwhile, exports grew by 19.8%, much faster than that of imports, 8%, and tourism. Revenues noticeably grew at a 6.6% rate, while remittances from Cambodian workers working overseas increased by 4%. Moreover, foreign direct investment inflows rebounded by 4%, mainly due to the garment and food processing sectors. Exchange rate remained stable. The average inflation rate in 2022 reached 5.3%, higher than that in 2021 (2.9%) due to higher fuel and food prices.

At the same time, the major constraint that remained was the difficulty in collecting lease repayments, which implied increasing the lease portfolio at risk. This last point is still valid at year-end, and three quarters of respondents still report an increase in RAP. In added to this is the deterioration of the epidemiological situation in the world in the fall of 2022, as evidenced by the responses gathered in December 2022. The epidemic containment measures taken according to local contexts may once again have consequences on the activities of LOD Leasing and our clients, and a return to normalcy is not yet on the agenda. However, these new complications and their implications are not new.

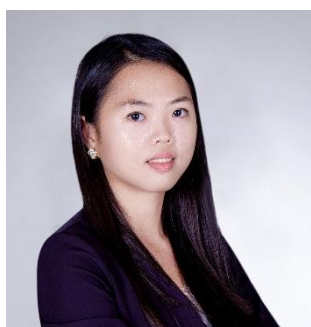
Thus, we have limited impact on LOD' risk indicators. The slightly increase in PAR drew more attention to risk management committee as well as in recovery levels, does not reflect a further major deterioration in LOD' financial situation. This relative balance also corresponds to the LOD' state of mind as they approach 2022. Despite an unstable context and all the obstacles,



it entails, the vast majority of our partners expect their activity to grow in the new year, in terms of both portfolio volume and the number of clients.

We really appreciate for our staffs and management' contribution and the support from other shareholders during this unprecedented time. we have taken necessary measures to protect our employees and reduce the influences on our business. Our employees embrace new skills, patience and develop new attitudes which have improved the way we operate. We have managed to use the pandemic as an opportunity for change, and we can emerge from this in a stronger and better position.

8.MESSAGE FROM CEO



The limited access to capital, inflation, interest rate rises and income generation from clients could impact growth prospects. Also, small financial institutions with a substantial portfolio of microloans and lease that allowed more lenient repayment terms during the pandemic will see a drag on their finances and access to funding.

Smaller leasing institutions will likely face steeper challenges, given their limited capital and access to new means of financing. While they do not usually cover a large proportion of the rural population, their overall well-being is critical for maintaining stability in the local leasing and micro financing ecosystem.

National Bank of Cambodia has addressed some of these issues by strengthening and expanding the coverage of credit bureaus and launching national campaigns on financial literacy. Regulators will need to find the delicate balance between safeguarding the micro-borrowers from too much debt or high-interest rates and ensuring the long-term commercial viability of the sector. Steady progress in introducing related services like micro-insurance and small savings products will also enhance long-term viability.

It's my honor to present our business results in 2022. Our long-term strategy remains intact: acquiring new business, delivering operational excellence, and reserve capital for future growth. As pandemic recovery and Ukraine War impact and anticipated risk , our leasing outstanding has increased 12% compared to last year and number of customers decreased by 1% compared to the end of 2021.

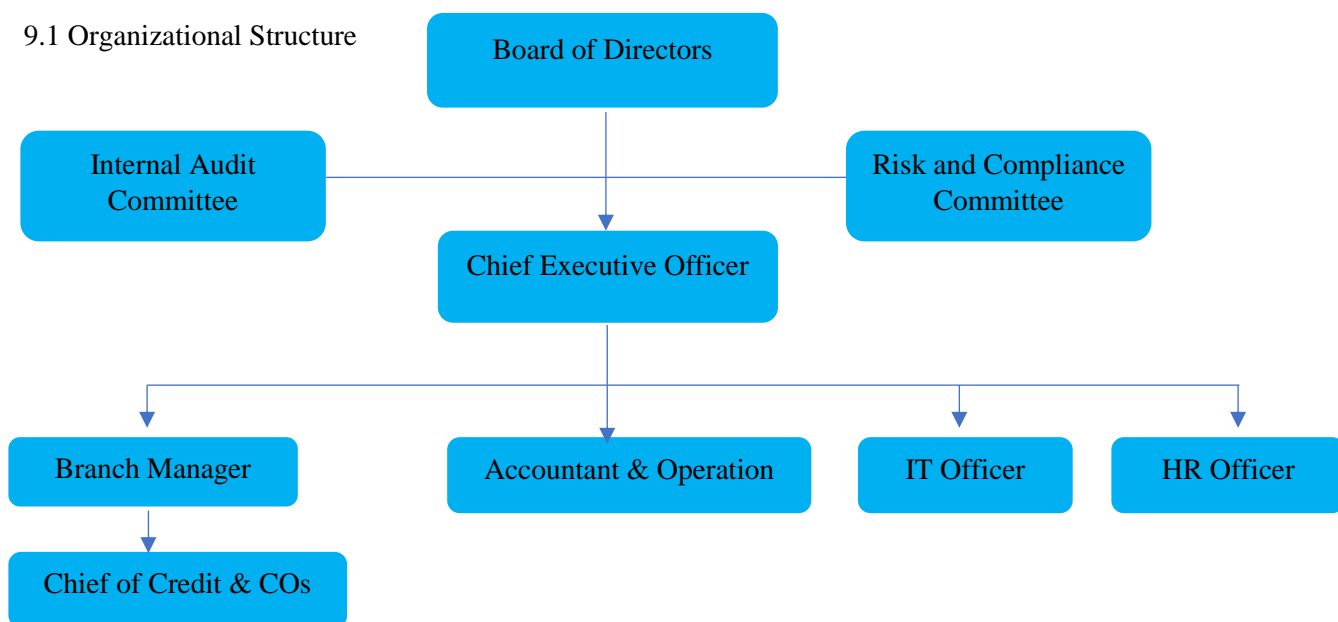
These efforts will be well-coordinated with the company's strategy, which is a key factor for the survival of LOD Leasing Plc. This is not a one-time effort; it takes a lot of effort and patience to keep the company survival and future growth. From year to year, we are constantly mitigating unforeseen risks, such as operating systems, regulations, and financial leasing service offering. We have invested a lot, in our staffs for competencies and governance, CIFRSs for SMEs and in Core banking technology systems to meet the needs of all interested parties, especially for regulators and our clients,”

Due to the growth of new establishments, the market has become more competitive in terms of rate, quality and service. Even market is very completive, L O D Leasing Plc. is still able to survival and ready to grow when time come, and the company continues to develop itself by providing a wide range of financial leasing services and products, as well as providing fast and services excellence to customers to our target customers.



9.ORGANZIATONAL STRUCTURE

9.1 Organizational Structure



BOARD & COMMMITTEES

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

Mrs. Nov Chandara	Chairperson
Mrs. Uk Sivoleak	Member/ CEO
Mr. Vann Bunthin	Independent member

LOD Executive, Management, and the Business Units they oversee. They are responsible for identifying, controlling, and monitoring operational risks at the source by implementing policies, procedures, systems, tools, and control monitoring mechanisms.

Risk Management and Compliance Committee. They own and monitor the application of risk frameworks and measure and report on risk performance and compliance for LOD Executives and the Board.

the Internal Audit Committee. he provides independent assurance through periodic testing and evaluation that controls are working as intended and the Risk Management Framework is operating in an effective manner.

Risk and Compliance Committee

The Risk & Compliance Management Committee is established as a permanent committee of the Board. It has an advisory role to the Board.



Risk & Compliance management is essential for achieving strategic goals, for effective management, for safeguarding assets, and for meeting legal and regulatory obligations. In light of this, the primary function of the Risk Management Committee is ensuring that risk management steps are implemented and that both LOD Leasing's management and the Board of directors are fully aware of the risks faced by the institution, the priorities, and steps involved in mitigating the said risks.

Subject to the powers and duties of the Board, the Risk Management Committee will perform the following duties:

1. Identify and assess risks: ensure that the significant risks faced by LOD Leasing have been identified, understood and assessed in terms of probability and impact;
2. Develop strategies to mitigate risks: confirm that strategies and policies are in place to manage risks, and that there is a plan and timeline for implementing those strategies;
3. Use risk management feedback mechanisms: these help continually reassess whether major risks are identified, monitored, and managed adequately. Hold management accountable for implementing the risk management strategies within the institution.

Internal Audit Committee

The Audit Committee is established and chaired by an independent non-executive board member. Its mission is to ensure the effectiveness and efficiency of internal audit tasks and the internal control system, and the adequacy of reporting and decision tools.

The committee meets at least 2 times a year, and otherwise as required. The duties of the committee are to review internal and external audit functions, monitor the integrity of financial statements, ensure compliance with internal policies, laws and regulations, and review risk management and internal controls in order to provide recommendations for improvement.



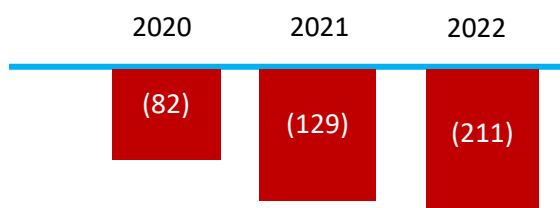
Internal Audit Department

The IAD is independent of all LOD s operations and reports directly to the Audit Committee. Its vision is to be recognized as a professional internal audit body that provides value-added recommendations to management and trusted consultation to the Board. Its mission is to provide professional and independent appraisals of LOD ’s activities in order to add value by improving operational efficiency and effectiveness, monitoring internal control systems, and ensuring compliance with policies, laws and regulations.

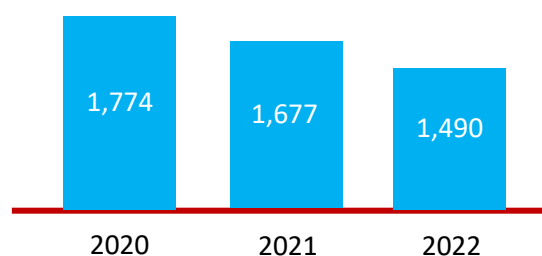
10.BUSINESS PERFORMANCE

Financial Highlight

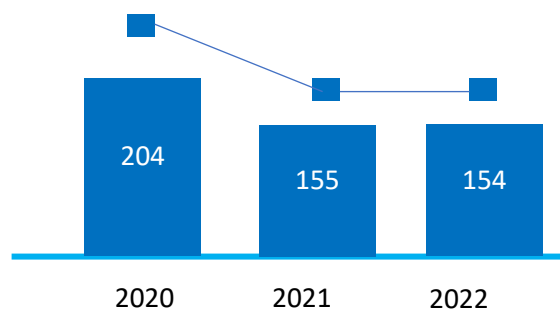
Net Profit (KHR millions)



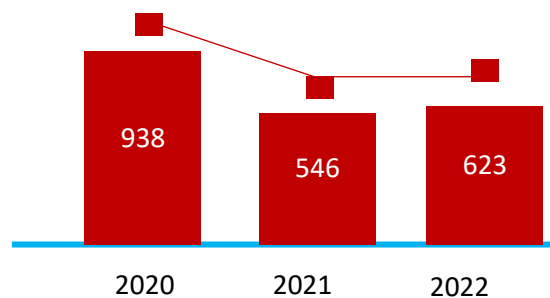
Total Assets (KHR millions)



Number of clients



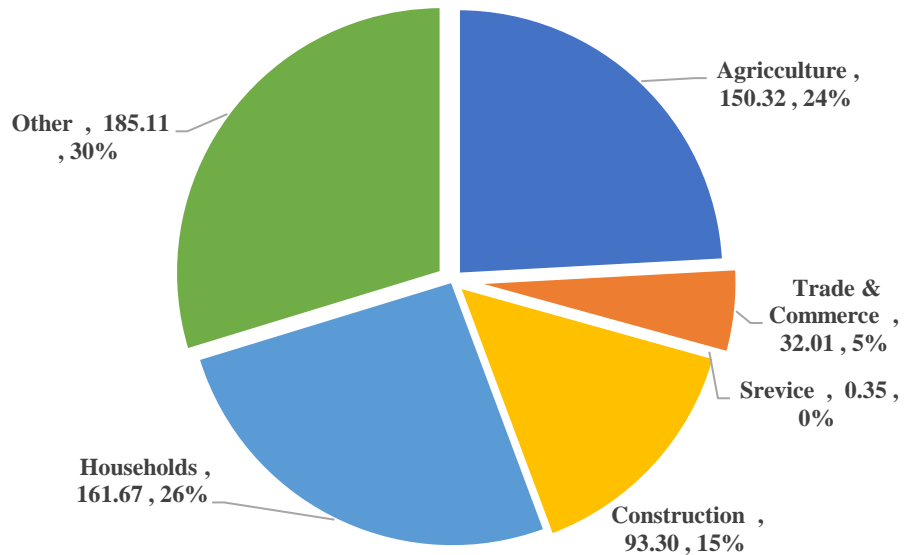
Lease Outstanding (KHR millions)



Lease by Economic Sector 2022



As 31 Dec lease by economic sectors accounted for Agriculture 24% , Trade and Commerce 5% , Construction 15% , Households 26% , Others 30% and the rest service sector.



11. RISK MANAGEMENT SYSTEMS

11.1 Risk Management

LOD Executive, Management, and the Business Units they oversee. They are responsible for identifying, controlling, and monitoring operational risks at the source by implementing policies, procedures, systems, tools, and control monitoring mechanisms.

Risk Management and Compliance Committee. They own and monitor the application of risk frameworks and measure and report on risk performance and compliance for LOD Executives and the Board.

the Internal Audit Committee. he provides independent assurance through periodic testing and evaluation that controls are working as intended and the Risk Management Framework is operating in an effective manner.

11.2 Internal Control System

The Internal Control Report gives details of LOD Leasing Plc. internal control activities during the past financial year and describes its systems for measuring, monitoring, managing, and disclosing the risks to which it is exposed. This report was prepared following NBC's Prakas B7-010-172 to help the financial institutions (FIs) establish the safe and sound operation of Companying organizations as well as an adequate internal control system to support the management in the exercise of their responsibilities and allowing for early identification, assessment, and management of risk, and support the financial institutions to implement its corrective actions.

11.2.1 General Framework of the Internal Control System. A system of effective internal controls is a critical component of Company management and a foundation for the safe and sound operation of Companying organizations. A system of strong internal controls can help to ensure that the goals and objectives of the Company will be met, that the Company will achieve long-term profitability targets, and maintain reliable financial and managerial reporting. Such a system can also help to ensure that the Company will comply with laws and regulations as well as policies, plans, internal rules and procedures, and decrease the risk of unexpected losses or damage to the Company's reputation as well as its shareholders. In this report, the internal control system is composed of the following key principles:

11.2.2. Control Environment: The Board of Directors ("The Board") and Management of the Company have established the tone from the top on the expected standards of conduct and the



importance of internal control. In these regards, various committees assist the Board to carry out its duties. The foundation for all the principles of Internal Control is the control environment which provides the agreed discipline and consistent standard operating procedures.

The main principles relating to the control environment are as follow:

- The Board and its Committees are responsible for approving and periodically reviewing the overall business strategies and significant policies of the Company; understanding the major risks run by the Company, setting acceptable levels for these risks and ensuring that senior management takes the steps necessary to identify, measure, monitor and control these risks; approving the organizational structure; and ensuring that senior management is monitoring the effectiveness of the internal control system. The Board of Directors is ultimately responsible for ensuring that an adequate and effective system of internal controls is established and maintained.

- The Board, Management and Staff demonstrate a commitment toward high integrity and ethical values and establish a culture within the organization that emphasizes and demonstrates to all levels of personnel the importance of internal controls. All personnel at the Company need to understand their role in the internal controls process and be fully engaged in the process.

- Having oversight from the Board, Management establishes structures, reporting lines and appropriate autonomy and authority to ensure that the strategic, tactical and operational objectives are achieved;

- Management and staff implement and aim to achieve a sound system of internal control across all levels of the Company.

- Policies and procedures are embedded in the internal control system to prevent risks. Proper segregation of duty and dual control means that an employee cannot process the whole transaction. Every staff member takes responsibility to follow and apply the internal control policies. At the same time, they have to communicate upward about any problems of non-compliance or policy violations.

11.2.3 Risk Assessment Risk assessment involves a dynamic and rigorous process for identifying, analysing and managing risk exposures in performing duties to achieve the strategic and operational objectives. The main principles relating to the risk assessment are as follow:

- Management sets clear operational objectives with sufficient clarity to enable the identification, analyses, and assessment of risk exposures.

- Management identifies and manages risk exposures that might prevent the achievement of the overall strategic and operational objectives; and

- Management and staff evaluate and improve areas that could significantly impact the internal control system.

11.2.4 Control Activities Control activities may be a detective and preventative in nature and include a variety of both manual and automated activities such as authorizations, balance of checks and reviews, approvals, verifications, reconciliations, recalculation, physical controls, supervisory controls and performance reviews. Meanwhile, segregation of duties is designed in the selection and development of control activities.

The main principles relating to the control activities are as follow:

- Management and staff develop control activities to mitigate risks to minimum levels.

- Management and staff implement general control activities over the system to support the achievement of objectives; and

- Management and staff enhance control activities to ensure the reliability of financial and non-financial reporting as well as compliance with laws and regulations.

11.2.5 Information and Communication Information is necessary for the Company to carry out its internal control responsibilities to set, monitor and achieve strategic and operational objectives. Communication occurs both internally and externally and provides the Company with the information needed to carry out daily internal control activities. Communication enables all employees to acknowledge internal control responsibilities. The main principles relating to the information and communication areas follow:



- Timeliness and relevant quality information to support the implementation of the internal control system.
- Internal communication of information necessary to support the continuation of the internal control system; and
- Communication with external parties regarding laws and regulations affecting the requirement of the internal control system.

11.2.6 Monitoring Activities Monitoring includes the processes for assessing the effectiveness and consistencies of the Company's internal control system, reporting any control deficiencies, and providing assurance to Management and the Board. Main principles relating to the monitoring activities include:

- Continuous assessments to ensure that the internal control system is operating and functioning as designed; and
- Independent reviews of the internal control system are evaluated by Internal and External Auditors. Findings or control deficiencies are reported to Management and the Board.

1.2. Risk-Taking Policies and Procedure: LOD Leasing has established and updated its risk management policies and procedures regularly to ensure the effectiveness of risk management and evolving business environment.

- Internal Audit Policy was first established and approved by the Board of Directors on 03 Feb 2022.
- Financial Lease /Credit policy was first established and approved by the Board of Directors on 01 Nov 2021.

1.3. Audit Committee: On 12th May 2021, the Audit Board Committee (ABC) as established as a management body to monitor an internal control system during our leasing operation. After receiving financial license on 26th Sept 2018 to strengthen our internal control system. The committee's purpose, membership, authorities, responsibilities, meeting, and reporting are as follow:

a. Purpose : The purpose of the ABC is to assist the Board in fulfilling its oversight responsibilities relating to:

Audit Functions:

- The integrity of the financial statements of the company.
- Ensuring that the financial and risk-related information is clear and assessing the relevance of the accounting and valuation methods used for the establishment of the individual and, where applicable, consolidated accounts and financial statements.
- Assessing the quality of internal control procedures whether the systems for measuring, monitoring and controlling risks are consistent, and recommending further action where appropriate.
- Following up on effective corrective actions' implementation, notably by tracking pending and outstanding recommendations issued by the Internal Audit Department and further supporting the work of the Internal Auditor.

Compliance Functions:

- Compliance with prevailing laws and regulations, professional and ethical standards, specific regulations issued by market authorities, relating to Companying and financial activities and with policies and instructions issued by the decision-making body;

b. Membership

The composition of the Audit Board Committee (ABC) complies with Prakas of National Company of Cambodia, which is stipulated as follows:

- Chaired by an independent board member.



- Include at least one independent person with expertise in finance and accounting.
- Include at least one independent person with expertise in legal issues and Companying The Audit and Compliance Board Committee is composed of three (3) members from the board, and chaired by an independent board of directors with expertise in accounting, Companying, auditing, and legal aspects.

c. Authority

- The Audit and Compliance Board Committee derives its authority from the Board.
- The Audit and Compliance Board Committee is granted by the Board with access to all information from any employee with any requests made by the Committee.
- The Audit and Compliance Board Committee has the power to engage outside legal or professional service and is responsible for appointing any consultants in respect of the Chief Executive Officer's recommendations.

d. Responsibilities Audit Functions:

- Ensuring that the information provided to the public and NBC is clear, accurate, and reliable.
- Assessing the relevance of the accounting methods used to prepare the individual and consolidated accounts, if any.
- Assessing the quality of internal control procedures whether the systems for measuring, monitoring and controlling risks are consistent, and recommending further action where appropriate.
- Overseeing the work of internal audit and ensure that its work supports the company's strategic objectives and compliance needs of the company.
- Making recommendations for the appointment and remuneration of the external auditor.
- Liaising with external auditors and promoting dialogue between the external auditors and the Board.
- Establishing mechanisms for dealing with complaints about accounting, internal controls, and audits. Compliance Functions:
- Overseeing the work of the Compliance Department and ensure the company complies with prevailing laws and regulations, professional, ethical standards, regulatory compliance exposure, and material reports or inquiries from government or regulatory agencies.
- Overseeing the establishment and implementation of policies, procedures, and processes for assessing compliance, for systematic prior approval of new products, activities, undertakings, or material changes to existing products and services, and for controlling completed transactions.
- Carrying out such other duties as may be delegated to it by the Board from time to time.

e. Meeting

The ABC can meet as often as it deems appropriate. The quorum for a meeting of the ABC consists of at least two directors. In case the Chairperson is absent, members at present will elect one member to chair the ABC Meeting in the Chairperson's place. Each ABC member is granted one vote and is required to vote; the secretary of the committee has no right to vote. Decisions will be made based on majority voting. If there is an equal vote, an extra vote will be cast by the Chairperson to make the final decision. In the event of absence from any member, the ABC Chairperson may appoint other members of the Board as a proxy to maintain the required quorum. IAC members should be cautious in all manners to avoid conflicts of interest that would compromise their objectivity and independence. The meeting can be in a virtual arrangement (e.g. electronic or teleconference) given all attendees be able to exchange comments and discuss decisions. Minutes of the ABC meeting will be taken by the Secretary. The Secretary needs to have an ethical and legal responsibility to make sure that the recording of the minutes accurately reflects the discussion(s) and resolution(s) mentioned during the meeting. At the start of the IAC meeting, the Secretary needs to ensure if there are any conflicts of interest and document them without bias. Draft minutes of the ABC meetings will be circulated timely to all members of the ABC before distributing to other invited attendee(s) and all members of the Board.



In 2022, the Internal Audit and Compliance Board Committee held meetings four times in January, June, August, and December to review and discuss matters relating to LOD Leasing.

f. Reporting

The Chairperson of the Audit and Compliance Board Committee will update, advise, and recommend the Board on all activities and matters under its oversight responsibilities. Such advice may be in the form of minutes of its meetings in written or oral reports at the Board meetings.

12.PRODUCT AND SERVICE

The Company is principally engaged in all aspects of financial leasing business and the provision of related financial services in Cambodia.

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បង់មួយខែត្រឹមតែ \$46 ប៉ុណ្ណោះ!
 ទទួលបានម៉ូតូ Honda Wave 2022 ថ្មី

- សេវាកម្មហ៊ុន
- ឯកសារងាយស្រួល
- មិនចាំបាច់មានអ្នកធានា

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 info@lodleasing.com

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អិល អូ ឌី លីស៊ីង
បង់មួយខែត្រឹមតែ \$131 ប៉ុណ្ណោះ!
 ទទួលបានម៉ូតូ Honda PCX 2022 ថ្មី

- សេវាកម្មហ៊ុន
- ឯកសារងាយស្រួល
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- សេវាកម្មហ៊ុន
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- លក្ខខណ្ឌងាយស្រួល

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អិល អូ ឌី លីស៊ីង
បង់មួយខែត្រឹមតែ \$78 ប៉ុណ្ណោះ!
 ទទួលបានម៉ូតូ Honda Scoopy 2022 ថ្មី

- សេវាកម្មហ៊ុន
- ឯកសារងាយស្រួល
- មិនចាំបាច់មានអ្នកធានា

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12.AUDITED FINANCIAL REPORT 2022

L O D LEASING PLC

FINANCIAL PERFORMANCE AND DIVIDENDS

The financial performance for the year ended 31 December 2022 are set out in the statement of comprehensive income on page 8.

There were no dividends declared or paid during the financial year.

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.

BAD AND DOUBTFUL LEASE RECEIVABLE

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 lease receivables and making of provisions for doubtful lease receivables, and satisfied themselves that all known bad lease receivables had been written off and that adequate allowances had been made for bad and doubtful lease receivables. At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad lease receivables or the amount of the allowances for doubtful lease receivables in the financial statements of the Company inadequate to any material extent.

ASSETS

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ensure that any assets, 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.

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 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.

THE BOARD OF DIRECTORS

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 11.

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 by reason of a contract made by the Company with the directors or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than as disclosed in the financial statements.

RESPONSIBILITIES OF 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 2021, 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, the undersigned, being the directors of L O D Leasing Plc., do hereby state that in our opinion:

- i) the financial performance of the Company for the year ended 31 December 2021 have not been materially affected by any item, transaction and event of any material and unusual nature nor has any such item, transaction and event occurred in the interval between the end of the year and the date of this report other than as disclosed in the financial statements, and
- ii) the accompanying financial statements of the Company have been drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021, and of financial performance and cash flows for the year ended on that date, in compliance with the CIFRS for SMEs.

Signed on behalf of the Board of Directors:



Mrs. Nov Chandara
Chairperson

Date: 12 May 2023



**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF L O D LEASING PLC.**

Opinion

We have audited the financial statements of L O D Leasing Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2021 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 a summary of 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 2021 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 Bank in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) and 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 obtained at the date of this auditors’ report is the information included in 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 L O D LEASING 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 L O D LEASING 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 Fii & Associates

តំណាងក្រុមហ៊ុន អេហ្វអាយអាយ & អ៊ីស៊ុស៊ីអេត

A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text "ក្រុមហ៊ុនអេហ្វអាយអាយ & អ៊ីស៊ុស៊ីអេត" at the top, "អេហ្វអាយអាយ & អ៊ីស៊ុស៊ីអេត" in the middle, "Fii & Associates" below that, and "Co., Ltd" at the bottom. The signature is a cursive script.

សេង ចាន់ថន

ដៃគូសវនករ

រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា



Statement of financial position
as at 31 December 2022

		2022		2021	
	Note	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
ASSETS					
Cash on hand		49,422	203,470	57,093	232,597
Balance with the National Bank of Cambodia		41	169	61	249
Deposits and placements with banks	5	100,941	415,574	150,980	615,093
Lease receivables at amortised cost	6	149,889	617,093	133,703	544,706
Other assets	7	11,412	46,983	9,103	37,086
Statutory deposits	8	25,000	102,925	25,000	101,850
Property and equipment	9	607	2,499	1,060	4,318
Intangible assets	10	24,698	101,682	34,698	141,360
Total assets		362,010	1,490,395	411,698	1,677,259
LIABILITIES AND EQUITY					
Liabilities					
Other liabilities	11	15,625	64,328	9,738	39,674
Minimum tax liability	17.2	37	152	-	-
Total liabilities		15,662	64,480	9,738	39,674
Equity					
Share capital	12	500,000	2,037,000	500,000	2,037,000
Accumulated losses		(153,652)	(626,672)	(98,040)	(399,386)
Currency translation differences		-	15,587	-	(29)
Total equity		346,348	1,425,915	401,960	1,637,585
Total liabilities and equity		362,010	1,490,395	411,698	1,677,259



Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022		2021	
		US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Lease and finance income	13	43,737	178,753	45,391	184,651
Other operating income	14	1,463	5,979	2,994	12,180
Personnel costs	15	(46,693)	(190,834)	(45,517)	(185,163)
Depreciation and amortisation		(10,453)	(42,721)	(7,072)	(28,769)
Other operating expenses	16	(41,586)	(169,962)	(29,146)	(118,566)
Minimum tax expense		(403)	(1,647)	-	-
Operating loss		<u>(53,935)</u>	<u>(220,432)</u>	<u>(33,350)</u>	<u>(135,667)</u>
(Allowances for)/Reversal of impairment losses on lease receivables	6	(1,677)	(6,854)	2,457	9,995
Loss before income tax		<u>(55,612)</u>	<u>(227,286)</u>	<u>(30,893)</u>	<u>(125,672)</u>
Income tax expense	17.3	-	-	(429)	(1,745)
Net loss for the year		<u>(55,612)</u>	<u>(227,286)</u>	<u>(31,322)</u>	<u>(127,417)</u>
Other comprehensive income/(loss)					
Currency translation difference		-	15,616	-	(2,124)
Total comprehensive loss for the year		<u>(55,612)</u>	<u>(211,670)</u>	<u>(31,322)</u>	<u>(129,541)</u>



Statement of changes in equity
for the year ended 31 December 2022

	Share capital		Accumulated losses		Currency translation differences		Total	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
At 1 January 2021	500,000	2,022,500	(66,718)	(271,969)	-	2,095	433,282	1,752,626
Comprehensive loss for the year								
Net loss for the year	-	-	(31,322)	(127,417)	-	-	(31,322)	(127,417)
<i>Other comprehensive income/(loss)</i>								
Currency translation differences	-	14,500	-	-	-	(2,124)	-	12,376
Total comprehensive income/(loss) for the year	-	14,500	(31,322)	(127,417)	-	(2,124)	(31,322)	(115,041)
At 31 December 2021	500,000	2,037,000	(98,040)	(399,386)	-	(29)	401,960	1,637,585
At 1 January 2022	500,000	2,037,000	(98,040)	(399,386)	-	(29)	401,960	1,637,585
Comprehensive loss for the year								
Net loss for the year	-	-	(55,612)	(227,286)	-	-	(55,612)	(227,286)
<i>Other comprehensive income</i>								
Currency translation differences	-	-	-	-	-	15,616	-	15,616
Total comprehensive (loss)/income for the year	-	-	(55,612)	(227,286)	-	15,616	(55,612)	(211,670)
At 31 December 2022	500,000	2,037,000	(153,652)	(626,672)	-	15,587	346,348	1,425,915



Statement of cash flows
for the year ended 31 December 2022

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Cash flows from operating activities				
Net loss for the year	(55,612)	(227,286)	(31,322)	(127,417)
<i>Adjustments for:</i>				
Minimum tax expense	403	1,647	-	-
Income tax expense	-	-	429	1,745
Depreciation and amortisation	10,453	42,721	7,072	28,769
Allowance for/(Reversal of) impairment loss on lease receivables	1,677	6,854	(2,457)	(9,995)
	(43,079)	(176,064)	(26,278)	(106,898)
<i>Changes in:</i>				
Lease receivables at amortised cost	(17,863)	(73,006)	93,788	381,530
Other assets	(2,309)	(9,437)	(3,543)	(14,413)
Other liabilities	5,887	24,060	4,240	17,248
Cash (used in)/generated from operations	(57,364)	(234,447)	68,207	277,467
Minimum tax paid	(366)	(1,496)	(429)	(1,745)
Net cash (used in)/generated from operating activities	(57,730)	(235,943)	67,778	275,722
Cash flows from investing activities				
Purchase of intangible assets	-	-	(25,000)	(101,700)
Net cash used in investing activities	-	-	(25,000)	(101,700)
Net (decrease)/increase in cash and cash equivalents	(57,730)	(235,943)	42,778	174,022
Cash and cash equivalent at 1 January	208,134	847,939	165,356	668,866
Currency translation difference	-	7,217	-	5,051
Cash and cash equivalents at 31 December (Note 18)	150,404	619,213	208,134	847,939





LOD Leasing Office

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