

EAST MICRO PLC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
AND
REPORT OF THE INDEPENDENT AUDITORS

Corporate information

Company:	East Micro Plc.		
Registration No:	2000256647		
Registered office:	East Mini Condo (MF), No. SH01-04 Phum Ler, Sangkat Svay Chhrum, Krong Akreiy Ksatr, Kandal Province, Kingdom of Cambodia		
Shareholders:	Neak Oknha Ly Seng Kheang Lok Chumteav Chan Dany		
Board of Directors:	Neak Oknha Ly Seng Kheang Lok Chumteav Chan Dany Mr. Sokun Prumrith Mr. Leng Soklong	Chairman Director Independent Director (Appointed on 15 February 2024) Independent Director (Resigned on 15 February 2024)	
Principal bankers:	National Bank of Cambodia ACLEDA Bank Plc. Advanced Bank of Asia Ltd (ABA Bank)		
Auditors:	Fii&Associates Co., Ltd.		

East Micro Plc.

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Report of the Board of Directors

The Board of Directors (the “Board” or “Directors”) hereby submit their report together with the audited financial statements of East Micro Plc. (“the Company”) for the year ended 31 December 2024 (the “financial year” or “year”).

Principal activities

The principal business activities of the Company are to provide credit services and other financial services to individual customers in the Kingdom of Cambodia. There have been no significant changes in the nature of principal activities during this financial year/period.

Financial performance

The financial performance of the Company was as follows:

	Year ended 31 December 2024		Period from 28 March 2023 to 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Loss before income tax	(83,719)	(340,819)	(465,695)	(1,918,198)
Income tax expense	-	-	-	-
Net loss for the year/period	(83,719)	(340,819)	(465,695)	(1,918,198)

Dividends

No dividend was declared or paid, and the Directors do not recommend any dividend to be paid during the financial year/period.

Share capital

During the year, Company’s shareholders resolved to increase share capital from US\$2,000,000 to US\$4,500,000 through cash injection amounting to US\$2,500,000. The increase was approved by the National Bank of Cambodia on 18 February 2025. The revised Memorandum & Articles of Association (“M&A”) to reflect the above change on the paid-up capital has not been endorsed by the Ministry of Commerce yet as at the date of this report. Refer to Note 13 for the detailed Company’s share capital and shareholding structure.

Reserves and provisions

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

East Micro Plc.

Report of the Board of Directors (continued)

Bad and doubtful debts

Before the financial statements of the Company were prepared, Directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and no allowance was necessary for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render it necessary to write off bad debts or to make an allowance for doubtful debts in the financial statements of the Company, inadequate to any material extent.

Current assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets that were unlikely to be realised 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 realise.

At the date of this report, the Directors are not aware of any circumstances that have arisen the value attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

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

Contingent liabilities

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

- (i) Any charge on the assets of the Company that has arisen since the end of the financial year that secures the liabilities of any other person, or
- (ii) Any contingent liability in respect of the Company that has arisen since the end of the financial year/period other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year/period that, in the opinion of the Directors, will or may substantially affect the liability of the Company to meet its obligations 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 the report or in the financial statements of the Company, that would render any amount stated in the financial statements as misleading.

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Report of the Board of Directors (continued)

Items of an unusual nature

The results of the operations of the Company for the financial year/period were not, in the opinion of the Directors, materially affected by any items, transactions or event of material and unusual nature.

There has not arisen in the interval between the end of the financial year/period and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Directors, to effect substantially the results of the operations of the Company for the current year/period in which this report is made.

Events since the reporting date

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the reporting date that would require adjustments or disclosures to be made in the financial statements.

The Board of Directors

The members of the Board of Directors holding the office during the year/period and at the date of this report are:

Neak Oknha Ly Seng Kheang	Chairman
Lok Chumteav Chan Dany	Director
Mr. Sokun Prumrith	Independent Director (Appointed on 15 February 2024)
Mr. Leng Soklong	Independent Director (Resigned on 15 February 2024)

Directors' interests

The Directors' interest are disclosed in Note 13 of the financial statements.

Directors' benefits

During and at the end of the financial year/period, no arrangement 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 body corporate.

No Directors of the Company have received or become entitled to receive a benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the Directors) by reason of a contract made by a company with the Director or firm of which the director is a member, or a Company in which the Directors has a substantial financial interest, other than as disclosed in the financial statements.

Statements of Directors' responsibility in respect of financial statements

The Board of Directors is responsible for ascertaining that the financial statements are presented fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year ended 31 December 2024 (the "financial year" or "year") in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs").

East Micro Plc.

Report of the Board of Directors (continued)

Statements of Directors' responsibility in respect of financial statements (continued)

In preparing those financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies that are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with CIFRS for SMEs, and, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal control;
- (iv) assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- (v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such matters have been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

I, the undersigned, hereby approve the accompanying financial statements as set out on pages 8 to 39 which present fairly, in all material respects, the financial position of East Micro Plc. as at 31 December 2024, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.

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




Neak Oknha. Ly Seng Kheang
Chairman

Kandal Province, Kingdom of Cambodia

28 April 2025

Report of the Independent Auditors To the shareholders East Micro Plc.

Opinion

We have audited the financial statements of East Micro Plc. (“the “Company”), which comprise the statement of financial position as at 31 December 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 39.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report includes the information in the Report of the Board of Directors as set out on pages 1 to 4, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Report of the Independent Auditors (continued)
To the shareholders
East Micro Plc.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with CIFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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 reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Report of the Independent Auditors (continued)
To the shareholders
East Micro Plc.

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

- 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 audit 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 date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Fii&Associates Co., Ltd.

A blue circular stamp with Khmer text around the perimeter and 'Fii&Associates Co.,Ltd' in the center. To the left of the stamp is a handwritten signature in blue ink.

Seng Chanthan
Audit Partner

Phnom Penh, Kingdom of Cambodia
28 April 2025

East Micro Plc.

Statement of financial position As at 31 December 2024

		31 December 2024		31 December 2023	
	Note	US\$	KHR'000	US\$	KHR'000
			(Note 2.4)		(Note 2.4)
ASSETS					
Deposits and placements with the NBC	4	2,602,045	10,473,231	100,765	411,625
Deposits and placements with banks	5	46,362	186,607	19,360	79,086
Loans to customers	6	3,269,801	13,160,949	1,549,839	6,331,092
Other assets	7	2,330	9,378	2,438	9,959
Property and equipment	8	38,548	155,156	52,685	215,218
Intangible assets	9	25,024	100,722	36,048	147,256
Total assets		5,984,110	24,086,043	1,761,135	7,194,236
LIABILITIES AND EQUITY					
LIABILITIES					
Other payables	10	31,152	125,387	26,462	108,096
Minimum tax liability	11.2	322	1,296	126	515
Borrowings	12	1,784,813	7,183,872	200,242	817,989
Total liabilities		1,816,287	7,310,555	226,830	926,600
EQUITY					
Share capital	13 (a)	2,000,000	8,000,000	2,000,000	8,000,000
Additional equity contribution	13 (b)	2,717,237	10,936,879	-	-
Regulatory reserves	14	(27,218)	(111,028)	(15,989)	(65,315)
Accumulated losses		(522,196)	(2,147,989)	(449,706)	(1,852,883)
Currency translation differences		-	97,626	-	185,834
Total equity		4,167,823	16,775,488	1,534,305	6,267,636
Total liabilities and equity		5,984,110	24,086,043	1,761,135	7,194,236

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

East Micro Plc.

Statement of comprehensive income For the year ended 31 December 2024

		Year ended 31 December 2024		Period from 28 March 2023 to 31 December 2023	
	Note	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Operating income					
Interest income	15	308,388	1,255,448	30,403	125,230
Interest expense		(61,427)	(250,069)	(285)	(1,174)
Other operating income		17,086	69,557	1,226	5,050
Net operating income		264,047	1,074,936	31,344	129,106
Personnel expenses	16	(230,880)	(939,912)	(379,014)	(1,561,159)
Operating and administrative expenses	17	(98,286)	(400,122)	(117,728)	(484,922)
Impairment losses on financial assets	6	(15,462)	(62,946)	-	-
Minimum tax expense	11.3	(3,138)	(12,775)	(297)	(1,223)
Loss before income tax		(83,719)	(340,819)	(465,695)	(1,918,198)
Income tax expense	11.3	-	-	-	-
Net loss for the year/period		(83,719)	(340,819)	(465,695)	(1,918,198)
Other comprehensive (loss)/income					
Currency translation difference		-	(88,208)	-	185,834
Total comprehensive loss for the year/period		(83,719)	(429,027)	(465,695)	(1,732,364)

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

East Micro Plc.

Statement of changes in equity For the year ended 31 December 2024

	Share capital		Additional equity contribution		Regulatory reserves		Accumulated Losses		Currency translation differences		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)	(Note 2.4)
At 28 March 2023 (incorporation date)	-	-	-	-	-	-	-	-	-	-	-	-
Paid-up capital	2,000,000	8,000,000	-	-	-	-	-	-	-	-	2,000,000	8,000,000
Comprehensive income/(loss) for the period												
Net loss for the period	-	-	-	-	-	-	(465,695)	(1,918,198)	-	-	(465,695)	(1,918,198)
Transfer to regulatory reserves	-	-	-	-	(15,989)	(65,315)	15,989	65,315	-	-	-	-
Other comprehensive income												
Currency translation difference	-	-	-	-	-	-	-	-	-	185,834	-	185,834
Total comprehensive income/(loss) for the period	-	-	-	-	(15,989)	(65,315)	(449,706)	(1,852,883)	-	185,834	(465,695)	(1,732,364)
At 31 December 2023	2,000,000	8,000,000	-	-	(15,989)	(65,315)	(449,706)	(1,852,883)	-	185,834	1,534,305	6,267,636
At 1 January 2024	2,000,000	8,000,000	-	-	(15,989)	(65,315)	(449,706)	(1,852,883)	-	185,834	1,534,305	6,267,636
Paid-up capital	-	-	2,500,000	10,062,500	-	-	-	-	-	-	2,500,000	10,062,500
Difference between carrying amount and fair value of shareholder's loan	-	-	217,237	874,379	-	-	-	-	-	-	217,237	874,379
	2,000,000	8,000,000	2,717,237	10,936,879	(15,989)	(65,315)	(449,706)	(1,852,883)	-	185,834	4,251,542	17,204,515
Comprehensive income for the year												
Net loss for the year	-	-	-	-	-	-	(83,719)	(340,819)	-	-	(83,719)	(340,819)
Transfer to regulatory reserve	-	-	-	-	(11,229)	(45,713)	11,229	45,713	-	-	-	-
Other comprehensive loss												
Currency translation difference	-	-	-	-	-	-	-	-	-	(88,208)	-	(88,208)
Total comprehensive (loss)/income for the year	-	-	-	-	(11,229)	(45,713)	(72,490)	(295,106)	-	(88,208)	(83,719)	(429,027)
At 31 December 2024	2,000,000	8,000,000	2,717,237	10,936,879	(27,218)	(111,028)	(522,196)	(2,147,989)	-	97,626	4,167,823	16,775,488

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

East Micro Plc.

Statement of cash flows For the year ended 31 December 2024

	Year ended 31 December 2024		Period from 28 March 2023 to 31 December 2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Cash flows from operating activities				
Net loss for the year/period	(83,719)	(340,819)	(465,695)	(1,918,198)
<i>Adjustments for:</i>				
Minimum tax expense	3,138	12,775	297	1,223
Depreciation and amortisation	28,961	117,900	25,623	105,541
Allowance for impairment losses on loans to customers	15,190	62,946	-	-
	(36,430)	(147,198)	(439,775)	(1,811,434)
<i>Changes in:</i>				
Loans to customers	(1,735,152)	(7,063,804)	(1,549,839)	(6,383,787)
Other assets	108	440	(2,438)	(10,042)
Other payables	4,690	19,093	26,462	108,997
Cash used in operations	(1,766,784)	(7,191,469)	(1,965,590)	(8,096,266)
Minimum tax paid	(2,942)	(11,977)	(171)	(704)
Net cash used in operating activities	(1,769,726)	(7,203,446)	(1,965,761)	(8,096,970)
Cash flows from investing activities				
Purchases of property and equipment	(3,800)	(15,470)	(114,356)	(471,032)
Statutory deposit with the NBC	-	-	(100,000)	(411,900)
Net cash used in investing activities	(3,800)	(15,470)	(214,356)	(882,932)
Cash flows from financing activities				
Additional equity contribution	2,717,237	11,061,872	-	-
Proceeds of borrowings from shareholder	1,800,000	7,327,800	200,242	824,797
Repayment of borrowings to shareholder	(215,429)	(877,011)	-	-
Proceed from issuance of share capital	-	-	2,000,000	8,238,000
Net cash generated from financing activities	4,301,808	17,512,661	2,200,242	9,062,797
Net increase in cash and cash equivalents	2,528,282	10,293,745	20,125	82,895
Cash and cash equivalent at 1 January	20,125	82,211	-	-
Currency translation difference	-	(118,618)	-	(684)
Cash and cash equivalents at 31 December (Note 18)	2,548,407	10,257,338	20,125	82,211
Non-cash transaction				
During the year the company has the following significant non-cash transactions:				
Conversion of borrowing from shareholder to additional equity contribution	217,237	884,372	-	-

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

East Micro Plc.

Notes to the financial statements For the year ended 31 December 2024

1. Reporting entity

East Micro Plc. ("the Company") is a public limited company incorporated in the Kingdom of Cambodia on 28 March 2023 under the registration number 2000256647 issued by the Ministry of Commerce.

On 27 July 2023, the National Bank of Cambodia (the "Central Bank" or "NBC") granted the Company a permanent license to conduct business as a micro-finance institution in the Kingdom of Cambodia.

The principal business activities of the Company are to provide credit services and other financial services to individual customers in the Kingdom of Cambodia.

The Company's registered office is located at East Mini Condo (MF), No. SH01-04, Phum Ler, Sangkat Svay Chhrum, Krong Akrei Ksatr, Kandal Province, Kingdom of Cambodia.

As at 31 December 2024, the Company had 15 employees (2023: 13 employees).

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs").

Details of the Company's significant accounting policies are included in Note 22.

These financial statements were approved by the Board of Directors and authorised for issue on 28 April 2025.

2.2 Fiscal year and reporting period

The Company's fiscal year starts on 1 January and ends on 31 December.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.4 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records in two currencies, the United States Dollars ("US\$") and the KHR, management has determined the US\$ to be the Company's functional as it reflects the economic substance of the underlying events and circumstances of the Company.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

2. Basis of preparation (continued)

2.4 Functional and presentation currency (continued)

The financial statements are stated in the US\$, which is the Company's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

The translations of US\$ amount into KHR are included solely for meeting the presentation requirements pursuant to the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date, and the share capital are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as "currency translation difference" in the other comprehensive income. The accumulated currency translation differences are recognised as a separate component of equity. All values in KHR are rounded to the nearest thousand ("KHR'000"), except if otherwise indicated.

The Company uses the following exchange rates:

Financial period end	Closing rate	Average rate
31 December 2024	US\$1 = KHR4,025	US\$1 = KHR4,071
31 December 2023	US\$1 = KHR4,085	US\$1 = KHR4,119

These convenience translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

2.5 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is set out in Note 3 - Critical accounting estimates and judgements.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

3. Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Income and other taxes

Taxes are calculated on the basis of current interpretation of the tax obligations. However, these regulations are subject to periodic variation and different interpretation following inspection by the tax authorities. These may result in tax increase and other retroactive tax claims. It is difficult to predict the timing and severity of these occurrences or their potential effect.

3.2 Property and equipment

Accounting for property and equipment involves the use of estimates for determining the expected useful lives of these assets. The determination of useful lives of the assets is based on Management's judgement.

3.3 Allowance for doubtful debts

Management establishes an allowance for doubtful debts on a case-by-case basis when they believe collection of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial condition of customer were deteriorating, resulting in an inability to make the required payments, an allowance may be required to be made for such a receivable.

4. Deposits and placements with the NBC

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Capital guarantee (*)	100,000	402,500	100,000	408,500
Current accounts	2,502,045	10,070,731	765	3,125
	<u>2,602,045</u>	<u>10,473,231</u>	<u>100,765</u>	<u>411,625</u>

(*) The capital guarantee deposit is maintained with the NBC in compliance with Prakas No. B7-00-006 on the Licensing of Microfinance, the amounts of which are determined at 5% of the Company's registered share capital. The guarantee deposit is refundable when the Company voluntarily liquidates and has no deposit liabilities.

The capital guarantee deposit earns interest at the rate of 1.31% per annum.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

5. Deposits and placements with banks

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Current accounts	46,830	188,491	19,556	79,887
Provision on deposit with other banks	(468)	(1,884)	(196)	(801)
	<u>46,362</u>	<u>186,607</u>	<u>19,360</u>	<u>79,086</u>

Deposits and placements with banks are analysed as follows:

(a) By maturity:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Within 1 month	<u>46,362</u>	<u>186,607</u>	<u>19,360</u>	<u>79,086</u>

6. Loans to customers

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Loans to customers at amortised costs	3,284,991	13,222,089	1,549,839	6,331,092
Less: impairment loss allowance	(15,190)	(61,140)	-	-
	<u>3,269,801</u>	<u>13,160,949</u>	<u>1,549,839</u>	<u>6,331,092</u>

Movements of allowances for impairment loss are as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
At 1 January	-	-	-	-
Allowance for the year/period	15,190	61,838	-	-
Currency translation difference	-	(698)	-	-
At 31 December	<u>15,190</u>	<u>61,140</u>	<u>-</u>	<u>-</u>

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Notes to the financial statements (continued) For the year ended to 31 December 2024

6. Loans to customers (continued)

Gross loans to customers are analysed as follows:

(a) By maturity:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
Less than 1 year	-	-	63,158	258,000
1 to 5 years	708,773	2,852,811	169,808	693,666
More than 5 years	2,576,218	10,369,278	1,316,873	5,379,426
	<u>3,284,991</u>	<u>13,222,089</u>	<u>1,549,839</u>	<u>6,331,092</u>

(b) By currency:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
Khmer Riel	167,513	674,240	70,744	288,989
US Dollars	3,117,478	12,547,849	1,479,095	6,042,103
	<u>3,284,991</u>	<u>13,222,089</u>	<u>1,549,839</u>	<u>6,331,092</u>

(c) By residency status:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
Residents	3,284,991	13,222,089	1,549,839	6,331,092

(d) By relationship:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
External customers	3,284,991	13,222,089	1,549,839	6,331,092
Staff loans	-	-	-	-
	<u>3,284,991</u>	<u>13,222,089</u>	<u>1,549,839</u>	<u>6,331,092</u>

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Notes to the financial statements (continued) For the year ended to 31 December 2024

6. Loans to customers (continued)

Gross loans to customers are analysed as follows:

(e) By economic sector:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
Housing	2,682,047	10,795,239	1,345,524	5,496,466
Business loan	457,271	1,840,516	198,576	811,183
Personal consumption	145,673	586,334	5,739	23,443
	<u>3,284,991</u>	<u>13,222,089</u>	<u>1,549,839</u>	<u>6,331,092</u>

(f) By interest rates (per annum):

	31 December 2024	31 December 2023
Khmer Riel	9.00% -18.00%	9.00% -18.00%
US Dollar	7.00% -18.00%	7.00% -18.00%

7. Other assets

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
Prepayments	2,045	8,231	2,238	9,142
Deposits	285	1,147	200	817
	<u>2,330</u>	<u>9,378</u>	<u>2,438</u>	<u>9,959</u>

East Micro Plc.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

8. Property and equipment

2024	Leasehold improvements US\$	Furniture and fixtures US\$	Others equipment US\$	Computer equipment US\$	Total US\$	KHR'000 (Note 2.4)
Cost						
At 1 January 2024	18,248	14,604	4,963	32,541	70,356	287,404
Additions	-	-	1,670	2,130	3,800	15,470
Currency translation difference	-	-	-	-	-	(4,396)
At 31 December 2024	18,248	14,604	6,633	34,671	74,156	298,478
Less: Accumulated depreciation						
At 1 January 2024	4,755	2,967	1,305	8,644	17,671	72,186
Depreciation for the year	4,560	3,660	1,349	8,368	17,937	73,021
Currency translation difference	-	-	-	-	-	(1,885)
At 31 December 2024	9,315	6,627	2,654	17,012	35,608	143,322
Carrying amounts						
At 31 December 2024	8,933	7,977	3,979	17,659	38,548	155,156

East Micro Plc.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

8. Property and equipment (continued)

2023	Leasehold improvements US\$	Furniture and fixtures US\$	Others equipment US\$	Computer equipment US\$	Construction in progress US\$	Total US\$	KHR'000 (Note 2.4)
Cost							
At 28 March 2023 (Incorporation date)	-	-	-	-	-	-	-
Additions	18,248	8,227	4,303	28,180	55,398	114,356	471,032
Transfers	-	6,377	660	4,361	(11,398)	-	-
Reclassification	-	-	-	-	(44,000)	(44,000)	(181,236)
Currency translation difference	-	-	-	-	-	-	(2,392)
At 31 December 2023	18,248	14,604	4,963	32,541	-	70,356	287,404
Less: Accumulated depreciation							
At 28 March 2023 (Incorporation date)	-	-	-	-	-	-	-
Depreciation for the period	4,755	2,966	1,305	8,645	-	17,671	72,787
Currency translation difference	-	-	-	-	-	-	(601)
At 31 December 2023	4,755	2,966	1,305	8,645	-	17,671	72,186
Carrying amounts							
At 31 December 2023	13,493	11,638	3,658	23,896	-	52,685	215,218

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Notes to the financial statements (continued) For the year ended to 31 December 2024

9. Intangible assets

Software	2024		2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Cost				
At 1 January	44,000	179,740	-	-
Transfers from property and equipment	-	-	44,000	181,236
Currency translation difference	-	(2,640)	-	(1,496)
At 31 December	44,000	177,100	44,000	179,740
Less: Accumulated amortisation				
At 1 January	7,952	32,484	-	-
Amortisation for the year/period	11,024	44,879	7,952	32,754
Currency translation difference	-	(985)	-	(270)
At 31 December	18,976	76,378	7,952	32,484
Carrying amounts				
At 31 December	25,024	100,722	36,048	147,256

10. Other payables

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Accrued staff benefits	10,499	42,258	10,987	44,882
Accrued expenses	4,862	19,570	4,566	18,650
Tax payables	3,408	13,717	2,643	10,797
Other payables	12,383	49,842	8,266	33,767
	31,152	125,387	26,462	108,096

11. Income tax

11.1 Applicable tax rates

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

In accordance with Prakas No. 638 dated 4 July 2017, an entity is eligible to be exempted from the payment of minimum tax only if it meets the criteria as stipulated in the Prakas.

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Notes to the financial statements (continued) For the year ended to 31 December 2024

11. Income tax (continued)

11.2 Minimum tax liability

	2024		2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
At 1 January	126	515	-	-
Minimum tax expense	3,138	12,775	297	1,223
Minimum tax paid	(2,942)	(11,977)	(171)	(704)
Currency translation difference	-	(17)	-	(4)
At 31 December	322	1,296	126	515

11.3 Minimum/Income tax expense

	Year ended 31 December 2024		Period from 28 March 2023 to 31 December 2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Loss before income tax	(83,719)	(340,819)	(465,695)	(1,918,198)
Income tax using income tax rate at 20%	(16,744)	(68,165)	(93,139)	(383,640)
Non-deductible expense	836	3,403	1,309	5,392
Unrecognised tax losses	16,973	69,097	91,830	378,248
Temporary differences	(1,065)	(4,335)	-	-
Income tax expense	-	-	-	-
Minimum tax expense	3,138	12,775	297	1,223

The calculation of taxable income is subject to the review and approval of the tax authorities.

12. Borrowings

On 18 December 2023, the Company entered into borrowing agreements with a shareholder amounting to US\$1,000,000 to support working capital. These borrowings are unsecured and bear an interest rate of 4% per annum. The repayment of interest shall be made quarterly starting from 20 March 2024 and the principal amount shall be fully paid at end of maturity date of 21 December 2026.

On 25 March 2024, the company and the shareholder entered into additional borrowing agreements amounting to US\$1,000,000. These borrowings are unsecured and bear an interest rate of 4% per annum. The repayment of interest shall be made quarterly starting from 20 September 2024 and the principal amount shall be fully paid at end of maturity date of 22 March 2027.

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Notes to the financial statements (continued) For the year ended to 31 December 2024

12. Borrowings (continued)

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Borrowings (Note 19.1)	2,002,050	8,058,251	200,242	817,989
Fair value adjustments directly recognised in equity	(217,237)	(874,379)	-	-
	<u>1,784,813</u>	<u>7,183,872</u>	<u>200,242</u>	<u>817,989</u>

Borrowings are analysed as follows:

(a) By maturity

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Between 1 to 5 years	<u>1,782,763</u>	<u>7,175,621</u>	<u>200,242</u>	<u>817,989</u>

13. Share capital and additional equity contribution

(a) Share capital

	31 December 2024			31 December 2023		
	Number	US\$	KHR'000 (Note 2.4)	Number	US\$	KHR'000 (Note 2.4)
Registered:						
Ordinary shares	<u>200,000</u>	<u>2,000,000</u>	<u>8,000,000</u>	<u>200,000</u>	<u>2,000,000</u>	<u>8,000,000</u>
Issued and fully paid up:						
At 31 December	<u>200,000</u>	<u>2,000,000</u>	<u>8,000,000</u>	<u>200,000</u>	<u>2,000,000</u>	<u>8,000,000</u>

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Notes to the financial statements (continued) For the year ended to 31 December 2024

13. Share capital and additional equity contribution (continued)

(a) Share capital (continued)

The shareholders and shareholding structure of the Company are as follow:

	31 December 2024			31 December 2023		
	% of ownership	Number of shares	Amount US\$	% of ownership	Number of shares	Amount US\$
Neak Oknha						
Ly Seng Kheang	50%	100,000	1,000,000	50%	100,000	1,000,000
Lok Chumteav						
Chan Dany	50%	100,000	1,000,000	50%	100,000	1,000,000
	100%	200,000	2,000,000	100%	200,000	2,000,000

(b) Additional equity contribution

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Advance capital contribution (*)	2,500,000	10,062,500	-	-
Fair value adjustments directly recognised in equity (Note 12) (**)	217,237	874,379	-	-
	<u>2,717,237</u>	<u>10,936,879</u>	<u>-</u>	<u>-</u>

(*) Advance capital contribution represents share capital injection during the year but yet approved by the National Bank of Cambodia until 18 February 2025. The revised Memorandum & Articles of Association ("M&A") to reflect this change has not been endorsed by the Ministry of Commerce as at the date of this report.

(**) At initial recognition, the Company valued the borrowings at fair value based on prevailing market rate and applicable maturity period. The difference between the fair value and nominal amount of the borrowings amounting to US\$217,237 was recognised as additional equity contribution.

14. Regulatory reserves

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Regulatory reserves (*)	<u>27,218</u>	<u>111,028</u>	<u>15,989</u>	<u>65,315</u>

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Notes to the financial statements (continued) For the year ended to 31 December 2024

14. Regulatory reserves (continued)

(*) Regulatory reserves:

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
At 1 January	15,989	65,315	-	-
Transfers	11,229	45,713	15,989	65,859
Currency translation difference	-	-	-	(544)
At 31 December	27,218	111,028	15,989	65,315

(**) Transfer from retained earnings to reserves pertaining to impairment during the year when the allowance under NBC requirement is higher than CIFRS for SMEs:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Impairment loss on credit facilities required by the NBC:				
- Balance with banks	272	1,095	196	801
- Loan to customers	42,136	169,597	15,793	64,514
Impairment loss on financial assets under the NBC	42,408	170,692	15,989	65,315
Impairment loss on financial assets under CIFRS for SMEs (Note 6)	15,190	61,140	-	-
Currency translation differences	-	1,476	-	-
	27,218	111,028	15,989	65,315

15. Interest income

	Year ended 31 December 2024		Period from 28 March 2023 to 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Loans to customers	307,088	1,250,155	29,628	122,038
Deposits and placements with banks	1,300	5,293	775	3,192
	308,388	1,255,448	30,403	125,230

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Notes to the financial statements (continued) For the year ended to 31 December 2024

16. Personnel expenses

	Year ended 31 December 2024		Period from 28 March 2023 to 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
Salaries and wages	203,558	828,685	330,525	1,361,432
Director salaries	6,855	27,907	18,000	74,142
Other employee benefits	20,467	83,320	30,489	125,585
	<u>230,880</u>	<u>939,912</u>	<u>379,014</u>	<u>1,561,159</u>

17. Operating and administrative expenses

	Year ended 31 December 2024		Period from 28 March 2023 to 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
Rental expenses	14,849	60,450	35,475	146,122
Depreciation and amortisation	28,961	117,900	25,623	105,541
Professional fees	12,732	51,832	24,485	100,854
Office supplies	2,868	11,676	6,490	26,732
Marketing and advertising	1,227	4,995	4,844	19,952
Communication	5,375	21,882	4,491	18,498
Repairs and maintenance	5,381	21,906	3,453	14,223
Utilities	4,169	16,972	3,379	13,918
Taxes and licenses	4,966	20,217	2,481	10,219
Traveling	1,958	7,971	2,204	9,078
Entertainment	822	3,346	1,981	8,160
Foreign exchange gain (loss) - net	8,093	32,947	606	2,496
Provision expense	-	-	196	807
Bank charges	197	802	113	465
Others	6,688	27,226	1,907	7,857
	<u>98,286</u>	<u>400,122</u>	<u>117,728</u>	<u>484,922</u>

Included in above expenses for the year ended 31 December 2023 there were pre-operating expense amounting to US\$184,587.

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Notes to the financial statements (continued)
For the year ended to 31 December 2024

18. Cash and cash equivalents

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Deposits and placements with the NBC (Note 4)	2,502,045	10,070,731	765	3,125
Deposits and placements with banks (with maturities of 3 months or less) (Note 5)	46,362	186,607	19,360	79,086
	<u>2,548,407</u>	<u>10,257,338</u>	<u>20,125</u>	<u>82,211</u>

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Notes to the financial statements (continued) For the year ended to 31 December 2024

19. Related party balances and transactions

19.1 Related party balances

	Relationship	Balances	31 December 2024		31 December 2023	
			US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Neak Oknha Ly Seng Kheang (Note 12)	Shareholder	Outstanding borrowing	2,000,000	8,050,000	200,000	817,000
		Accrued interest payable	2,050	8,251	242	989
			<u>2,002,050</u>	<u>8,058,251</u>	<u>200,242</u>	<u>817,989</u>

19.2 Related party transactions

	Relationship	Transactions	Year ended 31 December 2024		Period from 28 March 2023 to 31 December 2023	
			US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Neak Oknha Ly Seng Kheang	Shareholder	Loan additions	1,800,000	7,327,800	654,506	2,695,910
		Loan repayments	-	-	454,506	1,872,110
		Interest expense	<u>61,427</u>	<u>250,070</u>	<u>285</u>	<u>1,174</u>
Key management compensation (including salaries and benefits)	Management	Directors' fee	<u>6,855</u>	<u>27,907</u>	<u>18,000</u>	<u>74,142</u>

Notes to the financial statements (continued)
For the year ended to 31 December 2024

20. Lease commitments

The Company leases office premises under an operating lease arrangement with minimum lease commitments as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Within 1 year	5,700	22,943	22,800	93,138
2 to 5 years	-	-	5,700	23,285
	<u>5,700</u>	<u>22,943</u>	<u>28,500</u>	<u>116,423</u>

21. Tax contingencies

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. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have different interpretations and the effects could be significant.

22. Significant accounting policies

22.1 Basis of aggregation

The Company's financial statements comprise the financial statements of the head office and its branches. All inter-branch balances and transactions have been eliminated.

22.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost using the effective interest method in the statement of financial position.

22.3 Deposits and placements with banks

Deposits and placements with banks are carried at amortised cost using the effective interest method in the statement of financial position.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.4 Deposits and placements with the NBC

Deposits and placements with the NBC, including capital guarantee deposit, are carried at amortised cost using the effective interest method in the statement of financial position.

Capital guarantee deposit is maintained in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by defined percentages of minimum share capital as required by the NBC. Capital guarantee is 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.

22.5 Loan to customers

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

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

22.6 Other assets

Other assets are carried at amortised cost using the effective interest method in the statement of financial position.

22.7 Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in profit or loss.

(ii) Subsequent costs

The costs of replacing a part of an item of property and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

East Micro Plc.

Notes to the financial statements (continued) For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.7 Property and equipment (continued)

(iii) Depreciation

Depreciation is charged so as to allocated the cost of assets less their residual value over there estimated useful lives. Depreciation starts when the assets is readily available for use. The annual depreciation method and useful lives for property and equipment are as follows:

Leasehold improvements	4 years	Using a straight-line method
Furniture and fixtures	4 years	Using a straight-line method
Other equipment	4 years	Using a straight-line method
Computer equipment	4 years	Using a straight-line method
Motor Vehicles	5 years	Using a straight-line method
Vehicles	8 years	Using a straight-line method

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.

22.8 Intangible assets

Intangible assets consist of computer software license and related costs are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over an estimate useful life of 4 to 10 years using a straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

22.9 Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. 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.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.9 Impairment (continued)

Non-financial assets (continued)

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 of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

22.10 Other liabilities

Other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

22.11 Provisions

Provisions are recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

22.12 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Other long-term employee benefits

The Company’s net obligation in respect of long-term employee benefits, including seniority indemnity obligation, is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.13 Dividends

Dividends declared and approved by the Company's shareholders before the end of reporting date are recognised as a liability and accounted for as a deduction from the retained earnings in the financial statements.

Dividends declared and approved by the Company's shareholders after the reporting date are not recognised as a liability but disclosed as the subsequent events note in the financial statements.

22.14 Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

22.15 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

22.17 Income tax

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

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.17 Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

22.18 Financial assets and financial liabilities

(i) Recognition

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

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

The Company classifies its financial assets and liabilities as basic financial instruments in accordance with Section 11, Basic Financial Instruments.

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or settled, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.18 Financial assets and financial liabilities (continued)

(v) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.18 Financial assets and financial liabilities (continued)

(vii) Identification and measurement of impairment

Objective evidence of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets that are measured at cost or amortised cost. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Individual and collective assessment

All individually significant assets are individually assessed for impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the management.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.18 Financial assets and financial liabilities (continued)

(vii) Identification and measurement of impairment (continued)

Individual and collective assessment (continued)

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Measurement

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Reversal of impairment and written off

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the entity shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account.

The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The entity shall recognise the amount of the reversal in profit or loss immediately.

The Company writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the management determines that there is no realistic prospect of recovery.

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Notes to the financial statements (continued) For the year ended to 31 December 2024

22. Significant accounting policies (continued)

22.19 Regulatory reserves

The NBC issued Prakas No. B7-017-344 dated 1 December 2017 on Credit Risk Grading and Provision on Impairment and Circular No. B7-018-001 dated 16 February 2018 on the Implementation of Prakas on Credit Risk Grading and Provision on Impairment, which require all banks and financial institutions ("Institution") to measure the impairment and provide sufficient allowance for bad and doubtful loans based on the new credit risk grading and provision as follows:

Classification	Number of days past due	Allowance
Short-term loans (less than one year):		
Standard	0 - 14 days	1%
Special mention	15 - 30 days	3%
Sub-standard	31 - 60 days	20%
Doubtful	61 - 90 days	50%
Loss	91 - days or more	100%
Long-term loans (more than one year):		
Standard	0 - 29 days	1%
Special mention	30 - 89 days	3%
Sub-standard	90 - 179 days	20%
Doubtful	180 - 359 days	50%
Loss	360 - days or more	100%

In accordance with Article 73, the entity shall compare the provision calculated in accordance with above requirements, and the Company's record which is under CIFRS for SMEs:

- (i) If the regulatory provision is lower, the entity records the provision calculated in accordance with CIFRS for SMEs; and
- (ii) If the regulatory provision is higher, the entity records the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings into regulatory reserves in the equity account.

22.20 Related parties

Enterprises and individual that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including the holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including Directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals, also constitute related parties.

Notes to the financial statements (continued)
For the year ended to 31 December 2024

23. Upcoming changes in Accounting Standards

On 27 February 2025, the International Accounting Standards Board issued the third edition of the IFRS for SMEs, introducing revisions to key areas, including revenue recognition. As IFRS for SMEs is adopted in Cambodia, the updated standard will be applicable upon issuance. The standard is effective for annual periods beginning on or after 1 January 2027, with early adoption permitted. Management is assessing its impact and will adopt it in line with the effective date or earlier if appropriate.