

C.K.L.S FINANCE PLC.

(Registered in the Kingdom of Cambodia)

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT AUDITORS**

FOR THE YEAR ENDED 31 DECEMBER 2025

CORPORATE INFORMATION

Company	:	C.K.L.S FINANCE PLC.	
Registration No.	:	2000100564	
Registered office	:	No 204, Street 19, Snguon Pech village Sangkat Kantaok, Khan Kamboul Phnom Penh, Kingdom of Cambodia	
Shareholders	:	Mr. Svay Sokkhen Mr. Pichet Botha Mr. Pheng Pheap Mr. Yan Sovoeurn Mr. You Saosamphea Mr. Yan Penh Mr. Nouch Tharo	
Board of directors	:	Mr. Svay Sokkhen Mr. Pichet Botha Mr. Pheng Pheap Mr. Yan Sovoeurn Mr. You Saosamphea Mr. Yan Penh Mr. Nouch Tharo	Chairman Director Director Director Director Director Director
Principal bankers	:	National Bank of Cambodia Wing Bank (Cambodia) Plc. Chief (Cambodia) Commercial Bank Plc. Sathapana Bank Plc. AMK Microfinance Institution Plc. Camma Microfinance Limited. Kongkea Capital MFI Plc.	
Auditors	:	REACHS & PARTNERS Co., Ltd.	

C.K.L.S FINANCE PLC.

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C.K.L.S Finance Plc.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the "Directors") hereby submits this report together with the audited financial statements of C.K.L.S Finance Plc. ("the Company") for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITY

The Company is principally engaged in the operation of a Rural Credit Institution ("RCI") in accordance with the regulations of the National Bank of Cambodia. The Company provides a range of financial services, including the granting of unsecured and secured loans to individuals, farmers, and micro, small and medium-sized enterprises (MSMEs), primarily in rural and semi-urban areas.

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

FINANCIAL PERFORMANCE

The financial performance for the year ended 31 December 2025 is set out in the statement of comprehensive income on page 7.

SHARE CAPITAL AND DIVIDENDS

The Company's registered capital amounts to KHR 350,000,000 represented by 8,750 ordinary shares, each having a par value of KHR 40,000 per share. All authorised shares are issued and fully paid up.

During the year ended 31 December 2025, the Company declared and paid dividends amounting to KHR 34,904,000 as approved by the Board of Directors.

The dividend declaration was determined based on financial performance, and cash flow considerations.

RESERVES AND PROVISIONS

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

ASSETS

Before the financial statements of the Company were drawn up, the Directors took reasonable steps to ensure that any assets, which were unlikely to be 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 realize.

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

BAD AND DOUBTFUL LOANS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- a. Any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- b. Any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of micro-finance business and as disclosed in the financial statements.

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

CHANGES OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The financial performance of the Company for the financial year were not, in the opinion of the Directors, materially affected by any item, transaction or event of a material and unusual nature.

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

EVENTS SINCE THE REPORTING DATE

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

BOARD OF DIRECTORS

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

Name	Position
Mr. Svay Sokkhen	Chairman
Mr. Pichet Botha	Director
Mr. Pheng Pheap	Director
Mr. Yan Sovoeurn	Director
Mr. You Saosamphea	Director
Mr. Yan Penh	Director
Mr. Nouch Tharo	Director

DIRECTORS' INTERESTS

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

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objective 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.

There is no member of the Board of Directors of the Company have received or became entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors) by reason of a contract made by the Company with the Directors or with a firm of which the Directors are members, or with a company in which the Directors have 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 for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with the financial reporting framework indicated therein. In preparing these financial statements, the Directors are required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgments 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 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 and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- v. control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions 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 THE DIRECTORS

I, on behalf of the Board of Directors, do hereby approve the accompanying financial statements, together with the notes thereto, which have been drawn up to present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the CIFRS for SMEs.



On behalf of the Board of Directors,

Mr. Pheng Pheap
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: 19 May 2026

**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF C.K.L.S FINANCE PLC.**

Opinion

We have audited the financial statements of C.K.L.S FINANCE PLC. ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended, in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to audits of the financial statements in Cambodia. We have also 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 Matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditors whose report dated 30 June 2025 expressed an unmodified opinion on those financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Board of Directors as set out on pages 1 to 3, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with CIFRS for SMEs, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF C.K.L.S FINANCE PLC. (continued)**

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

For **REACHS & PARTNERS Co., Ltd.**



E Bunthet
Partner

Phnom Penh, Kingdom of Cambodia
Date: 19 May 2026

C.K.L.S FINANCE PLC.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Note	2025 KHR'000	2024 KHR'000
Assets			
Cash on hand	6	-	8,091
Deposits and placements with the NBC	7	28,000	28,000
Deposits and placements with other banks	8	60,212	258,862
Loans to customers	9	2,958,273	4,521,842
Other assets	10	29,887	23,749
Amount due from related parties	23	80,260	-
Property and equipment	11	59,327	77,239
Total assets		3,215,959	4,917,783
Liabilities and equity			
Liabilities			
Borrowing	12	757,872	950,009
Amount due to related parties	23	3,130,867	2,945,748
Other liabilities	13	357,298	338,190
Income tax payable	21(ii)	2,239	33,899
Total liabilities		4,248,276	4,267,846
Equity			
Share capital	14	350,000	350,000
Regulatory reserves	15	-	482,549
Accumulated losses		(1,382,317)	(182,612)
Total equity		(1,032,317)	649,937
Total liabilities and equity		3,215,959	4,917,783

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

C.K.L.S FINANCE PLC.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

		2025	2024
	Note	KHR'000	KHR'000
Interest income	16	3,468,849	3,193,834
Interest expense	17	(537,661)	(460,569)
Net interest income		2,931,188	2,733,265
Other income	18	113,514	129,435
Other operating expenses	19	(2,999,900)	(2,248,430)
Operating profit		44,802	614,270
Allowance for impairment losses	20	(1,663,108)	(533,754)
Profit before income tax		(1,618,306)	80,516
Income tax expense	21(i)	(29,044)	(67,267)
Total comprehensive (loss) / income		(1,647,350)	13,249

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

C.K.L.S FINANCE PLC.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share capital KHR'000	Regulatory reserves KHR'000	Accumulated losses KHR'000	Total KHR'000
As at 1 January 2025	350,000	482,549	(182,612)	649,937
Loss for the year	-	-	(1,647,350)	(1,647,350.00)
Dividends paid for the year	-	-	(34,904)	(34,904)
Transferred to retained earnings	-	(482,549)	482,549	-
As at 31 December 2025	350,000	-	(1,382,317)	(1,032,317)
As at 1 January 2024	350,000	222,015	601,787	1,173,802
Profit for the year	-	-	13,249	13,249
Dividends paid for the year	-	-	(543,240)	(543,240)
Adjustment	-	-	6,126	6,126
Transferred from regulatory reserves	-	260,534	(260,534)	-
As at 31 December 2024	350,000	482,549	(182,612)	649,937

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

C.K.L.S FINANCE PLC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 KHR'000	2024 KHR'000
Cash flows from operating activities			
(Loss) / Profit before income tax		(1,618,306)	80,516
<i>Adjustments for:</i>			
Management adjustment		-	6,126
Depreciation	11	26,238	26,581
Allowances for loan losses	20	1,664,163	533,754
Operating cash flows before working capital changes		72,095	646,977
<i>Changes in working capital:</i>			
Loans to customers		(100,594)	(1,210,321)
Other assets		(6,138)	50,248
Other liabilities		(12,552)	(14,154)
Cash generated used in operations		(47,189)	(527,250)
Income tax paid	21(ii)	(60,704)	(48,656)
Net cash used in operating activities		(107,893)	(575,906)
Cash flows from investing activities			
Acquisitions of property and equipment	11	(8,326)	(32,560)
Net cash used in investing activities		(8,326)	(32,560)
Cash flows from financing activities			
Amount due from related parties	23	(80,260)	-
Amount due to related parties	23	190,617	840,627
Proceed from borrowing		60,000	574,073
Repayment of borrowing		(219,604)	(92,949)
Payment of dividends	13	(34,904)	(543,240)
Net cash (used in)/from financing activities		(84,151)	778,511
Net change in cash and cash equivalents		(200,370)	170,045
Cash and cash equivalents at beginning of the year		269,568	99,523
Foreign currency translation		(7,426)	-
Cash and cash equivalents at end of the year	22	61,772	269,568

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. ENTITY INFORMATION

C.K.L.S FINANCE PLC. (“the Company”) is incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MOC”) as a public limited company under registration No. 2000100564 dated 3 December 2021. The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a rural credit institution on 28 March 2024.

The Company is principally engaged in the operation of a Rural Credit Institution (“RCI”) in accordance with the regulations of the National Bank of Cambodia. The Company provides a range of financial services, including the granting of unsecured and secured loans to individuals, farmers, and micro, small and medium-sized enterprises (MSMEs), primarily in rural and semi-urban areas.

The Company’s business address is at No 204, Street 19, Snguon Pech village, Sangkat Kantaok, Khan Kamboul, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2025, the Company had 69 employees (2024: 62 employees).

2. BASIS OF PREPARATION

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

The preparation of these financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported periods. It also requires management to exercise its judgment in applying the Company’s accounting policies. Although these estimates and judgements are based on the management’s best knowledge of current events and actions, actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the significant accounting policies and measurement basis which are summarised below. These policies have been consistently applied to the periods presented, unless otherwise stated.

3.1 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). The Company transacts its business essentially in Khmer Riel (“KHR”) and maintains its accounting records primarily in KHR; therefore, management has determined the KHR to be the Company’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company’s operations.

Transactions in foreign currencies other than the KHR are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the KHR at year-end exchange rates are recognised in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Financial assets and financial liabilities

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

All recognized financial assets and financial liabilities are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets and financial liabilities.

All financial assets and financial liabilities of the Company are classified as basic financial instruments, comprising cash and cash equivalents, deposits and placements with the NBC and other banks, loans to customers, related parties balances, borrowings, other receivables and other payables.

These financial assets and financial liabilities are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial.

(iii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flow from this asset expire or settled, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is cancelled, discharged or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Amortised cost and effective interest method

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial asset, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including transaction costs, other premiums or discounts and all fees paid or received that form an integral part of the effective interest rate) through the expected life of the financial asset or financial liability or, when appropriate, a shorter period to the gross carrying amount of the financial asset or the amortised cost of the financial liability on initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Financial assets and financial liabilities (continue)

(v) Offsetting

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

(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.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.3 Impairment of financial assets

Objective evidence of impairment

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

The criteria the Company uses to determine whether there is objective evidence of impairment loss includes:

- i. indications that the borrower or a group of borrowers is experiencing significant financial difficulty;
- ii. the probability that they will enter bankruptcy or other financial reorganization;
- iii. default of delinquency in interest or principal amounts;
- iv. the restructuring of a loan on terms that the Company would not consider otherwise;
- v. the disappearance of an active market for a security; or
- vi. observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Impairment of financial assets (continued)

Impairment assessments

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

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. The loan receivables are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed.

Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated using a formula approach on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Assumptions are made to determine the required input parameters and to define the inherent losses to estimate the required loss allowance. In assessing the collective loss allowance, management considers factors such as ageing profile, credit quality, portfolio size, concentrations and economic trends. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Measurement

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Reversal of impairment and write off

If, in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment is reversed by adjusting the 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 Company shall recognise the amount of the reversal in profit or loss immediately.

When a financial asset is uncollectible, it is written off against the related allowance for the financial asset. Such financial assets are written off after the realizable value of collateral has been taken into consideration, if any, when in the judgment of the management, there is no prospect of recovery. The subsequent recovery of the written-off loan is recognised as other income in profit or loss upon incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with the NBC and Deposits and placements with other banks with original maturities of three months or less and are subject to an insignificant risk of changes in value.

3.5 Statutory deposits with the NBC

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

3.6 Loans to customers

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

Loans to customers are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Loans to customers are stated at the amount of principal plus accrued interest less unearned incomes and allowance for impairment loss.

3.7 Other assets

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

3.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation of property and equipment is calculated on a straight line basis to allocate the costs over the estimated useful lives of the assets as follows:

Items	Useful life
Leasehold improvement	5 years
Furniture and fixtures	2 years – 4 years
Office Equipment	2 years – 4 years
Computer equipment	1 years – 3 years
Motor vehicles	4 years – 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Other liabilities

Other liabilities are initially recognised at transaction price and are subsequently measured at amortised cost, unless the effect of discounting would be immaterial, in which case they are stated at cost.

3.10 Provisions

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

If the effect is material, provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation. The unwinding of the discount is recognised as interest expense.

3.11 Interest income and expense

Interest income and expense for all financial assets or financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, when appropriate, a shorter period to the carrying amount of the financial asset or financial liability.

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

3.12 Fees and commission income and expense

Fees and commission incomes and expenses that are not integral to effective interest rate at amortised cost are recognised as incomes and expenses when related services are rendered and received.

Other fees and income on penalty charged for late payment and penalty charged on early paid off are recognised when cash is received.

Other fees and commission expenses are recognised as the services are received.

3.13 Employee benefits

Short-term employee benefits such as wages, salaries, bonuses, social security contributions, seniority indemnity payment, and non-monetary benefits are measured on an undiscounted basis and are accrued in the year when employees rendered their services to the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Income taxes

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

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

3.15 Operating leases

Leases in which substantially all the risks and rewards of ownership of assets are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

3.16 Related parties

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Regulatory reserves

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

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

Article 73 of the Prakas requires the Company to compare the provision calculated in accordance with above Prakas and that calculated in accordance with CIFRS for SMEs:

- i. If the regulatory provision is lower, the Company shall record the provision calculated in accordance with CIFRS for SMEs.
- ii. If the regulatory provision is higher, the Company shall record the provision calculated in accordance with CIFRS for SMEs and the difference will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision be lower than accumulated impairment based on CIFRS for SMEs. The regulatory reserve is set aside as a buffer and is non-distributable.

4. NEW AND AMENDED STANDARDS NOT YET ADOPTED

The Third Edition of the IFRS for SMEs Accounting Standard has been published and will be concurrently adopted as the CIFRS for SMEs in Cambodia. The new standard is mandatory for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. However, the Company has not early adopted the amended standard in preparing these financial statements and has elected to apply it from its mandatory effective date. This revised edition introduces significant amendments across various accounting areas, aiming to better align the IFRS for SMEs with recent updates to full IFRS standards. Key changes include updates to the presentation of financial statements, consolidation, financial instruments, revenue recognition, and other reporting areas.

As of the reporting date, management is evaluating the potential impact of these changes on the Company's financial statements, including any necessary amendments to accounting policies, disclosures, and financial reporting processes, which are expected to be required in future reporting periods.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

5. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Impairment losses of financial assets

The Company makes allowance for impairment losses on loan to customers and other financial assets based on assessment of recoverability. When making a judgement on the estimation of allowance for impairment losses of loans to customers and other financial assets, Management analyses segmentation of loan to customer portfolios and other financial assets, and considers its ageing profile, historical loss experience, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment position. The accuracy of the allowance depends on the model assumptions and parameters used in determining the loss allowance. If the expectation is different from the estimation, such difference will impact the carrying value of loans to customers and other financial assets.

(ii) 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 estimates on historical experience, the expected usage and wear and tear of the assets.

(iii) Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at the reporting date. However, the application of tax laws and regulations to various transactions is subject to differing interpretations when reassessed by tax authorities of the General Department of Taxation. These may result in tax increases and other retroactive tax claims and penalties. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the tax liabilities in the financial period upon final determination by the tax authorities.

6. CASH ON HAND

	2025	2024
	KHR'000	KHR'000
Khmer Riels	-	5,765
US Dollars	-	2,326
	-	8,091

7. DEPOSITS AND PLACEMENTS WITH THE NBC

	2025	2024
	KHR'000	KHR'000
Statutory deposit (*)	28,000	28,000
	28,000	28,000

(*) Statutory deposit represents a five percent capital guarantee deposit on the Company's registered share capital to comply with NBC's Prakas No. B7-06-209 Prokor dated 13 September 2006. The guarantee deposit is refundable when the Company voluntarily liquidates its activities and has no deposit liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

	2025 KHR'000	2024 KHR'000
In Cambodia:		
Current accounts	61,770	261,477
Saving accounts	2	-
	61,772	261,477
Less: Allowance for impairment losses	(1,560)	(2,615)
	60,212	258,862

Current accounts are non-interests bearing and matured within one month. A saving account earns interest rate of 2% per annum.

Movements in the impairment loss allowance are as follows:

	2025 KHR'000	2024 KHR'000
At 1 January	2,615	865
Allowance for impairment loss	(1,055)	1,750
At 31 December	1,560	2,615

The above amounts are analyses as follow:

	2025 KHR'000	2024 KHR'000
Khmer Riels	33,568	193,414
US Dollars	28,204	68,063
	61,772	261,477

9. LOANS TO CUSTOMERS

	2025 KHR'000	2024 KHR'000
Long term	4,189,283	4,632,260
Short term	585,094	611,450
	4,774,377	5,243,710
Accrued interest receivable	785,736	215,809
Loans to customers, gross	5,560,113	5,459,519
Allowance for loan losses	(2,601,840)	(937,677)
Loans to customers, net	2,958,273	4,521,842

The movements in allowance for loan losses on loans to customers are as follows:

	2025 KHR'000	2024 KHR'000
As at 1 January	937,677	752,607
Allowance for the period	1,664,163	532,004
Foreign currency translation	-	(346,934)
As at 31 December	2,601,840	937,677

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

9. LOANS TO CUSTOMERS (continued)

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

	2025 KHR'000	2024 KHR'000
a) By maturity:		
Within one year	585,094	611,450
One to five years	4,189,283	4,632,260
	<u>4,774,377</u>	<u>5,243,710</u>
b) By currency:		
US Dollar	3,166,383	3,610,708
Khmer Riels	1,607,994	1,633,002
	<u>4,774,377</u>	<u>5,243,710</u>
c) By status of residence:		
Residents	4,774,377	5,243,710
	<u>4,774,377</u>	<u>5,243,710</u>
d) By relationship:		
External customers	4,774,377	5,243,710
	<u>4,774,377</u>	<u>5,243,710</u>
e) By industry:		
Household/family	3,495,692	3,445,074
Trade and commerce	833,558	1,189,160
Agriculture	161,557	204,565
Service	114,556	169,382
Transportation	7,006	27,794
Construction	2,512	9,727
Others	159,496	198,008
	<u>4,774,377</u>	<u>5,243,710</u>
f) By security		
Secured	3,575,915	3,962,626
Unsecured	1,198,462	1,281,084
	<u>4,774,377</u>	<u>5,243,710</u>
	2025 % p.a.	2024 % p.a.
g) By interest rates:		
Individual loan	12%-18%	12%-18%

10. OTHER ASSETS

	2025 KHR'000	2024 KHR'000
Prepayments	17,425	17,479
Refundable deposits	3,924	1,145
Others	8,538	5,125
	<u>29,887</u>	<u>23,749</u>

C.K.L.S FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

11. PROPERTY AND EQUIPMENT

	Leasehold improvements KHR'000	Furniture and fixture KHR'000	Office equipment KHR'000	Computer and equipment KHR'000	Vehicles KHR'000	Total KHR'000
Cost						
At 1 January 2025	4,683	68,217	-	44,280	12,995	130,175
Additions	-	5,097	-	3,229	-	8,326
At 31 December 2025	4,683	73,314	-	47,509	12,995	138,501
Accumulated depreciation						
At 1 January 2025	1,069	26,747	-	21,562	3,558	52,936
Charged for the year	575	12,985	-	10,112	2,566	26,238
At 31 December 2025	1,644	39,732	-	31,674	6,124	79,174
Carrying amounts						
At 31 December 2025	3,039	33,582	-	15,835	6,871	59,327
Cost						
At 1 January 2024	4,683	48,902	2,974	33,294	7,762	97,615
Additions	-	15,858	483	10,986	5,233	32,560
Reclassification	-	3,457	(3,457)	-	-	-
At 31 December 2024	4,683	68,217	-	44,280	12,995	130,175
Accumulated depreciation						
At 1 January 2024	485	11,948	1,572	11,306	1,044	26,355
Charged for the year	584	11,138	2,089	10,256	2,514	26,581
Reclassification	-	3,661	(3,661)	-	-	-
At 31 December 2024	1,069	26,747	-	21,562	3,558	52,936
Carrying amounts						
At 31 December 2024	3,614	41,470	-	22,718	9,437	77,239

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

12. BORROWINGS

	2025 KHR'000	2024 KHR'000
Camma Microfinance Limited. (i)	520,095	602,208
Kongkea Capital MFI Plc. (ii)	177,777	284,444
Chief (Cambodia) Commercial Bank Plc. (iii)	60,000	-
MVU Investment Plc. (iv)	-	63,357
	<u>757,872</u>	<u>950,009</u>

- (i) These borrowings are secured, bear interest rates of 10.2% to 15.6% per annum and matures at their respective maturity dates, which range 60 months to 102 months from the commencement dates.
- (ii) The borrowing is secured, bears an interest rate of 18% per annum and has maturity period of 36 months from 8 August 2024.
- (iii) The borrowing is secured, bears an interest rate of 10% per annum and has maturity period of 22 months from 8 December 2025.
- (iv) The borrowing is secured, bears an interest rate of 24% per annum and was fully settled as at 31 December 2025.

13. OTHER LIABILITIES

	2025 KHR'000	2024 KHR'000
Collection from customers	239,039	244,890
Accrued professional fee	24,714	24,714
Other tax payables	15,913	16,841
Accrued interest payable	16,685	16,256
Others	60,947	35,489
	<u>357,298</u>	<u>338,190</u>

14. SHARE CAPITAL

The authorised share capital of the Company is KHR 350,000,000 represented by 8,750 ordinary shares, each having a par value of KHR 40,000 per share. All authorised shares are issued and fully paid up.

The Company's shareholders and their respective interests are as follows:

	2025			2024		
	% of ownership	Number of shares	Amount KHR'000	% of ownership	Number of shares	Amount KHR'000
Mr. Svay Sokkhen	14.29%	1,250	50,000	14.29%	1,250	50,000
Mr. Pichet Botha	14.29%	1,250	50,000	14.29%	1,250	50,000
Mr. Pheng Pheap	14.29%	1,250	50,000	14.29%	1,250	50,000
Mr. Yan Sovoeurn	14.29%	1,250	50,000	14.29%	1,250	50,000
Mr. You Saosampeha	14.29%	1,250	50,000	14.29%	1,250	50,000
Mr. Yan Penh	14.29%	1,250	50,000	14.29%	1,250	50,000
Mr. Nouch Tharo	14.29%	1,250	50,000	14.29%	1,250	50,000
	<u>100.00%</u>	<u>8,750</u>	<u>350,000</u>	<u>100.00%</u>	<u>8,750</u>	<u>350,000</u>

During the year ended 31 December 2025, the Company declared and paid dividends amounting to KHR 34,904,000 as approved by the Board of Directors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

15. REGULATORY RESERVES

Regulatory reserves represent the variance between the loss allowance calculated in accordance with CIFRS for SMEs and the regulatory provision required by the National Bank of Cambodia. As the loss allowance determined under CIFRS for SMEs exceeds the provision required by NBC, all previously recognised regulatory reserves have been fully reversed.

	2025 KHR'000	2024 KHR'000
At 1 January	482,549	222,015
Transfer (to) / from accumulated losses	(482,549)	260,534
At 31 December	-	482,549

16. INTEREST INCOME

	2025 KHR'000	2024 KHR'000
Interest income is earned from:		
Loans to customers	3,468,808	3,191,122
Deposits and placements with banks	41	2,712
	3,468,849	3,193,834

17. INTEREST EXPENSE

	2025 KHR'000	2024 KHR'000
Borrowings from related parties	424,146	365,066
Financial institution	113,515	95,503
	537,661	460,569

18. OTHER INCOME

	2025 KHR'000	2024 KHR'000
Penalty income	46,155	55,335
Gain on currency exchange rate	17,582	-
Others	49,777	74,100
	113,514	129,435

C.K.L.S FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025****19. OTHERS OPERATING EXPENSES**

	2025	2024
	KHR'000	KHR'000
Salary and bonus expense	1,605,387	1,523,982
Loss on currency exchange rate	700,619	15,730
Rental expense	190,729	159,674
Professional fee	90,355	90,422
Fuel and gasoline expenses	85,839	100,389
Transportation expense	81,892	64,514
Membership fee	41,021	59,296
Repaired and maintenance expense	41,824	53,883
Communication expense	27,980	20,272
Depreciation expense	26,239	26,580
Office supplies	22,994	25,723
Utilities expense	18,794	18,108
Incentive expenses	16,782	24,247
License fee	9,711	6,195
Other tax expense	3,200	-
Other employee expenses	3,122	22,479
Security expense	1,203	480
Uniform expense	360	11,001
Others	31,849	25,455
	2,999,900	2,248,430

20. ALLOWANCE FOR IMPAIRMENT LOSSES

	2025	2024
	KHR'000	KHR'000
Loans to customers	1,664,163	532,004
Deposits and placements with banks	(1,055)	1,750
	1,663,108	533,754

21. INCOME TAX EXPENSE

	2025	2024
	KHR'000	KHR'000
Income tax expense	29,044	67,267
	29,044	67,267

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
21. INCOME TAX EXPENSE (continued)
(i) Reconciliation of income tax

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

	2025 KHR'000	2024 KHR'000
(Loss) / profit before income tax	(1,618,306)	80,516
Income tax @ 20%	(323,661)	16,103
Effects of non-deductible expenses	145,254	81,695
Effect of temporary differences	154,149	(101,926)
Tax losses carry forward	24,258	71,395
Current income tax	-	67,267
Minimum tax	29,044	33,369
Income tax expense	29,044	67,267

(ii) Income tax payable

	2025 KHR'000	2024 KHR'000
At the beginning of the year	33,899	15,288
Tax charge during the year	29,044	67,267
Paid during the year	(60,704)	(33,369)
Under provision of taxation	-	(15,287)
At the end of the year	2,239	33,899

(iii) Tax loss carried forward

The Company is entitled to carry each individual tax loss forward to offset against taxable profits arising within five (5) years subsequent to the year in which the loss was incurred. At the reporting date, the Company has estimated tax losses of KHR 121,290,000 available for offset against future taxable profits.

Tax loss is subject to assessment by General Department of Taxation ("GDT")

(iv) Deferred tax

The Company did not recognise deferred tax from tax loss carried forward and other deferred tax assets or liability as the Directors believe that is not probable that future taxable income will be available from which the Company can utilise the tax benefits thereon.

22. CASH AND CASH EQUIVALENTS

	2025 KHR'000	2024 KHR'000
Deposits and placements with other banks	61,772	261,477
Cash on hand	-	8,091
	61,772	269,568

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

23. RELATED PARTY DISCLOSURES

Significant related party balances and transactions for the year are as follows:

23.1 Related party balances

Related party	Relationship	Nature	2025 KHR'000	2024 KHR'000
Amount due from related parties				
Mr. Svay Sokkhen	Shareholder (*)	Cash Advance	80,260	-
Amount due to related parties				
Mr. Svay Sokkhen (i)	Shareholder (**)	Borrowings	239,086	239,386
Mr. Pichet Botha (ii)	Shareholder (**)	Borrowings	239,086	239,386
Mr. Pheng Pheap (iii)	Shareholder (**)	Borrowings	239,086	239,386
Mr. Yan Sovoeurn (iv)	Shareholder (**)	Borrowings	239,086	239,386
Mr. You Saosamphea (v)	Shareholder (**)	Borrowings	239,086	239,386
Mr. Yan Penh (vi)	Shareholder (**)	Borrowings	239,086	239,386
Mr. Nouch Tharo (vii)	Shareholder (**)	Borrowings	239,086	239,386
Mr. Beng Simet (viii)	Other related parties (***)	Borrowings	421,526	422,786
Ms. Yoeurn Dany (ix)	Other related parties (***)	Borrowings	280,910	281,750
Mr. Pichet Phumra (x)	Other related parties (***)	Borrowings	174,566	163,013
Mr. Yan chantha (xi)	Other related parties (***)	Borrowings	160,520	161,000
Mrs. Sek Dany (xii)	Other related parties (***)	Borrowings	120,390	40,250
Mrs. Yan vannat (xiii)	Other related parties (***)	Borrowings	120,390	120,750
Mrs. Sroy Chanthou (xiv)	Other related parties (***)	Borrowings	56,182	-
Ms. Teang Vanna (xv)	Other related parties (***)	Borrowings	80,260	60,375
Ms. Meng Kantha and	Other related parties (***)			
Mr. Heng chamreoun (xvi)		Borrowings	22,071	-
Mr. Cheam Sunrattana (xvii)	Other related parties (***)	Borrowings	20,065	-
Mr. Tan Meng (xviii)	Other related parties (***)	Borrowings	-	20,122

(*) The amount due from shareholder is unsecured, non-interest bearing, and repayable on demand, with no fixed repayment terms.

(**) These borrowings are unsecured, bear interest rates ranging from 8.76% to 9.72% per annum, and mature 12 months from their respective commencement dates.

(***) These borrowings are unsecured, bear interest rates ranging from 8.79% to 24% per annum, and have mature periods ranging from 3 to 36 months from their respective commencement dates.

Movement of the borrowings from related parties are as follows:

(i) Mr. Svay Sokkhen	2025 KHR'000	2024 KHR'000
At 1 January	239,386	162,182
Proceed of loan	-	239,386
Repayment	-	(160,700)
Foreign currency translation	(300)	(1,482)
At 31 December	239,086	239,386

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

23. RELATED PARTY DISCLOSURES (continued)

23.1 Related party balances (continued)

(ii) Mr. Pichet Botha

	2025	2024
	KHR'000	KHR'000
At 1 January	239,386	162,182
Proceed of loan	-	239,386
Repayment	-	(160,700)
Foreign currency translation	(300)	(1,482)
At 31 December	239,086	239,386

(iii) Mr. Pheng Pheap

	2025	2024
	KHR'000	KHR'000
At 1 January	239,386	162,182
Proceed of loan	-	239,386
Repayment	-	(160,700)
Foreign currency translation	(300)	(1,482)
At 31 December	239,086	239,386

(iv) Mr. Yan Sovoeurn

	2025	2024
	KHR'000	KHR'000
At 1 January	239,386	162,182
Proceed of loan	-	239,386
Repayment	-	(160,700)
Foreign currency translation	(300)	(1,482)
At 31 December	239,086	239,386

(v) Mr. You Saosamphea

	2025	2024
	KHR'000	KHR'000
At 1 January	239,386	162,182
Proceed of loan	-	239,386
Repayment	-	(160,700)
Foreign currency translation	(300)	(1,482)
At 31 December	239,086	239,386

(vi) Mr. Yan Penh

	2025	2024
	KHR'000	KHR'000
At 1 January	239,386	162,182
Proceed of loan	-	239,386
Repayment	-	(160,700)
Foreign currency translation	(300)	(1,482)
At 31 December	239,086	239,386

(vii) Mr. Nouch Tharo

	2025	2024
	KHR'000	KHR'000
At 1 January	239,386	162,182
Proceed of loan	-	239,386
Repayment	-	(160,700)
Foreign currency translation	(300)	(1,482)
At 31 December	239,086	239,386

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

23. RELATED PARTY DISCLOSURES (continued)

23.1 Related party balances (continued)

<i>(viii) Mr. Beng Simet</i>	2025 KHR'000	2024 KHR'000
At 1 January	422,786	20,588
Proceed of loan	160,520	825,286
Repayment	(160,520)	(422,786)
Foreign currency translation	(1,260)	(302)
At 31 December	421,526	422,786
<i>(ix) Ms. Yoeurn Dany</i>	2025 KHR'000	2024 KHR'000
At 1 January	281,750	-
Proceed of loan	-	281,750
Foreign currency translation	(840)	-
At 31 December	280,910	281,750
<i>(x) Mr. Pichet Phumra</i>	2025 KHR'000	2024 KHR'000
At 1 January	163,013	205,440
Proceed of loan	140,817	52,250
Repayment	(128,778)	(92,250)
Foreign currency translation	(486)	(2,427)
At 31 December	174,566	163,013
<i>(xi) Mr. Yan chantha</i>	2025 KHR'000	2024 KHR'000
At 1 January	161,000	102,125
Proceed of loan	-	60,375
Foreign currency translation	(480)	(1,500)
At 31 December	160,520	161,000
<i>(xii) Mrs. Sek Dany</i>	2025 KHR'000	2024 KHR'000
At 1 January	40,250	142,975
Proceed of loan	137,445	66,375
Repayment	(57,185)	(167,000)
Foreign currency translation	(120)	(2,100)
At 31 December	120,390	40,250
<i>(xiii) Mrs. Yan vannat</i>	2025 KHR'000	2024 KHR'000
At 1 January	120,750	222,550
Repayment	-	(100,000)
Foreign currency translation	(360)	(1,800)
At 31 December	120,390	120,750

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

23. RELATED PARTY DISCLOSURES (continued)

23.1 Related party balances (continued)

<i>(xiv) Mrs. Sroy Chanthou</i>	2025	2024
	KHR'000	KHR'000
At 1 January	-	70,000
Proceed of loan	425,378	-
Repayment	(369,196)	(70,000)
At 31 December	56,182	-
<i>(xv) Ms. Teang Vanna</i>	2025	2024
	KHR'000	KHR'000
At 1 January	60,375	-
Proceed of loan	80,260	60,375
Repayment	(60,195)	-
Foreign currency translation	(180)	-
At 31 December	80,260	60,375
<i>(xvi) Ms. Meng Kantha & Mr. Heng chamreoun</i>	2025	2024
	KHR'000	KHR'000
At 1 January	-	-
Proceed of loan	73,438	-
Repayment	(51,367)	-
At 31 December	22,071	-
<i>(xvii) Mr. Cheam Sunrattana</i>	2025	2024
	KHR'000	KHR'000
At 1 January	-	-
Proceed of loan	20,065	-
At 31 December	20,065	-
<i>(xviii) Mr. Tan Meng</i>	2025	2024
	KHR'000	KHR'000
At 1 January	20,122	20,425
Proceed of loan	214,696	20,125
Repayment	(234,761)	(20,125)
Foreign currency translation	(57)	(303)
At 31 December	-	20,122

23.2 Related party transactions

Significant related party transactions for the year are as follows:

	2025	2024
	KHR'000	KHR'000
Interest expenses	424,146	365,066
Key management remuneration	453,336	567,641

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025****24. LEASE COMMITMENTS**

The Company has commitments for the lease of its head office under an operating lease arrangement with future minimum lease amounts due as follows:

	2025 KHR'000	2024 KHR'000
Within one year	87,644	107,545
More than one to five years	141,819	212,218
	<u>229,463</u>	<u>319,763</u>

25. FINANCIAL RISK MANAGEMENT

The Company's financial risk management is to identify all key risks, measure these risks, manage the risk positions and determine capital allocations, and to optimise returns for its shareholders whilst minimizing the potential adverse impact arising from volatility of the financial markets. The Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company.

The following are policies and guidelines adopted by the Company to manage financial risks related to its business activities.

25.1 Operational risk

The operational risk is the risk of losses arising from inadequate or failed internal processes, people or systems or from external factors. This risk is managed through established operational risk management processes, along with proper monitoring and reporting of the business activities by control and support functions and oversight provided by the management.

The operational risk management involves establishing policies and procedures that provide guidance to key operating units on the risk governance structure and the baseline internal controls necessary to identify, assess, monitor, and control operational risks. Internal control policies and measures that have been implemented include the establishment of signing authorities, defining system parameter controls, streamlining procedures and enhancement of documentation to ensure compliance with regulatory and legal requirements. These controls are reviewed periodically, taking into consideration the Company's business objectives, strategies, and applicable regulatory requirements.

25.2 Credit risk

The Company's exposure to credit risk is the risk of financial loss arising when customers or market counterparties fail to meet their contractual obligations to the Company when due. Credit risk primarily arises from loans to customers resulting from the Company's lending activities.

The Company has set up the Credit Risk Policy which is designed to govern the Company's risk undertaking activities. Procedures of risk limit setting, monitoring, and control are governed by internal policies which set out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation and procedures under which a credit product will be offered and measured.

Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet their contractual obligations and reviewing these lending limits where appropriate. Credit risk is also managed by obtaining collateral from customers or personal guarantees as well as by providing allowances for loan losses.

The Company also ensures that there is a clear segregation of duties between loan originators, evaluators and approving authorities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

25. FINANCIAL RISK MANAGEMENT (continued)

25.2 Credit risk (continued)

(i) Risk limit control and mitigation policies

The company manage, limits and controls the concentration of credit risk whenever it is identified. Limits on level of credit risk by product and industry sector are approved by the Directors.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments.

The company employs a range of policies and practices to mitigate credit risks. The most traditional of these is the taking of security in the form of collateral for loan to customers, which is a common practice. The company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types that the company accepts to secure for loans to customers includes land, building and other properties, and accordingly the Company normally assumes minimal risks.

(ii) Credit risk measurement

The Company's risks are measured using a method that reflects both the loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on incurred loss models. The models make use of probabilities derived from historical experience. The Company continuously monitors all financial assets subject to impairment in order to assess whether there has been an increase in credit risk since initial recognition.

The Company use day past due (DPD) as a primary input into the determination of the term structure of the PD for exposures. The Company collect performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 15 days and 30 days past due for short-term and long-term, respectively, unless the Company has reasonable and supportable information that demonstrates otherwise.

(iii) Exposure to credit risk with regards to loans to customers

The analysis of concentrations of credit risk on loans to customers at the reporting date is shown in the following tables without taking into account collateral or other credit enhancements. The amounts in the table represent gross carrying amounts.

	2025	2024
	KHR'000	KHR'000
Loans to customers		
Neither past due nor impaired	2,794,705	3,320,281
Past due but not impaired	501,427	884,132
Individually impaired	1,478,245	1,039,297
	<u>4,774,377</u>	<u>5,243,710</u>

Neither past due nor impaired

Neither past due nor impaired loans to customers are good quality loans to customers for which there is no experience of default. These loans are supported by collaterals and management views that likelihood of default is relatively low.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

25. FINANCIAL RISK MANAGEMENT (continued)

25.2 Credit risk (continued)

(iii) Exposure to credit risk with regards to loans to customers (continued)

Past due but not impaired loans

Past due but not impaired loans to customers are those for which contractual interest or principal payments that are past due less than 30 days for short-term loans and 90 days for long-terms loans, unless other information is available to indicate otherwise.

Impaired loans

Individually impaired loans to customers are loans to customers for which the Company determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans to customers.

Management is confident of its ability to control and maintain minimal exposure to credit risk and believes that Company's maximum exposure to credit risk is limited to the carrying amount of loans to customers less allowances for loan losses.

25.3 Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, and the two key components being foreign currency exchange risk and interest rate risk.

(i) Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates from time to time.

The Company has no material exposures to currency risk as it transacts essentially in the Company's functional currency, Khmer Riels. Monetary assets and liabilities are significantly dominated in KHR. Therefore, there is no currency exposures and no analysis for foreign exchange risk was presented.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from loans to customers and borrowings.

The Company have no financial assets and liabilities with floating interest rates, and therefore, the Company does not use derivative financial instruments to hedge such risk.

The table below summaries the Company's exposure to interest rate risks. It includes the company's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

25. FINANCIAL RISK MANAGEMENT (continued)

25.3 Market risk (continued)

(ii) Interest rate risk (continued)

2025	Up to 1 month KHR'000	>1-12 months KHR'000	>1-5 years KHR'000	Over 5 years KHR'000	Non-interest bearing KHR'000	Total KHR'000	Interest rates %
Financial assets							
Cash on hand	-	-	-	-	-	-	
Deposits and placements with NBC	-	-	-	-	28,000	28,000	
Deposits and placements with banks	-	2	-	-	61,770	61,772	2%
Loans to customers	-	585,094	4,189,283	-	-	4,774,377	12% - 18%
Amount due from related parties	-	80,260	-	-	-	80,260	
Other assets*	-	-	-	-	25,963	25,963	
Total financial assets	-	665,356	4,189,283	-	115,733	4,970,372	
Financial liabilities							
Borrowings	-	-	757,872	-	-	757,872	10.2% - 24%
Amount due to related parties	-	-	3,130,482	-	-	3,130,482	8.76% - 24%
Other liabilities**	-	-	-	-	341,385	341,385	
Total financial liabilities	-	-	3,888,354	-	341,385	4,229,739	
Total interest pricing gap	-	585,096	300,929	-	(225,651)	660,374	

C.K.L.S FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

25. FINANCIAL RISK MANAGEMENT (continued)

25.3 Market risk (continued)

(ii) Interest rate risk (continued)

2024	Up to 1 month KHR'000	>1-12 months KHR'000	>1-5 years KHR'000	Over 5 years KHR'000	Non-interest bearing KHR'000	Total KHR'000	Interest rates %
Financial assets							
Cash on hand	-	-	-	-	8,091	8,091	
Deposits and placements with NBC	-	-	-	-	28,000	28,000	
Deposits and placements with banks	-	-	-	-	261,477	261,477	0.1%
Loans to customers	-	611,450	4,632,260	-	-	5,243,710	12% - 18%
Other assets*	-	-	-	-	22,604	22,604	
Total financial assets	-	1,697,276	4,980,207	-	450,864	7,128,347	
Financial liabilities							
Borrowings	-	63,356	886,653	-	-	950,009	10.2% - 24%
Amount due to related parties	-	-	2,945,748	-	-	2,945,748	8.76% - 24%
Other liabilities**	-	-	-	-	321,349	321,349	
Total financial liabilities	-	63,356	3,832,401	-	321,349	4,217,106	
Total interest pricing gap	-	1,633,920	1,147,806	-	129,515	2,911,241	

*Excluded prepayment

**Excluded tax payables

C.K.L.S FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

25. FINANCIAL RISK MANAGEMENT (continued)

25.4 Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

The Company's management closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans is monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provide an analysis of financial assets and liabilities of the Company into relevant maturity groupings based on the remaining period to repayment. The amounts disclosed represent the contractual undiscounted cash flows.

2025	Up to 1 month KHR'000	>1-12 months KHR'000	>1-5 years KHR'000	Over 5 years KHR'000	No fixed maturity dates KHR'000	Total KHR'000
Financial assets						
Cash on hand	-	-	-	-	-	-
Deposits and placements with NBC	-	-	-	-	28,000	28,000
Deposits and placements with banks	-	2	-	-	61,770	61,772
Loans to customers	-	585,094	4,189,283	-	-	4,774,377
Amount due from related parties	-	80,260	-	-	-	80,260
Other assets*	-	-	-	-	25,963	25,963
Total financial assets	-	665,356	4,189,283	-	115,733	4,970,372
Financial liabilities						
Borrowings	-	-	757,872	-	-	757,872
Amount due to related parties	-	-	3,130,482	-	-	3,130,482
Other liabilities**	-	-	-	-	341,385	341,385
Total financial liabilities	-	-	3,888,354	-	341,385	4,229,739
Total maturity gap	-	585,096	300,929	-	(225,651)	660,374

C.K.L.S FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

25. FINANCIAL RISK MANAGEMENT (continued)

25.4 Liquidity risk (continued)

2024	Up to 1 month KHR'000	>1-12 months KHR'000	>1-5 years KHR'000	Over 5 years KHR'000	No fixed maturity dates KHR'000	Total KHR'000
Financial assets						
Cash on hand	-	-	-	-	8,091	8,091
Deposits and placements with NBC	-	-	-	-	28,000	28,000
Deposits and placements with banks	-	-	-	-	261,477	261,477
Loans to customers	-	611,450	4,632,260	-	-	5,243,710
Other assets*	-	-	-	-	22,604	22,604
Total financial assets	-	1,697,276	4,980,207	-	450,864	7,128,347
Financial liabilities						
Borrowings	-	63,356	886,653	-	-	950,009
Amount due to related parties	-	-	2,945,748	-	-	2,945,748
Other liabilities**	-	-	-	-	321,349	321,349
Total financial liabilities	-	63,356	3,832,401	-	321,349	4,217,106
Total maturity gap	-	1,633,920	1,147,806	-	129,515	2,911,241

**Excluded prepayment*

***Excluded tax liabilities*

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

26. CAPITAL MANAGEMENT

The Company considers the need to balance efficiency, flexibility and adequacy when assessing sufficiency of capital, determining capital management plans and developing business strategies. These considerations are addressed through an internal capital adequacy assessment process and the key features of which include:

- (a) assessing both economic and regulatory of minimum capital requirements set by the NBC;
- (b) safeguarding the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (c) maintaining a strong capital base to support the business growth and development.

The Directors monitor and manage the Company's capital structure, including debt levels and liquidity position, to ensure compliance with applicable regulatory capital requirements and to maintain sufficient financial flexibility to support its operations.

27. TAX CONTINGENCIES

Taxes are subject to review and investigation by tax authorities of the General Department of Taxation (GDT). Due to varying interpretations of tax laws and regulations, certain transactions may be subject to challenge by these tax authorities, potentially resulting in additional tax liabilities, retrospective tax assessments, and penalties.

The Management believes that they have adequately provided for tax liabilities based on their interpretation of tax legislation. However, if a particular treatment is to be challenged by the tax authorities, the Company may be subject to additional taxes, penalties, and interest, whose effects could be significant. Tax years remain open for review by the GDT for three years, with a possible extension of up to ten years.

28. EVENTS AFTER THE REPORTING DATE

The Directors have evaluated events after the end of the reporting period until the date of authorisation of these financial statements. The Directors affirm that no material events which would require adjustments or disclosures in the financial statements.

29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2025 were approved for issue by the Board of Directors on 19 May 2026.