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SABAY CREDIT COMMERCIAL PLC.

របាយការណ៍ប្រចាំឆ្នាំ

2017

ANNUAL REPORT

សេដ្ឋកិច្ចរឹងមាំ ជួះល្អ ជីវិតប្រសើរ

SABAY CREDIT COMMERCIAL PLC.

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របាយការណ៍ប្រចាំឆ្នាំ ២០១៧

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SABAY CREDIT COMMERCIAL PCL.'S BACKGROUND



KHAU KIMBAC
Chief Executive Officer

SABAY CREDIT COMMERCIAL Microfinance institution is established by local Cambodian chairman his Excellency Khau Kimbac. His commitment is to help grow the economics sector, social development and alleviation the poverty in Cambodia. Especially, he wants Cambodian to live in luxury house.

“SABAY” refers to joyful or happiness. It stands for logo and management of our institution. SBCC is a limited liability company under Royal of kingdom of Cambodia regulations. The company is received the registration number No 11579 from the Ministry of the commerce dated on 22nd October 2015. And, on 11th May 2016 the company has obtained the formal license from the National Bank of Cambodia, which is the central bank of Cambodia. The official number registration is No 68. He is so proud of receiving official registrations number from these two ministries. He will serve and provide more products to fulfill clients’ demand and market, for better house and better life in more areas throughout country.



VISION

SBCC OFFERS A NEW SOURCE OF FINANCIAL SERVICES AND PROVIDES AN OPPORTUNITY TO CAMBODIAN TO ACHIEVE THEIR GOALS.

MISION

SBCC CONTRIBUTES TO IMPROVE CAMBODIAN'LIVES BY SUPPORTING PERSONAL AND BUSINESS INVESTMENT.

GOAL

SBCC STRENGTHENS AND DEVELOPS ECONOMICS OF RURAL AND CITY IN CAMBODIA.

LOCATION

The head of office of SBCC is located at No 228, Preah Norodom Boulevard, Sangkat Tonle Basacc, Khan Chamkamorn Phnom Penh. It is the head office where we operate our activities to individual and enterprisers.



MESSAGE FROM CHAIRMAN



KHAU KIMBAC
Chairman

Dear Fellow Stakeholders,

Economic sector is the core sector boosting economic growth of Cambodia. Mostly, the economic activities are dominated by financial provider like microfinance sector, bank sector and the other. They are the main providers of financial services to individual, small and medium enterprisers, and investors. Thus, the Cambodia's economic growth increases in 6.9 percent in 2017 according the news World Bank report. This occurs

due to the politics and economic stability in our country. It expects to be higher in more few years. Additionally, construction industry is also the main driver to force growth as our country is developing country. It serves Cambodians to have standard houses and better living.

SBCC achievements are relatively higher compared to 2016. Our institution deeply involved in strengthening the quality of loans, reducing loan at risk, expanding operations , providing more varieties of products and services. The operation of plans and strategies made our SBCC more successfully. SBCC is going to be a strong Microfinance among the others in Cambodia in the next few years. And we promised to push and find best ways to improve our capacity following an independent auditor.

Lastly, as a representative of the board of directors, I would like to profound thanks to all managements, staffs working hard and having strong commitments to achieve our goals effectively.

MESSAGE FROM CHAIRMAN (cont.)

I am as enjoyable as being as a director.
Especially, I would like to thanks to National bank
of Cambodia and authorities always help us to
improve, rectify, and orient to get more successful.
I wish all stakeholders of 4 blessings, healthy,
successful, long life, and integrity.
Thanks you!

Signature



Mr KHAU KIMBAC, CHAIRMAN

MESSAGE FROM CEO



KHAU KIMBAC

Chief Executive Officer

First of all, I really appreciate contribution of all managements, staffs, board of directors, executive committee to accomplish the plan that we had set and made noticeable growth in 2017. In recent year, the loan outstanding rose significantly 2,363,981 compared 2,047,644 USD in 2016. It shows positive margin of 15.45%. Moreover, the number of clients was 22 in 2017, but only 17 clients in 2016. To add more, SBCC spread operation to cover 16 villages in 2017. It was more than the last year 11 villages. In addition, I briefly described about financial performance of SBCC.

It showed positive margin in our company.

The asset in 2017 was 5,086,487 USD, which raised in 1.26% compared from previous year. Moreover, total operation income increased in 104.75% whereas in 2016. Furthermore, profit after tax was 32,554 USD, showing 41.60% a financial gain from last year. Hence, every 100 USD got 0.64% on return on average equity. It must be increase in coming year .It revealed company's achievement and positive signs for SBCC. Board of directors, I would like to profound thanks to all managements, staffs working hard and having strong commitments to achieve our goals effectively.

SBCC provided many products and services to different purposes of loan, in recent year; our client loans' purposes using consumer loan product reached 55% of total clients. In the next year we plan to meet the other products and services. SBCC always cared, satisfied and developed the needs of clients and existing clients with different four products and service.

MESSAGE FROM CEO (con)

It played the main roles to attract more new clients, investors, and gaining more profit for our institution. To make the growth of company as well as economic of Cambodia, SBCC plans to disburse in Khmer currency, which will make an increase in Khmer currency in our country. It is also regulation from National bank of Cambodia. Every parts of company go smoothly depending on the human resources. Our human resource increases twice from previous year. Accordingly, SBCC send staff to join training courses, conferences and other educational training. SBCC was so proud of our staff members' qualifications, capacities, and leadership.

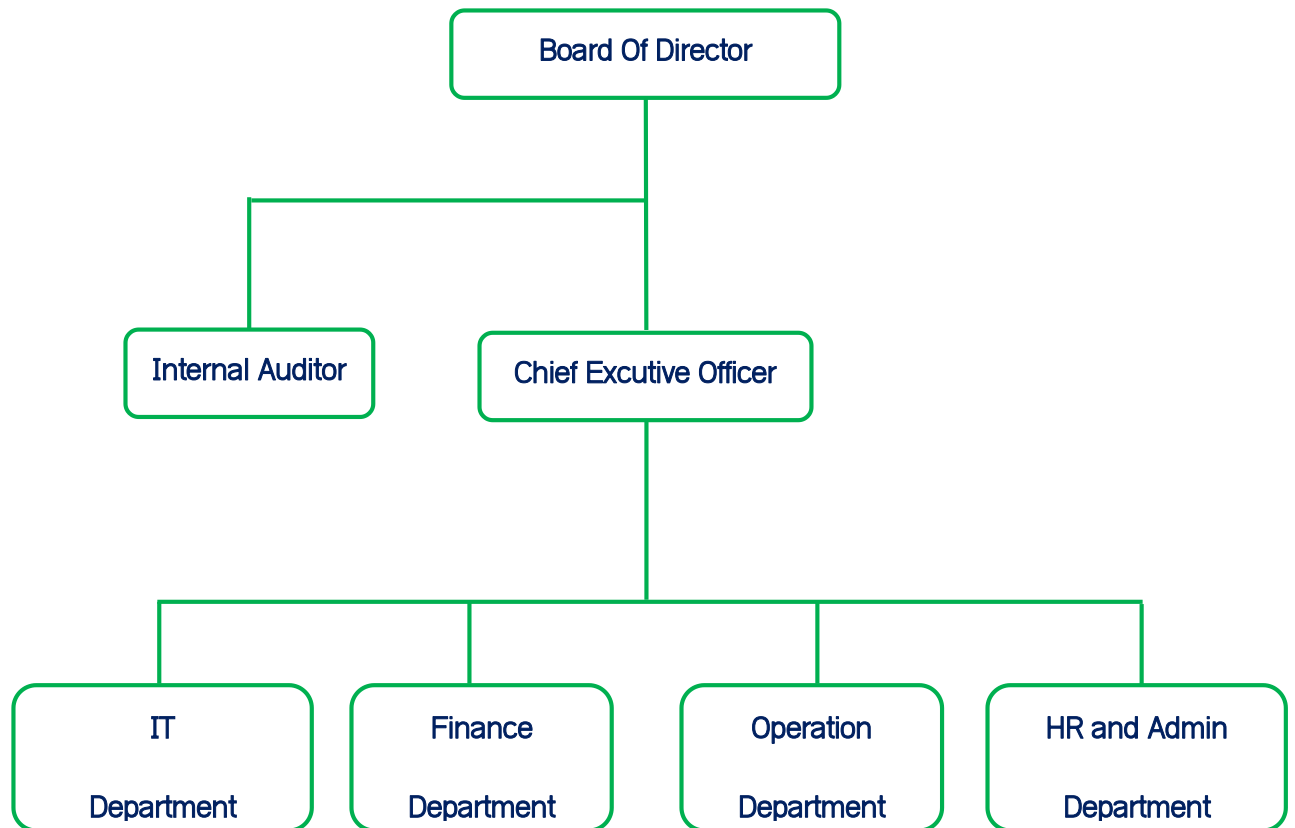
I am so pleased to show you the detail of our operational performance highlight, financial performance highlight and financial report audited for the year end 2017. I hope they will provide for better understanding of SBCC's result.

Sincerely yours,



Khau Kimbac, CEO

COMPANY STRUCTURE



LICENSE FROM NBC



BOARD OF DIRECTOR

Mr. KHAU Kimbac, Chief of BOD

He start working with the company since it was operated in 2015 with the position of Chief Executive Officer .since 1989 until now he is Chief Executive Officer at Asia Flour Mill Crop. And 1993 till 1999 he was an assistant to H.E Sor Kheng Deputy Prime Minister, Minister of Ministry of Interior. Moreover, in 1999 till now he is direct advisor to Samdach Chea Sim and H.E Sor Kheng Deputy Prime Minister, Minister of Ministry of Interior. He is graduated Bachelor degree of Economy.



Mr. LY Roland, Independent Director

Since 2001 to 2003 he was work for BNP and CDC IXIS Company in The position of Keys accounts sales assistant in Paris. In 2004 till 2005 He work in New-York with the position of Trader assistant, from 2005 to 2015 he worked for SOCIETE GENERAL Company for ten years, with the position of Executive Director in Hong Kong City. He graduated master degree in major of Economic and finance at REIMS MANAGEMENT SCHOOL.



Mr. LIN Chealeng, Member

From 2006 to 2007 he worked for Cabinet Arice Company in the position of Accountant and Auditing Assistant in Paris. In 2009 he worked for Chinao Company with the position of cash registration assistant by the computer system at Paris later on he worked for Grand Chroy Changva Development Ltd until now in the position of Managing Supervisor in 2012 until now .He graduated Master Of Art in Management from Durham Business School in U.K.



MANAGEMENT TEAM

Mr. KHAU Kimbac, Chief of BOD

He start working with the company since it was operated in 2015 with the position of Chief Executive Officer .since 1989 until now he is Chief Executive Officer at Asia Flour Mill Crop. And 1993 till 1999 he was an assistant to H.E Sor Kheng Deputy Prime Minister, Minister of Ministry of Interior. Moreover, in 1999 till now he is direct advisor to Samdach Chea Sim and H.E Sor Kheng Deputy Prime Minister, Minister of Ministry of Interior. He is graduated Bachelor degree of Economy.



Mr. KHAT Mare, Operatiion Manager

Mr. Khat Mare had joined SBCC in June 2016 as Operation Manager. Period of this, He spent for 14 years in Bank Industry such as Branch Manager at Cambodia Commercial Bank (CCB) at Battambang Branch from Jan to May, 2016 and from 2011 to 2015 he is a Mortgage Manager at Hong Leong Bank (HLB) and had worked at Phnom Penh Commercial Bank (PPCB) as Marketing and Credit Officer(Level 4) and furthermore, He's the best foundation background for famous bank in local(ACLEDA Bank), he's different position in Bank as Vice President of Assistant of Marketing Officer, Vice President of Assistant of Internal Audit Officer, Vice President of Assistant of Credit Officer that worked for long time from 2003 to 2011. Whatever on he had obtain bachelor degree of Economic Science with specialist of Finance and Banking at Royal of University of Law and Economic (RULE),



Mr. TEK Heng, HR Manager

Mr. Tek Heng, born in 1976, joined SBCC MFI in 2016 with the position of HR manager. He was an account and Administrator Doung Chhiv import export from 1993 to 2000. From 2001 to 2005 he worked for Flood Repair Program in the position of Accounts Manager. From 2006 until now he worked for Asia Flour Mill Crop as HR Manager He holds a Bachelor Degree of business Management and is Phd applicant for Public Administration of Royal Academy school of Cambodia.



Mr. SEA Dara, Head of IT

He used to be an IT lecturer in the private School and he used to volunteer at Google summer of code as Website Developer and Programmer in 2012 and he joined with Elite-Team IT for develop system Client-Server in 2014 and he became a team leader. In 2014 he worked in the private company IT officer and Server administrator (Asia Flour Mill Corp). He is working for Sabay Commercial Plc. in 2016 as IT Manager. He holds a Bachelor Degree of Engineering and Science.

**Mr. LAY Sothy, Admin Manager**

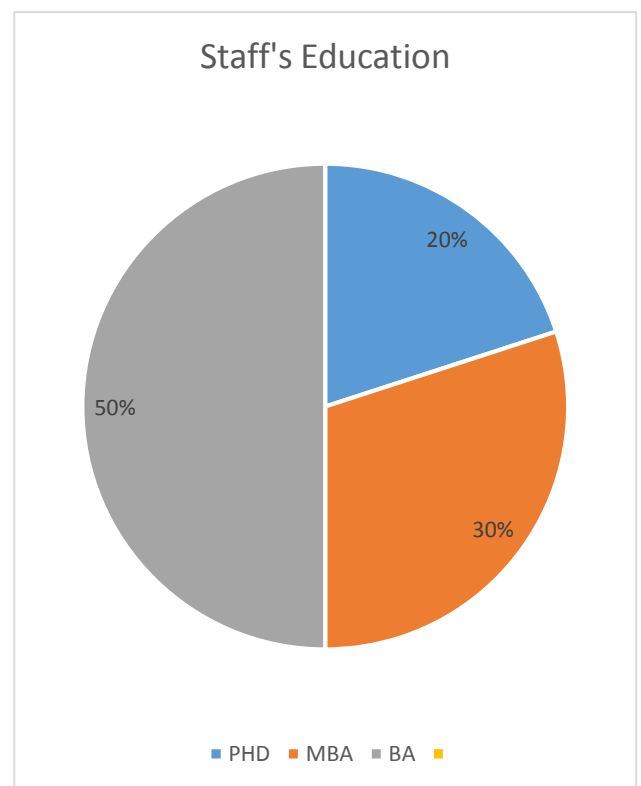
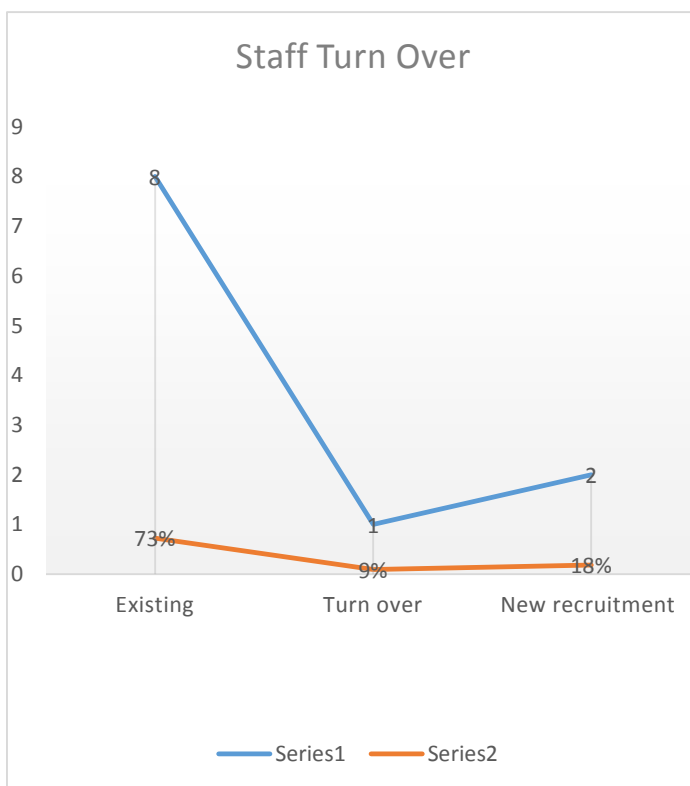
Mrs. Lay Sothy, born in 1959, joined SBCC MFI in 2016 with the position of Admin manager. In 1979 till now she worked for Asia Flour Mill Crop as Admin Manager. She holds a Bachelor Degree of law.

**Mr. HEM Kimyuth, Internal Auditor**

Ms. Hem Kimyuth, was born in 1965, has joined SBCC MFI since February 2016. She experienced working as Accountant for Asia Flour Mill Crop started from Jan until now. She worked with many bank such as THAI FARMER, MUNICIPALE BANK. She graduated Accounting Field from Human Resource Organization.



HUMAN RESOURCES



For human resource information of SBCC in 2017, SBCC employed 11 employees, who 7 of them are male and the rest of all are women. During this year, one staff had turned over from our institution, which it was equal to 9% of total staffs. This resignation was due to demand of human resource workforce with rapid growth of financial industry. Instead, the new recruitment of our institution made up 18% of all the staffs in 2017. In the term of education, 20% of staffs' education gained a Doctor Degree, while 30% of theirs achieved a postgraduate degree or Master degree and the highest per cent of education stood for Bachelor degree.



PRODUCTS & SERVICES

OUR PRODUCTS

At the beginning of our operation, SBCC has designed four types of products available to clients the same as the previous year. These products introduced to Micro loan, Individual Loan (small loan), Consumer loan and Medium loan.

LOAN TYPES

1. MICRO LOAN

It established for agriculture business or farming, which has high majority of population in Cambodia. They are mostly for farmers or labor workers. The eligible for this kind of loan collateral must be soft or hard. The age of clients should be up from 18.

The loan size begins up to 1,500.00 USD. In this loan segment, the interest charges from 1.3% to 1.5% and the maximum duration is 24 months

2. SMALL LOAN

This type of loan can be offered and available to citizen age above 18 or up, who live in Phnom Penh city. It requires soft or hard collaterals for secure loan. Especially, clients must have evidence of income that can support their repayment. Small Loan targets for self-employed or household. These kinds of businesses include individual store owner, street vendors, meat and vegetable sellers, grocery sellers etc.

Loan size is starting from 1,500.00 USD to 50,000.00 USD. The interest rate is from 1.1 % to 1.3% with the loan duration is maximum 60 months.

3. MEDIUM LOAN

This kind of products is suitable for medium enterprises, personal need or businesses that needing large movement of working capital to expand their growth. This medium loan provides occasion for our institution to build reputation and good network in community. Medium loan require the hard titles and soft titles that are authorized at district level. The client acceptable is from 18 or up 65.

The loan size is from 50,000.00 USD up with the interest rate 1% to 1.2 % per month with the longest tenure 120 months.

4. CONSUMER LOAN

Consumer loan provides housing loan or additional source of financing to purchase personal household goods like material or furniture to beauty their houses or essential in everyday living (e.g., wood salon or air conditional). The demand of buying the house is dramatically increasing, due to the growth of population. Therefore, the construction industry has been highly emerged as the one of the main economics driving force of Cambodia.

Consumer loan amount of this product is 10,000.00 up. The interest rate is charged from 1 % to 1.5% per month. The loan tenure is 180 months.

TABLE 1 – Key Features Sabay Credit Commercial Loan Products

Loan Types	Term (month)	Interest Rate p.a	Loan Limit (USD)	Land/house collateral
Micro Loan	Up to 24months	15.60-18%	1,500 up	Yes
Small Loan	Up to 60 months	13.2.4-15.6%	1,500-50,000	Yes
Medium Loan	Up to 120 months	12-14.4%	50,000.00up	Yes
Consumer Loan	Up to 180 months	10.80-14.4%	10,000.00up	Yes

OPERATIONAL PERFORMANCE



OPERATIONAL AREAS

Operational Areas	2016	2017
City	1	3
Province	1	2
District	1	11
Commune	7	16
Village	7	17

LOAN PORTFOLIO

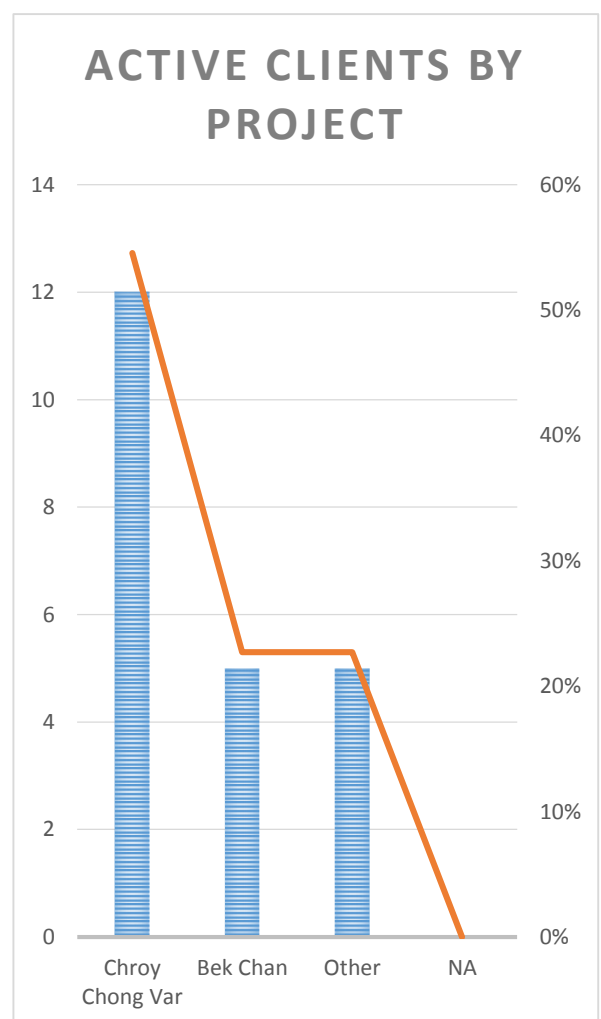
Loan Portfolio	2016	2017
Loan Disbursement	2,195,767 USD	2,708,182 USD
Outstanding Loan	2,068,327 USD	2,498,853 USD

BORROWERS

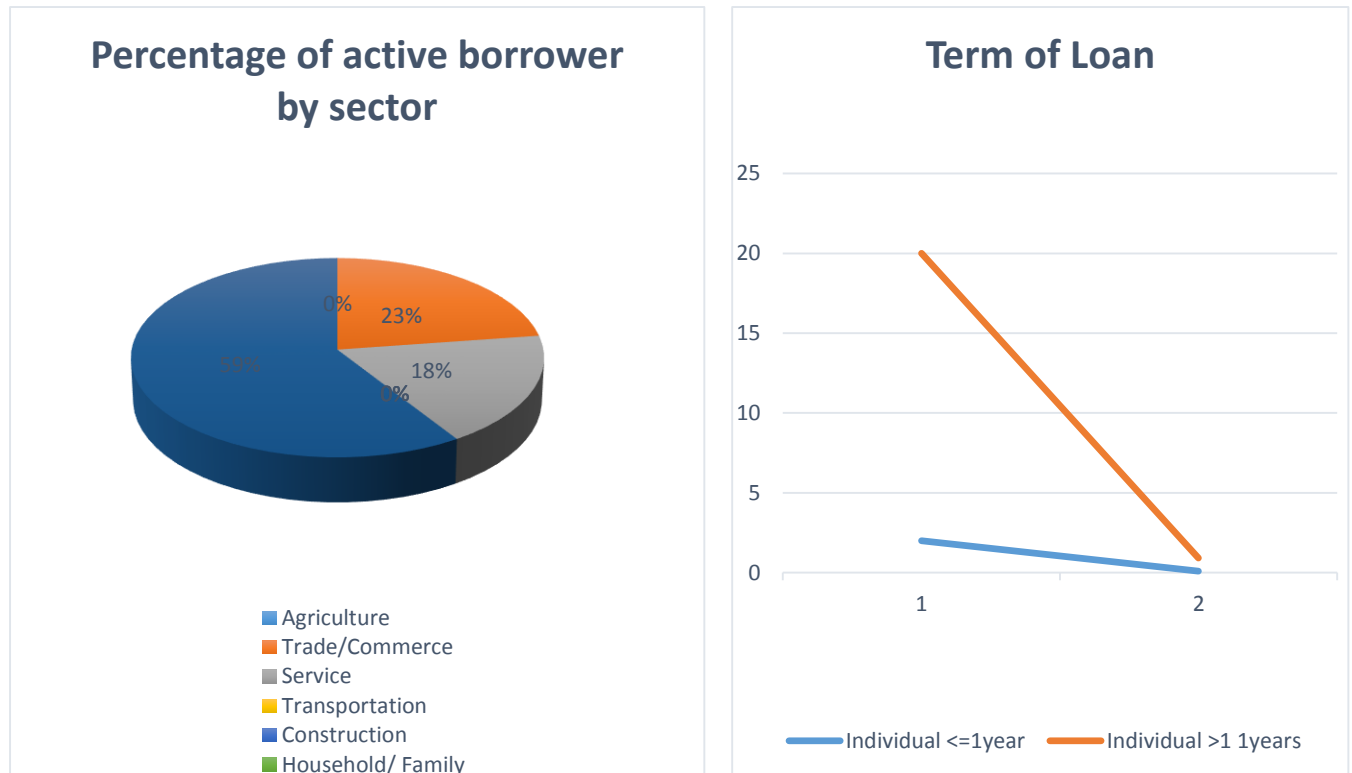
Year	2016	2017
Women	3	6
Men	14	16
Total Borrower	17	22

ACTIVE CLIENTS BY PROJECT

The line graph of active client by projects report showed significantly remarkable of SBCC in 2017. The number of clients used consumer loan (buying the house) in Chroy Chong Var projects increased sharply 55 percent of total clients. While, its number dropped gently in 23 percent, which was equal to 5 clients using consumer loan in Bek Chan. In addition, the percentage of working capital loan remained the same as Bek Chan project. In next year, SBCC will focus more on the new project as the well as the other products.



ACTIVE BORROWER BY SECTOR



Every type of businesses loan has impact on economy itself. In last year, the number of other grew steeply in 59 per cent of all sectors. Whereas, the number of service sector declined suddenly to 18 per cent of 4 clients compared to 23 per cent of trade and commerce. Unlikely, the sectors of agriculture, transportation, construction and household/family hadn't reached the number yet. In upcoming year, SBCC is going to disburse more loans on the absent of sectors. Furthermore, the duration of loan bigger than one year rose sharply in 91 percent, opposing to its loan smaller or equal to one year that made up only 9 per cent of 2 clients.

OPERATIONAL HIGHLIGHTS

Operational Highlights	2016	2017	Changes%
Amount of Loan Disbursed	2,195,767.00	2,708,182.00	23.34%
Number of active loans	17	22	
Loan outstanding	2,068,327.34	2,498,853.15	20.82%
Number of Active Borrowers	17	22	
Number of Villages	7	20	
Number of Credit officers	1	2	
Woman Borrowers	3	6	
Men Borrowers	14	16	

FINANCIAL PERFORMANCE

Dollar	2016	2017
Total Assets	5,023,374.00	5,086,487.00
Net Loan Portfolio	2,047,644.00	2,363,981.00
Total Liabilities	384.00	30,943.00
Total Equity	5,022,990.00	5,055,544.00
Total operation Income	145,825.00	298,577.00
Operation Cost	100,784.00	118,595.00
Profit After Tax	22,990.00	32,554.00



FINANCIAL AUDITED 2017 REPORTS

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REPORT OF THE DIRECTORS

The Directors hereby submit their report and the audited financial statements of Sabay Credit Commercial Plc. (“The Company”) for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is in microfinance operation. There have been no significant changes in the nature of this activity during the financial year.

RESULTS OF OPERATIONS

	Year ended 31 December 2017		Year ended 31 December 2016
	US\$	KHR'000	US\$
Profit for the financial year	<u>32,554</u>	<u>131,420</u>	<u>22,990</u>

DIVIDENDS

The Directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the current financial year.

BAD AND DOUBTFUL LOANS

Before the income statement and balance sheet were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans and satisfied themselves that there were no known bad loans and that adequate allowance had been made for doubtful loans.

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

CURRENT ASSETS

Before the income statement and balance sheet were made out, the directors took reasonable steps to ensure that for any current assets which were unlikely to be realized in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount expected if realized.

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

VALUATION METHODS

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

Contingent and other liabilities

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

- (i) Any charges on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) Any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially 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 end and the date of this report by item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year for which this report is made.

SHARE CAPITAL

The Company's capital as at 31 December 2017 was US\$ 5,000,000 by way of issuance of 5,000,000 ordinary shares of US\$1.

No option to take up unissued shares in the Company was granted during the period and there were no shares under options at the end of the period in respect of shares in the Company.

DIRECTOR

The director who have held for office are:

Mr. KHAU KIMBAC Shareholder and Director

DIRECTOR'S BENEFITS

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

Since the end of previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- (a) Adopt appropriate accounting policies which are supported by reasonable judgments and estimates and then apply them consistently;
- (b) Comply with disclosure requirements of the Cambodian Accounting Standards (“CASs”) and the guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of financial statements 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;
- (c) Maintain adequate accounting records and an effective system of internal controls;
- (d) Prepare the financial statement on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- (e) 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 they have complied with the above requirements in preparing the financial statements.

STATEMENT BY THE DIRECTOR

In the opinion of the Directors, the financial statements set out on page 8 to 38 have been drawn up in accordance with Cambodian Accounting Standards and the guidelines issued by the National Bank of Cambodia so as to give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board,



Mr. Khau Kimbac

Director

Phnom Penh, Cambodia

Date 24 April 2018



REPORT OF THE INDEPENDENT AUDITOR

To the Shareholders

SABAY CREDIT COMMERCIAL PLC

Opinion

We have audited the financial statements Sabay Credit Commercial Plc (“the Company”), which comprise the balance sheet as at 31 December 2017, the income statement, statement of changes in equity and statement of cash flows for the year ended and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 38.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows in accordance with Cambodia Accounting Standards and the guidelines of the National Bank of Cambodia.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISA”). 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 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 is the report of the Directors on page 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cambodia Accounting Standards and the guidelines of the National Bank of Cambodia, 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 the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of 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 CISA 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 CISA, 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 understating 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 reasonable of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of **HRDP and Associates Co.,Ltd**



Peou Dara

Partner

Phnom Penh, Kingdom of Cambodia

Date: 24 April 2018



FINANCIAL

REPORT

BALANCE SHEET

AS AT 31 DECEMBER 2017

		As at		As at
	Note	31 December 2017		31 December 2016
		US\$	KHR'000	US\$
ASSETS				
Cash on hand	7	1,869	7,545	10,685
Balances with National Bank of Cambodia	8	251,414	1,014,958	250,563
Balances with banks	9	2,452,580	9,901,065	2,703,266
Loans and advance to customers	10	2,363,981	9,543,392	2,047,644
Other assets	11	12,185	49,191	8,966
Property and equipment	12	556	2,245	1,113
Intangible Assets	13	<u>3,902</u>	<u>15,752</u>	<u>1,137</u>
TOTAL ASSETS		5,086,487	20,534,148	5,023,374
LIABILITIES AND EQUITY				
LIABILITIES				
Other liabilities	14	410	1,655	151
Current tax liability		<u>30,533</u>	<u>123,262</u>	<u>233</u>
TOTAL LIABILITIES		30,943	124,917	384
EQUITY				
Share capital	15	5,000,000	20,185,000	5,000,000
Retained earnings		<u>55,544</u>	<u>224,231</u>	<u>22,990</u>
TOTAL EQUITY		5,055,544	20,409,231	5,022,990
TOTAL LIABILITIES AND EQUITY		<u>5,086,487</u>	<u>20,534,148</u>	<u>5,023,374</u>

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Year ended		Year ended
		Note	31 December 2017	31 December 2016
		US\$	KHR'000	US\$
Interest income	16	295,713	1,193,793	144,625
Other operating income	17	<u>2,864</u>	<u>11,562</u>	<u>1,200</u>
Total operating income		298,577	1,205,355	145,825
Other operating income	18	(118,595)	(478,768)	(100,784)
Allowance on doubtful loan	10	<u>(114,189)</u>	<u>(460,981)</u>	<u>(20,683)</u>
Profit before tax		65,793	265,606	24,358
Income tax expense	19	<u>(33,239)</u>	<u>(134,186)</u>	<u>(1,368)</u>
Profit for the financial year		<u>32,554</u>	<u>131,420</u>	<u>22,990</u>

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share Capital	Retained Earnings	Total
		US\$	US\$	US\$
Balance as at 1 January 2016		5,000,000	-	5,000,000
Net profit for the financial year		-	22,990	22,990
Balance as at 31 December 2016		<u>5,000,000</u>	<u>22,990</u>	<u>5,022,990</u>

Balance as at 1 January 2017		5,000,000	22,990	5,022,990
Share issue		-	-	-
Net profit for the financial year		-	32,554	32,554
Balance as at 31 December 2017	15	<u>5,000,000</u>	<u>55,554</u>	<u>5,055,544</u>
(KHR'000 equivalent)		<u>20,185,000</u>	<u>224,223</u>	<u>20,409,223</u>

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Year ended		Year ended
	Note	31 December 2017		31 December 2016
		US\$	KHR'000	US\$
Cash flows from operating activities				
Profit/ (Loss) before tax		65,792	265,602	24,358
Adjustment for:				
Allowance for doubtful loans	10	114,189	460,981	20,683
Amortization of intangible asset	13	1,235	4,986	962
Depreciation of property, plant and Equipment	12	557	2,245	293
Operating profit before working capital Changes		181,773	733,814	46,296
Changes in working capital				
Loans to customers		(430,526)	(1,738,033)	(2,068,327)
Other receivables		(3,217)	(12,987)	(8,966)
Other payables		-	-	-
Cash used in operations		(251,970)	(1,017,203)	(2,030,997)
Placement of statutory deposit		-	-	(250,000)
Income tax paid		(2,680)	(10,819)	(985)
Net cash used in operating activities		254,650	1,028,022	2,281,982

Cash flows from investing activities

Purchase of property, plant and Equipment	12	-	-	(1,406)
Purchase of intangible asset	13	(4,000)	(16,148)	(2,099)
Proceeds from issuance of ordinary Shares		-	-	-
Net cash from / (used in) investing Activities		(4,000)	(16,148)	(3,505)

Cash flows from financing activities

Advance from shareholders	-	-	-
Capital Injection	-	-	5,000,000
Borrowing	-	-	-
Net cash from financing activities	-	-	5,000,000
Net increase in cash and cash Equivalents	(258,650)	(1,044,170)	2,714,513
Cash and cash equivalents at Beginning of financial year	2,714,513	10,958,489	
Cash and cash equivalents at end of Financial year	2,455,863	9,914,318	2,714,513

Cash and cash equivalents comprise the following:

		As at	As at	
	Note	31 December 2017	31 December 2016	
		US\$	KHR'000	US\$
Cash on hand	7	1,869	7,545	10,685
Balances with National Bank of Cambodia (excluding statutory deposit)	8	1,414	5,708	563
Balances with other banks	9	2,452,580	9,901,065	2,703,266
		2,455,863	9,914,318	2,714,514