



គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ សប្បាយ ក្រេឌីតខម្ពេស៊ីល ភីអិលស៊ី
SABAY CREDIT COMMERCIAL PLC

ANNUAL REPORT 2018

Strong Economie, Better House, Better Life

SABAY CREDIT COMMERCIAL PLC.

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ANNUAL REPORT 2018

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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 the 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 a better house and a better life in more areas throughout the 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,

It is an honor to present about Sabay Credit Commercial's Annual Report of Financial statements and independent Auditors' report in 2018. In Reference to the Ministry of Economic and Finance, economic growth in Cambodia increases considerably by 7.5% this year, compared with 7.00% in 2017. Among all the indicators of an economy like the construction industry, microfinance and banking, apparel, tourism and agriculture and etc., the construction industry gives

potential impact on economic development. All the development in Cambodia is noticeable growth significantly from year to year due to the stable politics and economy from our Governance. Moreover, the construction industry itself has attracted both local and foreign investors, created job opportunities and firms, and offered the latest technology. To add more, all the development necessarily need finance sources for a continuing extension. And, Sabay Credit Commercial is one of the prosperous Microfinance among the others in Cambodia.

From the startup to current, Sabay Credit Commercial made financial and operational improvement resulted in 2018. In fact, in a total asset which increases extremely in 6.79 per cents in 2018 and compared with 1.26 per cents in 2017. In addition, the loan to clients relatively goes up 41.77 per cents in 2018, on the contrary, only 20.82 per cents in 2017. It showed that we had made the accomplishment of all their peers with noticeable.

MESSAGE FROM CHAIRMAN (cont.)

I profound big thank to all board of directors, management teams, and staffs have hardworking and devoted to achieving our mission and goals for continuous development than the previous year. Especially, I am pressure to thank National bank of Cambodia, authorities and other relevant always orient, rectify, and cooperate to get us more successful. Moreover, we have never forgotten our clients, we also give blessings for your trust, faith, and decision for choosing finance lending from our Microfinance.

Signature



Mr KHAU KIMBAC, CHAIRMAN

MESSAGE FROM CEO



KHAU KIMBAC
Chief Executive Officer

I am so proud to reveal Sabay Credit Commercial Plc.'s achievement in 2017. We had made quality growth on loan. The loan portfolio reached 3,351,437.00 USD equal to 41.77% in 2018, but only 2,363,981.00 USD in 2017. All of the total loan portfolios, SBCC released 1% Khmer currency loan. To respond to the legislation of NBC, SBCC will ensure higher performance in Khmer currency loan. We had active 35 clients compared to 2017 only 22 clients. Providing finance source from our Microfinance, we gave both genders. There were 10 women borrowers and 25 Men borrowers, whereas only 6 women and 16 man borrowers in the

previous year. We have maintained expansion operation covering up 23 communes in 2018, which was only 16 communes in 2017. Mostly, SBCC provided loan on construction sector 89% of total loan on Borey Bek Chan and Phnom Penh Park. SBCC hope to enlarge more varieties sectors. To meet our management's SBCC planning, we produced high standard productivity and control risk. Sabay Credit Commercial has devoted to strengthening loan policy, reducing loan at risk, expanding more operations, and providing more kind of product and services.

Total asset increased substantially 6.79% of 5,431,690.00 USD, however, there was only 5,086,487.00 USD. Moreover, Return on Average Assets and Return on average Equity rose rapidly to 5.77% and 5.84% in 2018, while 0.64% and 0.64% in 2017. It displayed SBCC effectively utilize its asset to generate profit. The profit after tax gained 313,651.00 USD compared to 32,554.00 USD.

MESSAGE FROM CEO (con)

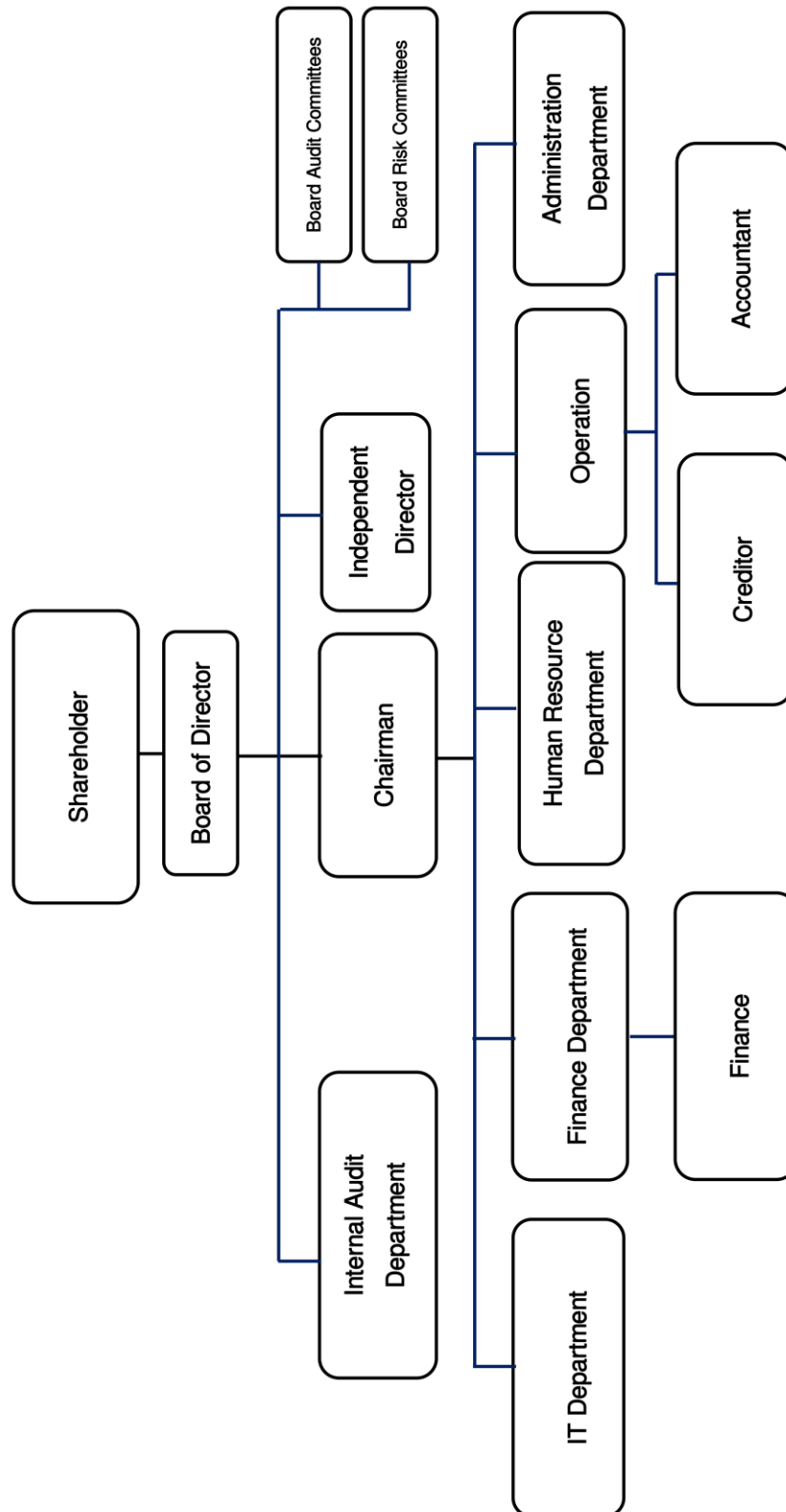
The financial report audited for the year-end 2018 will show the detail of our operational and financial performance highlight. I respectively provide for more information about SBCC.

Sincerely yours,



Khau Kimbac, CEO

ORGANIZATIONAL CHART





Governance Review

1. Shareholder and Director

Shareholder and Director				
No.	Amount	Capital	Share Capital \$	Amount Percentage
1	Mr.KHUA KIMBAC	4,250,000.00	17,000,000.00	85%
2	His Excellency Sa RATHA	750,000.00	3,000,000.00	15%

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. And1993 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. SAR Ratha, Excellancy Sar Ratha, Member

His Excellancy Sar Ratha successfully graduated four Bachelor Degrees. First of all, he got Bachelor Degree from North Bridge International School Cambodia 2004. Then, he got Bachelor Degree of Business Management from Singapore 2008. And, he received another Structural Engineering from Singapore 2009. Last of all, he finished Police Policy Bachelor degree in 2011. Currently, he is a member of board of director of Microfinance Sabay Credit Commercial Plc.



Mr. Tek Heng, Member

Mr. Tek Heng, born in 1976, joined SBCC MFI in 2016 with the position of an 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 in Business Management and is Ph.D. applicant for Public Administration of Royal Academy school of Cambodia.

**Mr. BUN Natt, Independent Director**

Mr. Bun Natt graduated Bachelor Degree in Accounting at the National University of Management. He worked as an Assistant Accountant for 4 years at Lux Riverside Hotel & Apartments. He also had experiences as a Credit officer at AMK Microfinance. From 2015 until now he has worked as Accountant at Season Apartment & Residence Co., Ltd. SBCC appointed him as an Independent Director since 2018, which had approved from National Bank of Cambodia.



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, Operation 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 Master Degree of business Management and is Phd applicant for Public Administration of Royal Academy 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 2002 until now. She worked with many bank such as THAI FARMER, MUNICIPALE BANK. She graduated Accounting Field from Human Resource Organization.

**Mr. OENG Samnieng, Senior Credit Officer**

Mr. Oeng Samnieng spent 9 years with banks sector both commercial banks and Microfinance in Cambodia. His last position was Credit Evaluator, Union Commercial Bank. He is also a professional banker in Management, Credit, Marketing and Portfolio management. Among the many Commercial Banks and Micro Finance Institution, He held a management position in 4 years both UCB and Phillip Bank, Canada Bank as well. Beside his Experiences, He held Master of Finance Degree, National University of Management.

**Mr. ORK Dareth, Senior Accountant**

Mrs. Ork Dareth gained 2 Bachelor degrees of Business Administration in Management and Education Teaching English as Foreign at IFL from National University of Management (NUM) and Royal University of Phnom Penh. Most of her experiences were in a Microfinance Institution, she often received promotion in her career life in Amatak Capital Microfinance Plc. She first started a job as a Teller for 2 years and then got higher rank as a Senior Teller and last respectively upgraded as an Accountant for 3 years. With experiences of this sector, she is competent in MFI financial and Operational report, management and skillful in the system as well. Nowadays she is working as a Senior Accountant for Sabay Credit Commercial Plc.



EXECUTIVE COMMITTEES

Board Audit Committees

No.	Name	Member committee	Position
1	Mr.Bun Nat	President	Independent Director
2	Ms.Hem kimyuth	Vice president	Internal Audit officer
3	Mr. Oeng Samnieng	Member	Credit officer
4	Mrs.Ork Dareth	Member	Accountant

Board Risk Committees

No.	Name	Member committee	Position
1	Mr.Khat Mare	President	Operation Manager
2	Ms.Lay Sothy	Vice president	Administration Manager
3	Mr.Tek Heng	Member	Human Resource manager
4	Mr.Sea Dara	Member	IT Manager

BUSINESS PERFORMANCE REVIEW

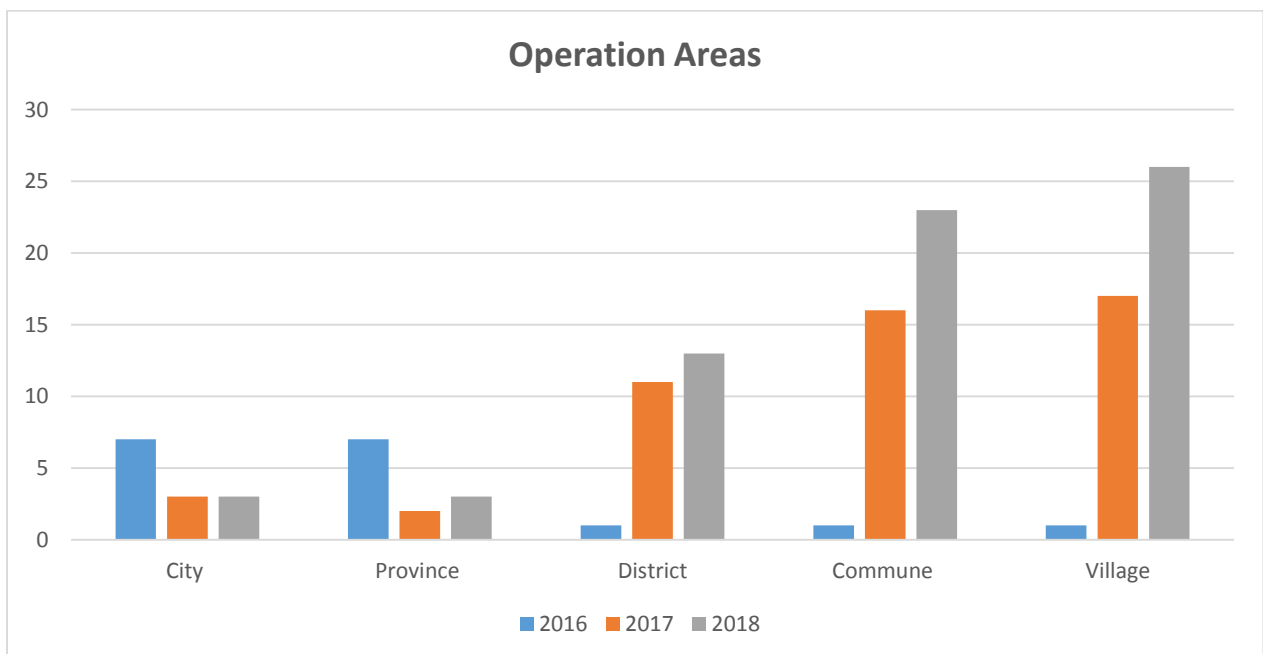
1. Financial Highlight

Items	2016	2017	2018
Total Assets	5,023,374.00	5,086,487.00	5,431,690.00
Total Liabilities	384.00	30,943.00	62,495.00
Total Equity	5,022,990.00	5,055,544.00	5,369,195.00
Net loan portfolio	2,047,644.00	2,363,981.00	3,351,437.00
Total operation Income	145,825.00	298,577.00	415,804.00
Other operation expense	121,467.00	118,595.00	141,013.00
Profit After Tax	22,990.00	32,554.00	313,651.00
Return On Average Assets	0.46%	0.64%	5.77%
Return On Average Equity	0.46%	0.64%	5.84%
Equity to Total Assets	99.99%	99.39%	98.85%
Debt to Total Assets	0.01%	0.61%	1.15%

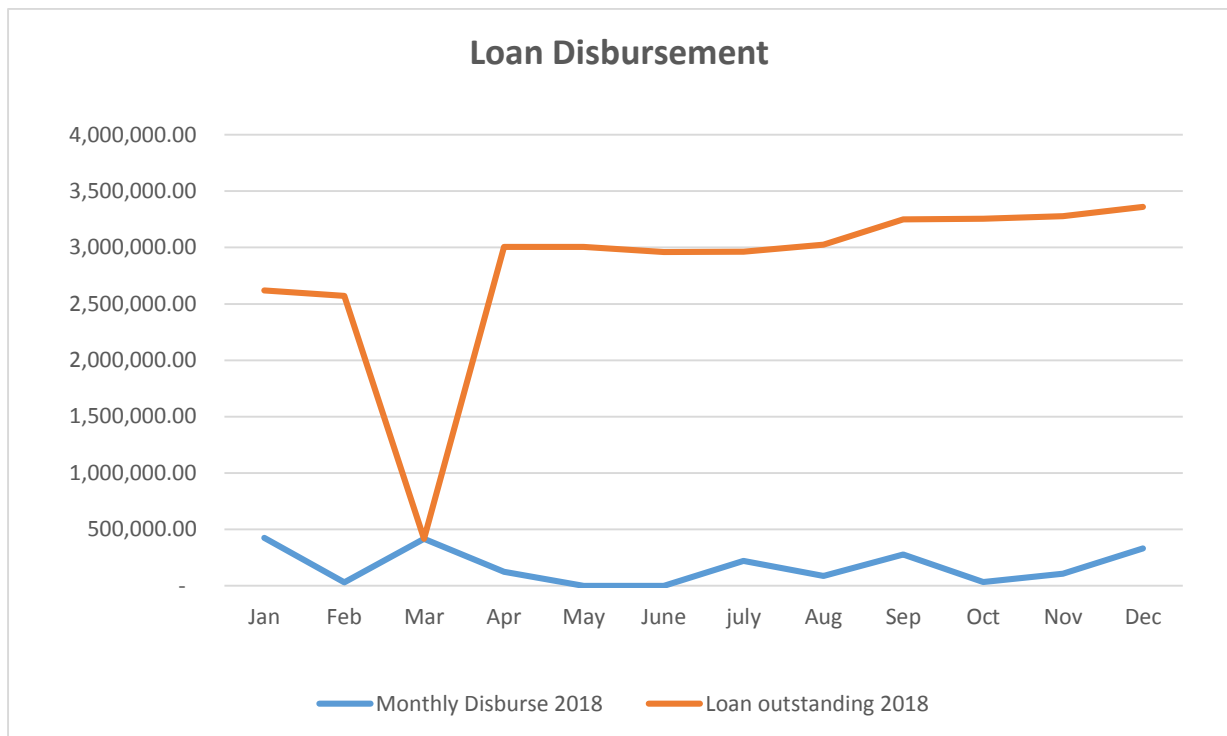
2. Operational Highlight

Items	2016	2017	2018
Amount of loan Disbursed	2,195,767.00	2,708,182.00	3,659,648.14
Gross loan portfolio	2,068,327.00	2,498,853.00	3,388,010.00
Number of active loans	17.00	22.00	35.00
Number of Active Borrowers	17.00	22.00	35.00
Number of Credit officers	1.00	2.00	2.00
Woman Borrowers	3.00	6.00	10.00
Men Borrowers	14.00	16.00	25.00

*Operation Areas



*Loan Disbursement





PRODUCTS & SERVICES

OUR PRODUCTS

SBCC provides four kinds of products and services for clients to experience with. They are Group loan, Small loan, Consumer loan, and Medium Loan.

LOAN TYPES

1. GROUP LOAN

It is established for agriculture business or farming, which has a high majority of the 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 only up to 1,500.00 USD. In this loan segment, the interest charges from 1.3% to 1.5% and the maximum duration are 24 months.

2. SMALL LOAN

This type of loan can be offered and available to citizens age above 18 or up, who live in Phnom Penh city. It requires soft or hard collaterals for a secured 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 a maximum of 60 months.

3. MEDIUM LOAN

This kind of products is suitable for medium enterprises, personal need or businesses that needing a large movement of working capital to expand their growth. This medium loan provides an occasion for our institution to build a reputation and a good network in the community. The medium loan requires the hard titles and soft titles that are authorized at the 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 1.00% 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 for buying the house is dramatically increasing, due to the growth of population. Therefore, the construction industry has highly emerged as one of the main economic driving force of Cambodia.

Consumer loan amount of this product is 10,000.00 up. The interest rate is charged from 0.9% to 1.2% 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
Group Loan	Up to 24months	15.60-18%	Up to 1,500	Yes
Small Loan	Up to 60 months	14.4-24%	1,500-50,000	Yes
Medium Loan	Up to 120 months	12-18%	50,000.00up	Yes
Consumer Loan	Up to 180 months	12-18%	10,000.00up	Yes



FINANCIAL AUDITED 2018 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 2018.

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		Year ended
	31 December 2018		31 December 2017
	US\$	KHR'000	US\$
Profit for the financial year	<u>313,651</u>	<u>1,260,249</u>	<u>32,554</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 have arisen since the end of the financial year which secure 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 2018 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
His Excellency SA RATHA	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 2018, 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 30 April 2019



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 2018, 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 2018, 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 2019



FINANCIAL

REPORT

BALANCE SHEET

AS AT 31 DECEMBER 2018

		As at		As at
	Note	31 December 2018		31 December 2017
		US\$	KHR'000	US\$
ASSETS				
Cash on hand	7	6,870	27,604	1,869
Balances with National Bank of Cambodia	8	252,765	1,051,610	251,414
Balances with banks	9	1,794,464	7,210,156	2,452,580
Loans and advance to customers	10	3,351,437	13,466,074	2,363,981
Other assets	11	23,925	96,131	12,185
Property and equipment	12	278	1,117	556
Intangible Assets	13	1,951	7,839	3,902
TOTAL ASSETS		5,431,690	21,824,531	5,086,487
LIABILITIES AND EQUITY				
LIABILITIES				
Other liabilities	14	9,723	39,067	410
Current tax liability		52,772	212,038	30,533
TOTAL LIABILITIES		62,495	251,105	30,943
EQUITY				
Share capital	15	5,000,000	20,090,000	5,000,000
Retained earnings		369,195	1,483,426	55,544
TOTAL EQUITY		5,369,195	21,573,426	5,055,544
TOTAL LIABILITIES AND EQUITY		5,431,690	21,824,531	5,086,487

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

			Year ended	Year ended
		Note	31 December 2018	31 December 2017
			US\$	US\$
Interest income	16		409,948	295,713
Other operating income	17		5,856	2,864
Total operating income			415,804	298,577
Other operating income	18		(141,013)	(118,595)
Allowance on doubtful loan	10		98,299	114,189
Total-Operating Expense			(42,714)	(232,784)
Profit before tax			373,090	65,793
Income tax expense	19		(59,439)	(33,239)
Profit for the financial year			313,651	32,554

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital	Retained Earnings	Total
		US\$	US\$	US\$
Balance as at 1 January 2017		5,000,000	22,990	5,022,990
Net profit for the financial year		-	32,554	32,554
Balance as at 31 December 2017		5,000,000	55,544	5,055,544
Balance as at 1 January 2018		5,000,000	55,544	5,055,544
Net profit for the financial year		-	313,651	313,651
Balance as at 31 December 2018	15	5,000,000	369,651	5,369,195

(KHR'000 equivalent)

20,090,000

1,483,426

21,573,426

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Year ended		Year ended
	Note	31 December 2018		31 December 2017
		US\$	KHR'000	US\$
Cash flows from operating activities				
Profit/ (Loss) before tax		373,090	1,499,075	65,792
Adjustment for:				
Allowance for doubtful loans	10	(98,299)	(394,965)	114,189
Amortization of intangible asset	13	1,951	7,839	1,235
Depreciation of property, plant and Equipment	12	278	1,117	557
Income tax paid		(37,200)	(149,470)	(2,680)
Operating profit before working capital Changes		239,820	963,596	179,093
Changes in working capital				
Loans to customers		(889,157)	(3,572,633)	(430,526)
Other assets		(11,740)	(47,171)	(3,217)
Other liabilities		9,313	37,420	—
Net cash used in operating activities		(651,764)	(2,618,788)	(254,650)
Cash flows from investing activities				
Purchase of tangible assets	12	-	-	-
Purchase of intangible asset	13	-	-	(4,000)
Net cash from / (used in) investing Activities		-	-	(4,000)
Cash flows from financing activities				
Advance from shareholders		-	-	-
Capital Injection		-	-	-
Borrowing		-	-	-
Net cash from financing activities		-	-	-

Net increase in cash and cash
Equivalents

(651,764) (2,618,788) (258,650)

Cash and cash equivalents at
Beginning of financial year

2,455,863 9,867,658 2,714,513

Cash and cash equivalents at end of
Financial year

1,804,099 7,248,870 2,455,863

Cash and cash equivalents comprise the following:

		As at		As at	
		Note	31 December 2018	31 December 2017	
			US\$	KHR'000	US\$
Cash on hand	7		6,870	27,604	1,869
Balances with National Bank of					
Cambodia (excluding statutory deposit)	8		2,765	11,110	1,414
Balances with other banks	9		1,794,464	7,210,156	2,452,580
			1,804,099	7,248,870	2,455,863