



សហ្វាយ ក្រេឌីត ឧបមេសល ភីអិលស៊ី  
Sabay Credit Commercial Plc.

# ANNUAL REPORT 2019

ប្រជុំផ្ទាយចន្ទា  
GRAND CHROY CHANGVA



"Strong Economic, Better House, Better Life"



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# SABAY CREDIT COMMERCIAL PLC'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 11579 from the Ministry of 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's lives by supporting personal and business investment.

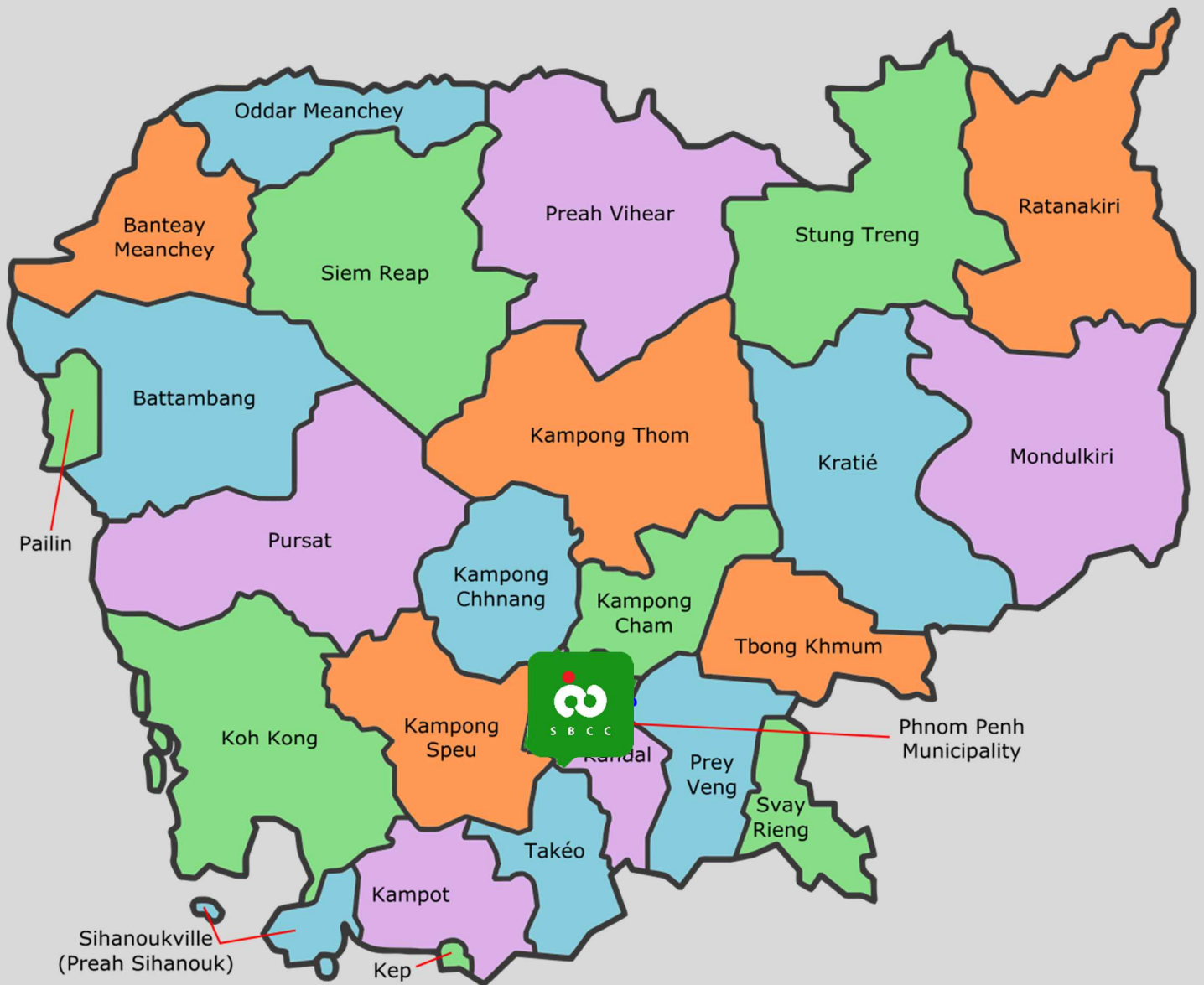
# &

# GOAL



SBCC strengthens and develops economics of rural and city in Cambodia.



# Head Office



 # 228, Preah Norodom Blvd, Sangkat Tonle Basacc, Khan Chamkamorn, Phnom Penh.

 092 661 668  [info@sabaycredit.com](mailto:info@sabaycredit.com)



# MESSAGE FROM THE CEO AND CHAIRMAN

It is our pleasure to reveal to you the highlights and financial statement and independent auditor's report of Sabay Credit Commercial Plc. in 2019. In reference to the Ministry of Economic and Finance, Cambodian Economy still maintain strong growth 7.1% in 2019, despite the tension with trade between China and the United States and global financial instability.



**KHAU KIMBAC**, Chief Executive Officer

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 the Royal Government of Cambodia.

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. Sabay Credit Commercial is one of the prosperous Microfinance among the others in Cambodia.



# MESSAGE FROM THE CEO AND CHAIRMAN

In 2019, with support from our shareholder, Sabay Credit Commercial made achievements such as customer and loan outstanding growth and increase extremely from year to year.

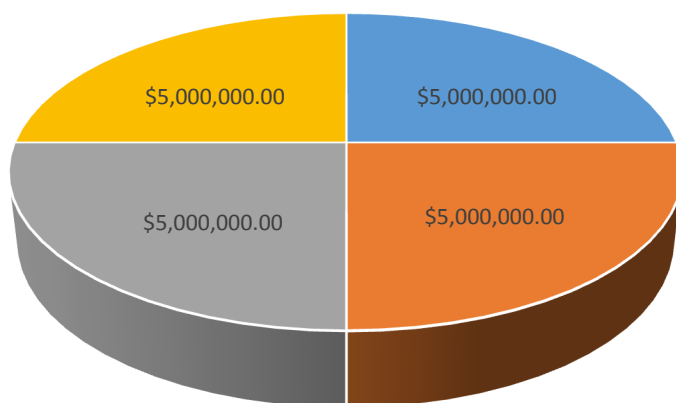
- **Total Assets:** 7,376,629 USD
- **Loan to Customers:** 6,345,694 USD
- **Active Loan:** 57
- **Male:** 36
- **Female:** 21
- **Portfolio at Risk:** 0.05%



The loan to customers reached 6,345,694.00 USD equal to 86% in US Dollar while 640% released in Khmer currency if compared with last year 2018. SBCC will ensure higher performance in Khmer currency loan to respond the legislation of National Bank of Cambodia (NBC). We had active 57 clients there were 21 women and 36 men borrowers compared to 2018 only 35 clients 10 women and 25 men borrowers provided finance source from our microfinance. We have maintained expansion operation covering up 23 communes in 2019. Mostly, SBCC provided loan on construction sector 90% of total loan.

SBCC will enlarge its operation in various sector for developing our country with the Royal Government of Cambodia.

Capital



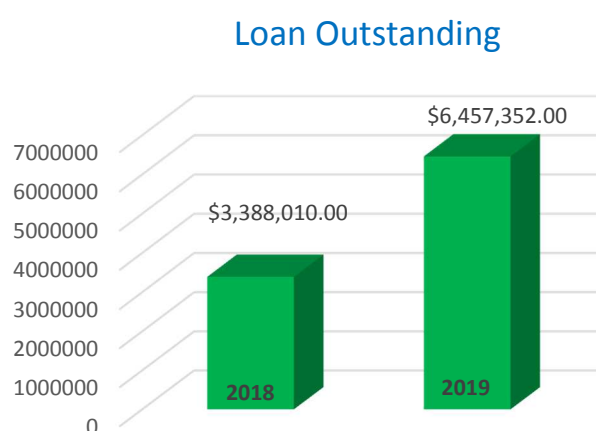
■ 2016 ■ 2017 ■ 2018 ■ 2019



To meet our management's planning, SBCC produced high standard productivity and control risk. SBCC has devoted to strengthening loan policy, reducing loan at risk, expanding more operations, and providing more kind of product and service.

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 2019.

Sincerely yours,

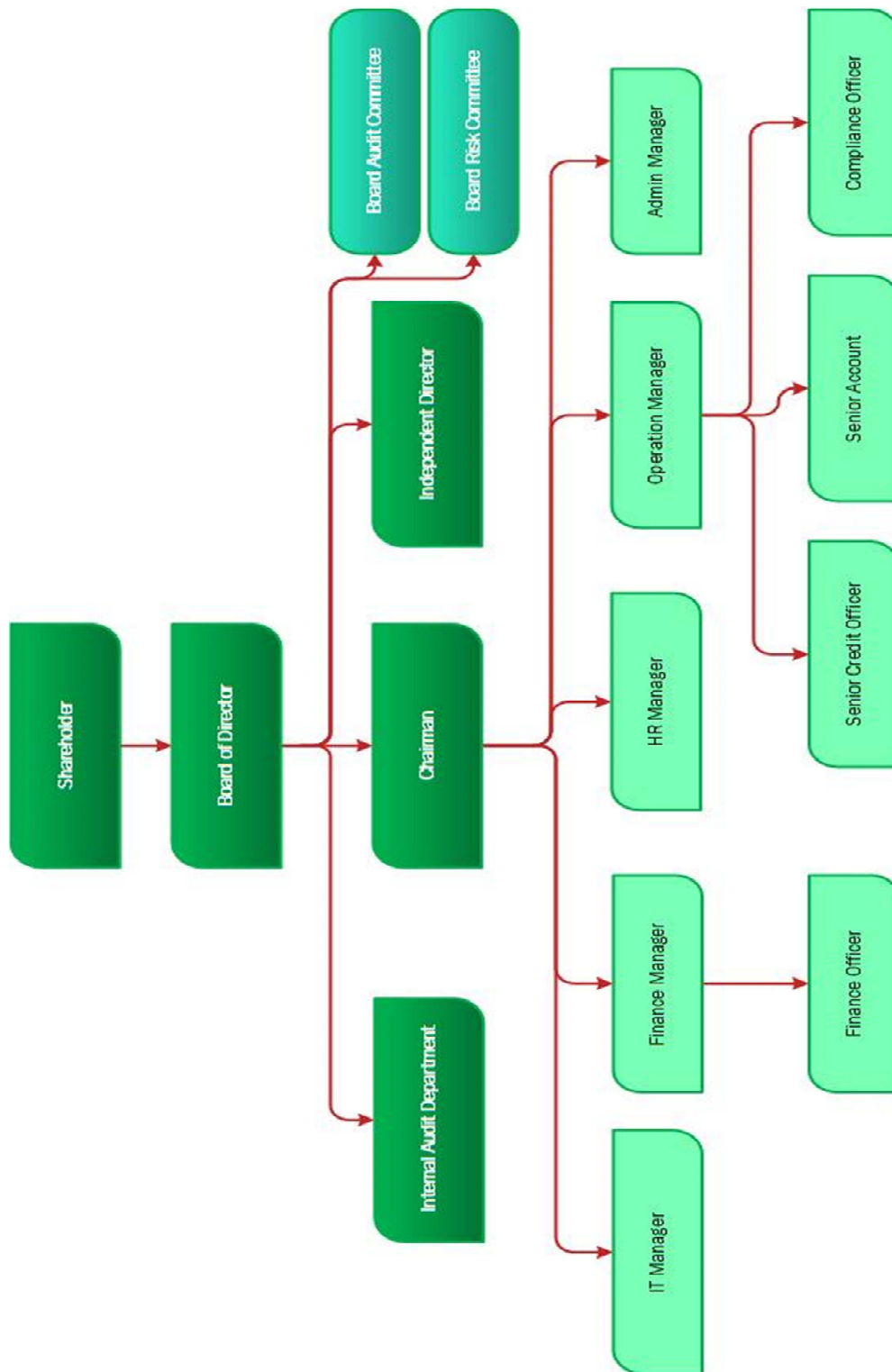


Khau Kimbac  
CEO

Total assets increased substantially 34.56% of 7,376,629.00 USD while compared with year 2018 was only 5,481,988.00 USD. Moreover, Return On Average Assets and Return On Average Aquity rose rapidly to 3.21% and 4.37% in 2019 while compared to year 2018 4.21% and 4.36%. It displayed SBCC effectively utilize its asset to generate profit. The profit after tax gained 236,561.00 USD.



# Organizational Chart





# LICENSE FROM NATIONAL BANK OF CAMBODIA





# Governance Review

## BOARD OF DIRECTORS

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**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. From 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.



**H.E SAR Ratha**  
Member

His Excellency 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 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. 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

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**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. From 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 joined SBCC in June 2016 as Operation Manager. He had over 16 years in Bank Industry including foreign and local bank. He was a Mortgage Manager at Hong Leong Bank (HLB) from 2011 to 2015 and 2015 to 2016 he was a Branch Manager at Cambodia Commercial Bank (CCB) at Battambang Branch. With experiences in banking sector, he has strong experience in banking and various positions such as Marketing and Credit Officer (Level 4) at Phnom Penh Commercial Bank (PPCB). He was Assistant of Vice President which handled many department of Marketing, Internal Audit and Credit Department from 2003 to 2011. He graduated Bachelor Degree of Economic Science with specialist of Finance and Banking at Royal of University of Law and Economic (RULE). Currently he's a candidate of Master degree of Management Business Association at Build Bright University (BBU).





**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.



**Ms. 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.



**Ms. LAY Sothy**  
Admin Manager

Ms. 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. OENG Samnieng**  
Senior Credit Officer

Mr. Oeng Samnieng spent 10 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, Canadia Bank as well. Beside his Experiences, He held Master of Finance Degree, National University of Management.



**Mr. ENG Sophara**  
IT Manager

Mr. Eng Sophara joined Sabay Credit Commercial Plc. in 2019 as IT Manager. He has 14 years of experience in IT project implementation and administration, IT security, IT policy and procedures. He served the main role in last position as a Project Team Leader and Application support such as HR Management System, Loan Management System and Health Care Management System. He was part of the ICT Working Group for ICT for Development (ICT4D) initiative from 2010 to 2016. He obtained Bachelor Degree of Information Technology at Norton University





**Ms. ORK Dareth**  
Senior Accountant

Ms. 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 Committee

## Board Audit Committee

No.	Name	Member Committees	Position
1	Mr. Bun Nat	President	Independent Director
2	Ms. Hem Kimyuth	Vice President	Internal Audit Officer
3	Mr. Oeng Samnieng	Member	Senior Credit Officer
4	Ms. Ork Dareth	Member	Senior Accountant

## Board Risk Committee

No.	Name	Member Committees	Position
1	Mr. Khat Mare	President	Operation Manager
2	Ms. Lay Sothy	Vice President	Admin Manager
3	Mr. Tek Heng	Member	HR Manager
4	Mr. Eng Sophara	Member	IT Manager

# Business Performance Review

## Operational Highlight

Items	2017	2018	2019
Amount of Loan Disbursement	2,708,182	3,659,648	7,057,957
Loan to Customers (portfolio)	2,498,853	3,383,609	6,345,694
Number of Active Loans	22	35	57
Number of Credit Officer	2	2	2
Women Borrowers	6	10	21
Men Borrowers	16	25	36





# Financial Highlight

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

### Assets

Cash on hand	10,615
Balances with National Bank of Cambodia	254,318
Balance with other banks	705,929
Loans to customers	6,345,694
Other receivables	58,959
Property, plant and equipment	139
Intangible assets	975

<b>Total Assets</b>	<b><u>7,376,629</u></b>
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### Liabilities

Borrowings	2,000,000
Other payables	15,434
Current tax liabilities	74,335

<b>Total Liabilities</b>	<b><u>2,089,769</u></b>
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### Equity

Share capital	5,000,000
Regulatory reserve	7,060
Retained earnings	279,800

<b>Total Equity</b>	<b><u>5,286,860</u></b>
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<b>Total Liabilities &amp; Equity</b>	<b><u>7,376,629</u></b>
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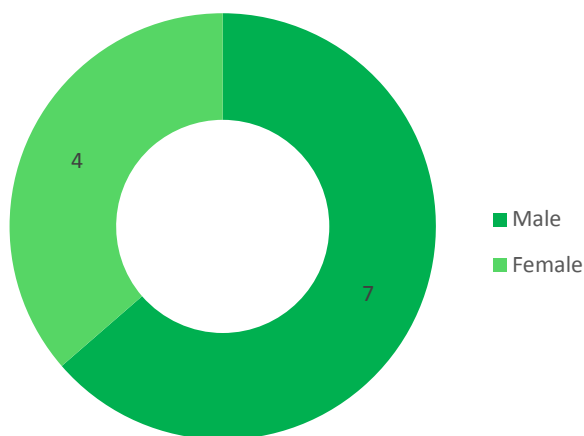




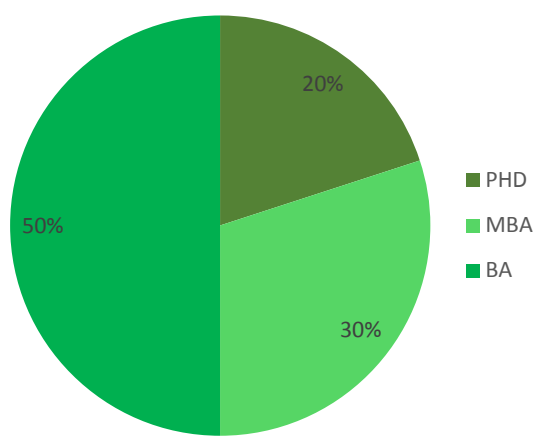
Staff capacity development is one among other strategy in HR. Sabay Credit Commercial Plc always support its staff. It plays a major role in promoting capacity of staff by providing and organizing various training courses for all staff. Management team has been well supported and motivated staff and encouraged to attending external trainings and events such as taxation, credit risk assessment, IT risk management, digital marketing, problem solving skill, customer service & selling skills, labor law and compliance, legal training, property valuation, client protection principles and national symposium of NBC, CBC and CMA.

Currently, there are 11 staffs who 7 male and 4 female by the end of 2019. In the term of education, 20% of staff 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.

GENDER



STAFF'S EDUCATION







# PRODUCTS & SERVICES

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 venders, 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 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
Micro Loan	Up to 24months	15.6% -18%	Up to1,500	Yes
Small Loan	Up to 60 months	13.2% -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	10.8% -14.4%	10,000.00up	Yes





# AUDITED REPORTS

- **DIRECTORS' REPORT**
- **INDEPENDENT AUDITORS' REPORT**
- **STATEMENT OF FINANCIAL POSITION**
- **STATEMENT OF COMPREHENSIVE INCOME**
- **STATEMENT OF CHANGES IN EQUITY**
- **STATEMENT OF CASH FLOWS**



# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of Sabay Credit Commercial Plc. ("the Company") for the financial year ended 31 December 2019.

## Principal activity

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

## Results of operations

	US\$	KHR'000
Profit for the financial year	<u>236,561</u>	<u>963,985</u>

## Dividends

Dividends paid, declared since the end of the previous financial year were as follows:

	US\$	KHR'000
In respect of financial year ended 31 December 2018:		
Final dividend of US\$0.074 per ordinary share paid on 18 July 2019	<u>369,194</u>	<u>1,504,466</u>

## Reserves and provisions

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

## Bad and doubtful loans

Before the statement of comprehensive income and statement of financial position of the Company 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 all known bad loans had been written off 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 statement of comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realised 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 realised.

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 charge 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 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 results of the operations of the Company for the financial year for which this report is made.

### Share capital

The Company did not issue any shares during the current financial year.  
No option to take up unissued shares in the Company was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the Company.

### Directors

The Directors who have held for office since the date of the last report are:

Khau Kimbac  
Sar Ratha  
Tek Heng  
Bun Natt

### Directors' benefits

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

Since the end of the 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, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 26 to the financial statements.

### 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 2019, 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 judgements and estimates and then apply them consistently;
- (b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRSs for SMEs") 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 statements 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.

### Significant event subsequent to the end of the reporting period

The significant event subsequent to the end of the reporting period is disclosed in Note 29 to the financial statements.

### Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 8 to 33 have been drawn up in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities 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 2019, 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 2020



# INDEPENDENT AUDITORS' REPORT

## To The Shareholders

### SABAY CREDIT COMMERCIAL PLC.

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Sabay Credit Commercial Plc. ("the Company"), which comprise statement of financial position as at 31 December 2019, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies, as set out on pages 8 to 33.

The financial statements of the Company for the financial year ended 31 December 2018 was audited by another firm of Certified Public Accountants, whose report dated 30 April 2019 expressed an unqualified opinion on those statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia.

##### Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants and Auditors* of the Kampuchea Institute of Certified Public Accountants and Auditors ("Code of Ethics") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the IESBA Code.

##### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company 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 the Directors' Report, 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 of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, 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 Director either intends to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company 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 a going concern.



- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company 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.

#### Other Matters

This report is made solely to the shareholders of the Company, as a body. We do not assume responsibility to any other person for the content of this report.





# STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Noted	US\$	2019 KHR'000	2018 US\$
<b>ASSETS</b>				
Cash on hand	6	10,615	43,256	6,870
Balances with National Bank of Cambodia	7	254,318	1,036,346	252,765
Balance with other banks	8	705,929	2,876,661	1,812,590
Loans to customers	9	6,345,694	25,858,703	3,383,609
Other receivables	10	58,959	240,258	23,925
Property, plant and equipment	11	139	566	278
Intangible assets	12	975	3,973	1,951
<b>TOTAL ASSETS</b>		<b><u>7,376,629</u></b>	<b><u>30,059,763</u></b>	<b><u>5,481,988</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Borrowings	13	2,000,000	8,150,000	-
Other payables	14	15,434	62,894	9,723
Current tax liabilities		74,335	302,914	52,772
<b>TOTAL LIABILITIES</b>		<b><u>2,089,769</u></b>	<b><u>8,515,808</u></b>	<b><u>62,495</u></b>
<b>EQUITY</b>				
Share capital	15	5,000,000	20,375,000	5,000,000
Regulatory reserve	16	7,060	28,770	50,298
Retained earnings		279,800	1,140,185	369,195
<b>TOTAL EQUITY</b>		<b><u>5,286,860</u></b>	<b><u>21,543,955</u></b>	<b><u>5,419,493</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>7,376,629</u></b>	<b><u>30,059,763</u></b>	<b><u>5,481,988</u></b>



# STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Noted	US\$	2019 KHR'000	2018 US\$
Interest income	17	579,907	2,436,471	409,948
Interest expense	18	(36,000)	(146,000)	-
<b>Net interest income</b>		<b>561,907</b>	<b>2,289,771</b>	<b>409,948</b>
Allowance on doubtful loan	19	(107,257)	(437,072)	(2,835)
Other operating income	20	12,937	52,718	5,856
Personnel expenses	21	(94,906)	(386,742)	(91,156)
Depreciation and amortization expenses	22	(1,115)	(4,544)	(2,229)
General and administrative expenses	23	(51,620)	(210,352)	(29,502)
Profit before tax		319,946	1,303,779	290,082
Tax expense	24	(83,385)	(339,794)	(59,439)
Profit for the financial year		236,561	963,985	230,643
Other comprehensive income, net of tax		-	-	-
<b>Total comprehensive income for the financial year</b>		<b><u>236,561</u></b>	<b><u>963,985</u></b>	<b><u>230,643</u></b>

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Noted	Share Capital US\$	Regulatory reserve US\$	Retained Earnings US\$	Total US\$
Balance as at 1 January 2018		5,000,000	-	55,544	5,055,544
Effect of adoption of CIFRS for SMEs	30	-	-	133,306	133,306
Transfer to regulatory reserves		-	133,306	(133,306)	-
<b>Balance as at 1 January 2018</b>		<b>5,000,000</b>	<b>133,306</b>	<b>55,544</b>	<b>5,188,850</b>
Profit for the financial year, representing the total comprehensive income		-	-	230,643	230,643



<b>Transactions with owners</b>				
Transfer to regulatory reserve	-	(83,008)	83,008	-
Total transactions with owners	-	(83,008)	83,008	-
<b>Balance as at 31 December 2018/ 1 January 2019</b>	<b>5,000,000</b>	<b>50,298</b>	<b>369,195</b>	<b>5,419,493</b>
Profit for the financial year, representing the total comprehensive income	-	-	236,561	236,561
<b>Transactions with owners</b>				
Dividends paid	25	-	(369,194)	(369,194)
Transfer from regulatory reserve	-	(43,238)	43,238	-
Total transactions with owners	-	(43,238)	(325,956)	(369,194)
<b>Balance as at 31 December 2019</b>	<b><u>5,000,000</u></b>	<b><u>7,060</u></b>	<b><u>279,800</u></b>	<b><u>5,286,860</u></b>
(KHR'000 equivalent)	<b><u>20,375,000</u></b>	<b><u>28,770</u></b>	<b><u>1,140,185</u></b>	<b><u>21,543,955</u></b>



# STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Noted	US\$	2019 KHR'000	2018 US\$
<b>Cash flows from operating activities</b>				
Profit before tax		319,946	1,303,779	290,082
Adjustment for:				
Allowance for doubtful loans	9	107,257	437,072	2,835
Amortization of intangibles	12	976	3,977	1,951
Depreciation of property, plant and equipment	11	139	566	278
Interest expense	18	36,000	146,700	-
<b>Operating Profit before working capital changes</b>		<b>464,318</b>	<b>1,892,094</b>	<b>295,146</b>
Changes in working capital				
Loan to customers		(3,069,342)	(12,507,567)	(889,157)
Other receivables		(35,034)	(142,763)	(11,740)
Other payables		5,711	23,273	9,313
Cash used in operations		(2,634,347)	(10,734,963)	(596,438)
Income tax paid		(61,822)	(251,925)	(37,200)
Interest paid		(36,000)	(146,700)	-
Net cash used in operating activities		(2,732,169)	(11,133,588)	(633,638)
<b>Cash flows from financing activities</b>				
Drawdown of bank borrowings		2,000,000	8,150,000	-
Dividends paid	26	(369,194)	(1,504,466)	-
Net cash from financing activities		1,630,806	6,645,534	-
<b>Net decrease in cash and cash equivalents</b>		<b>(1,101,363)</b>	<b>(4,488,054)</b>	<b>(633,638)</b>
<b>Cash and cash equivalents at beginning of Financial year</b>		<b>1,822,225</b>	<b>7,425,567</b>	<b>2,455,863</b>
<b>Cash and cash equivalents at end of financial year</b>		<b><u>720,862</u></b>	<b><u>2,937,513</u></b>	<b><u>1,822,225</u></b>

Cash and cash equivalents comprise the following:

	Noted	US\$	2019 KHR'000	2018 US\$
Cash on hand	6	10,615	43,256	6,870
Balances with National Bank of Cambodia (excluding statutory deposit)	7	4,318	17,596	2,765
Balances with other banks	8	705,929	2,876,661	1,812,590
		<b><u>720,862</u></b>	<b><u>2,937,513</u></b>	<b><u>1,822,225</u></b>