



សប្បាយ ក្រេឌីត ឧបម្មេសល កីអិលស៊ី
Sabay Credit Commercial Plc.

“Strong Economic, Better House, Better life”

2020
Annual Report



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Chief Executive Director and Chairman Message

After two decades of strong performance, Cambodia's economic growth is expected

to contract by 2% in 2020 due to the new coronavirus disease

(COVID-19) pandemic.

COVID-19 pandemic is

an unprecedented global challenge, but fortunately Cambodia has been spared a health crisis and expected to rebound to 5.9% in 2021 according to the Asian Development Bank (ADB).

Government intervention to support the affected people, social assistance for the poor and financing support for small and medium-sized enterprises. These measures, along with much-needed structural reforms, will reduce the direct and indirect impacts of COVID-19 on families and businesses, and help Cambodia's economy emerge stronger from the pandemic.

The National Bank of Cambodia (NBC) continues to actively support the

government's policies and maintain macroeconomic stability by implementing

flexible and prudent monetary policy to support economic growth.

NBC has forecast that the Kingdom's estimated economic growth will be 4 per cent in 2021, according to its

Macroeconomic and Banking Sector Update 2020 report. The latest NBC forecast is in line with international financial institutions' predictions for Cambodia's economic growth in 2021.

Those figures range from 4 to 6.8 percent. The prediction depends solely on the efficacy of the vaccines, the speed in recovery of Cambodia's economic partners and the strengthening of domestic economic foundation.

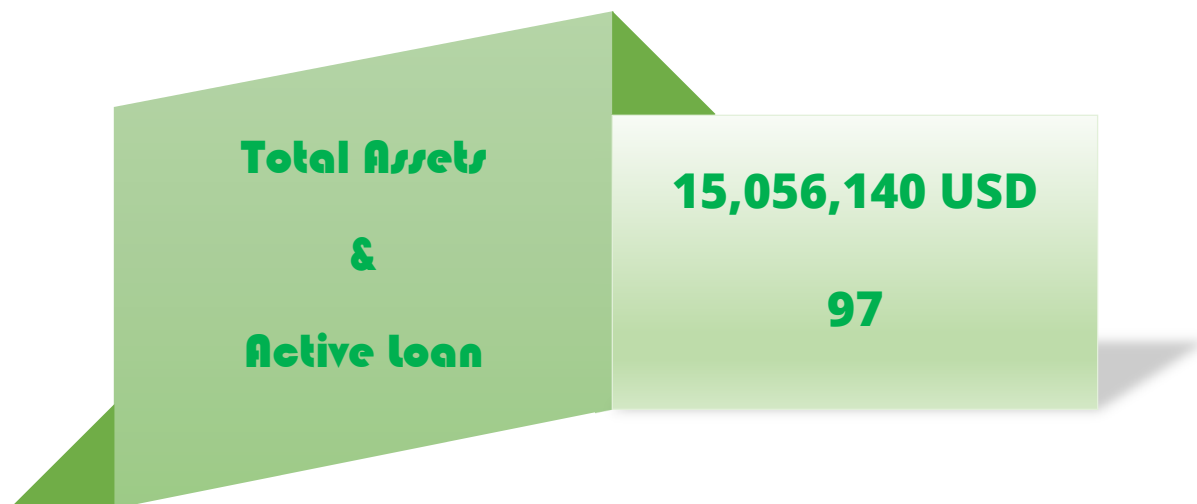
NBC said agriculture will be the sector with the highest potential to offset unemployment and support the livelihoods of the poor and help country's economy faster from the current crisis.



H.E Oknha Khau Kimbac, CEO and Chairman

I'm pleased to report our achievement in 2020 with support from our shareholder, Sabay Credit Commercial Plc. made achievements such as customer and loan outstanding growth and made our MFI grow to even greater heights in 2020.

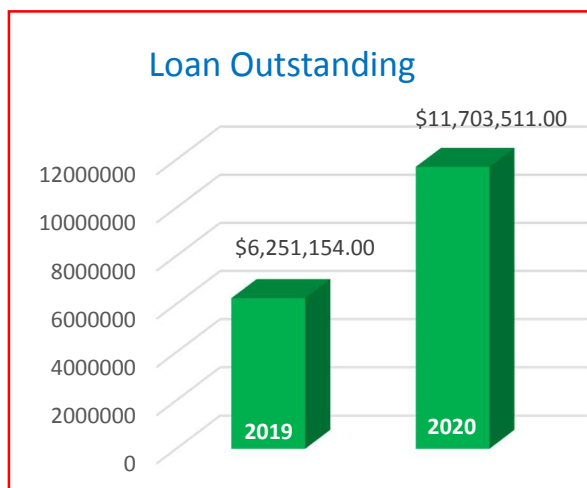
Mostly, SBCC provided loan on construction sector 90% of total loan. It is our pleasure to report that the total assets increased substantially 104% of 15,056,140.00 USD while compared with year 2019 was only 7,376,629.00 USD.



The total loan disbursement reached 11,703,511.00 USD while 485,818.00 USD released in Khmer currency increased 236% if compared with 2019. SBCC will ensure higher performance in Khmer currency loan to respond the legislation of National Bank of Cambodia (NBC). We had active 97 clients there were 31 women and 66 men borrowers.

Lastly, I would like to thank all of our customers for their continued support and continue using our products and services. I would to express my deep appreciation to Board of Directors, Management and Staff for their value contribution and hard work to achieve our vision and mission.

Sincerely yours



Khau Kimbac, CEO



Background

“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.

Vision

SBCC offers a new source of financial services and provides an opportunity to Cambodian to achieve their goals.

Mission


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



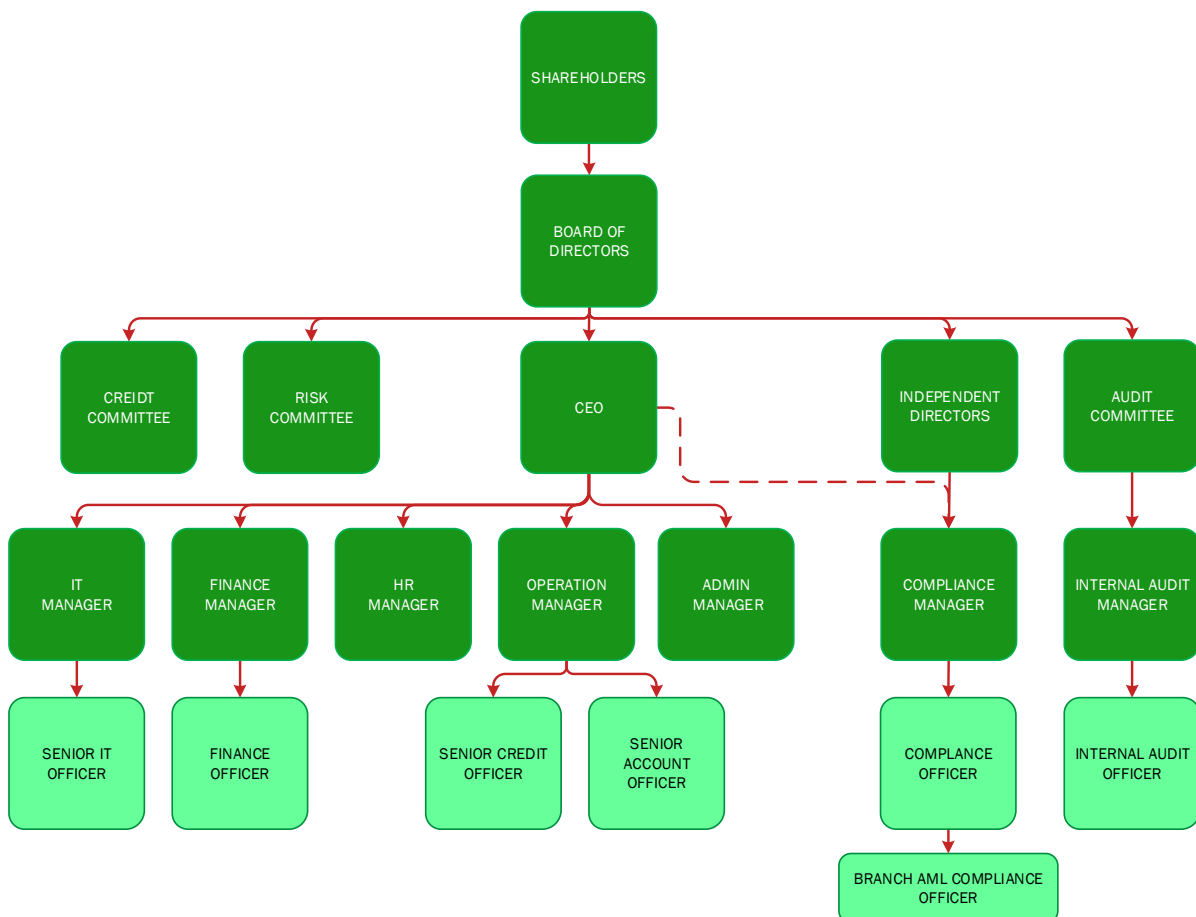
 # 228, Preah Norodom Blvd, Sangkat Tonle Basacc, Khan Chamkamorn, Phnom Penh.

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LICENSE FROM NBC



ORGANIZATIONAL CHART





Total number of clients



97

Clients by gender



66



31

Board of Directors



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 Sar 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 Sar 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



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.



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.



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.



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. 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.



Mr. KHAT Mare
Operation Manager

Mr. Khat Mare joined SBCC in June 2016 as Operation Manager. He had over 17 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. 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 in 2007.



Mr. OENG Samnieng
Credit Manager

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. KHOV Khunly
Compliance Manager

Mr. Khov Khunly, Cambodian, born in 1983. He has currently gained with two bachelor degrees in the field of Public Administration at the Royal University of Law and Economics in 2015 and Finance and Banking at the Build Bright University in 2010.

In 2020, he has gained the certificate of Regulatory Compliance, AML/CFT from the Institute of Banking and Finance, IBF.

Mr. Khov Khunly has around 12 years of experiences with the banking and financial institutions in any positions, the first position in banking and financial sectors were as Credit Officer at Sathapana Limited from April 2009. In December 2010, he joined with the Green Central Microfinance Co., Ltd, was holding various position such as Credit Officer, Administrator and the last time as deputy department manager of HR & Admin. In July 2014 he joined with the ORO Financecorp Plc., with the first position as Credit Officer and then as Legal & Compliance Officer. In October 2018 he joined with the Evergrowth (Cambodia) Specialized Bank Plc, was holding the position of HR & Admin Manager. In November 2020, he has joint with the Sabay Credit Commercial Plc, is holding the position of Compliance Manager, as of today.

Human Resource highlight



Staff training and development is the main key function to support our business strategies. Sabay Credit Commercial Plc. build and motivate staff on corporate culture, knowledge, problem solving, customer charter and more. We promote capacity of staff both external and internal training courses for all staff. SBCC engaged Mr. Khov Khunly, Compliance Manager to provide training to key staff to ensure strengthen the risk management and compliance with laws and regulations from National Bank of Cambodia.

Staff Development

SBCC perceives staff as its most valuable asset and puts strong effort and investment into the development of its employees. We grow our team through various platforms to ensure they continue to improve their knowledge and expertise on our products is up-to-date. By the end of 2020, the total number of SBCC staff reached 12 and 4 women .



External Training Activities

Financial highlight

Statement of Financial Position As at 31 December 2020

	US\$	KHR'000
ASSETS		
Cash on hand	1,757	7,107
Deposits and placements with the NBC	254,989	1,031,431
Deposits and placements with banks	2,530,883	10,237,422
Loans to customers	12,260,256	49,592,736
Other assets	7,200	29,123
Property and equipment	567	2,294
Intangible asset	488	1,974
Total assets	15,056,140	60,902,087
LIABILITIES AND EQUITY		
Liabilities		
Other payables	4,657	18,838
Current income tax liability	152,914	618,537
Borrowings	9,054,000	36,623,430
Total liabilities	9,211,571	37,260,805
Equity		
Share capital	5,000,000	20,000,000
Regulatory reserves	113,070	457,368
Retained earnings	731,499	2,962,773
Currency translation differences	-	221,141
Total equity	5,844,569	23,641,282
Total liabilities and equity	15,056,140	60,902,087

Compliance Development



One of our priorities is to ensure sound business and financial practices. Therefore, SBCC always take serious steps to comply with regulatory requirements, including the regulation on the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), as well as applicable laws and other prescribed practices.

SBCC invested further in human resources and technology for the Compliance Division to proactively develop, implement, and maintain appropriate policies, frameworks, and procedures to be on track with evolving regulatory obligations.

We also maintained the expectations from all employees and an AML/CFT policy to detect and deter individuals and criminal organizations from using our products and services to recycle funds. At present, SBCC's Compliance Policy and practices are in line with that of the National Bank of Cambodia (NBC).

Products & Services

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.

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.



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.

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	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

- 1. Report of the Board of Directors**
- 2. Report of the Independent Auditors**
- 3. Statement of Financial Position**
- 4. Statement of Comprehensive Income**
- 5. Statement of Changes in Equity**
- 6. Statement of Cash Flows**

Report of the Board of Directors

The Board of Directors (the “Board” or “Directors”) hereby submit their report together with the audited financial statements of Sabay Credit Commercial Plc. (“the Company”) for the year ended 31 December 2020 (the “financial year” or “year”).

Principal activities

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

Financial performance

The financial performance of the Company was as follows:

	2020		2019	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)	
Profit before income tax	715,534	2,917,232	319,946	1,296,422
Income tax expense	(157,825)	(643,453)	(83,385)	(337,876)
Net profit for the year	557,709	2,273,779	236,561	958,546

Dividends

The dividends were declared during the year as following:

	% of Ownership	Number Of shares	Dividend declared	
			US\$	KHR'000
			(Note 2.4)	
Mr. Khau Kimbac	85%	4,250,000	204,534	833,885
Mr. Sar Ratha	15%	750,000	36,094	147,155
	100%	5,000,000	240,628	981,040

However, the above dividend declaration was not approved by the NBC on 30 July 2020.

Share capital

The paid-up capital of the Company as at 31 December 2020 is US\$5,000,000 (2019:US\$5,000,000) with a par value of US\$1 per share. Refer to Note 14 for the detailed Company's share capital and shareholding structure.

Reserves and provisions

There were no material transfers to or from reserves and provision during the financial year other than amount as disclosed in the financial statements.

Bad and doubtful debts

Before the financial statements of the Company were prepared, Directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

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

Current assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

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

Valuation methods

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

Contingent liabilities

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

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

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

Changes of circumstances

At the date of this report, the Directors is not aware of any circumstances not otherwise dealt with in the 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 for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or event of material and unusual nature.

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

Events since the reporting date

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

The Board of Directors

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

- | | |
|--------------------|----------------------|
| 1. Mr. Khau Kimbac | Chairman |
| 2. Mr. Sar Ratha | Director |
| 3. Mr. Tek Heng | Director |
| 4. Mr. Bun Natt | Independent Director |

Directors' interests

The Directors' interest is disclosed in Note 14 of the financial statements.

Directors' benefits

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

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

Statements of Directors' responsibility in respect of financial statements

The Board of Directors is responsible to ascertain that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"). In preparing those financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with CIFRS for SMEs, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and effective system of internal control;

- (iv) assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- (v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such has been properly reflected in the financial statements.

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

Approval of the financial statements

The Board of Directors hereby approve the accompanying financial statements as set out on pages 8 to 35 which present fairly, in all material respects, the financial position of Sabay Credit Commercial Plc. as at 31 December 2020, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.



Signed in accordance with a resolution of the Board of Directors

Mr. Khau Kimbac
Chairman

23 April 2021

Report of the Independent Auditors

Opinion

We have audited the financial statements of Sabay Credit Commercial Plc. (the “Company”), which comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 35.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

Basis for Opinion

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

Emphasis of Matter - Comparative Information

We draw attention to Note 23 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2019 has been restated. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2019 were audited by another auditor who expressed an unqualified audit opinion on those statements on 24 April 2020.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors as set out on pages 1 to 4, and the annual report, which is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Financial Statements

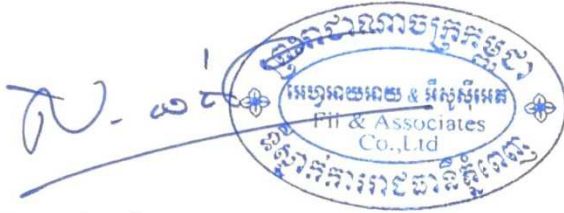
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or condition may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For Fii&Associates Co., Ltd

A handwritten signature in blue ink is written over a blue circular stamp. The stamp contains the text "Fii & Associates Co., Ltd" in the center, with Khmer text around the perimeter. The signature appears to be "Seng Chanthan".

Seng Chanthan
Audit Partner

Phnom Penh, Kingdom of Cambodia

23 April 2021

Statement of Financial Position

As at 31 December 2020

	Note	2020		2019 (As reclassified)	
		US\$	KHR'000	US\$	KHR'000
			(Note 2.4)		(Note 2.4)
ASSETS					
Cash on hand	4	1,757	7,107	10,615	43,256
Deposits and placements with the NBC	5	254,989	1,031,431	254,318	1,036,346
Deposits and placements with banks	6	2,530,883	10,237,422	705,929	2,876,661
Loans to customers	7	12,260,256	49,592,736	6,404,653	26,098,961
Other assets	8	7,200	29,123	-	-
Property and equipment	9	567	2,294	139	566
Intangible asset	10	488	1,974	975	3,973
Total assets		15,056,140	60,902,087	7,376,629	30,059,763
LIABILITIES AND EQUITY					
Liabilities					
Other payables	11	4,657	18,838	15,434	62,894
Current income tax liability	12.1	152,914	618,537	74,335	302,914
Borrowings	13	9,054,000	36,623,430	2,000,000	8,150,000
Total liabilities		9,211,571	37,260,805	2,089,769	8,515,808
Equity					
Share capital	14	5,000,000	20,000,000	5,000,000	20,000,000
Regulatory reserves	15	113,070	457,368	7,060	28,770
Retained earnings		731,499	2,962,773	279,800	1,121,197
Currency translation differences		-	221,141	-	393,988
Total equity		5,844,569	23,641,282	5,286,860	21,543,955
Total liabilities and equity		15,056,140	60,902,087	7,376,629	30,059,763

Statement of Comprehensive Income

As at 31 December 2020

	Note	2020		2019	
		US\$	KHR'000	US\$	KHR'000
			(Note 2.4)		(Note 2.4)
Interest income	16	1,339,489	5,461,097	599,767	2,430,256
Interest expense		(510,000)	(2,079,270)	(36,000)	(145,872)
Net interest income		829,489	3,381,827	563,767	2,284,384
Other income	17	13,823	56,356	11,077	44,884
Total operating income		843,312	3,438,183	574,844	2,329,268
Reversal/(Additional) allowance for bad and doubtful loans	7	57,792	235,618	(107,257)	(434,605)
Personnel expenses		(97,403)	(397,112)	(94,906)	(384,559)
Depreciation and amortisation		(1,055)	(4,301)	(1,115)	(4,518)
General and administrative expenses	18	(87,112)	(355,156)	(51,620)	(209,164)
Profit before income tax		715,534	2,917,232	319,946	1,296,422
Income tax expense	12.2	(157,825)	(643,453)	(83,385)	(337,876)
Net profit for the year		557,709	2,273,779	236,561	958,546
Other comprehensive income					
Currency translation differences		-	(176,452)	-	305,860
Total comprehensive income for the year		557,709	2,097,327	236,561	1,264,406

Statement of Changes in Equity

As at 31 December 2020

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)
At 1 January 2019	5,000,000	20,000,000	50,298	202,097	369,195	1,483,425	-	90,001	5,419,493	21,775,523
Dividend paid	-	-	-	-	(369,194)	(1,495,974)	-	-	(369,194)	(1,495,974)
Comprehensive income for the year										
Net profit for the year	-	-	-	-	236,561	958,546	-	-	236,561	958,546
Transfer	-	-	(43,238)	(175,200)	43,238	175,200	-	-	-	-
Other comprehensive income										
Currency translation differences	-	-	-	1,873	-	-	-	303,987	-	305,860
Total comprehensive income for the year										
	-	-	(43,238)	(173,327)	279,799	1,133,746	-	303,987	236,561	1,264,406
At 31 December 2019	5,000,000	20,000,000	7,060	28,770	279,800	1,121,197	-	393,988	5,286,860	21,543,955

Statement of Changes in Equity(cont.)

As at 31 December 2020

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences		Total	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
At 1 January 2020	5,000,000	20,000,000	7,060	28,770	279,800	1,121,197	-	393,988	5,286,860	21,543,955
Comprehensive income for the year										
Net profit for the year	-	-	-	-	557,709	2,273,779	-	-	557,709	2,273,779
Transfer to reserve	-	-	106,010	432,203	(106,010)	(432,203)	-	-	-	-
Other comprehensive income										
Currency translation differences	-	-	-	(3,605)	-	-	-	(172,847)	-	(176,452)
Total comprehensive income for the year	-	-	106,010	428,598	451,699	1,841,576	-	(172,847)	557,709	2,097,327
At 31 December 2020	5,000,000	20,000,000	113,070	457,368	731,499	2,962,773	-	221,141	5,844,569	23,641,282

Statement of Cash Flows

As at 31 December 2020

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Cash flows from operating activities				
Net profit for the year	557,709	2,273,779	236,561	958,546
<i>Adjustments for:</i>				
Income tax expense	157,825	643,453	83,385	337,876
Income tax credit	7,201	29,358	-	-
Impairment loss on financial assets	(57,792)	(235,618)	107,257	434,605
Depreciation and amortisation	1,055	4,301	1,115	4,518
	665,998	2,715,273	428,318	1,735,545
Changes in:				
Loans to customers	(5,797,811)	(23,637,675)	(3,069,342)	(12,436,974)
Other assets	(7,200)	(29,354)	(35,034)	(141,958)
Other payables	43,223	176,220	5,711	23,141
	(5,095,790)	(20,775,536)	(2,670,347)	(10,820,246)
Income tax paid	(86,447)	(352,444)	(61,822)	(250,503)
Net cash used in operating activities	(5,182,237)	(21,127,980)	(2,732,169)	(11,070,749)
Cash flows from investing activities				
Purchase of property and equipment	(996)	(4,061)	-	-
Net cash used in investing activities	(996)	(4,061)	-	-
Cash flows from financing activities				
Proceeds from borrowings	9,000,000	36,693,000	2,000,000	8,104,000
Repayment of borrowings	(2,000,000)	(8,154,000)	-	-
Dividend paid	-	-	(369,194)	(1,495,974)
Net cash generated from financing activities	7,000,000	28,539,000	1,630,806	6,608,026
Net increase/(decrease) in cash and cash equivalents	1,816,767	7,406,959	(1,101,363)	(4,462,723)
Cash and cash equivalents at 1 January	720,862	2,937,513	1,822,225	7,321,700
Currency translation differences	-	(79,762)	-	78,536
Cash and cash equivalents at 31 December (Note 19)	2,537,629	10,264,710	720,862	2,937,513