



**SAHAKA MFI**  
together for prosperity



# 2023

## ANNUAL REPORT

**គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ សហការ ភីអិលស៊ី**  
**SAHAKA MICROFINANCE INSTITUTION PLC**



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## Mr. Bol Vanneat Chairman and Chief Executive Officer

### 1. Message from Chairman and CEO

On behalf of the Board of Directors and Management of SAHAKA Microfinance Institution Plc, I am pleased to present the 2023 Annual Report and the audited financial statements for the year ended December 2023 to the shareholders and stakeholders of SAHAKA Microfinance Institution Plc.

### SAHAKA Microfinance Institution Plc

The microfinance sector still continue to play as an important role in providing financial service to Cambodian people who have low, medium or high income. As of 2023 the assets of microfinance sector decreased by (40.9%) which is a bigger decline compared to that in the previous year (19.8%), microfinance credit also dropped by (42.6%) to KHR 22.4 trillion (USD 5.4 billion) which was also a bigger drop compared to that in the previous year (22.7%), with those loans was allocate to the key economic sector such as household with a share of 30.8%, agriculture with a share of 22.2%, trade and commerce 20.30%, service 11.5% and other sectors 15.2%, which all this according to annual report in 2023 of National Bank of Cambodia. In the year of 2023, the global economy has recovered, but at a slower pace compare to last year due to soaring inflation, ongoing supply chain disruption and prolonged Russia-Ukraine war. The global economic slowdown has put pressure on Cambodia's economy. In respond to this situation, the Royal government of Cambodia promulgated many

strategies and measures, along with the National Bank of Cambodia have also strengthened the risk protection framework by issuing a revised credit risk assessment Prakas while standard loan contracts have been enacted to guarantee customers' rights and to maintain high liquidity in the banking system and boost economic growth, several prudential regulatory measures have been taken, such as maintaining the capital conservation buffer at 1.25%, allowing banks and financial institutions to temporarily restructure loans in the tourism sector in Siem Reap for customers facing financial difficulties, with no additional provisioning for 12 months, and encourage banks and financial institutions to temporarily restructure loans in the real estate sector in compliance with the regulations.

Despite many challenges, SAHAKA remains strong through strategic effort and unwavering commitment to support our clients. By 2023, SAHAKA has significantly grown through providing sustainable and responsible financial services to high-low income people and small businesses, which as a result SAHAKA has increased its loan portfolio by 15% and active clients by 43%, and also our financial performance remained positive but albeit slightly affected by non-performing loans. These results are due to the strengthening of loan quality, the strengthening of effective sales capacity, as well as the cooperation of all staff at all levels, the support from National Bank of Cambodia and our customers.

## Governance

The Board of Directors and the management are responsible for ensuring that all operations of the institution are in compliance with the laws and regulations that are strictly observed. Depending on the role and responsibilities, the Board of Directors conducts the meeting at least two regularly every year. The purpose of this meeting is to review the management's performance and effective control over the operation of the entire institution.

## Vision 2024

In 2024, Cambodia's economy growth is expected to reach 6.4% which is primarily supported from tourism, non-garment manufacturing and agriculture sectors. The tourism sector is expected to continue to grow at a high rate of 19.5% and other sectors are expected such as the agriculture sector to grow at a high rate of 1.3% and the manufacturing sector will boost the non-garment and garment sub-sectors are expected to grow at the high rate of 14.20% and 7.6%, according to NBC report. Meanwhile, the banking sector is expected to experience growth of 11% and continue to play an important role in supporting economic growth.

Turning to the outlook for 2024, SAHAKA will continue its key strategies to expand its potential by focusing on developing new products and new services in order to meet our customers' needs, to compete in the market and to achieve positive results. In addition, SAHAKA will commit to becoming a leading institution which can help to improve the lives of people, the economy and society.

## Recognition

I would like to express my deep gratitude to our clients, investors and financial partners, for continuing to place their faith and trust in our ambition. I would also like to thank the Board of Director for their advice and guidance, all the management and staff member who have made relentless efforts to improve SAHAKA's resilience in the face of all difficult circumstances.

I would also like to express our gratitude to the Royal Government of Cambodia, the National Bank of Cambodia, regulators and authorities at all levels for their continued support and efforts to develop the financial sector in Cambodia for sustainable growth.



Mr. Bol Vanneat

Chairman and Chief Executive Officer

27 May 2024

## 2. Who we are

SAHAKA MICROFINANCE Institution Plc is a public limited company incorporated in Cambodia under registration established in December 2015 by two shareholders from Cambodian and Japanese. Sahaka Microfinance obtain a license from the National Bank of Cambodia (NBC) in April 2016 and fully operates in Cambodia to provide sustainable financial service through loan products to customers.

For more than 8 years of business operation, we have provided services to many customers both in Phnom Penh and in some provinces.

Since obtaining the license, we have made great efforts to contribute to improving the lives of our people and the economy of Cambodia through quality and efficient lending. In addition, our institution strictly adheres to and complied by the laws and regulations of the Royal Government of Cambodia and other regulators, especially in accordance with the guidelines of the National Bank of Cambodia.

In order to comply with the International Financial Reporting Standards and comply with the regulations of the National Bank of Cambodia, from 2019 onwards, Sahaka have implemented the Cambodian International Financial Reporting Standards for Small and Medium Enterprise(CIFRS for SME) by accuracy and completeness through proper in depend auditfrom 2019 onwards, the Cambodian International Financial Reporting Standards for Small and Medium Enterprises (CIFRS for SME) have been implemented accuracy and completely through proper independent audit.

### Headquarter

#6CD, St163 Blvd, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Cambodia

Telephone ☎ (+855)23 967 779  
Email ☎ sahakamfi@sahakamfi.com.kh  
Website ☎ www.sahakamfi.com.kh  
Customer Service ☎ (+855)61 500 979 / (+855)93 500 979  
Email Info ☎ info@sahakamfi.com.kh



## Sahaka MFI Milestones

2016

- SAHAKA obtained MFI license from National Bank of Cambodia in April 2016 to provide loan service.
- SAHAKA was registered with the total paid up capital amount USD300,000

2017

- SAHAKA increased on paid up capital to USD 1,800,000

2019

- SAHAKA increased on paid up capital to 2,300,000 USD
- Total active clients 741 and total loan portfolios 3.34 million
- The financial statement transited to adopt CIFRS for SMEs

2020

- SAHAKA increased on paid up capital to USD 3,300,000

2021

- SAHAKA MFI obtained NBC license to operate Angsnoul Branch
- Total active clients 433 and total loan portfolios 7.37 million
- SAHAKA proactively supported financial relief for our customer who are impact by Covid19 crisis by prepare them loan restructure and we continue to strictly control of risk.

2023

- SAHAKA increased on paid up capital to USD 3,600,000
- Loan portfolio increased to 9.48 million and active client 863.
- Launched a new core banking system
- Our loan demand increased and operation grow from year to year
- we have moved our Head office to the specious building where located on building of 6CD, street 163, Sagkat Veal Vong, Khan Prampi Makara, Phnom Penh, Cambodia.

### 3. Vision and Mission

#### Vision

To become a leading institution that can help improve the living standards of the people, economy and society of Cambodia by training human resources through education and economy while maintaining the reputation of the institution.



#### Mission

Our business concept is to provide financial services with reasonable interest rates that people can afford to use our services to increase their income and living standards.



## Operation Area

Operation Region	2022	2023
Province	13	13
District	44	57
Commune	139	152
Village	310	685
Branch Office	2	2

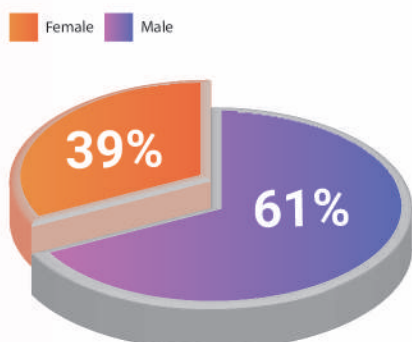


## 4. Summary operating results

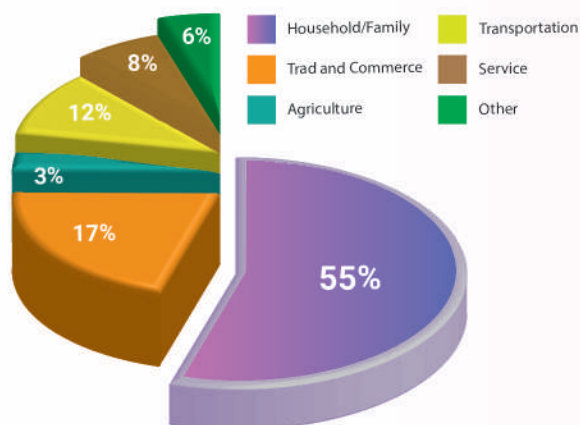
Operational Highlight	2022	2023	Changed
Loan Portfolio(in USD)	8,256,427	9,479,495	15%
Number of Active Clients	605	863	43%
Loan portfolio per loan officer	855,728	1,354,214	58%
Number of client per loan officer	60	123	100%
Total Client Per Staff	15	22	46%
Amount loan disbursement(in USD)	4,876,097	4,683,944	4%
Number of client disbursed	362	450	24%
Portfolio at risk(PAR>30)	2.51%	6.33%	4%

### Operation Performance in 2023

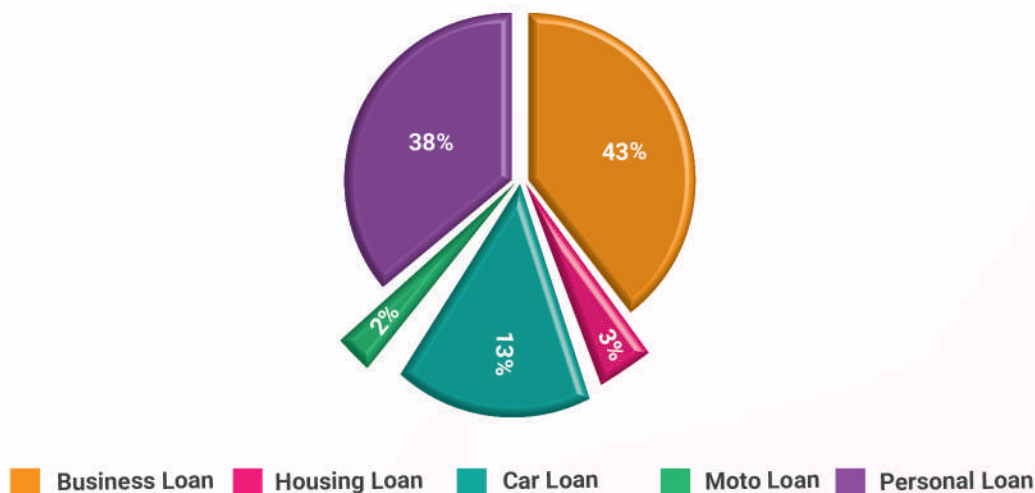
Client by Gender



Loan portfolios by sector



Loan portfolios by product



## 5. Summary financial results

	2022	2023	Changed
Total Asset ( in USD )	9,574,955	10,263,954	7%
Total Liabilities ( in USD )	7,792,580	8,410,502	8%
Total Equity ( in USD )	1,782,375	1,853,452	4%
Interest income ( in USD )	1,199,674	1,454,874	21%
Interest Expense	( 348,292 )	( 411,690 )	18%
Tax on profit	( 154,979 )	( 19,977 )	87%
Profit for the year	449,182	71,077	-84%
Return on Equity	25.20%	3.83%	-21%
Return on Asset	4.69%	0.69%	-4%

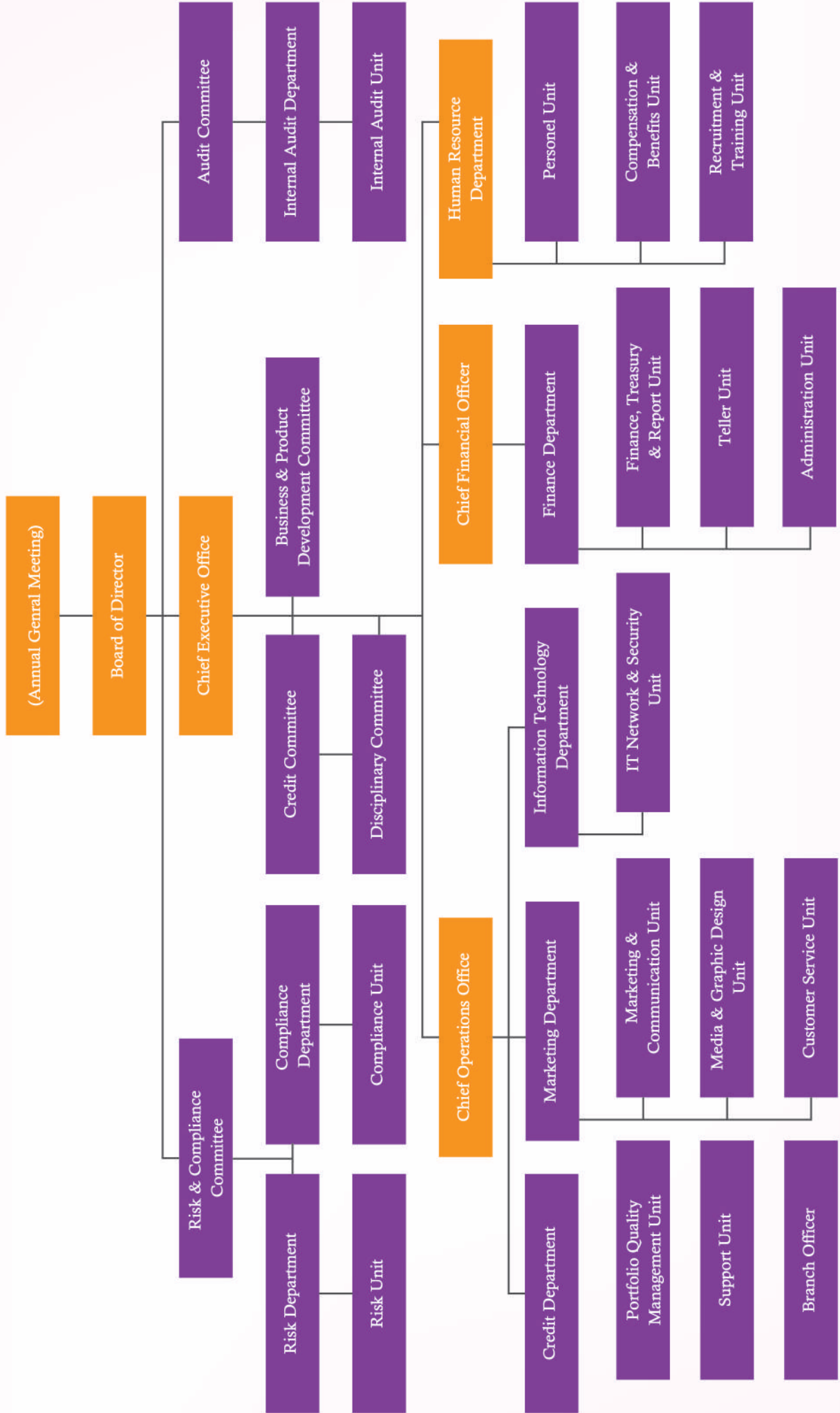


## 6. Social Responsible highlights

Indicators	2022	2023
Total Active Client	605	863
Female client	223	336
Credit History Checked ( CBC )	100%	100%
Total Staff	38	36
Female Staff	10	11
Total Management	6	4
Total woman in management position	1	2
Total Loan officer staff	9	9
Staff Retention Rate	97%	94%
Number of Training Course per Staff	21	17
Tax on salary and fringes benefit	50,385	90,335
Withholding Tax	47,505	67,662
Prepaid Profit Tax	154,979	19,977



# 7. Organizational Structure



## 8. Member Board of Director



**Mr. BOL VANNEAT**  
Chairman and CEO



**Mr. TAKAHIRO YAMASHITA**  
Board Member and CFO



**Mr. TOSHIHIRO MIYAUCHI**  
Independent Board Member

## 8. Member Board of Director



**Mrs. PHEUK SAMPHORS**  
Human Resource Unit Manager



**Mrs. KOUK SIVLENH**  
Finance Unit Manager



**Mr. CHY LONGHENG**  
Internal Audit Unit Manager



**Mr. NOV VICHKA**  
Compliance Unit Manager



**Mr. PHON CHANUDOM**  
Senior Risk Officer

01

### **Mr. BOL VANNEAT** Chairman and CEO

Mr. BOL VANNEAT was appointed to be the Board of Directors and Chairman in December 2015 and appointed as the representative of SAHAKA Microfinance Institution Plc in January 2016. He obtained a Bachelor's Degree in Education Japanese Languages from the Institution of Foreign Languages in 2011.

He has more than 8 years of work experience with Bank Sector and Education Sector.

**02****Mr. TAKAHIRO YAMASHITA****Board Member and CFO**

Mr. TAKAHIRO YAMASHITA was appointed to be the Board Member in December 2015 and appointed as CFO on the 1st October 2016. He obtained a Bachelor's Degree in Economics in 1999 from Kansai University and obtained the Post Graduate Diploma of Business Management in 2006 from the University of Wales Prifysgol Cymru.

He has more than 20 years worked experience with Bank Sector in Japan and Educational Sector.

**03****Mr. TOSHIHIRO MIYAUCHI****Independent Board**

Mr. TOSHIHIRO MIYAUCHI was appointed to be the Independent Board Member in Jun 2019 and approved by National Bank of Cambodia in October 2019. He obtained a Bachelor's Degree in Engineering in 1976 from Kanagawa University.

He has more than 29 years of worked experience with Financial Management in Japan as Private Asset Management and Investment Company. Moreover, he also Chief Executive Officer of Miyauchi Electric Engineering Co.,LTD.

## 9. Management Team

**04****Mrs. PHEUK SAMPHORS****Human Resource Unit Manager**

Mrs. PHEUK SAMPHORS was graduated bachelor degree of accounting from Vanda institution in 2011. She has over 7 years of experiences as an Accountant and Administrator with various private companies, including Merchandising and Hotels.

She joined Sahaka Microfinance Institution Plc as an Accounting Supervisor in 2016 until 2019, and promoted to Human Resource Unit Manager in 2020 until now.

**05****Mrs. KOUK SIVLENH****Finance Unit Manger**

Mrs. KOUK SIVLENH was graduated bachelor degree in Accounting and Auditing at Build Bright University in 2014. She completed diploma in IFRS for SMEs, Cambodian tax and Cambodian business law from Camed Business school in 2021 and 2023. Currently, she is pursuing Master degree of accounting and finance at Camed business school.

She has more than 8 years of experience in finance sector such as banking and microfinance, from accountant to finance unit manager as current position.

**06****Mr. CHY LONGHENG****Internal Audit Unit Manager**

Mr. CHY LONGHENG was graduated a Master's degree of Finance in 2019 and a Bachelor's degree in Accounting in 2012.

He has more than 10 years of experience in finance, accounting and auditing with both deposit-taking and non-deposit-taking microfinance institutions and leasing companies in Cambodia.

**07****Mr. NOV VICHKA****Compliance Unit Manager**

Mr. NOV VICHKA was graduated a Bachelor's degree in Economics in 2010 and a Master's degree in General Management in 2015.

He has more than 10 years of experience as a Marketing Coordinator and in banking and finance sector since 2014. Prior he was deputy of Risk and Compliance Manager and Marketing Coordinator Manager.

**08****Mr. PHON CHANUDOM****Senior Risk Officer**

Mr. PHON CHANUDOM was graduated a bachelor degree in finance and banking in 2022 and he have attended numerous training courses such as risk management and complain function.

He has more than 10 years of experience in finance in both MDI and MFI with various position such as credit officer, credit control officer and credit risk officer.

## 10. Risk management

**SAHAKA Microfinance Plc** has established risk management structure to ensure the lowest possible level of risk. This risk management structure facilitates effective management of anticipation and operation of risk management and risk control processes.

The Risk Management Department is independent with important role in risk management and reports directly to the Board of Directors.

### Credit risk

The main roles are responsible for developing credit risk management policies, setting conditions for credit approval judgments, risk monitoring and management, credit risk classification, credit portfolio risk analysis with recommendations and directly check the credit independently.

### Operational risk

**SAHAKA** regularly conduct on risk assessment and management, monitoring of risk indicators is important and regularly tested business sustainability plans. Launching new products and modifying existing products, services or process modifications requires a thorough risk assessment to prevent and mitigate potential risks.

### Market risk

Market risk refers to losses that are caused by prices or rates that may occur on a trading list or on a non-trading list, either on or off the balance sheet. Regardless of the level of risk, **SAHAKA Microfinance Plc** Faces only non-trading risk, which includes interest rates.

### Liquidity risk

**SAHAKA** is a microfinance institution that only provides credit services, so this type of risk does not affect our institution. Due to good cash management, our organization does not have a problem with cash flow.



## 11. Internal control

A strong internal control structure ensures the efficiency of the entire organization and the potential risks to the institution, which requires the involvement of all staff and management. **SAHAKA's** internal audit is responsible for assessing the adequacy and accuracy of the internal control system, including reviewing the institution's compliance with regulations and reporting independently to the Chairman of the Audit Committee of the Board of Directors.

Internal audit activities are independent, impartial in guaranteeing and consulting, which is designed to improve the operation of the entire SAHAKA. Internal audit contributes to SAHAKA by providing assessment and disciplinary approaches and improves the effectiveness of risk management, internal control and governance processes.

Internal audit activities are not obstructed by any part of the unit, including audit procedures, scope, frequency, timing or reporting to maintain independence and accuracy as necessary. Due to these independent activities, the risk management and internal control of the SAHAKA are better and more effective.

Internal auditors must be independent of day-to-day operations and must avoid involvement that could affect their ability to provide independent and accurate services. For internal audit, the auditor has no role or authority beyond the audit and audit activities.



## 12. Management Committee

In order to effectively manage and ensure the growth of SAHAKA Microfinance Institution Plc, this management system is prepared and reported to the Board of Directors and the Chief Executive Officer.

### Audit Committee

This committee prepares to conduct audits and audit reports on the execution of the duties of executive officer and directors. In addition, audit committee has the right to decides the content of proposals regarding the appointment, dismissal and non-reappointment of the accounting auditor that are submitted to general meeting of shareholders.

### Risk Management and Compliance Committee

The committee established to oversight or develop on risk management systems ,operational policies and formulate the compliance systems. This committee is responsible for overseeing the day-to-day risk management of the entire institution. Moreover this committee is an independent committee who are manage risk and directly report to the Board.

### Credit Committee

The committee established to review and receive reports as it deems necessary from various corporate management, to assess and manage credit risks. The Committee shall oversee the administration and effectiveness of, and compliance with credit policies through the review of such processes, reports and other information as it deems appropriate, including the loan-quality grading and examination process, internal and external audits. The Committee will also monitor the performance and quality of credit portfolio through the review of selected measures of credit quality and trends and such other information as it deems appropriate, including loan classifications and non-performing loans.

### Business and Product Development Committee

This committee is set up to develop products to meet the customers' needed and to make it competitive in the market. This committee was specifically set up for the credit part to research and development on the new product that partially in finance sector of SAHAKA.

### Disciplinary Committee

This committee is set up to decide on the punishment and investigate of the mistake which is state in Sahaka policy.

## 13. Our Products



### Business Loan

Business loan product are designed for individual customers who wish to use for business start-up, business expansion, which is in line with our institution's mission to increase income and people's livelihood.



### Car Loan

Car loan product are designed to meet the needs of customers who need to use their own car or for the family, they can apply for this type of loan easily and quickly.



### Motorbike Loan

Motorbike loan is designed to provide loan to customer who wants to have their own transportation for personal, family use or daily business.



### Housing Loan

Housing Loan product are designed for individual customers who wish to purchase their house unconditionally. The customer can take the existing property or other property instead as collateral for this type of loan.



#### ➤ Personal loan

Personal loan products are designed to meet the needs of customers who wish to use cash for family support and for specific personal purposes. This type of loan is extremely convenient for customers because it is fast and long term that customers can repay effectively.



#### ➤ Student Loan

Student loan products are designed to meet the needs of clients who are students and wish to continue their studies but are unable to do so due to the cost of tuition fees, so this type of loan is a real need for them to continue their studies.

## 14. Our target customers

Providing efficient financial services is an important point that our institution adheres to in line with our mission and practices to meet the needs of our clients, offering a wide range of personal and small and medium-sized businesses. The reasonable interest rates and prices that allow customers to easily make decisions before choosing to use products of SAHAKA.



#### ➤ Family

As Cambodian peoples' income increased from year to year through agriculture, trading, transportation services. According to their income has been steadily increasing, enabling them to use SAHAKA'S car loan products or housing loan products with confidence and sustainability.



➤ Smallest enterprise

Most small enterprises are family-run businesses with family members assisting in business activities. Most of those enterprises have staffs less than 10 people, mostly family members. This type of enterprise is very abundant in the provinces in the Kingdom of Cambodia.



➤ Small enterprise

Most small enterprises have 10 to 50 members and are located in the city and suburbs. This type of enterprise can be food, furniture, decoration, etc.



➤ Medium Enterprise

An type of enterprise located in a town, district or province. This type of enterprise generally owns its own assets and has 51 to 100 members.

## 15. Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of **Sahaka Microfinance Institution Plc.** ("the Company") for the financial year ended 31 December 2023.

### Principal activity

The principal activity of the Company is to provide sustainable micro-finance services to small and medium enterprises, and low-income families in the Kingdom of Cambodia. 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	71,077	292,128

## Dividends

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

## Reserves and provisions

During the financial year, there was a transfer of US\$51,603 from retained earnings to regulatory reserve.

## 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 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 it necessary to write off 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 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.

## Reserves and provisions

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

- i Adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- i 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

During the financial year, the registered and issued share capital of the Company has increased from US\$3,300,000 to US\$3,600,000 by way of issuance of 300,000 new ordinary share of US\$1 each for cash for working capital purposes. The new issuance was completed by transferring the approve capital reserve 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:



**Mr. Bol Vanneat**

Chairman & chief Executive Officer



**Mr. Yamashita Takahiro**

Board Member and CFO



**Mr. Miyauchi Toshihiro**

Independent Board Member

## 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.

## 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 2023, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- i. adopt appropriate accounting policies which are supported by reasonable judgements and estimates and then apply them consistently;
- ii. 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;

- iii. Maintain adequate accounting records and an effective system of internal control;
- iv. Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and,
- v. Control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the accompanying financial statements.

### Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 8 to 31 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 2023, and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board,



**Mr. Bol Vanneat**

Chairman and Chief Executive Officer

Phnom Penh, Cambodia

Date: 26 April 2024

## 16. The Audit Report of the Financial Statement

### Opinion

We have audited the financial statements of Sahaka Microfinance Institution Plc. (“the Company”), which comprise statement of financial position as at 31 December 2023, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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 International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together 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 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 other information 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 other information and, in doing so, consider whether the other information 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 other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the financial statements

The Directors 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.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of 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 Matter

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.



BDO (Cambodia) Limited

Phnom Penh, Cambodia

Date: 26 April 2024

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023		2022	
		USD	KHR'000	USD	KHR'000
<b>ASSETS</b>					
Cash on hand	6	30,623	125,095	156,891	645,920
Balances with National Bank of Cambodia	7	181,723	742,338	465,690	1,917,246
Balances with other banks	8	360,040	1,470,763	567,916	2,338,110
Loans to customers	9	9,479,495	38,723,737	8,256,427	33,991,710
Other receivables	10	80,985	330,824	44,123	181,655
Property, plant and equipment	11	92,221	376,723	68,085	280,306
Intangible assets	12	27,417	111,998	-	-
Deferred tax assets	14	11,450	46,773	15,823	65,143
<b>TOTAL ASSETS</b>		<b>10,263,954</b>	<b>41,928,251</b>	<b>9,574,955</b>	<b>39,420,090</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Borrowings	13	8,300,000	33,905,500	7,600,000	31,289,200
Other payables	15	109,942	449,113	191,610	788,859
Current tax liabilities		560	2,288	970	3,993
<b>TOTAL LIABILITIES</b>		<b>8,410,502</b>	<b>34,356,901</b>	<b>7,792,580</b>	<b>32,082,052</b>
<b>EQUITY</b>					
Share capital	16	3,600,000	14,512,100	3,300,000	13,277,000
Regulatory reserve	17	60,487	247,870	8,884	35,782
Capital reserve	18	-	-	300,000	1,235,100
Accumulated losses		(1,807,035)	(7,294,076)	(1,826,509)	(7,374,116)
Currency translation difference		-	105,456	-	164,272
<b>TOTAL EQUITY</b>		<b>1,853,452</b>	<b>7,571,350</b>	<b>1,782,375</b>	<b>7,338,038</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,263,954</b>	<b>41,928,251</b>	<b>9,574,955</b>	<b>39,420,090</b>

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023		2022	
		USD	KHR'000	USD	KHR'000
Interest income	19	1,454,874	5,979,532	1,199,674	4,903,068
Interest expense	20	(411,690)	(1,692,046)	(348,292)	(1,423,469)
<b>Net interest income</b>		<b>1,043,184</b>	<b>4,287,486</b>	<b>851,382</b>	<b>3,479,599</b>
(Allowances for)/Reversal for doubtful loans	9	(33,520)	(137,767)	527,834	2,157,258
Other operating income	21	122,180	502,160	97,411	398,118
Personnel expenses	22	(705,521)	(2,899,691)	(594,526)	(2,429,828)
Depreciation and amortisation expenses	23	(33,411)	(137,319)	(39,745)	(162,438)
General and administrative expenses	24	(301,858)	(1,240,636)	(238,195)	(973,503)
<b>Profit before tax</b>		<b>91,054</b>	<b>374,233</b>	<b>604,161</b>	<b>2,469,206</b>
Tax expense	25	(19,977)	(82,105)	(154,979)	(633,399)
<b>Profit for the financial year</b>		<b>71,077</b>	<b>292,128</b>	<b>449,182</b>	<b>1,835,807</b>
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
- Foreign currency translations		-	(58,816)	-	57,903
<b>Total comprehensive income for the financial year</b>		<b>71,077</b>	<b>233,312</b>	<b>449,182</b>	<b>1,893,710</b>



## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital						Regulatory reserve						Capital reserve						Accumulated losses						Currency translation difference						Total	
	USD		KHR'000		USD		KHR'000		USD		KHR'000		USD		KHR'000		USD		KHR'000		USD		KHR'000		USD		KHR'000					
Balance as at 1 January 2022	3,300,000	13,277,000	7,636	30,681	-	-	(2,274,443)	(9,204,822)	-	-	106,369	1,033,193	4,209,228	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Profit for the financial year	-	-	-	-	-	-	449,182	1,835,807	-	-	-	-	449,182	1,835,807	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total comprehensive income	-	-	-	-	-	-	449,182	1,835,807	-	-	-	-	449,182	1,835,807	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Transactions with owners</b>																																
Capital injection	-	-	-	-	300,000	1,235,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfer to regulatory reserve	-	-	1,248	5,101	-	-	(1,248)	(5,101)	-	-	-	-	(1,248)	(5,101)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total transactions with owners	-	-	1,248	5,101	300,000	1,235,100	(1,248)	(5,101)	-	-	(1,248)	(5,101)	(1,248)	(5,101)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31 December 2022	3,300,000	13,277,000	8,884	35,782	300,000	1,235,100	(1,826,509)	(7,374,116)	-	-	164,272	1,782,375	7,338,038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Profit for the financial year	-	-	-	-	-	-	71,077	292,128	-	-	-	-	71,077	292,128	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total comprehensive income	-	-	-	-	-	-	71,077	292,128	-	-	-	-	71,077	292,128	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transactions with owners																																
Transfer as share capital	300,000	1,235,100	-	-	(300,000)	(1,235,100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfer to regulatory reserve	-	-	51,603	212,088	-	-	(51,603)	(212,088)	-	-	-	-	(51,603)	(212,088)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total transactions with owners	300,000	1,235,100	51,603	212,088	(300,000)	(1,235,100)	(51,603)	(212,088)	-	-	(51,603)	(212,088)	(51,603)	(212,088)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31 December 2023	3,600,000	14,512,100	60,487	247,870	-	-	(1,807,035)	(7,294,076)	-	-	105,456	1,853,452	7,571,350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023		2022	
		USD	KHR'000	USD	KHR'000
<b>Cash flows from operating activities</b>					
Profit before tax		91,054	374,233	604,161	2,469,206
<b>Adjustments for:</b>					
Allowance for/(Reversal) for doubtful loans	9	33,520	137,767	(527,834)	(2,157,258)
Amortization of intangibles	12	83	341	-	-
Depreciation of property, plant and equipment	11	33,328	136,978	39,745	162,438
Interest expense	20	411,690	1,692,046	348,292	1,423,469
Gain on disposals of property, plant and equipment		(10,354)	(42,555)	-	-
Operating profit before working capital changes		559,321	2,298,810	464,364	1,897,855
<b>Changes in working capital</b>					
Loan to customers		(1,256,588)	(5,133,162)	(1,113,271)	(4,583,337)
Other receivables		(36,862)	(150,581)	(19,032)	(78,355)
Other payables		(81,668)	(333,614)	54,447	224,159
Statutory deposit		(15,000)	(61,275)	-	-
<b>Cash used in from operations</b>		<b>(830,797)</b>	<b>(3,379,822)</b>	<b>(613,492)</b>	<b>(2,539,678)</b>
Income tax paid		(16,014)	(65,818)	(13,028)	(53,245)
Interest paid		(411,690)	(1,692,046)	(348,292)	(1,423,469)
<b>Net cash used in operating activities</b>		<b>(1,258,501)</b>	<b>(5,138,686)</b>	<b>(974,812)</b>	<b>(4,016,392)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	11	(101,370)	(416,631)	(1,649)	(6,739)
Proceeds from disposal of property and equipment		26,760	109,984	-	-
Net cash used in investing activities		(74,610)	(306,647)	(1,649)	(6,739)
<b>Cash flows from financing activities</b>					
Proceeds from capital reserve	18	-	-	300,000	1,235,100
Drawdown of borrowings		1,250,000	5,137,500	6,302,820	25,759,625
Repayments of borrowings		(550,000)	(2,260,500)	(4,710,012)	(19,249,819)
<b>Net cash from financing activities</b>		<b>700,000</b>	<b>2,877,000</b>	<b>1,892,808</b>	<b>7,744,906</b>

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Continue)

	Note	2023		2022	
		USD	KHR'000	USD	KHR'000
Net (decrease)/increase in cash and cash equivalents		(633,111)	(2,567,333)	916,347	3,721,775
Cash and cash equivalents at beginning of financial year		1,025,497	4,221,971	109,150	444,677
Exchange difference on translation		-	(51,742)	-	55,519
Cash and cash equivalents at end of financial year		392,386	1,602,896	1,025,497	4,221,971
Cash on hand	6	30,623	125,095	156,891	645,920
Balances with National Bank of Cambodia (excluding statutory deposit)	7	1,723	7,038	300,690	1,237,941
Balances with other banks	8	360,040	1,470,763	567,916	2,338,110
		392,386	1,602,896	1,025,497	4,221,971





# SAHAKA MFI

together for prosperity

