



សំរិទ្ធិស័ក

ដើម្បីអារិយធម៌កម្ពុជាធម្មតា



Annual Report

2016

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WELCOME TO SAMRITHISAK MICROFINANCE LIMITED



VISION

SAMRITHISAK'S long-term vision is the first choice for customers is Microfinance and also which the best leading one in Microfinance Institution is.

MISSION

SAMRITHISAK' mission had offered the Cambodian best valued opportunity in order to update or renovate Cambodian living condition by participating in microfinance which was equality, competitive, strengthening for a long time and benefit for customers, shareholders, staffs and whole society.

SAMRITHISAK'S PROFILE

SAMRITHISAK Microfinance Limited was established on 01 June 2010. The project was created in order to help the economic development, increase in income generation, establishment and expansion of services to poor people.

SAMRITHISAK had been established under an initiative concept of **Mr. Taing Ngoun** and other 4 Cambodian investors in order to help institution more sufficient capital and equity in the Business of providing the financial facility service to customers with small business, businessmen, entrepreneurs, craftsmen, vendors, service consultants, farmers and own family business.

Since June 2010, SAMRITHISAK has obtained a license as a MFI from the National Bank of Cambodia with the official name: SAMRITHISAK Microfinance Limited and has been registered capital for USD 500,000.00 (Five hundred thousand dollars).

On 30 September 2010, SAMRITHISAK has been invested more capital up to USD 1,000,000.00 (One million dollars). Replying to the strongly demands of customers in financial service, SAMRITHISAK also decided to invest more capital up to USD 2,500,000.00 (Two millions and five hundred thousand dollars) on 09 March 2011 to made more enough abilities to serve the credit service to their customers.

SAMRITHISAK has been established in valued purpose to facilitate poor people who have no ability to request for financial service from the Commercial banks as more capital to run and expand their business.



CHAIRMAN'S LETTER



After credit operation in 2015, I am pleasure that all management team and staffs had completed their own active duties and responsibilities to achieve good result with total assets was \$ 8,516,087, loan portfolio was 7,723,749.00 Total equity was \$ 3,570,318 return on average equity was 10.17%, loan disbursement was \$7,228,530 and portfolio at risk over 30 days was 0.98% All of these results had achieved in 2015 and was the positive symbol that pushes SAMRITHISAK to participate in Microfinance sector in Cambodia.

In the end of 2016, SAMRITHISAK had achieved successful for its own operation in proper Level with total asset rose by 40.09% to \$11,930,093 for year 2016 from \$ 8,516,087 for year 2015, a really excellent achievement of SAMRITHISAK Net income grew by 20.85% to \$417,539 in the year 2016 from \$ 345,503 for the year 2015. In the same period, total equity increased from \$ 3,570,318 to 3,987,857 and return on average equity increase from 10.17% to 11.05%.

We had promised to join in microfinance sector in order to facilitate and resolve some issues in Cambodia society and pushing economic terrace to go for work. We had prepared our master plan to disburse loan services to farmers, vendors, traders, Artisans, small and medium industries to help them to be able up-to-date and achieve their business in maximum result. In the end of 2016, SAMRITHISAK had Been operating loan service in 590 Villages, 236 Communes, 49 Districts in Phnom Penh, Kandal province and Svay Rieng province.

SAMRITHISAK will improve and reinforce its governing structure to attain best Outcome and sustaining the institution.

On behalf of the Board of Directors and Shareholders, I would like to make formal statement to thank fully and Respect to board of directors, management team and all staffs who had tried to Follow and achieve target plan Carefully including strong business and experience Management to help SAMRITHISAK to be successful and also a powerful sharing for Cambodia economic toward.



TAING NGOUN

Chairman, Board of Director

OPERATION HIGHLIGHT

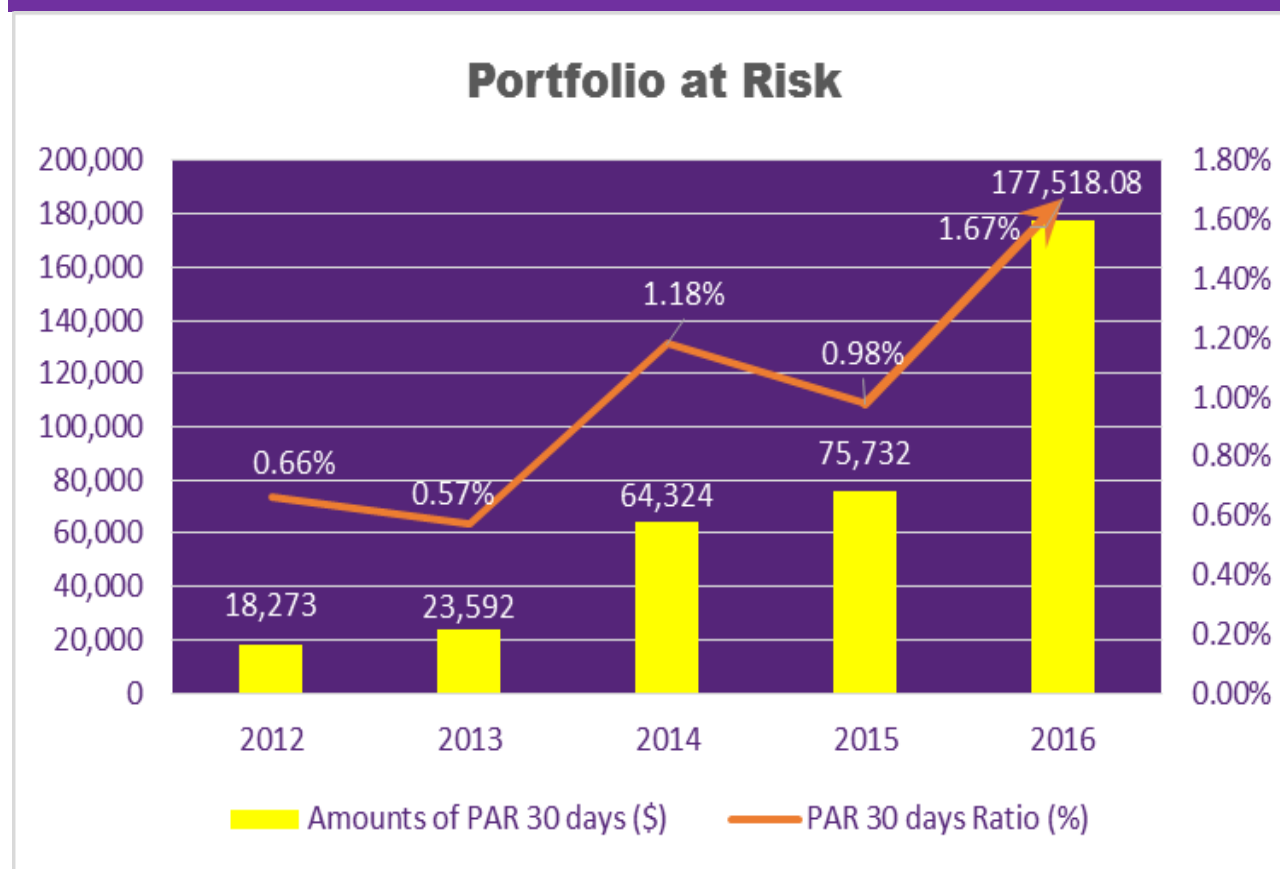
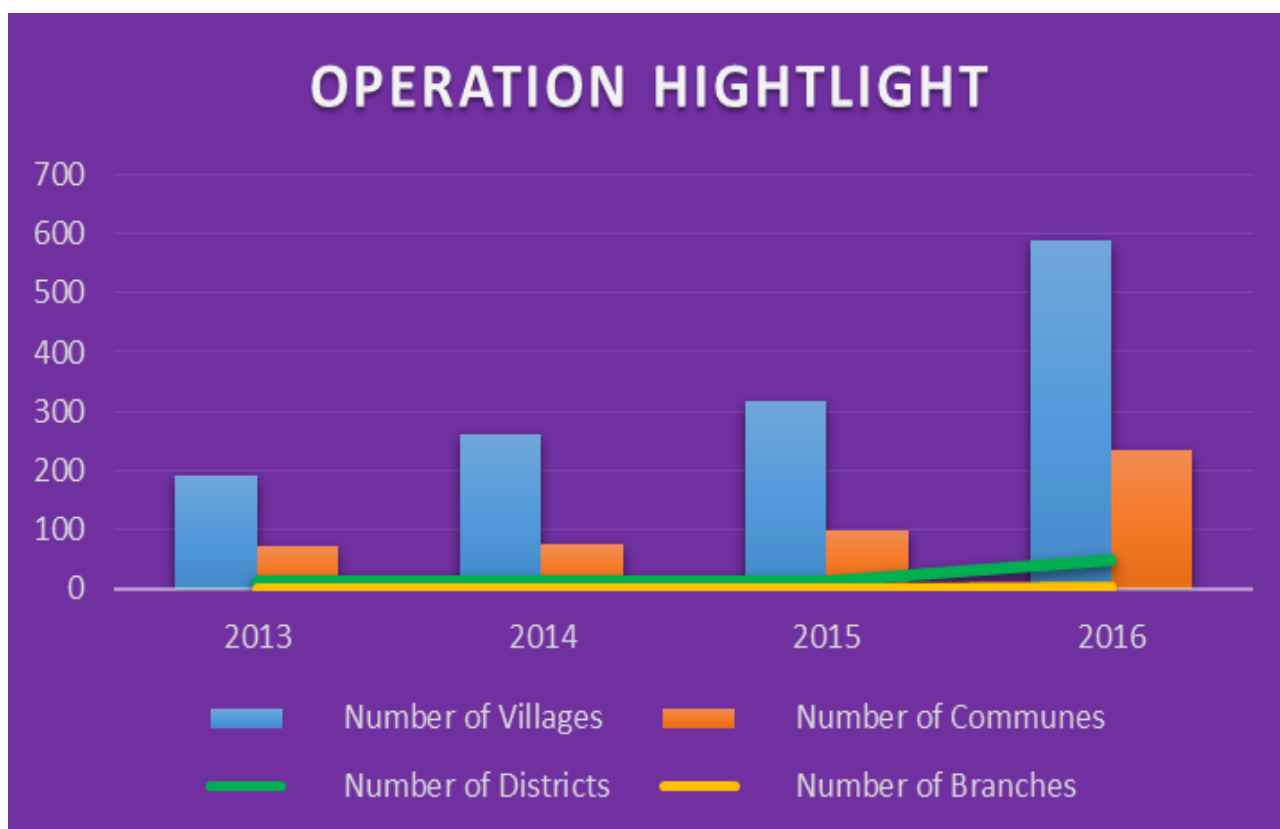
DESCRIPTION	2013	2014	2015	2016
	(USD)	(USD)	(USD)	(USD)
I- OPERATIONAL HIGHLIGHTS				
Number of Villages	190	261	317	590
Number of Communes	72	77	100	236
Number of Districts	14	12	14	49
Number of Branches	1	1	1	3
Loan Portfolio				
Gross Loan Portfolio	4,112,816	5,432,322	7,723,749.00	10,684,345.66
Portfolio Growth Rate	48.28%	32.08%	42.18%	38.33%
Net Loan Portfolio	4,097,948	5,423,925	7,711,699	10,661,237.23
Number of Loan	442	883	1,247	1,859.00
Average Loan Portfolio	9,305	6,152	6,194	5,747.36
Woman Borrowers	297	504	702	944.00
Loan Portfolio per Credit Officer	114,245	187,321	249,153	296,787.38
Number of Loans per Credit Officer	12	30	40	52.00
Number of Credit Officer	36	29	31	36.00
Loan Disbursement				
Amount of Loan Disbursed	4,683,070	4,667,925	7,228,530	11,107,819.35

Number of Loan Disbursed	497	755	907	1,746.00
Average Loan Disbursed	9,423	6,183	7,970	6,361.87
Portfolio at Risk				
Amounts of PAR 30 days	23,592.00	64,324.00	75,732.00	177,518.08
PAR 30 days Ratio	0.57%	1.18%	0.98%	1.67%
Loan Written-Off				
Value of written-off	982.00	669.00	3,293.00	18,393.24
Written-Off Ratio	0.04%	0.02%	0.04%	0.17%

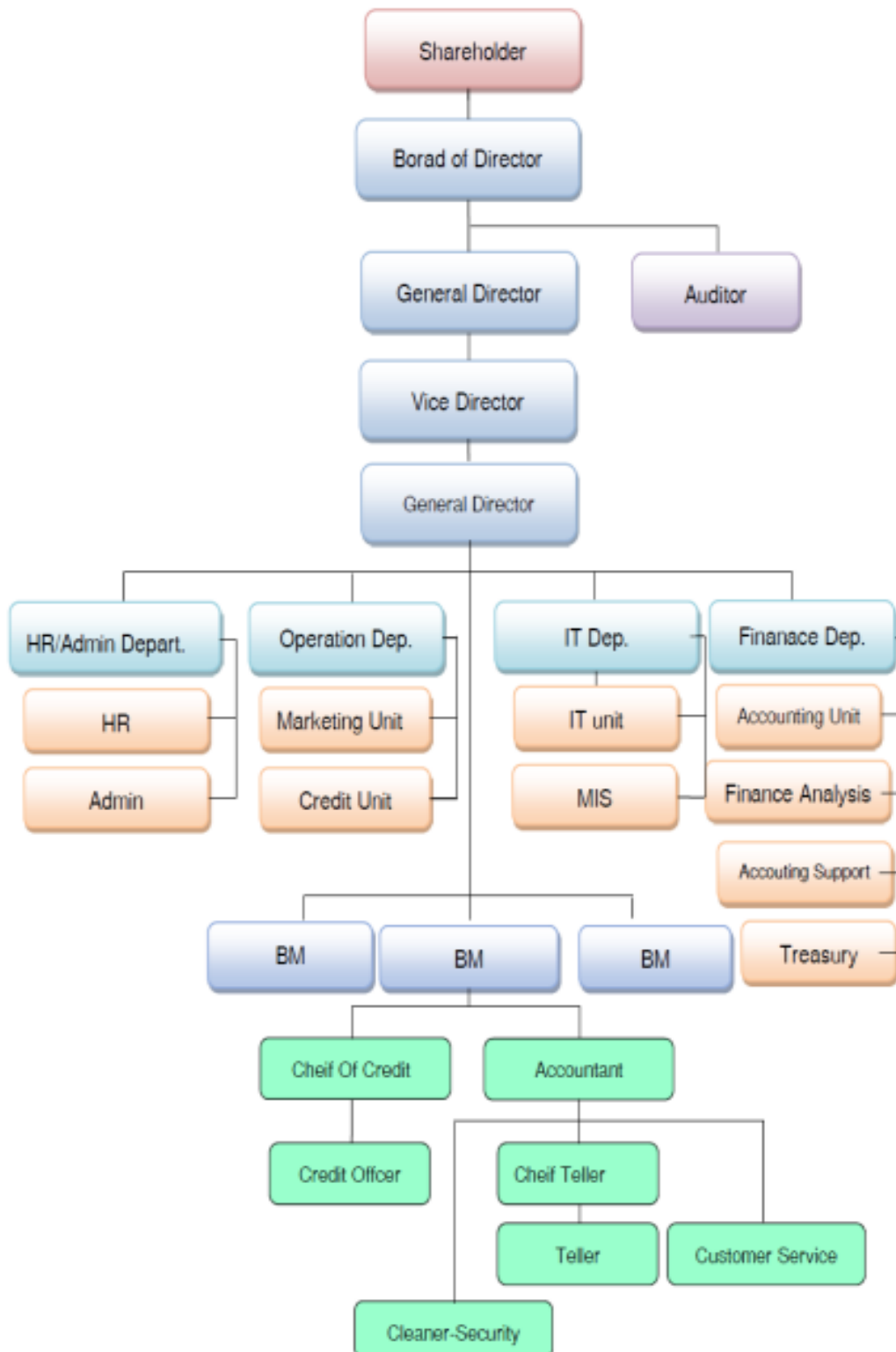
FINANCIAL HIGHLIGHT

DESCRIPTION	2013	2014	2015	2016
	(USD)	(USD)	USD	USD
II- FINANCIAL HIGHLIGHTS				
Total Assets	4,653,648	6,174,737	8,516,087	11,930,093.00
Net Loan Portfolio	4,097,948	5,423,925	7,711,699	10,648,492.00
Total Liabilities	1,645,575	2,949,922	4,945,769	7,642,236.00
Total Equity	3,008,073	3,224,815	3,570,318	3,987,857.00
Total operating Income	684,954	892,192	1,236,759	1,840,934.00
Operating Cost	402,508	526,531	619,042	1,022,313.00
Profit After Tax	173,090	216,742	345,503	417,539.00
Return on Average Assets	4.25%	4.01%	4.70%	4.08%
Return on Average Equity	5.92%	6.95%	10.17%	11.05%

KEY PERFORMANCE INDICATOR



ORGANIZATION CHART

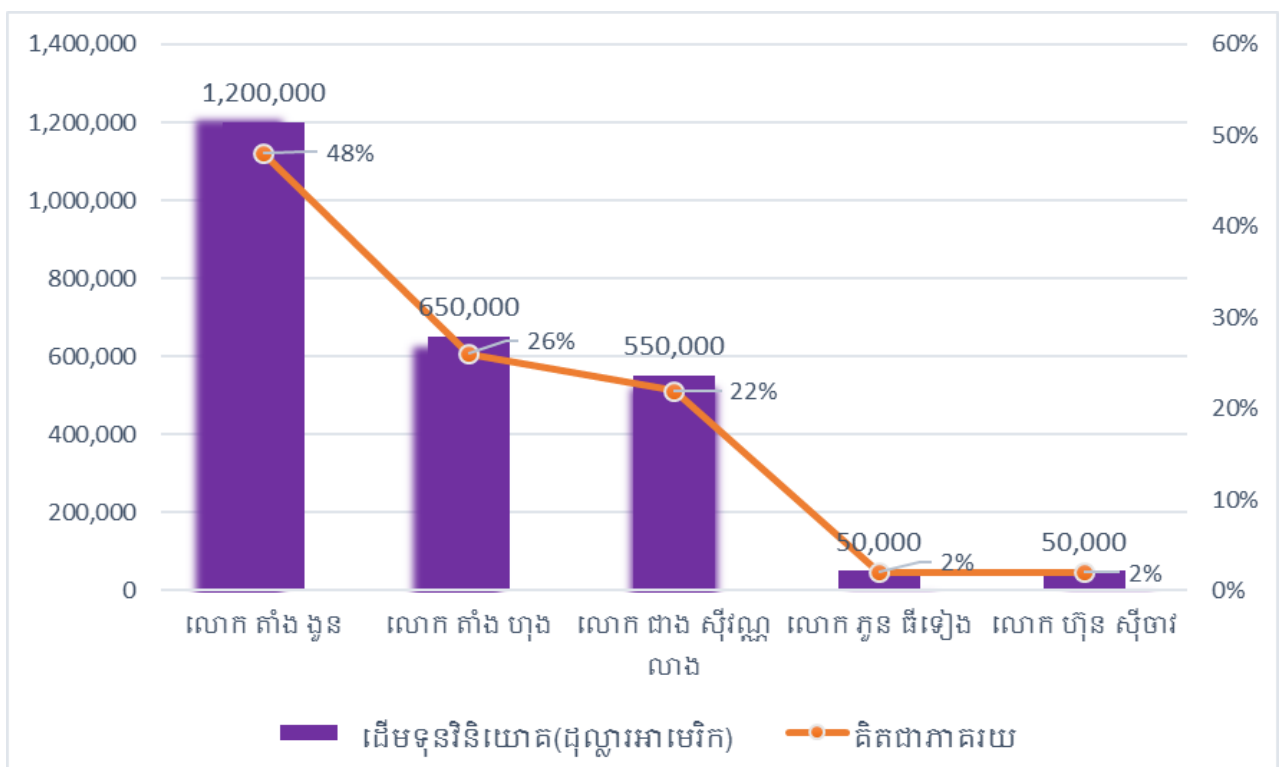


SHAREHOLDERS

SAMRITHISAK Microfinance Limited was founded by five shareholders, Mr. Taing Ngoun has share capital 48 percent, Mr. Taing Hong has share capital 26 percent, Mr. Hun Sichav has share capital 2 percent, Mr. Phoun Thiteang has share capital 2 percent and Mr. Cheang Sivanleang has share capital 22 percent.

According the SAMRITHISAK's strong noticeable operation ahead and in order to complete the financial demand of Cambodia population, three shareholders had gain investment capital \$1,500,000 (One million and five hundred thousand dollars) more on March 2011, which was \$500,000 of Mr. Taing Ngoun, \$500,000 of Mr. Taing Hong and \$500,000 of Mr. Cheang Sivanleang.

In the end of 2016, SAMRITHISAK's capital investment as following:



Mr. Taing Ngoun is an individual shareholder and the co-founder of SAMRITHISAK Microfinance Limited. He was a shareholder and member of board of director of Sporting Live Group Co., Ltd and Mekong Cleaner Group Co., Ltd, in Cambodia. He has invested \$700,000 equal 70 percent in SAMRITHISAK Microfinance Limited in 2010. Then he added new capital \$500,000 in 2011.

Mr. Taing Hong is an individual shareholder and the co-founder of SAMRITHISAK Microfinance Limited. He was a shareholder and chairman of Sporting Live Group Co., Ltd, and member of board of director of Mekong Cleaner Group Co., Ltd in Cambodia. He has invested \$150,000 equal 15 percent in SAMRITHISAK Microfinance Limited in 2010. Then he added new capital \$500,000 in 2011.

Mr. Hun Sichav is an individual shareholder and the co-founder of SAMRITHISAK Microfinance Limited. He was director of M&V factory in Cambodia. He has invested \$50,000 equal 5 percent in SAMRITHISAK Microfinance Limited in 2010.

Mr. Phoun Thiteang is an individual shareholder and the co-founder of SAMRITHISAK Microfinance Limited. He was a shareholder and member of board of director of Sporting Live Group Co., Ltd in Cambodia. He has invested \$50,000 equal 5 percent in SAMRITHISAK Microfinance Limited in 2010.

Mr. Cheang Sivanleang is an individual shareholder and the co-founder of SAMRITHISAK Microfinance Limited. He was a shareholder and chairman of Mekong Cleaner Group Co., Ltd, and member of board of director of Sporting Live Group Co., Ltd and CFIS Co., Ltd in Cambodia. He has invested \$50,000 equal 5 percent in SAMRITHISAK Microfinance Limited in 2010. Then he added new capital \$500,000 in 2011.

BOARD OF DIRECTORS



◀ TAING NGOUN, Chairman & General Director

Mr. TAING NGOUN was a Chairman of the Board of Directors of SAMRITHISAK Microfinance in 2010. He was born in 1969, Cambodian nationality. Since 1990, now a day, he was the successful investor. He was a shareholder and member of board of director of Sporting Live Group Co., Ltd and Mekong Cleaner Group Co., Ltd. He obtained Bachelor of General Management.

TAING HONG, Deputy Chairman ▶

Mr. **TAING HONG** was a Deputy Chairman of the Board of Directors of SAMRITHISAK Microfinance in 2010. He was born in 1969, Cambodian nationality. Since 1990, now a day, he was the successful investor. He was a shareholder and member of board of director of Sporting Live Group Co., Ltd and Mekong Cleaner Group Co., Ltd. He obtained Bachelor of General Management.

**◀ CHEANG SIVANLEANG, MEMBER**

Mr. **CHEANG SIVANLEANG** was a member of the Board of Directors of SAMRITHISAK Microfinance in 2010. He was born in 1955, Cambodian nationality. Since 1990, now a day, he was the successful investor. He was a shareholder and chairman of board of director of Mekong Cleaner Group Co., Ltd and a member of board of director of Mekong Cleaner Group Co., Ltd and CFIS Co., Ltd. He obtained Bachelor of Business Management.

PHANCHANRAKSMEY, MEMBER ▶

Mr. **PHAN CHANRAKSMEY** used to work as Financial Assistant of CFIS Co., Ltd in 2008 in Cambodia.

Mr. Raksmeay, obtained Bachelor of Financial and Banking. He participated in training courses such Budget Planning, Internal Control and Audit, Risk Management, and Cambodia Tax System. He obtained his Master's degree in Financial Management at Royal University of Laws and Economic Science in 2013



OUR BRANCH

By studying clients need and analyzing feedback from all stakeholders on a regular basis, SAMRITHISAK has developed better products and services for its target clients. SAMRITHISAK currently offers a range of financial products and service including individual loans and other services.

We are planning to open two more branch in Takeo and Battambang Province in 2017 in order to reply our customer needs.

SAMRITHISAK has inaugurated three branch offices at Posenchey District, Chamkarmon District in Phnom Penh City and one more branch offices at S'ang District in Kandal Province as we had planned last year.

We are strongly committed to have branches everywhere in Cambodia.



EXECUTIVE TEAM



Mr. TAING NGOUN, General Director

Mr TAING NGOUN had worked for SAMRITHISAK in 2010 position as General Director.

He obtained Bachelor of General Management at National University of Management in 2000.

Before he had worked in SAMRITHISAK, he had been as member of board of director of Sporting Live Group Co., Ltd and Mekong Cleaner Group Co., Ltd in Cambodia.

Mr. BUN ZHICHEAV, Vice Director

Mr BUN ZHICHEAV had worked for SAMRITHISAK in 2010 position as Vice Director. He obtained Bachelor of Banking and Financial at BBU University and presently he is pursuing his Master' degree in General Management at BBU University. He participated in training courses related management.

Before he had worked in SAMRITHISAK, he had been as Chief of Marketing of THIASARA Co., Ltd in 2004 in Cambodia.



Mr. SUM SOVANSATHYA, General Manager



MR SUM SOVANSATHYA had worked for SAMRITHISAK in 2010 position as Financial and Accounting Manager. He was promoted to General Manager in April 2016. He obtained Bachelor of Accounting in 2004. He obtained Master's degree in Financial Management at National University of Management in 2012. He participated in training course such as Acleda's Bank Branch Management, Cash flow forecasting and Liquidity Management, Practical Credit Audit, Effective Administration, Effective Management Teller Operation,

Practical Financial and Accounting Management, Practical Planning and Budgeting, Practical Loan Assessment, Financial Statement Analysis for Financial Institutions, Human

Resource Management, Practical Internal Audit, Marketing Skill for Manager, Fraud Management in Lending, Practical Cambodia Tax Law, Practical Effective Administration Skills and Preparation for CIFRS Conversion.

MANAGEMENT TEAM

Mr. HAY CHAMROEUN

Head of Finance Department

Chamroeun joined SAMRITHISAK as an Accounting Officer in December 2013. He was promoted to Deputy Accounting Manager in April 2015 and then to Head of Finance Department in December 2015.

Before joining SAMRITHISAK, he worked for another MFI as a Chief Accountant in 2009 and was a Cashier Supervisor for a private company in 2007. He holds a bachelor's degree in Accounting, a bachelor's degree in Information Technology and is pursuing the ACCA Qualification (Association of Chartered Certified Accountants) program.

He has attended numerous professional courses including Cambodian Taxation Law, Assets and liabilities management, Financial Planning, Strategic Business Plan Development, International Financial Reporting Standard (IFRS) and other microfinance-related courses.



Mr. CHET VATHANAK

Head of Human Resource and Admin Department



Mr. VATHANAK has started working with SAMRITHISAK Microfinance Limited in 2016 as a Head of HR & Admin Department. He used to work for microfinance sector for more than 10 years as a Portfolio Quality Officer, Human Resource Officer, Chief of HR Unit, and Head of HR Department respectively. Further, he used to work as a private school leader and lecturer in organizations, institutions, and universities in Cambodia. He holds a bachelor's degree in Public administration and Business Management from University of Law and Economic and Panasastra University. He was trained in several courses including accounting, Finance, Taxation, Human Resource, Branch management, Training of Trainer, Leadership, Staff Motivation and staff Retention. For International experiences, he used to attend International training courses and seminars in Philippines (Best Practice of microfinance operations and Board Governance) in 2007 and in Vietnam (International Microfinance Conference) in 2008, and in Japan (Total Quality Management-TQM) in 2009.



Mr. KONG SOKUN

Head of Operation Department

Mr. Sokun had worked for SAMRITHISAK in 2013 position as Credit Manager. He obtained Bachelor of Human Resource Management in 2005 and Master' degree in General Management in 2010 at University of Management and Economics. Before he had worked in SAMRITHISAK, he had been as Project Manager and Provincial Manager at NGO and MFI for 12 years.

Mr. PHAN CHANRAKSMEY

Internal Auditor

Mr. Rasmey was promoted as Internal Auditor in 2011. He obtained Bachelor of Financial and Banking in 2008. He participated in training courses such Risk Management, Budget Planning, Internal Control and Audit, and Cambodia Tax System. He obtained his Master' degree in Financial Management at Royal University of Law and Economic Science in 2013. Before he had worked in SAMRITHISAK, he used to work as Financial Assistant of CFIS Co., Ltd in 2008 in Cambodia.



Accounting Manager

MDM. LACH RANY



Rany Joined SAMRITHISAK as an Accounting officer in 2010. She was promoted to Deputy Accounting manager in 2014 and Then to Accounting Manager in 2015.

Before she joined SAMRITHISAK, She had worked at CFIS Co, LTD as a position Assistant accounting Manager and she graduated bachelor's degree of Banking and finance at Royal University of Law and Economic.

Ms. NY CHANSOPHEA

Marketing Manager

She has joined SAMRITHISAK In 2016 as a Marketing Manager.

Before joining SAMRITHISAK, She had worked in another Microfinance 7 years as a position teller, Chief Teller and Deputy Branch Manager. In 2005 to 2009 she worked in New York International School for 5 year as an ESL teacher and primary school teacher for one year at sre spey primary school.

She holds a Master degree of Finance and Banking at National University, associate degree of English Literature at CUS and Bachelor degree of Accounting at Chear Sim Komcharymear University. She was trained in several course including Excellence customer service Quality, Marketing for manager, International business management, Project Management, Human Resource management, Project Planning and design, credit Management and developing business skill in Market Economic. Nowadays, she is pursuing Business English Programs at Cam-Asian.



SERVICES AND PRODUCTS

METHODOLOGY

By studying clients need and analyzing feedback from all stakeholders on a regular basis, SAMRITHISAK has developed better products and services for its target clients. SAMRITHISAK currently offers a range of financial products and service including individual loans and other services.

SERVICES

We make our customer feel welcome with an excellent customer service consultant. Our customer service are well-understand about policies and good provider information. We are strongly commit to offer a good financial service and the fastest one to customer.

OUR CUSTOMER SERVICE CONSULTANT TEAM



LOAN PRODUCTS

Loan products are designed for both new and existing clients who wish to increase their capital or grow their business. Depending on the client's business requirements and cash flow, the client can choose one of the following products:

1-BUSINESS LOAN

These business loans are provided for working capital purposes and current business in order to expand their business such as, small business, businessman, Entrepreneurs, craftsman, venders, farmers and own family business



2-CONSUMPTION LOAN

Consumption loan is a credit type that is provided to customer for any purpose their needs. All needs are legal in Cambodia.



3-HOUSING LOAN

This housing loan is provided to clients who want to buy house that it was completely built or it is building. Especially, client can get 50% of house price and easy condition.



4-CAR LOAN

Clients are available to get loan for using in order to buy car from companies or shops that they have legal patent.

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5-MOTOR LOAN

Clients are available to get loan for using in order to buy motor from companies or shops that legal patent.



6-EMERGENCY LOAN

This loan product was created in order to offer to the customer who wants to expand or invest more on business.



7-PERSONAL LOAN

This personal loan is provided to customer whatever they need such as, Household, land, Furniture and other thing In order to support their livelihood.

INVEST



8-STAFF LOAN

These staff Loan is provided to the SAMRITHISAK's staffs only. The main reason of these products is to support or improve their livelihood.



9-ONLINE LOAN

Online Loan is a new loan type that SAMRITHISAK just creates in the year of 2016 to provide loan to the public who have the regular salary with 0% of interest rate. This loan has the significant different conditions and features from the previous loan types. The customers can receive the loan under the conditions of transferring the cash via AsiaWeiluy of their account. Basically, this loan provides the huge benefits to the customers of indirect payment the cost of goods or services and can also withdraw some money base on their requirement to improve their lifestyle.

ផលប្រយោជន៍

- មិនតម្រូវឲ្យមានទ្រព្យដាក់ធានា
- ផ្តល់ជូនឥណទានរហូតដល់ \$500



ការិយាល័យកណ្តាល អគារលេខ 502G-502H មហាវិថីព្រះមុនីវង្ស សង្កាត់ទន្លេបាសាក់ ខណ្ឌបឹងកេងកង រាជធានីភ្នំពេញ (ទល់មុខវាំងនារសីមា)

សូមទាក់ទងទូរស័ព្ទលេខ : 023 99 3333 / 061 91 3333 / 093 84 6666 / 093 74 6666

✉: info@samrithisak.com 🌐 Website: www.samrithisak.com 📘: www.facebook.com/samrithisak.microfinance

STAFF TRAINING

EXTERNAL TRAINING COURSE

SAMRITHISAK Microfinance offers both internal and external training courses to staffs in order to improve their skill such as: Bank, Tax department, NBC and other places that are related to our business. These factors make our employees get high qualification and full of resources.



INTERNAL TRAINING COURSE

We have internal staff training when we create new product and when we have new staff SAMRITHISAK also provide internal tanning courses to them.



OUR STAFF ACTIVITIES INTERNAL AND EXTERNAL TRAINING COURSE

STAFF ANNUAL PARTY

SAMRITHISAK prepares annual party for all the staff every year in March. In order to show the past activities and work planning for next year.



Annual party last year, 2016 at Modern II

STAFF TRIP

After staffs fulfil their work one year, SAMRITHISAK prepares annual trip for all the staff every year in May. In order to make a good relationship with staff and staff, staff and staff's family. SAMRITHISAK offer a good benefit to our staff.

In 2016, SAMRITHISAK staff and Management team went to visit thailand.



Activities our staff trip to Thailand, last year 2016

FINANCIAL REPORT & REPORT OF INDEPENDENCE AUDITOR

Company	Samrithisak Microfinance Limited
Registration No	Co-0485 KH/2010
Registered office	#502G, 502H, Monivong Blvd, Sangkat Tonle Basac, Khan Chamkarmon ,Phnom Penh, Kingdom of Cambodia.
Shareholder	Mr. Taing Ngoun Mr. Taing Hong Mr. Cheang Sivanlieng Mr. Phoun thitieng Mr. Hun sy chav

Board of directors

Mr. Taing Ngoun, Chairman
 Mr. Taing Hong, Deputy Chairman
 Mr. Cheang Sivanlieng, Director
 Mr. Phan Chanraksmey, Director

Management team

Mr. Taing Ngoun, General Director
 Mr. Bun Zhicheav, Vice Director
 Mr. Sum Sovansathya , General Manager
 Mr. Hay Chamroeun, Head of Finance Department
 Mr. Kong Sokun, Head of Operation Department
 Mrs. Lach Rany, Accounting Manger
 Ms. Ny Chansophea, Maketing Mananger
 Mr. Chet Vathanak,Head Of Admin and HR Department

Auditors BDO (Cambodia) Limited

REPORT TO BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting their report together with audited financial statements of SAMRITHISAK MICROFINANCE Limited for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

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

RESULT OF OPEARTING

USD\$	US\$	KHR'000
Profit for the Financial year	417,539	1,685,605

DIVIDENDS

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

RESERVES AND PROVISION

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

BAD AND DOUBTFUL LOANS

Before the income statement and balance sheet were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans and satisfied themselves that 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 income statement and balance sheet were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realized in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount expected if realized.

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

VALUATION METHOD

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:

(1) 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 period 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 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 period 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

There were no change in the register and issued share capital of the company during the 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:

THE BOARD OF DIRECTORS

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

- * Mr. Taing Ngoun (Chairman)
- * Mr. Taing Hong (Deputy Chairman)
- * Mr. Cheang Sivleang, Director
- * Mr. Phan Chanraksmeay, Director

DIRECTOR'S BENEFIT

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 Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

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

DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENT

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 2016, and of its financial performance and cash flows for the financial period 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 Accounting Standards ("CASs") and the guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of financial statements or, if there have been any departures in the interest of

True and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

- (c) Maintain adequate accounting records and an effective system of internal controls;
- (D) Prepare the financial 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.

STATEMENTS BY DIRECTOR

In the opinion of the Directors, the financial statements set out on pages 34 to 37 have been drawn up in accordance with Cambodian Accounting Standards and the guidelines issued by the National Bank of Cambodia so as to give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and cash flows for the financial year ended.

Sign on behalf of board of director,



Mr. TAING NGOUN
Chairman

REPORT OF THE INDEPENDENT AUDITOR TO SHAREHOLDERS SAMRITHISAK MICROFINANCE LIMITED

Opinion

We have audited the financial statements of Samrithisak Microfinance Limited (“the Company”), which comprise balance sheet as at 31 December 2016, and income statement, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2016, and a summary of significant accounting policies, as set out on pages 34 to 68.

The financial statements of the Company for the financial year ended at 31 December 2015 were audited by another firm of Certified Public Accountants, whose report dated 26 April 2016 express an unqualified opinion on these financial 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 2016, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian Accounting Standards 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 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’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with 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 auditor’s 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 Accounting Standards 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 Directors 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 skepticism 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.



BDO (Cambodia) Limited
Phnom Penh, Cambodia
Date: 27 April 2017

BALANCE SHEET

AS AT 31 DECEMBER 2016

ASSETS	Note	2016		2015
		US\$	KHR'000	US\$
Cash on hand	7	123,533	498,703	15,490
Balance with National Bank of Cambodia	8	125,000	504,625	125,000
Balances with other banks	9	322,571	1,302,219	400,041
Loans to customers	10	10,648,492	42,987,962	7,711,700
Other receivables	11	161,135	650,502	91,517
Property, plant and equipment	12	245,340	990,437	178,974
Intangible asset	13	4,022	16,237	-
TOTAL ASSETS		11,630,093	46,950,685	8,522,722
LIABILITIES AND EQUITY				
LIABILITIES				
Borrowings	14	7,295,659	29,452,575	4,727,868
Other payables	15	251,671	1,015,996	147,143
Current tax liabilities		94,906	383,135	77,393
TOTAL LIABILITIES		7,642,236	30,851,706	4,952,404
EQUITY				
Share capital	16	2,500,000	10,092,500	2,500,000
Retained earnings		1,487,857	6,006,479	1,070,318
TOTAL EQUITY		3,987,857	16,098,979	3,570,318
TOTAL LIABILITIES AND EQUITY		11,630,093	46,950,685	8,522,722

INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016		2015
		US\$	KHR'000	US\$
Interest income	17	1,768,234	7,138,361	1,189,199
Other operating income	18	72,700	293,490	47,560
Total operating Income		1,840,934	7,431,851	1,236,759
Operating expenses	19	(1,022,313.00)	(4,127,078.00)	(619,042.00)
Finance cost	20	(289,713.00)	(1,169,571.00)	(183,886.00)
Profit before tax		528,908	2,135,202	433,831
Tax expense	21	(111,369.00)	(449,597.00)	(88,328.00)
Profit for the financial year		417,539	1,685,605	345,503

STATEMENT OF CHANGE IN EQUITY

For the year ended 31 December 2016

	Share capital	Retained earnings	Total
	US\$	US\$	US\$
Balance as at 1 January 2015	2,500,000	724,815	3,224,815
Profit for the financial year	-	345,503	345,503
Balance as at 31 December 2015/ 1 January 2016	2,500,000	1,070,318	3,570,318

Profit for the financial year	-	417,539	417,539
Balance as at 31 December 2016	2,500,000	1,487,857	3,987,857
(KHR'000 equivalent)	10,092,500	6,006,479	16,098,979

STATEMENT OF CASHFLOW

For the year ended 31 December 2016

	Note	2016		2015
		US\$	KHR'000	US\$
Cash flows from operating activities				
Profit before tax		528,908.00	2,135,202.00	433,831.00
Adjustments for:				
Amortisation of intangible asset	13	4,023.00	16,241.00	122.00
Depreciation of property, plant and equipment	12	96,152.00	388,166.00	42,118.00
Interest expense	20	289,713.00	1,169,571.00	183,886.00
Loss on disposal of property, plant and equipment		-	-	762.00
Provision on doubtful loans	10	42,208.00	170,394.00	7,509.00
Operating profit before working capital changes		961,004.00	3,879,574.00	668,228.00
Changes in working capital				
Loans to customers		(2,979,000.00)	(12,026,223.00)	(2,313,028.00)
Other receivables		(69,618.00)	(281,048.00)	(100.00)
Trade and other payables		104,528.00	421,979.00	67,460.00
Cash used in operations		(1,983,086.00)	(8,004,718.00)	(1,577,440.00)
Income tax paid		(93,856.00)	(378,897.00)	(60,409.00)

Net cash used in operating activities		(2,076,942.00)	(8,384,615.00)	(1,637,849.00)
Cash flows from investing activities				
Purchase of property, plant and equipment	12	(162,518.00)	(656,085.00)	(4,111.00)
Purchase of intangible asset	13	(8,045.00)	(32,478.00)	-
Proceeds from disposal of property, plant and equipment		-	-	300.00
Net cash used in investing activities		(170,563.00)	(688,563.00)	(3,811.00)
Cash flows from financing activities				
Drawdown of borrowings		3,246,000.00	13,104,102.00	2,418,000.00
Repayments of borrowings		(678,209.00)	(2,737,930.00)	(517,532.00)
Interest paid		(289,713.00)	(1,169,571.00)	(183,886.00)
Net cash from financing activities		2,278,078.00	9,196,601.00	1,716,582.00
Net increase in cash and cash equivalents		30,573.00	123,423.00	74,922.00
Cash and cash equivalents at beginning of financial year		415,531.00	1,677,499.00	340,609.00
Cash and cash equivalents at end of financial year		446,104.00	1,800,922.00	415,531.00

Cash and cash equivalents comprise the following:

	Note	2016		2015
		US\$	KHR'000	US\$
Cash on hand	7	123,533	498,703	15,490
Balances with other banks	9	322,571	1,302,219	400,041
		446,104	1,800,922	415,531

NOTE TO FINANCIAL STATEMENT

31 December 2016

1. CORPORATE INFORMATION

The company was registered on 4 March 2010 as a private limited company in the kingdom of Cambodia.

The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a financial institution on 25 May 2010.

The registered office and principal place of business of the Company is No. 502G - 502H, Monivong Boulevard, Sangkat Tonle Basac, Khan Chomkarmorn, Phnom Penh, and Kingdom of Cambodia.

The financial statements are presented in United States Dollar (“US\$”), which is also the Company’s functional currency.

The financial statements were authorized for issue by the Board of the Directors on 27-April-2017

2. PRINCIPAL ACTIVITY

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

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Cambodian Accounting Standards (“CASs”) as issued by the National Accounting Council of the Ministry of Economy and Finance and the guidelines issued by the NBC relating to the preparation and presentation of financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with CASs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of

applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

In compliance with the requirements of the NBC, all assets, liabilities, profit and loss items in foreign currencies at the end of the reporting year are converted into thousand Khmer Riel ("KHR'000") using the official exchange rate announced by the NBC at the end of the reporting year, US\$1 = KHR4,037 (2015: US\$1 = KHR4,050). Such conversions should not be construed as representations that the KHR amounts have been, could be, or could in the future be, converted into US\$ at this or any other rate of exchange.

4.2 Balance with National Bank of Cambodia

Balance with National Bank of Cambodia represents the statutory deposits consist of mandatory reserve deposits and cash maintained with the National Bank of Cambodia in compliance with the Law on Banking and Financial Institutions ("LBFI") and are not available to finance the Company's day-to-day operations. Hence, it is not considered as part of cash and cash equivalents for the purpose of the cash flow statement.

4.3 Balances with other banks

Balances with other banks are carried at placement value.

4.4 Loan to customers

All loans to customers are stated in the balance sheet as the amount of principal, less any amounts written off and allowances for impairment.

Loans are written off when there is no realistic prospect of recovery. Recoveries of loans previously written off or provided for decrease the amount of the provision for impairment on loans in the income statement.

4.5 Allowance for bad and doubtful loans

The Company records the mandatory credit classification and provisioning as required by Prakas B7-02-186 Pro Kor dated 13 September 2002. The Prakas requires microfinance institutions to classify their loan portfolio into the following four classes and ensure that the minimum mandatory level of specific provisioning is provided:

Classification	Number of days past due	Allowance
Short-term loans (less than one year):		
Standard	0 - 29 days	0%
Sub-standard	30 - 59 days	10%

Doubtful	60 - 89 days	30%
Loss	90 days or more	100%
Long-term loans (more than one year):		
Standard	0 - 29 days	0%
Sub-standard	30 - 179 days	10%
Doubtful	180 - 359 days	30%
Loss	360 days or more	100%

The specific provision is calculated as a percentage of the loans outstanding at the time the loan is classified and is charged as expense in the income statement.

Loans are written off when they are considered uncollectible. Loans written off are taken out of the outstanding loan portfolio and deducted from the allowance for loan loss.

Recoveries on loans previously written off and reversal of previous provisions are disclosed as other operating income in the income statement.

4.6 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of assets to their residual value over the following estimated useful lives and methods:

Leasehold improvement	20 years	straight-line
Motor vehicles	4 years	declining balance
Furniture and fittings	4 years	declining balance
Office equipment	4 years	declining balance
Computers equipment	2 - 5 years	declining balance
Other assets	5 years	declining balance

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying

amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in the income statement.

4.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at

The end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any accumulated impairment losses.

4.8 Impairment of assets

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimate future cash flows of that asset.

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(b) Non-financial assets

The carrying amount of assets, except for financial assets, is reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognized in the income statement when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognized in the income statement immediately.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Such reversals are recognized as income immediately in the income statement.

4.9 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalized as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.10 Provisions

Provisions are recognized when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognized for future operating losses. If the Company has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision.

4.11 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the income statement comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws and include all taxes based upon the taxable profits.

(b) Deferred tax

A deferred tax asset or liability is recognized for tax recoverable or payable in future periods as a result of past transactions or events. Deferred tax arises from differences (known as temporary differences) between the carrying amounts of assets and liabilities in the consolidated balance sheet and their corresponding tax bases. The tax bases of assets are determined by the consequences of sale of the assets.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future, except those associated with goodwill. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses.

4.11 Income taxes

Deferred tax assets are measured at the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profit. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in the income statement.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the period in which management expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.12 Interest income recognition

Interest earned on loans to customers, deposits with National Bank of Cambodia and other banks are recognized on the accrual basis, except when loans become doubtful of collection, in which case, no interest is recognized as income.

Where an account is classified as non-performing, recognition of interest income is suspended until it is realized on a cash basis. Customers' loan accounts are classified as non-performing where repayments are in arrears for 30 days and more.

4.13 Fee and commission income recognition

The Company earns fee and commission income mainly from loan processing and early settlements or late payments of loans. They are recognized in the income statement on an accrual basis.

4.14 Related parties

Parties considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Under the Law and Regulations Applicable to Banks and Financial Institutions (“LBFI”), the definition of related parties includes parties who hold, directly or indirectly, at least 10 percent of the capital or voting rights and includes any individual who participates in the administration, direction, management or internal control of the Company.

4.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absences occur and they lapse if the current period’s entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

(a) Short term employee benefits

Bonuses are recognized as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Pension fund

Pension fund is a post-employment benefit plan under which an entity pays fixed contributions into a separate bank account. Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees at a rate of 5% on gross salary per month for those who has worked with the Company after probation.

The fund will be fully paid to the employee upon their resignation/termination of employment with the company.

(c) Termination benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognized as a liability and an expense when the Company has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the

Benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than 12 months after the end of reporting, they are discounted to present value based on market yields at the end of reporting.

4.16 Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The national currency of Cambodia is Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollar ("US\$"), management have determined United State Dollar to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting year are translated into functional currency at rate of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary

items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

5. STATEMENT OF COMPLIANCE WITH CASs AND ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

5.1 Statement of compliance with CASs and basis of preparation

The financial statements of the Company have been prepared in accordance with CASs as issued by the National Accounting Council (“NAC”) and the guidelines issued by the NBC relating to the preparation and presentation of financial statements.

Accordingly, the financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than the Kingdom of Cambodia and furthermore their use is not designed for those who are not informed about Cambodia’s principles, procedures and practices.

5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Company.

The NAC, as mandated by Parkas (Circular) No. 068 MoEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance (“MoEF”) and following the announcement No. 097/09 MoEF-NAC dated 28 August 2009 by the NAC, has decided to adopt International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) effective for financial statements with periods beginning on or after 1 January 2012. The new standard is being referred to as “Cambodian International Financial Reporting Standards” (“CIFRSs”).

In accordance with the Circular No. 058 MoEF-NAC dated 24 March 2016 issued by the NAC of MoEF, all banking and financial institutions are required to adopt CIFRSs effective from 1 January 2019.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period end and as at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

There are no critical judgments made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amount recognized in these financial statements apart from those involving estimates, which are dealt with below.

6.3 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a reducing balance basis over the assets' useful lives except leasehold improvements is depreciated using straight-line method. Management estimates the useful lives of these property, plant and equipment based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in market demands or service output of the assets. Changes in these factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(a) Impairment on loans to customers

The Company records the mandatory credit classification and provisioning as required by Parkas B7-02-186 Pro Kas dated 13 September 2002. The Parkas requires microfinance institutions to classify their loan portfolio into four classes and ensure that the minimum mandatory level of specific provisioning is provided depending on the classification and regardless of collateral (except for cash). For the purpose of loan classification, the Company is required to take into account the borrowers' historical payment experience and financial condition.

(a) Tax expense

Significant judgement is involved in determining the Company's provision for taxes. The Company will recognize liabilities for expected tax expenses based on an estimate of whether the taxes are due through management's interpretation of the various tax legislations. When the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the tax provision in the financial year in which such as determination is made.

7- Cash on hand

	2016		2015
	US\$	KHR'000	US\$
Cash on hand	123,533	498,703	15,490

8. BALANCE WITH NATIONAL BANK OF CAMBODIA

	2016		2015
	US\$	KHR'000	US\$
Statutory deposit	125,000	504,625	125,000

In compliance with Prakas B7-00-006 Pro Kor dated 11 January 2000 and B7-06-209 Pro Kor dated 13 September 2006 on the Licensing of Microfinance Institutions, the Company is required to maintain a statutory capital deposit with the NBC of 5% of registered capital. This deposit is refundable should the Company voluntarily liquidate.

9. BALANCES WITH OTHER BANKS

	2016		2015
	US\$	KHR'000	US\$
Asia Wei Luy Co., Ltd	70,777	285,727	-
RHB Indochina Bank Limited	16,230	65,521	28,232
Advanced Bank of Asia Limited	9,396	37,932	19,798
WING (Cambodia) Limited Specialised Bank	14,026	56,623	7,311
National Bank of Cambodia	969	3,912	795
SHB Plc Phnom Penh Branch	760	3,068	753
Canadia Bank Plc	32,098	129,580	449
Hattha Kaksekar Limited	127,687	515,472	342,703
PRASAC Microfinance Institution Limited	50,628	204,384	-
	322,571	1,302,219	400,041

10. LOANS TO CUSTOMERS

	2016		2015
	US\$	KHR'000	US\$
Individual loans	10,684,347	43,132,709	7,723,740
Allowance for doubtful loans	(35,855.00)	(144,747.00)	(12,040.00)
	10,648,492	42,987,962	7,711,700

(a) Allowance for doubtful loans

	2016		2015
	US\$	KHR'000	US\$
Balance at beginning of year	12,040.00	48,605.00	8,397.00
Allowance for the year	42,208.00	170,394.00	7,509.00
Written off	(18,393.00)	(74,252.00)	(3,866.00)
Balance at end of year	35,855.00	144,747.00	12,040.00

(b) By maturity

	2016		2015
	US\$	KHR'000	US\$
Within one year	603,661.00	2,436,979.00	665,985.00
From one to five years	9,542,803.00	38,524,296.00	6,573,869.00
Over five years	537,883.00	2,171,434.00	483,886.00
	10,684,347.00	43,132,709.00	7,723,740.00

(c) By currency

2016		2015
US\$	KHR'000	US\$
10,684,347.00	43,132,709.00	7,723,740.00

(D) BY ECONOMIC SECTOR

	2016		2015
	US\$	KHR'000	US\$
	US\$	KHR'000	US\$
Agriculture	275,834	1,113,542	104,585
Constructions	249,009	1,005,249	180,934
Household/Family	1,067,079	4,307,798	449,308
Other categories	4,072,688	16,441,442	2,249,826
Services	714,165	2,883,084	451,924
Trade and commerce	4,082,222	16,479,930	4,278,438
Transportation	223,350	901,664	8,725
	10,684,347.00	43,132,709.00	7,723,740.00

(E) BY RELATIONSHIP

	2016		2015
	US\$	KHR'000	US\$
Individual loans	10,507,360.00	42,418,212.00	7,571,420.00
Staff loans	176,987.00	714,497.00	152,320.00
	10,684,347.00	43,132,709.00	7,723,740.00

(f) By performance

	2016		2015
	US\$	KHR'000	US\$
Standard loans:			
Secured	8,710,757.00	35,165,326.00	6,777,013.00
Unsecured	1,796,071.00	7,250,739.00	870,995.00
Sub-standard loans:			
Secured	102,497.00	413,780.00	31,023.00
Unsecured	19,004.00	76,719.00	26,641.00

Doubtful loans:			
Secured	34,989.00	141,251.00	1,035.00
Unsecured	11,172.00	45,101.00	15,814.00
Loss loans:			
Secured	827.00	3,339.00	-
Unsecured	9,030.00	36,454.00	1,219.00
	10,684,347.00	43,132,709.00	7,723,740.00

(g) By exposure

	2016		2015
	US\$	KHR'000	US\$
Large exposures	-	-	-
Non-large exposures	10,684,347	43,132,709	7,723,740
	10,684,347	43,132,709	7,723,740

A “large exposure” is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Company’s net worth. The exposure is the higher of the outstanding loans or commitments and the authorized loans or commitments.

11-Other Receivable

	2016		2015
	US\$	KHR'000	US\$
Interest receivable	120,775.00	487,569.00	80,152.00
Deposits	13,300.00	53,692.00	10,350.00
Other receivables	27,060.00	109,241.00	1,015.00
	161,135.00	650,502.00	91,517.00

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Other assets	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost							
Balance at 1.1.2015	86,068	112,500	19,542	32,247	24,829	30,339	305,525
Additions	-	-	1,093	1,269	1,749	-	4,111
Disposals	-	-	-	(1,000)	(2,358)	-	(3,358)
Written-off	-	-	(219)	(617)	(922)	-	(1,758)
Balance at 31.12.2015	86,068	112,500	20,416	31,899	23,298	30,339	304,520
Addition	51,793	45,525	26,434	15,014	23,752	-	162,518
Written-off	-	-	(19,323)	(29,350)	(18,282)	(30,339)	(97,294)
Balance at 31.12.2016	137,861	158,025	27,527	17,563	28,768	-	369,744

Accumulated depreciation

Balance at 1.1.2015	8,606	28,125	8,573	13,835	17,421	10,922	87,482
Depreciation for the year	4,304	21,094	3,090	5,129	4,618	3,883	42,118
Disposals	-	-	-	(501)	(1,795)	-	(2,296)
Written-off	-	-	(218)	(618)	(922)	-	(1,758)
Balance at 31.12.2015	12,910	49,219	11,445	17,845	19,322	14,805	125,546
Depreciation for the year	6,893	27,202	11,830	19,689	15,004	15,534	96,152
Written-off	-	-	(19,323)	(29,350)	(18,282)	(30,339)	(97,294)
Balance at 31.12.2016	19,803	76,421	3,952	8,184	16,044	-	124,404
Carrying amounts							
Balance at 31.12.2016	118,058	81,604	23,575	9,379	12,724	-	245,340
<i>(KHR'000 equivalent)</i>	476,600	329,435	95,172	37,863	51,367	-	990,437
Balance at 31.12.2015	73,158	63,281	8,971	14,054	3,976	15,534	178,974

13. INTANGIBLE ASSET

	Computer Software US\$
Cost	
Balance at 1.1.2015	732
Written-off	(732)
	<hr/>
Balance at 31.12.2015	-
Addition	8,045
	<hr/>
Balance at 31.12.2016	8,045
	<hr/> <hr/>
Accumulated depreciation	
Balance at 1.1.2015	610
Amortization for the year	122
Written-off	(732)
	<hr/>
Balance at 31.12.2015	-
Amortization for the year	4,023
	<hr/>
Balance at 31.12.2016	4,023
	<hr/> <hr/>
Carrying amount	
Balance at 31.12.2016	4,022
	<hr/> <hr/>
<i>(KHR'000 equivalent)</i>	16,237
	<hr/> <hr/>
Balance at 31.12.2015	-
	<hr/> <hr/>

Computer software is amortized over two years.

14. BORROWINGS

	2016		2015
	US\$	KHR'000	US\$
Mr. Taing Hong	3,557,400	14,361,224	2,377,400
Mr. Taing Ngoun	2,580,000	10,415,460	1,200,000
RHB Indochina Bank Limited	872,259	3,521,309	982,468
Others	286,000	1,154,582	168,000
	7,295,659	29,452,575	4,727,868

(a) During the financial year, the Company entered into additional loan agreements amounting to US\$2,960,000 with Mr. Taing Ngoun and Mr. Taing Hong, who are the shareholders of the Company. The additional loans are unsecured, bear interest at a rate of 3% (2015: 3% to 5%) per annum and mature in three years and five years respectively, from each drawn down dates.

(b) The borrowing from RHB Indochina Bank Limited Branch (“RHB”) bears interest at a rate of 8.80% (2015: 8.55%) per annum and is secured by properties belonging to parties related to the shareholders of the Company.

(c) Borrowings are denominated in US\$.

15. OTHER PAYABLES

	2016		2015
	US\$	KHR'000	US\$
Accrued performance incentive	92,195	372,191	58,013
Pension fund payable	83,886	338,648	44,343
Accrued professional fee	-	-	4,400
Interest in suspense	20,518	82,831	6,635
Other tax payables	9,636	38,901	5,771
Others	45,436	183,425	27,981
	251,671	1,015,996	147,143

16. SHARE CAPITAL

	2016		2015	
	Number	US\$	Number	US\$
Ordinary shares of US\$100 each				
Registered	25,000	2,500,000	25,000	2,500,000
Registered and fully paid At 1 January/31 December	25,000	2,500,000	25,000	2,500,000

The analysis of shareholding is as following:

	2016		2015	
	Number of share	US\$	Number of share	US\$
Mr. Taing Ngoun	12,000	1,200,000	12,000	1,200,000
Mr. Taing Hong	6,500	650,000	6,500	650,000
Mr. Cheang Syvanlieng	5,500	550,000	5,500	550,000
Mr. Phoun Thitieng	500	50,000	500	50,000
Mr. Hun Sy Chav	500	50,000	500	50,000
	25,000	2,500,000	25,000	2,500,000

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pair passu with regard to the Company's residual assets.

17- Interest Income

	2016		2015
	US\$	KHR'000	US\$
Loans to customers	1,768,090.00	7,137,779.00	1,189,099.00
Deposits and placements with banks	144.00	582.00	100.00
	1,768,234.00	7,138,361.00	1,189,199.00

18-Other operating Income

	2016		2015
	US\$	KHR'000	US\$
Fee and commission income	62,189	251,057	42,113
Others	10,511	42,433	5,447
	72,700	293,490	47,560

19- Operating Expense

	2016		2015
	US\$	KHR'000	US\$
Office supplies and stationery	19,571.00	79,008.00	8,947.00
Association costs	1,435.00	5,793.00	1,000.00
Allowance for doubtful loans	42,208.00	170,394.00	7,509.00
Bank charges	859.00	3,468.00	158.00
Board of Directors' remuneration	16,800.00	67,822.00	16,800.00
Communication	14,655.00	59,162.00	11,089.00
Depreciation and amortisation	100,175.00	404,407.00	42,240.00
Dues and membership fees	5,781.00	23,338.00	4,392.00
Fines and penalties	31.00	125.00	397.00
Low value tools and equipment	16,262.00	65,650.00	4,188.00
Marketing and advertising	7,801.00	31,493.00	8,312.00
Miscellaneous	37,421.00	151,069.00	7,223.00
Motor vehicles operating cost	15,842.00	63,954.00	16,261.00
Office rental	53,254.00	214,986.00	41,969.00
Personnel costs	626,677.00	2,529,895.00	397,936.00

Professional fees	23,708.00	95,709.00	21,867.00
Repairs and maintenance	10,692.00	43,164.00	8,497.00
Security expenses	9,470.00	38,230.00	7,350.00
Travel and entertainment	261.00	1,053.00	173.00
Utilities expenses	19,410.00	78,358.00	12,734.00
	1,022,313.00	4,127,078.00	619,042.00

20-Finance Cost

	2016		2015
	US\$	KHR'000	US\$
Borrowings from shareholders	185,704.00	749,687.00	130,326.00
Borrowings from RHB	81,283.00	328,140.00	46,038.00
Others	22,726.00	91,745.00	7,522.00
	289,713.00	1,169,572.00	183,886.00

21-Tax Expense

	2016		2015
	US\$	KHR'000	US\$
Income tax expense:			
Current year	111,369.00	449,597.00	88,328.00

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2015: 20%) of the taxable profit or a minimum tax at 1% (2015: 1%) of total revenue, whichever is higher.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Company is as follows:

	2016		2015
	US\$	KHR'000	US\$
Profit before tax	528,908.00	2,135,202.00	433,831.00
Tax at Cambodian statutory tax rate of 20% (2016: 20%)	105,782.00	427,042.00	86,766.00

Tax effects in respect of: Non-allowable expenses	5,587.00	22,555.00	1,562.00
Total tax expense	111,369.00	449,597.00	88,328.00

22. OPERATING LEASE COMMITMENTS

The Company as lessee

The Company had entered into non-cancellable lease agreements for office space, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates. At period-end, the Company has outstanding commitments under non-cancellable operating leases that fall due, as follows:

	2016		2015
	US\$	KHR'000	US\$
Not later than one year	54,672.00	220,711.00	36,000.00
Later than one year and not later than five years	216,464.00	873,865.00	144,000.00
Later than five years	84,000.00	339,108.00	56,000.00
	355,136.00	1,433,684.00	236,000.00

23- Related Party Disclosures

	2016		2015
	US\$	KHR'000	US\$
<u>Shareholders</u>			
Mr. Taing Hong			
Drawdown of borrowing	1,380,000.00	5,571,060.00	300,000.00
Repayments of borrowing	200,000.00	807,400.00	-
Interest expense	64,936.00	262,147.00	105,523.00
Mr. Taing Ngoun			
Drawdown of borrowing	1,580,000.00	6,378,460.00	800,000.00
Repayments of borrowing	200,000.00	807,400.00	-
Interest expense	120,768.00	487,540.00	24,803.00

Balances with related parties at the end of the reporting year are disclosed in Note 14 to the financial statements.

The related party transactions describe above were carried out on negotiated commercial terms.

24- FINANCIAL RISK MANGEMENT OBJECTIVE AND POLICIES

The Company's financial risk management objective is to optimize value creation for its shareholders whilst minimizing the potential adverse impact arising from volatility of the financial markets.

The Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

Information on the management of the related exposures is detailed below.

(i) Credit risk

The Company assumes exposure to credit risk which is the risk that a counterparty will be unable to pay the amounts in full when due. The Company structures the levels of credit risk undertaken by placing limits on the amount of risk accepted in relation to one borrower, or Company of borrowers, and the geographical and industry segments. Procedures of risk limit setting, monitoring, usage, control are governed by internal regulations. Such risks are monitored on a regular basis.

Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet the interest and capital repayment obligations and reviewing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining

Collateral and corporate or personal guarantees as well as by providing for loan losses.

(a) Risk limit control and mitigation policies

The Company operates and provides loans to individuals or small-medium enterprises within the Kingdom of Cambodia. The Company manages limits and controls the concentration of credit risk whenever it is identified.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans to customers, which is common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral type secured for loans to customers is collateral pledge over properties (land, building and other properties).

b. Maximum exposure to credit risk before collateral held or other credit enhancements

	Note	2016		2015
		US\$	KHR'000	US\$
Credit exposure relating to assets on the balance sheet:				
Balances with other banks	9.00	322,571.00	1,302,219.00	400,041.00
Loans to customers	10.00	10,684,347.00	43,132,709.00	7,723,740.00
Other receivables	11.00	161,135.00	650,502.00	91,517.00
		11,168,053.00	45,085,430.00	8,215,298.00

The above table represents a worst case scenario for credit risk exposure to the Company as 31 December 2016, without taking into account any collateral held or other credit enhancements. For assets in the balance sheet, the exposure set out above is based on net carrying amounts.

C. Loan to customer

Loans to customers are summarized as follows:

	2016		2015
	US\$	KHR'000	US\$
Loans to customers neither past due nor impaired	10,506,828.00	42,416,065.00	7,648,007.00
Loans to customers past due but not impaired	141,664.00	571,897.00	63,693.00
Loans to customers individually impaired	35,855.00	144,747.00	12,040.00
Gross loans	10,684,347.00	43,132,709.00	7,723,740.00
Allowance for doubtful loans	(35,855.00)	(144,747.00)	(12,040.00)
Net loans to customers	10,648,492.00	42,987,962.00	7,711,700.00

For the purpose of loan provisioning, the expected recovery from collateral (except cash) is not taken into consideration in accordance with the National Bank of Cambodia's requirements. The total allowance for doubtful loans is US\$35,855 (2015: US\$12,040),

which represents the mandatory provision required by the National Bank of Cambodia and additional provision for the loan losses.

(I) Loans to customers neither past due nor impaired
Loans to customers which are not past due are not considered impaired, unless other information is available to indicate the contrary.

(ii) Loans to customers past due but not impaired

Loans to customers which are past due are not considered impaired, unless other information is available to indicate the contrary.

(iii) Loans to customers individually impaired

In accordance with Parkas B7-02-186 Pro Kor dated 13 September 2002 on loan classification and provisioning, loans past due more than 30 days are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

(IV) Loans to customers renegotiated

There were no renegotiated loans to customers as at 31 December 2016.

d. Repossessed collateral

During the financial year ended 31 December 2016, the Company did not obtain any assets by taking possession of collateral held as security.

24- FINANCE RISK MANGEMENT OBJECTIVE AND POLICIES

(ii) Interest Rate Risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, and cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance limits set. An analysis of the interest rate risk pertaining to the Company's assets and liabilities is disclosed below.

The table below summarizes the Company's exposure to interest rate risks. Included in the table are the Company's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity date.

	Weighted average effective interest rate	Within one year	One to five years	Over five years	Non-interest bearing	Total
As at 31 December 2016	%	US\$	US\$	US\$	US\$	US\$
Financial assets						
Cash on hand	-	-	-	-	123,533.00	123,533.00
Balance with National Bank of Cambodia	-	-	-	-	125,000.00	125,000.00
Balances with other banks	0.05	322,571.00	-	-	-	322,571.00
Loans to customers	24.28	603,661.00	9,542,803.00	537,883.00	-	10,684,347.00
Other receivables	-	-	-	-	161,135.00	161,135.00
		926,232.00	9,542,803.00	537,883.00	409,668.00	11,416,586.00
(KHR'000 equivalent)		3,739,199.00	38,524,295.00	2,171,434.00	1,653,830.00	46,088,758.00
Financial liabilities						
Other payables	-	-	-	-	251,671.00	251,671.00
Borrowings	6.13	286,000.00	7,009,659.00	-	-	7,295,659.00
		286,000.00	7,009,659.00	-	251,671.00	7,547,330.00
(KHR'000 equivalent)		1,154,582.00	28,297,993.00	-	1,015,996.00	30,468,571.00

	Weighted average effective interest rate	Within one year	One to five years	Over five years	Non-interest bearing	Total
As at 31 December 2015	%	US\$	US\$	US\$	US\$	US\$
Financial assets						
Cash on hand	-	-	-	-	15,490.00	15,490.00
Balance with National Bank of Cambodia	-	-	-	-	125,000.00	125,000.00
Balances with other banks	0.05	-	-	-	400,041.00	400,041.00
Loans to customers	26.74	665,985.00	6,573,869.00	483,886.00	-	7,723,740.00
Other receivables	-	-	-	-	91,517.00	91,517.00
		665,985.00	6,573,869.00	483,886.00	632,048.00	8,355,788.00
Financial liabilities						
Other payables	-	-	-	-	147,143.00	147,143.00
Borrowings	6.16	-	4,727,868.00	-	-	4,727,868.00
		-	4,727,868.00	-	147,143.00	4,875,011.00

(iii) Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost. In addition to full compliance of all liquidity requirements, the management of the Company closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provides an analysis of the financial liabilities of the Company into relevant maturity groupings based on the remaining periods to repayment.

	On demand or within one year	One to five years	Over five years	Total
	US\$	US\$	US\$	US\$
At 31.12.2016				
Other payables	251,671	-	-	251,671
Borrowings	286,000	7,009,659	-	7,295,659
	537,671	7,009,659	-	7,547,330
(KHR'000 equivalent)	2,170,578	28,297,993	-	30,468,571

	On demand or within one year	One to five years	Over five years	Total
	US\$	US\$	US\$	US\$
At 31.12.2015				
Other payables	147,143.00	-	-	147,143.00
Borrowings	-	4,727,868.00	-	4,727,868.00
	147,143.00	4,727,868.00	-	4,875,011.00

(iv) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company has no material exposures to currency risk as it transacts essentially in US\$. Significant presence of US\$ is a normal practice of companies operating in Cambodia as this is a currency widely in use in Cambodia.

(v) Capital Management

The objectives of the Company on managing of capital are to meet the NBC's requirement, continue as a going concern and support the development of the business by maintain strong capital.

The table below summarizes the composition of regulatory capital:

	2016		2015
	US\$	KHR'000	US\$
Share capital	2,500,000	10,092,500	2,500,000
Accumulated profit	1,487,857	6,006,479	1,070,318
	3,987,857	16,098,979	3,570,318

25- TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

26- COMPARTIVE FIGURES

Certain comparative figures have been classified to conform to the current period's presentation.

	As restated	As previously stated
	US\$	US\$
Balance sheet		
Assets		
Loan to customers	7,711,700.00	7,785,217.00
Other receivables	91,517.00	11,365.00
Liabilities		

Other payables	147,143.00	140,508.00
Income statement		
Operating expenses	(619,042.00)	-
Personnel cost	-	(397,936.00)
Depreciation and amortisation	-	(42,240.00)
General and administration expenses	-	(171,357.00)
Allowance for bad and doubtful loans	-	(7,509.00)
Statement of cash flow		
Net cash used in operating activities	(1,637,849.00)	(1,821,735.00)
Net cash from financing activities	1,716,582.00	1,900,468.00

ONE TEAM ONE GOAL



PROVINCIAL OFFICE DIRECTORY

HEAD OFFICE

Building 502G, 502H, Preah Monivong
Blvd, Sangkat Tonle Bassac, Khan
Chamkarmorn, Phnom Penh, Cambodia
Tel: (855) 23 99 33 33 | (855) 93 49 66 66
E-mail: info@samrithisak.com
Website: www.samrithisak.com

1-POSENCHEY BRANCH

#600D, St.110 (Russian Blvd), Sangkat
Kakab,
Khan Pur Senchey, Phnom Penh,
Kingdom of Cambodia.
Tel: (855) 23 901 900
E-mail: info@samrithisak.com
Website: www.samrithisak.com

2- CHAMKARMORN BRANCH

Building 502G, 502H, Preah Monivong
Blvd, Sangkat Tonle Bassac, Khan
Chamkarmorn, Phnom Penh, Cambodia
Tel: (855) 23 99 33 33 | (855) 93 49 66 66
E-mail: info@samrithisak.com
Website: www.samrithisak.com

3- S'ANG BRANCH

#191, Street 21, Prek Run Village, Prek
Koy Commune,
S'ang District, Kamdal Province,
Kingdom of Cambodia,
TEL: 024 901 900
E-mail: info@samrithisak.com

Building 502G, 502H, Preah Monivong Blvd, Sangkat Tonle Bassac, Khan Chamkarmorn,
Phnom Penh, Cambodia
Tel: (855) 23 99 33 33 | (855) 93 49 66 66
E-mail: info@samrithisak.com
Website: www.samrithisak.com