



ភាពជោគជ័យរបស់អ្នក គឺជាគោលដៅរបស់យើង
YOUR SUCCESS, OUR GOAL

ANNUAL REPORT

2021

CONTENTS

Institute Profile	1
Share Capital	2
Vision	3
Mission	4
Product and Service	4
Business Ethic	5
Corporate Vision	6
Risk Management	7
Business Goal	8
Corporate Governance	8
Training And Development	8
Board of Directors	9
Organizational Chart	10
Message from Chairman	11
Message from CEO	13
Financial Highlights	14
Report of the Board of Directors	15
CEO Statement	19
Report of the Independent Auditor	20
Balance Sheet	22
Statement of income	23
Statement of changes in equity	24
Statement of Cash flows	25
Notes to the financial statements	27

INSTITUTE PROFILE



The PG Development Plc. (PG MFI) was formed by the strategic partnership between a reputable businessman, Mr. Men Sokchamroeun and a conglomerate investor, Mrs. Ngov Vouchngim, and obtained the license from the National Bank of Cambodia on April 25th, 2017. and received financial incorporation license No. MF-84 dated August 11th, 2017 from the National Bank of Cambodia. The institution is established for the purpose of facilitating the financial need of people who are unable to find the source of funds to create, upgrade and expand their business.

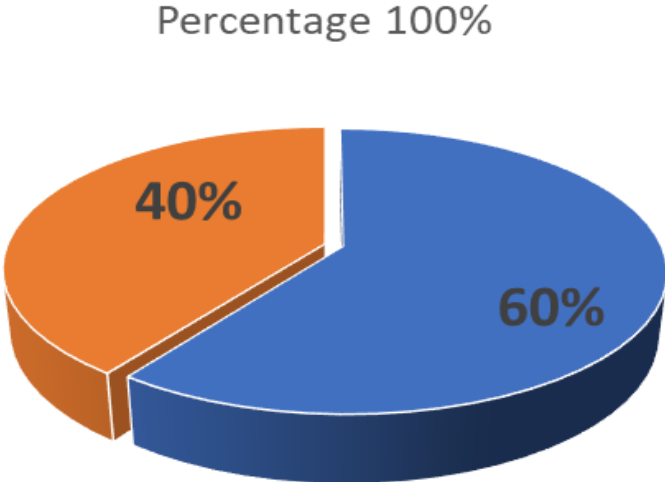
The economic growth remains robust and the need for financial services to support this growth agenda is the most important to sustain microeconomic development. The PG MFI has realized that the financial services accessible to agricultural, SME, and micro-business have kept growing year-on-year and there is the potential chance to service these segments and sustain them in the long run.

The MFI aims to be the best partner by fulfilling the aspiration of people in these specific segments while creating sustainable value for shareholders, employees, and communities. It is the Bank’s objective to grow with customers as well as the improvement of living standards of Cambodians and poverty alleviation.

SHARE CAPITAL

PG DEVELOPMENT PLC

PG DEVELOPMENT PLC is owned by Cambodian Shareholders and two shareholders own 100% of the shares of the institution.



■ Mr. Men Sokchamroeun ■ Mrs. Ngov Vouchngim



VISSION

Leading PG DEVELOPMENT PLC. to become the first microfinance which provides convenient service to the customer and diversifies financial services in Cambodia.



MISSION

PG DEVELOPMENT PLC. is one of the financial institutions providing small and medium financial services to promote the public living standard through lending the loan with reasonable interest rates and providing fast services to customers and SMEs in the urban and rural areas.



PRODUCT AND SERVICE

Considering the people need for finding the sources of fund to expand and support their businesses in better growth consistently with current market increasing, PG DEVELOPMENT PLC, provide loan service with flexible loan amount, loan maturity and diversity repayment methods, and better choice of loan with either currency in KHR Riel or US dollar upon customers' demand.



BUSINESS ETHIC

The institution has set out regulations to guide all staffs towards ethical behaviour based on key principles such as:

- No discrimination;
- Avoid the conflict to the institution's benefit;
- Equality for all employees and customers;
- Maintains the confidentiality data of institution and client;
- Service and Commission Fee transpiration;
- Avoid personal interests gain through institutional operations.



CORPORATE VISION

- Providing excellent service and efficiency;
- Good communication and loyalty to all customers and individuals;
- Promoting employees to be positive and active through salary appraisal, additional benefits and organizing parties;
- To strengthen staff training for new knowledge;
- Promoting good discipline;
- Providing new services to our customers;
- Leading Service;
- To research, study new content and learn about risk management.



RISK MANAGEMENT

Risk management is an essential issue that PG DEVELOPMENT PLC, is paying close attention in the reason that it is the key to the success for the entire institution. At the meantime, the institution has its main principle to prevent any risks which may occur by identifying the measures and allocating of high responsibilities independently to each function.

The institution will identify appropriate strategies to address and mitigate the risks level, such as: acceptance, remedy, transfer and avoidance, and will continue to monitor to ensure that those risks are being managed and resolved. Audit Department and Compliance Department play an important role in identifying the appropriateness and assessing the risks impact which may occur, then manage to address them in time manner. Regular monitoring is specifically evaluated the likelihood of the risk occurrence and identified the appropriate strategies or new planning activities in mitigating risk with effective manner.



BUSINESS GOAL

PG DEVELOPMENT PLC is in constant position to manage its structure in order to strengthen its institutional interests, establishment and guidance the implementation of customer-oriented services for continuing enhancement its main growth through providing loan to clients. In addition, institution plans is focused on expanding loan service package with financial partnership which is mainly sustainable development of client.

CORPORATE GOVERNANCE

To strengthen our organizational structure and comply with laws and regulation of National Bank of Cambodia, we are currently recruiting experience and competence staffs in the field of internal audit and compliance. The internal control and AML policies and procedure are gradually progressed in accordance with the best practice and as required by the National Bank of Cambodia's regulation and guidelines. Furthermore, some committees are formed or established in response to its own development and impact from economic and industry trend.

TRAINING & DEVELOPMENT

Training and development are the central to further enhancing our staff's improvement and customers' satisfaction. Therefore, we invest in skillful and development and recruit experienced professional staff. Indeed, professionalism, high ethical, integrity and honesty of employees are the core for the MFI in pursuing and maintaining its regulatory rule



undertaking. All managements and staffs are required to perform their work diligently and honestly, placing first the interests of the MFI and customers' satisfaction.

BOARD OF DIRECTORS

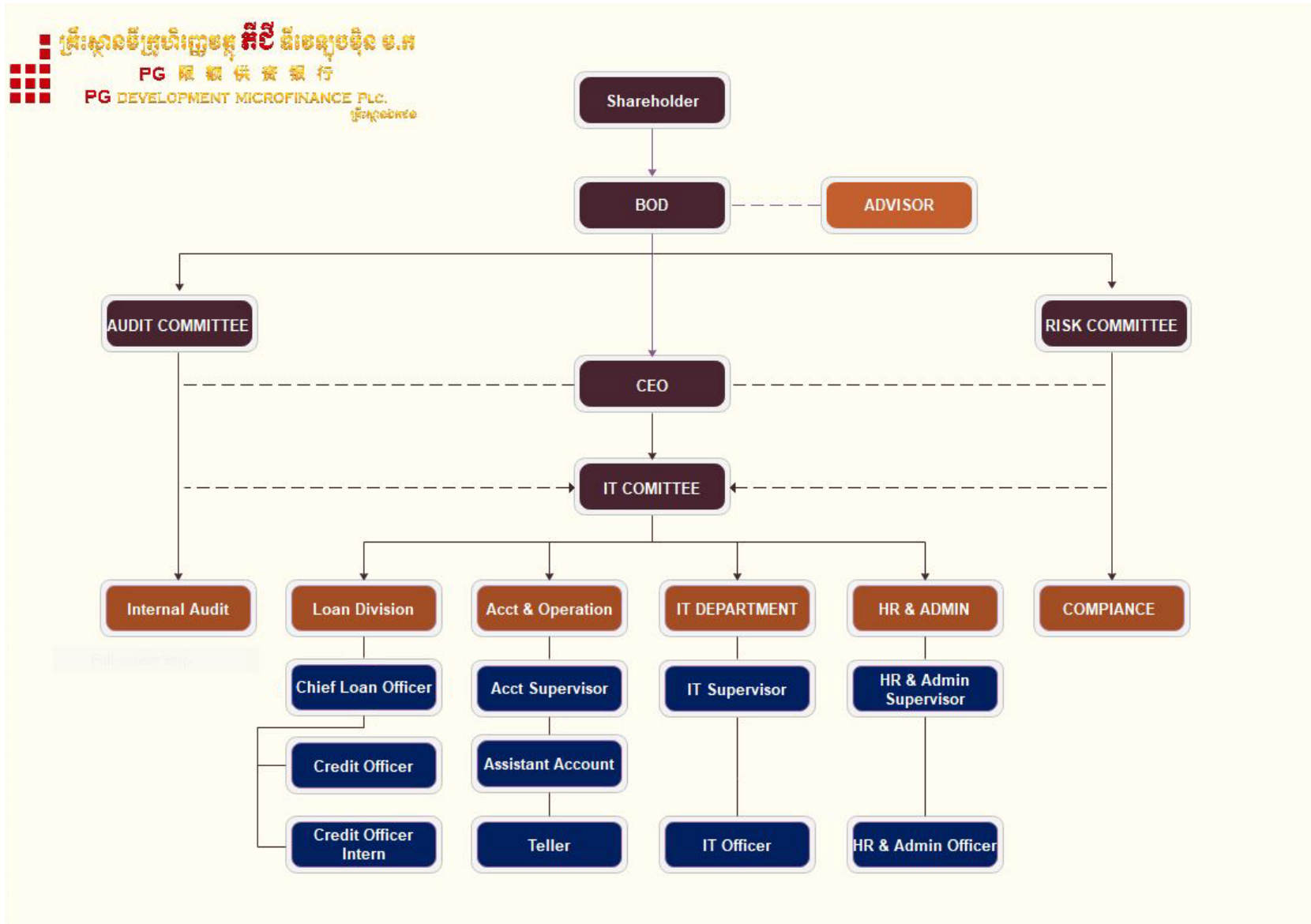


The Board of Directors of the PG Development Plc. (PGMFI) is composed of three members who have decades of experience in the finance sector, risk management, and business. The Board of Directors appointed by the shareholder’s meeting has played the key role to deliver the Bank’s strategy, being responsible for shareholders, creating the long shareholders’ value, and assure the policies and practices are implemented in line with applicable legal requirements. The Board of Directors established two committees including Audit Committee and Risk Committee.

After the board meeting with participation from the Board of Director, Board Supervisor, and Senior Management, it has decided to appoint the following personnel:

- ❖ Mr. Men Sokchamroeun, Chairman
- ❖ Mrs. Ngov Vouchngim, Director
- ❖ Mrs. Min Li, Member

ORGANIZATIONAL CHART



MESSAGE FROM CHAIRMAN



We have recognized that Cambodia is a fast developing country in the region with economic growth and political stability. Most importantly, there is a firm direction from the Royal Government of Cambodia to promote the agricultural, real estate, and tourism sectors. While access to affordable and reliable financial services are limited, the PG Development Plc. (PGMFI) has seized an opportunity to provide financial services accessible to Cambodians to grow their businesses, improve their income and living standard.

The PG Development Plc. has kept an eye on the market development and periodically reviewed the business model to ensure it meets the customer's demand of both public and private sectors that enable sustainable revenue streams into the future and ultimately benefit our shareholders.

Thanks to continuous support from customers, the National Bank of Cambodia, and staff. PG Development Plc. (PGMFI) keeps growing sustainably contributing to and supporting to the economic growth agenda as the Rectangular Development Strategy of the Royal Government of the Kingdom of Cambodia.

The strategic direction for the Group is of course a matter of constant concern for both the Board and management. Regional expansion, new products and services development and transformation to digital

banking are our foremost strategies to tackle the fierce competition.

We would also like to thank our customers, shareholders, directors, executive management, and all staffs of PG Development Plc. (PG MFI) for their support and efforts in implementing the MFI's strategy and in achieving its goals and objectives. We also express our sincerest gratitude to the Royal Government of Cambodia, the National Bank of Cambodia, regulators, and all relevant authorities for their constant support and dedicated efforts to develop Cambodia's financial industry, especially the banking sector during this Covid-19 outbreak.

In 2021, according to the report of the National Bank of Cambodia, the loans of microfinance institutions in the sectors of the Cambodian economy are as follows: Agriculture 18.8%, households 33.3%, Services 14%, Trade and Commerce 21.8% Construction 3.8%, transportation 5.5%, manufacturing 1.5% and other 1.2%. In the group of competitors, as of 2021, there are 6 deposit-taking microfinance institutions and 79 non-deposit-taking microfinance institutions. 17 leasing companies, 28 repayment service providers, 234 rural credit institutions. Microfinance Institution has a nationwide network of 1,199 offices and has modernized its services such as credit, deposit, mobile banking and ATM withdrawals this will help customers have more access to official financial services. The average deposit rate of microfinance institutions in KHR and USD decreased to 7.19% and 6.92%, respectively, compared to 2020 (7.59% and 7.44%). Meanwhile, the average loan interest rate in KHR and USD also decreased from 17.13% and 15.26% in 2020 to 16.72% and 14.72%, respectively. Despite the decline in deposits in the context of Covid 19, according to World Bank forecasts, Cambodia is optimistic that in

2022 and 2023, economic growth will remain strong. 4.5% the same.

We reaffirm our commitment to all our customers and shareholders that in 2022 we will continue to focus on areas that represent the best opportunities for PG Development Plc. (PGMFI) to dedicate all our efforts to achieve a strong and sustainable growth rate and to deliver on our strategic goals to enhance future returns as well as strengthening the position of PG Development Plc. (PG MFI) in the Kingdom of Cambodia and the region.



Mr. Men Sokchamroeun
Chairman of Board Director
June 29 , 2022

MESSAGE FROM CEO



The 2021 fiscal year was strong progress for the PG Development Plc. (PGMFI) by continuing to deliver its long-term strategy in spite of the ever-evolving market and increasing competition. It is our greatest honour to review and presents our 2021 performance. We keep moving forward with no doubt and dedicate our passion to improving returns and better serving our great customers.

The year 2021 was full of challenges and the MFI never avoided or stepped back from challenges but keep the faith to overcome the obstacles we faced during our operation. The wisdom and resolute contributed to the great fortune.

The PG Development Plc. (PGMFI) is a trusted partner to the clients as it continues to serve them with professionalism, deep capability, and unique insight. We have continued to bring new banking solutions to support business growth, customer's demand, the development of the economy and country. With the strong commitment of the Board of Directors, management, and staff members, the PG Development Plc. (PGMFI) achieved a significant result in 2021.

First and foremost, the MFI built up solid corporate governance by putting the policies and procedures in place. Furthermore, the deep experience and knowledge of the

Board of Directors and the management team is the key cornerstone to the sustainable and long-term growth of the MFI.

Secondly, we have taken part in the banking development as well as the economic development by providing financial assistance to the agricultural sector to enable customers in rural areas to fulfil their business ambitious result in promoting agricultural export and poverty alleviation.

Thirdly, the MFI has shown remarkable growth and achieved a significant return in 2021. At the end of 2021, according to the audited financial report, the MFI's total assets stood at USD2,466,153, the outstanding loan is USD300,511, and the shareholder paid-up capital was USD3,000,000. During the year, the MFI achieved the revenue (interest income and loan fee) for the year of USD55,402.

Last but not least, the MFI set clear priorities in a bid to improve the staff ethics and management level; and enhanced the risk management efficiency. Moreover, the MFI tightened the internal controls and kept an eye on potential fraud cases.

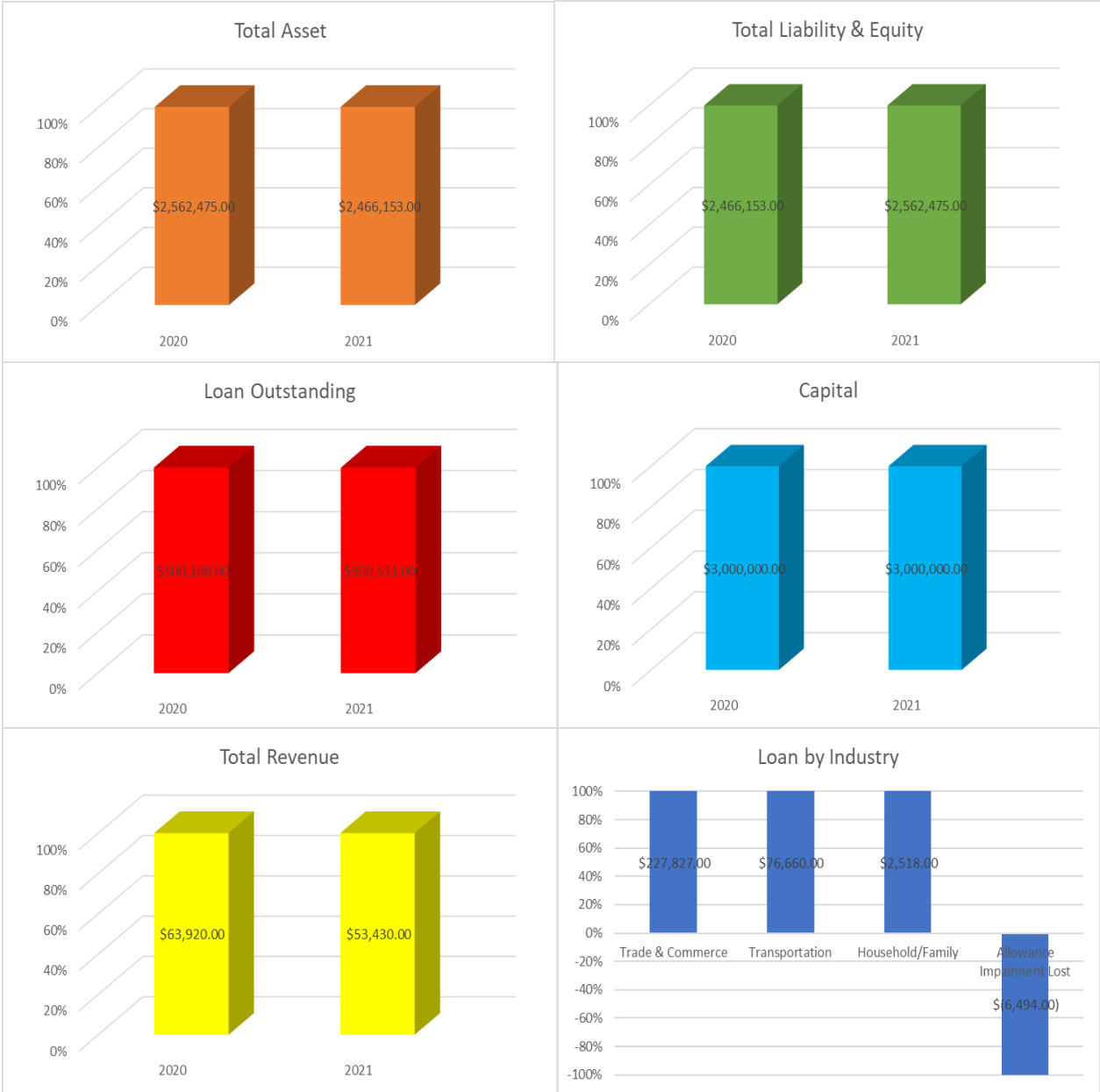
Last year was a year full of hardworking. All the staff united as one and fight for the same goal during the Covid-19 outbreak. The year of 2022 is expected to bring a great hope thanks to steady growth of economy and political stability. I believed that the united is strength. As long as we fight as united, the PG Development Plc. (PGMFI) must become stronger and therefore, have a bright future.



Mrs. Ngov Vouchngim
CEO

June 29, 2022

FINANCIAL HIGHLIGHTS



REPORT OF THE BOARD OF DIRECTORS

The directors hereby submit the report and the audited financial statements of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITY

The Company is principally engaged in all aspects of micro-finance services business and the provision of related financial service in Cambodia.

There have been no significant changes in the nature of the principle activities during the financial year.

RESULTS

US\$

Loss after tax for the financial year	<u>(94,277)</u>
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DIVIDENDS

No dividends were paid or declared since the end of the previous financial year and the directors do not recommend the payment of dividends for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES

There were no issuances of shares by the MFI during the financial year.

BAD AND DOUBTFUL DEBTS

Before the income statement and the balance sheet of the MFI were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and, the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance for doubtful debts had been made.

At the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the MFI inadequate to any substantial extent.

CURRENT ASSETS

Before the income statement and the balance sheet of the MFI were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the MFI have been written down to an amount which they might be expected to realise.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances, which have arisen which render adherence to the existing method of

valuation of assets or liabilities of the MFI misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the MFI which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the MFI which has arisen since the end of the financial year.

No contingent or other liability of the MFI has become enforceable or is likely to become enforceable, within the succeeding period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the MFI to meet its obligations as and when they fall due.

DIRECTORS

The directors who served since the date of the last report are:

Mr. Men Sokchamroeun

Mrs. Ngov Vouchngim

The retirement and re-election of the directors will be in accordance with the MFI's Articles of Association.

According to the registers of directors' shareholding, the interests of directors in office at the end of the year in the ordinary shares of the MFI and its related corporations during the year are as follows:

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 the financial statements of the MFI, which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

In the opinion of the directors:

- (a) the results of the operations of the MFI for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) 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 to affect substantially the results of the operations of the MFI for the financial year in which this report is made.

Number of ordinary shares of US\$ 1.00 each

At	Acquired /	At
01.01.2021	(Disposed)	31.12.2021

Mr. Men Sokchamroeun	1,800,000	-	1,800,000
Mrs. Ngov Vouchngim	1,200,000	-	1,200,000

Other than the directors disclosed above, the other director did not have any interest in the ordinary shares of the MFI during the financial year.

DIRECTORS' INTERESTS

The directors who held office at the end of the financial year have no direct financial interest in the MFI.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the MFI has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the MFI or a related corporation with any directors or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the MFI a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the MFI or any other body corporate.

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible to ensure that the financial statements for each financial year are properly drawn up so as to give a true and fair view of the state of affairs of the MFI and of its results of operations and cash flows for the year then ended. In preparing those financial statements, the Board of Directors is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with the disclosures requirements and guidelines issued by the National Bank of Cambodia and the Ministry of Economy and Finance of the Kingdom of Cambodia, or if there have been any departures in the interests of true and fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the MFI will continue operations in the foreseeable future; and
- v) effectively control and direct the MFI in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

Signed on behalf of the Board
in accordance with a resolution of the directors



The image shows a handwritten signature in blue ink, which appears to be 'M.S.A.', positioned to the left of a blue circular corporate seal. The seal contains the following text: 'ព្រះរាជាណាចក្រកម្ពុជា' (Kingdom of Cambodia) at the top, 'ក្រុមហ៊ុន' (Company) in the center, 'ភីជី ឌីវឡូបម៉ង់ ប.ក' (PG Development PLC) in the middle, 'PG DEVELOPMENT PLC.' in English below that, and 'KINGDOM OF CAMBODIA' at the bottom.

Mr. Men Sokchamroeun

CEO STATEMENT


I, *Mrs. Ngov Vouchngim*, being the CEO of **PG Development Plc. (PG MFI)**, do hereby state that:


i) the results of the operations of the MFI for the financial year ended 31 December 2021 have not been materially affected by any item, transaction and event of any material and unusual nature nor has any such item, transaction and event occurred in the interval between the end of the year and the date of this

report other than as disclosed in the financial statements, and

ii) the accompanying financial statements of the MFI have been drawn up so as to give a true and fair view of the state of affairs of the MFI as at 31 December 2021 and of the results of its operations and cash flows for the financial year ended on that date, in compliance with the National Bank of Cambodia's guidelines and the CIFRS for SMEs.

Signed on behalf of the Board
in accordance with a resolution of the directors


Mrs. Ngov Vouchngim



REPORT OF THE INDEPENDENT AUDITOR

Opinion

We have audited the financial statements of PG Development Plc. (“the Company”) which comprise the statement of financial position as at 31 December 2021 of the Company, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”) and guidelines of the National Bank of Cambodia.

Basis for Opinion

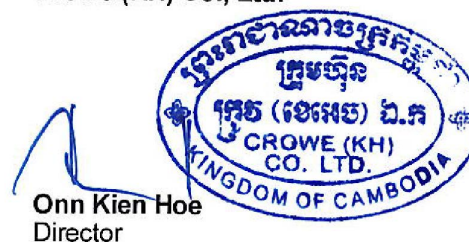
We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISA”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have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

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements denominated in the functional currency of United States Dollar (“USD”). The translation of the financial statements from USD into Khmer Riel (“KHR”) using the closing and average rates as at 31

December 2021 and for the year then ended, respectively, is presented for the purpose of additional analysis and it does not form an integral part of the audited financial statements. The translation has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express any opinion on it.

Crowe (KH) Co., Ltd.



Onn Kien Hoe
Director

The image shows a blue ink signature of Onn Kien Hoe, Director of Crowe (KH) Co., Ltd. To the right of the signature is an official circular stamp. The stamp contains the text: 'ព្រះរាជាណាចក្រកម្ពុជា' (Kingdom of Cambodia) at the top, 'ក្រុមហ៊ុន' (Company) in the center, 'ក្រុម (ខេមបូឌ) ឯ.ក' (Crowe (KH) Co., Ltd.) in the middle, and 'CROWE (KH) CO. LTD. KINGDOM OF CAMBODIA' around the bottom edge.

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

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRS for SMEs and guidelines of the National Bank of Cambodia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements 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 have no realistic alternative but to do so.

Auditor's 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 CISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

obtain an understanding of internal control relevant to the audit in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

conclude on the appropriateness of the directors' 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.

BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021 USD	2020 USD	2021 KHR'000	2020 KHR'000
ASSETS					
Cash on hand	5	1,988,588	925,850	8,101,508	3,745,063
Deposits and placement with National Bank of Cambodia (“NBC”)	6	14,058	964,050	57,272	3,899,582
Loans and advances to customers – net	7	300,511	500,108	1,224,282	2,022,937
Other assets	8	6,546	6,820	26,668	27,587
Statutory deposit with NBC	9	150,000	150,000	611,100	606,750
Equipment	10	6,450	15,647	26,277	63,292
Intangible asset	11	-	-	-	-
TOTAL ASSETS		2,466,153	2,562,475	10,047,107	10,365,211
LIABILITIES AND EQUITY					
LIABILITIES					
Other liabilities	12	29,186	31,171	118,904	126,087
Income tax payable		-	60	-	243
TOTAL LIABILITIES		29,186	31,231	118,904	126,330
EQUITY					
Share capital	13	3,000,000	3,000,000	12,000,000	12,000,000
Accumulated losses		(563,033)	(468,756)	(2,280,502)	(1,896,983)
Translation reserve		-	-	208,705	135,864
TOTAL EQUITY		2,436,967	2,531,244	9,928,203	10,238,881
TOTAL LIABILITIES AND EQUITY		2,466,153	2,562,475	10,047,107	10,365,211

STATEMENT OF INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 USD	2020 USD	2021 KHR'000	2020 KHR'000
Interest income	14	53,430	63,920	217,353	258,556
Other operating income	15	1,972	3,598	8,022	14,554
Personnel costs	16	(83,480)	(89,059)	(339,597)	(360,244)
Depreciation expense	10	(9,197)	(23,893)	(37,413)	(96,647)
Amortization expense	11	-	(7,768)	-	(31,422)
General and administrative expense		(54,016)	(64,832)	(219,737)	(262,245)
(Loss) from operation		(91,291)	(118,034)	(371,372)	(478,135)
Allowance for impairment losses on loans	7	(1,589)	(3,434)	(6,464)	(13,891)
(Loss) before tax		(92,880)	(121,468)	(377,836)	(491,339)
Income tax expense	17	(1,397)	(810)	(5,683)	(3,276)
(Loss) after tax		(94,277)	(122,278)	(383,519)	(494,615)
Other comprehensive income		-	-	-	-
Total comprehensive expense for the year		(94,277)	(122,278)	(383,519)	(494,615)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Note	Share Capital USD	Accumulated losses USD	Total USD
Balance at 1.1.2020		2,000,000	(346,478)	1,653,522
Issuance of shares		1,000,000	-	1,000,000
Total comprehensive expense for the year		-	(122,278)	(122,278)
Balance at 31.12.2020/1.1.2021		3,000,000	(468,756)	2,531,244
Total comprehensive expense for the year		-	(94,277)	(94,277)
Balance at 31.12.2021		3,000,000	(563,033)	2,436,967

	Note	Share Capital KHR'000	Accumulated losses KHR'000	Translation reserve KHR'000	Total KHR'000
Balance at 1.1.2020		8,000,000	(1,402,368)	140,470	6,738,102
Issuance of shares		4,000,000	-	-	4,000,000
Total comprehensive expense for the year		-	(494,615)	-	(494,615)
Translation difference		-	-	(4,606)	(4,606)
Balance at 31.12.2020/1.1.2021		12,000,000	(1,896,983)	135,864	10,238,881
Total comprehensive expense for the year		-	(383,519)	-	(383,519)
Translation difference		-	-	72,841	72,841
Balance at 31.12.2021		12,000,000	(2,280,502)	208,705	9,928,203

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Note	2021 USD	2020 USD	2021 KHR'000	2020 KHR'000
CASH FLOWS FOR OPERATING ACTIVITIES					
(Loss) before tax		(92,880)	(121,468)	(377,836)	(491,339)
Adjustments for					
Impairment loss allowance on					
- loans and advances	7	1,589	3,434	6,464	13,891
Depreciation and amortisation		9,197	31,661	37,413	128,069
Operating loss before working capital changes		(82,094)	(86,373)	(333,959)	(349,379)
Working capital changes:					
- loans and advance to customers		198,008	35,596	806,685	143,986
- other assets		274	1,207	1,116	4,883
- deposit and placement with NBC		-	-	-	-
- Statutory deposit		-	(50,000)	-	(202,250)
- other liabilities		(1,985)	5,887	(8,087)	23,813
NET CASH FLOWS FROM/(FOR) OPERATION		114,203	(93,683)	465,755	(378,947)
Income tax paid		(1,457)	(812)	(5,926)	(3,285)
NET CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		112,746	(94,495)	459,829	(382,232)
CASH FLOWS FOR INVESTING ACTIVITIES					
Purchase of equipment	10	-	(407)	-	(1,646)
NET CASH FOR INVESTING ACTIVITIES		-	(407)	-	(1,646)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issuance of shares		-	1,000,000	-	4,000,000
NET CASH FROM FINANCING ACTIVITIES		-	1,000,000	-	4,000,000
NET CHANGE IN CASH AND CASH EQUIVALENTS		112,746	905,098	459,829	3,616,122
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,889,900	984,802	7,644,645	4,013,068
TRANSLATION DIFFERENCE		-	-	54,306	15,455

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	2,002,646	1,889,900	8,158,780	7,644,645
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

		2021	2020	2021	2020
		USD	USD	KHR'000	KHR'000
	Note				
Cash on hand	5	1,988,588	925,850	8,101,508	3,745,063
Deposit and placement with NBC	6	14,058	964,050	57,272	3,899,582
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<u>2,002,646</u>	<u>1,889,900</u>	<u>8,158,780</u>	<u>7,644,645</u>

**NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

5. CASH ON HAND

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
US Dollars	1,959,674	900,424	7,983,712	3,642,215
Khmer Riels	28,914	25,426	117,796	102,848
	<u>1,988,588</u>	<u>925,850</u>	<u>8,101,508</u>	<u>3,745,063</u>

6. DEPOSITS AND PLACEMENTS WITH NBC

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
In Cambodia				
Current account	14,058	964,050	57,272	3,899,582
	<u>14,058</u>	<u>964,050</u>	<u>57,272</u>	<u>3,899,582</u>

The above amount is analysed as below:

By currency				
US Dollars	11,677	961,632	47,572	3,889,801
Khmer Riels	2,381	2,418	9,700	9,781
	<u>14,058</u>	<u>964,050</u>	<u>57,272</u>	<u>3,899,582</u>

7. LOANS AND ADVANCES TO CUSTOMERS - NET

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Individual loans				
Long-terms loans	128,786	290,177	524,674	1,173,766
Short-term loans	178,219	218,811	726,065	885,090
Gross loans and advances	307,005	508,988	1,250,739	2,058,856
Allowance for impairment losses	(6,494)	(8,880)	(26,457)	(35,919)
Net loans and advances to customers	<u>300,511</u>	<u>500,108</u>	<u>1,224,282</u>	<u>2,022,937</u>

7. LOAN AND ADVANCE TO CUSTOMERS (CONT'D)

Changes in allowance for impairment losses are as follow:

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
At 1 January	8,880	5,446	35,919	22,193
Transfer to profit or loss	1,589	3,434	6,464	13,891
Loan written-off	(3,975)	-	(16,170)	-
Translation difference	-	-	244	(165)
	<u>6,494</u>	<u>8,880</u>	<u>26,457</u>	<u>35,919</u>

Further analysis of the above loans and advances is provided as below:

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
(a) By maturity period				
From one month to one year	178,219	218,811	726,065	885,090
From one year to five years	128,786	290,177	524,674	1,173,766
From five years over	-	-	-	-
	<u>307,005</u>	<u>508,988</u>	<u>1,250,739</u>	<u>2,058,856</u>
(b) By performance				
Standard loans:				
- Secured	306,504	508,988	1,248,698	2,058,856
- Unsecured	-	-	-	-
Special mention loans:				
- Secured	-	-	-	-
- Unsecured	-	-	-	-
Substandard loans:				
- Secured	194	-	790	-
- Unsecured	-	-	-	-
Doubtful loans:				
- Secured	-	-	-	-
- Unsecured	-	-	-	-
Loss loans:				
- Secured	307	-	1,251	-
- Unsecured	-	-	-	-
	<u>307,005</u>	<u>508,988</u>	<u>1,250,739</u>	<u>2,058,856</u>

7. LOAN AND ADVANCE TO CUSTOMERS (CONT'D)

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
(c) By currency denomination				
USD	262,618	430,902	1,069,906	1,742,998
KHR	44,387	78,086	180,833	315,858
	<u>307,005</u>	<u>508,988</u>	<u>1,250,739</u>	<u>2,058,856</u>
(d) By status of residence				
Residents	<u>307,005</u>	<u>508,988</u>	<u>1,250,739</u>	<u>2,058,856</u>
(e) By relationship				
Related party	37,612	51,729	153,232	209,243
Non related party	269,393	457,259	1,097,507	1,849,613
	<u>307,005</u>	<u>508,988</u>	<u>1,250,739</u>	<u>2,058,856</u>
(f) By industry:				
Trade and commerce	227,827	290,409	928,167	1,174,704
Transportation	76,660	215,427	312,313	871,402
Household/family	2,518	3,152	10,259	12,750
	<u>307,005</u>	<u>508,988</u>	<u>1,250,739</u>	<u>2,058,856</u>
(g) By large exposure				
Non large exposure	307,005	315,392	1,250,739	1,275,760
Large exposure	-	193,596	-	783,096
	<u>307,005</u>	<u>508,988</u>	<u>1,250,739</u>	<u>2,058,856</u>
(h). By interest rate per annum			2021	2020
- Loans to related party			6.5%	6.5%
- Loans to customers			9.6 – 18%	9.6 – 18%

8. OTHER ASSETS

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Interest receivable	1,128	1,901	4,595	7,690
Rental deposit	4,120	4,120	16,785	16,665
Other	1,298	799	5,288	3,232
	<u>6,546</u>	<u>6,820</u>	<u>26,668</u>	<u>27,587</u>

9. STATUTORY DEPOSIT WITH NBC

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Statutory deposit	<u>150,000</u>	<u>150,000</u>	<u>611,100</u>	<u>606,750</u>

The Company is required to maintain a statutory deposit of 5% percent of its capital to comply with the NBC's Prakas No. B7-00-06 dated 11 January 2000 and Prakas No. B7-06-209 dated 13 September 2006. The deposit is not available for the Company's daily operation and is refundable when the Company voluntarily liquidates its activities and has no deposit liabilities. This statutory deposit is interest bearing at 1/2 of the six months period refinancing rate set by the NBC for statutory deposit maintained in Khmer Riel and 3/8 of the six-month period SIBOR rate for statutory deposit maintained in US Dollar.

10. EQUIPMENT

	At	At	At
	01.01.2021	Depreciation	31.12 2021
	USD	Charge	USD
Net Book Value			
Leasehold improvements	14,451	(8,690)	5,761
Furniture and fixtures	-	-	-
Office equipment	-	-	-
Computer & IT equipment	421	(207)	214
Motor vehicles	775	(300)	475
	<u>15,647</u>	<u>(9,197)</u>	<u>6,450</u>

	As at 01.01.2020	Addition	Depreciation Charge	As at 31.12.2020
	USD	USD	USD	USD
Net Book Value				
Leasehold improvements	23,167	-	(8,716)	14,451
Furniture and fixtures	2,676	-	(2,676)	-
Office equipment	297	-	(297)	-
Computer & IT equipment	11,918	407	(11,904)	421
Motor vehicles	1,075	-	(300)	775
	39,133	407	(23,893)	15,647

10. EQUIPMENT (COUNT'D)

	At 01.01.2021	Addition	Depreciation Charge	Translation Difference	At 31.12.2021
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Net Book Value					
Leasehold improvements	58,454	-	(35,351)	367	23,470
Furniture and fixtures	-	-	-	-	-
Office equipment	-	-	-	-	-
Computer & IT equipment	1,703	-	(842)	11	872
Motor vehicles	3,135	-	(1,220)	20	1,935
	63,292	-	(37,413)	398	26,277

	At 01.01.2020	Addition	Depreciation Charge	Translation Difference	At 31.12.2020
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Net Book Value					
Leasehold improvements	94,406	-	(35,256)	(696)	58,454
Furniture and fixtures	10,904	-	(10,824)	(80)	-
Office equipment	1,211	-	(1,201)	(10)	-
Computer & IT equipment	48,565	1,646	(48,152)	(356)	1,703
Motor vehicles	4,381	-	(1,214)	(32)	3,135
	159,467	1,646	(96,647)	(1,174)	63,292

10. EQUIPMENT (COUNT'D)

	At Cost	Accumulated Depreciation	Net Book Value
	USD	USD	USD
As at 31 December 2021			
Leasehold improvements	43,452	(37,691)	5,761
Furniture and fixtures	12,350	(12,350)	-
Office equipment	902	(902)	-
Computer & IT equipment	48,159	(47,945)	214
Motor vehicles	1,500	(1,025)	475
	106,363	(99,913)	6,450

	At Cost	Accumulated Depreciation	Net Book Value
	USD	USD	USD
As at 31 December 2020			
Leasehold improvements	43,452	(29,001)	14,451
Furniture and fixtures	12,350	(12,350)	-
Office equipment	902	(902)	-
Computer & IT equipment	48,159	(47,738)	421
Motor vehicles	1,500	(725)	775
	106,363	(90,716)	15,647

	At Cost	Accumulated Depreciation	Net Book Value
	KHR'000	KHR'000	KHR'000
As at 31 December 2021			
Leasehold improvements	177,023	(153,553)	23,470
Furniture and fixtures	50,314	(50,314)	-
Office equipment	3,675	(3,675)	-
Computer & IT equipment	196,200	(195,328)	872
Motor vehicles	6,111	(4,176)	1,935
	433,323	(407,046)	26,277

	At Cost	Accumulated Depreciation	Net Book Value
	KHR'000	KHR'000	KHR'000
As at 31 December 2020			
Leasehold improvements	175,763	(117,309)	58,454
Furniture and fixtures	49,956	(49,956)	-
Office equipment	3,649	(3,649)	-
Computer & IT equipment	194,803	(193,100)	1,703
Motor vehicles	6,068	(2,933)	3,135
	<u>430,239</u>	<u>(366,947)</u>	<u>63,292</u>

11. INTANGIBLE ASSET

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
System and software				
Cost				
At 1 January	35,000	35,000	141,575	142,625
Addition	-	-	-	-
Translation difference	-	-	1,015	(1,050)
At 31 December	<u>35,000</u>	<u>35,000</u>	<u>142,590</u>	<u>141,575</u>
Less Accumulated amortization				
At 1 January	(35,000)	(27,232)	(141,575)	(110,970)
Addition	-	(7,768)	-	(31,422)
Translation difference	-	-	(1,015)	817
At 31 December	<u>(35,000)</u>	<u>(35,000)</u>	<u>(142,590)</u>	<u>(141,575)</u>
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12. OTHER LIABILITIES

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Other tax payables	1,209	1,038	4,926	4,199
Other payables	17,841	17,688	72,684	71,548
Accruals	10,136	12,445	41,294	50,340
	<u>29,186</u>	<u>31,171</u>	<u>118,904</u>	<u>126,087</u>

13. SHARE CAPITAL

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
1,500 ordinary shares @ USD2,000 each/ KHR8,000,000 each (2020: 1,500 @ USD2,000 each/ KHR8,000,000 each)	3,000,000	3,000,000	12,000,000	12,000,000
	<u>3,000,000</u>	<u>3,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>

14. INTEREST INCOME

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Loans and advances	53,108	63,920	216,043	258,556
	<u>53,108</u>	<u>63,920</u>	<u>216,043</u>	<u>258,556</u>

15. OTHER OPERATING INCOME

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Fee and commission	-	850	-	3,438
Interest income from capital guarantee	45	287	183	1,161
Others	1,927	2,461	7,839	9,955
	<u>1,972</u>	<u>3,598</u>	<u>8,022</u>	<u>14,554</u>

16. PERSONNEL COST

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Salaries and bonus	71,373	78,811	290,346	318,790
Other employee benefits	12,107	10,248	49,251	41,454
Staff uniform	-	-	-	-
	<u>83,480</u>	<u>89,059</u>	<u>339,597</u>	<u>360,244</u>

At the end of the financial year, the total number of employees of the Company is 14 (2020 –9).

17. INCOME TAX EXPENSE

Under Cambodia's Law on Taxation, the Company's is obliged to pay corporate income tax either at the tax rate of 20% of taxable profit, or at the minimum tax rate of 1% of total revenue, whichever is the higher.

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective rate of the Company is as follows:

	2021	2020	2021	2020
	USD	USD	KHR'000	KHR'000
Loss before tax	(92,880)	(121,468)	(377,836)	(491,339)
	<u>(18,576)</u>	<u>(24,294)</u>	<u>(75,567)</u>	<u>(98,258)</u>

Tax effects of:				
Deferred tax assets not recognized	18,576	24,294	75,567	98,258
Minimum tax	1,397	810	5,683	3,276
	<u>1,397</u>	<u>810</u>	<u>5,683</u>	<u>3,276</u>
	<u>1,397</u>	<u>810</u>	<u>5,683</u>	<u>3,276</u>