



សំរិទ្ធិស័ក

SAMRITHISAK

ដើម្បីអាជីវកម្មឈានមុខគេជានិច្ច

ANNUAL REPORT 2022

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📘 [facebook.com/Samrithisakmfi](https://www.facebook.com/Samrithisakmfi)

📷 [@samrithisakig](https://www.instagram.com/samrithisakig)

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OUR VISION & MISSION



VISION

Samrithisak's vision is the first choice of customers and leading microfinance institution in providing microfinance services.



MISSION

Provide opportunities for people to improve their lives through Samrithisak Microfinance Limited services that are competitive equality and ensuring sustainable and interests of customers, shareholders, employees and society.

COMPANY SUMMARY

Name of Company	: SAMRITHISAK Microfinance Limited
Business Type	: Private Limited Company
Resister Number	: 00032489
Registration Office	: 502G - 502H, Monivong Boulevard, Sangkat Tonle Basac, Khan Chamkarmorn, Phnom Penh, Kingdom of Cambodia
Auditor	: KPMG CAMBODIA LTD.
Employee	: 137

STAFF INFORMATION:

	Total staff	:137		
	Female	:48		
	Male	: 89		
Head Office staff	Branch staff		Credit Officer	
Female	Female	:16	Female	:01
Male	Male	:39	Male	:28

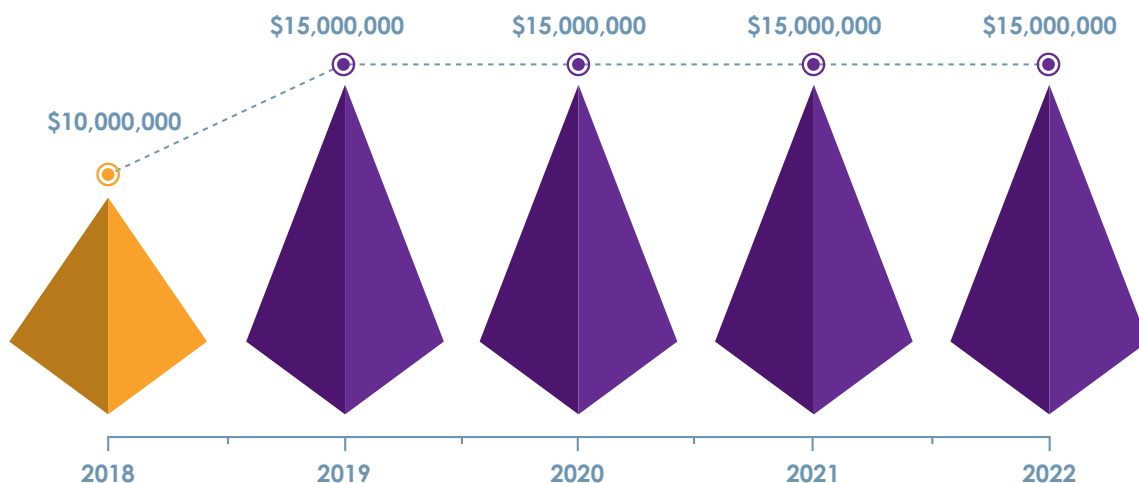
SAMRITHISAK OVERVIEW



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 an MFI from the National Bank of Cambodia with the official name:

SAMRITHISAK Microfinance Limited and has been registered capital for US 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 15,000,000.00 (Fifteen million dollars) on 24 June 2019 to made more enough abilities to serve the credit service to their customers.

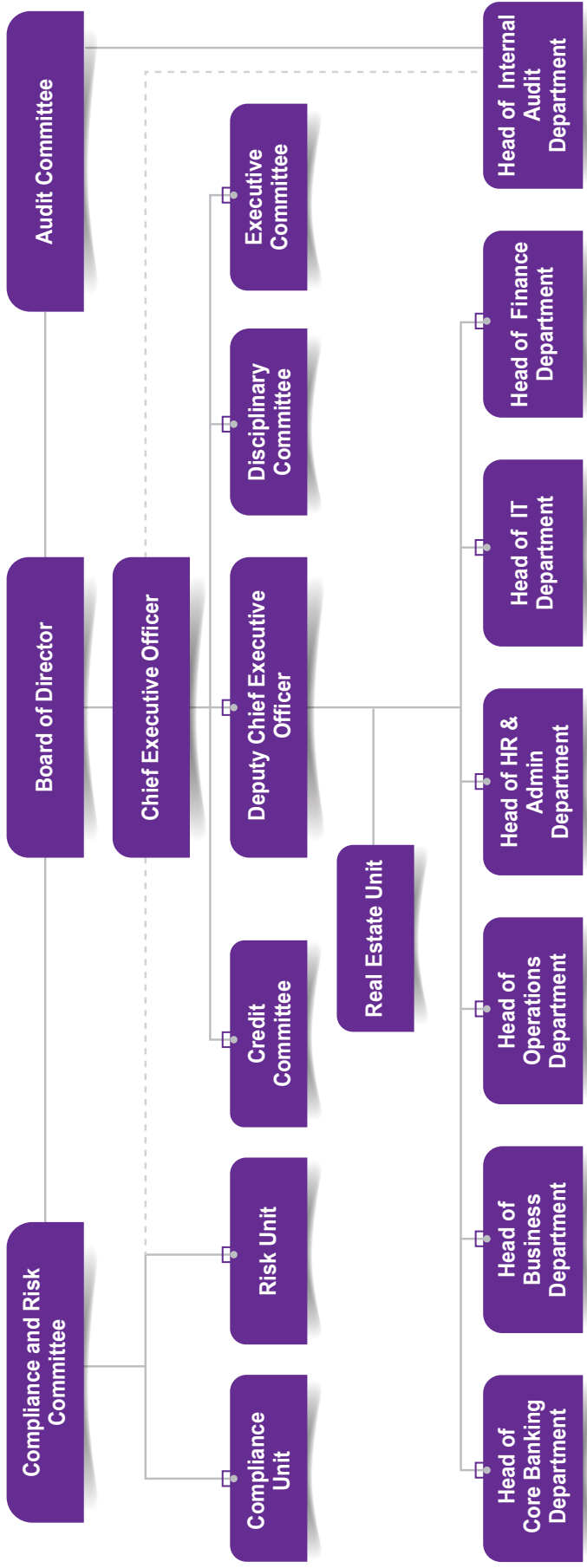
SAMRITHISAK has been established in vaued purpose to facilitate poor people who have no ability to request for financial service from the Commercial banks as more capital to run and expand their business.





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SAMRITHISAK MICROFINANCE LIMITED



CHAIRMAN BOARD OF DIRECTOR

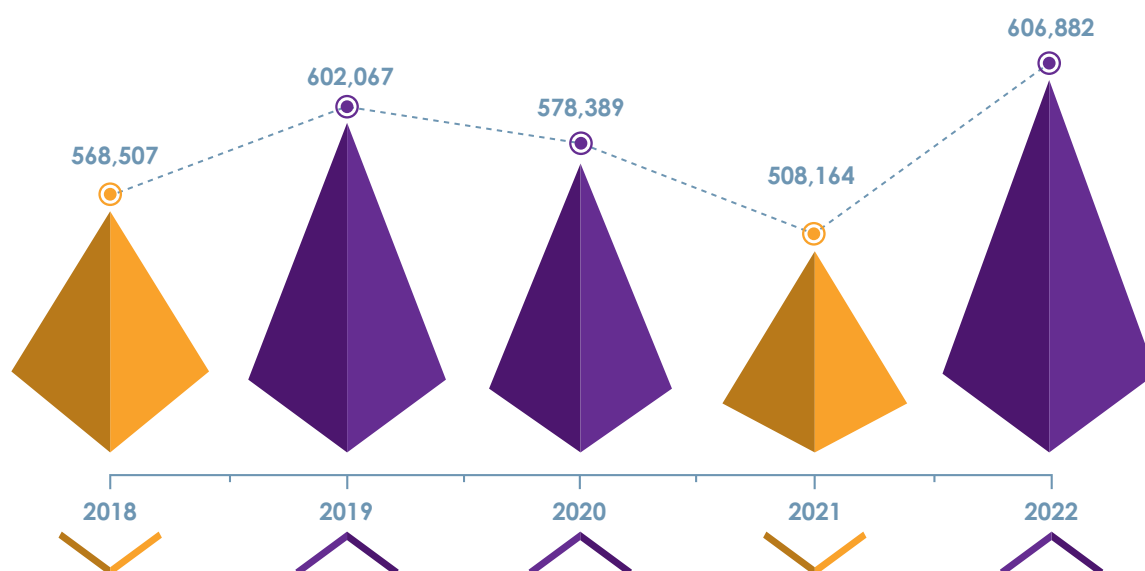


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Summary Financial Performance (CIFRS Data)

In USD	2020	2021	2022
Financial Performance (CIFRS Data)			
Total Income	4,408,242	3,968,481	3,504,902
Total Expense	3,829,853	3,460,317	2,898,020
Profit/Loss	578,389	508,164	606,882
Total Asset	29,968,819	26,868,593	24,450,458
Total liabilities	10,377,675	6,769,285	3,866,134
Total Equity	19,591,144	20,099,308	20,584,324
Paid up Capital	15,000,000	15,000,000	15,000,000
Return on Asset	1.93%	1.89%	2.48%
Return on Equity	2.95%	2.53%	2.95%
Loan outstanding	26,098,982	23,435,624	22,167,699
Clients	2100	1,798	1,550
Credit officer	53	31	29
Branch Office	6	6	6
PAR >30 days	234,030	164,308	126,896

PROFIT





SUMMERY LOAN INFORMATION

Business loan

Business loan is a type of loan that customers use to expand their business or business operations and secure real estate such as land, houses, farms, plantations or stalls in the market.

Benefits gained:

- Loan amount up to \$ 300,000 or 1,200,000,000 Riel
- Interest 10.2% to 18%
- Loan term up to 14-120 months
- Interest rate is reasonable rate
- Collateral is required
- Fast approval.

Requirements:

- Customers are Cambodian nationality
- Be a majority aged 18 to 65 years old
- Permanent resident at Phnom Penh capital city or some provinces.

Personal Loan

Personal Loan is a loan provided to customers in cash to use for personal needs, such as: Buy real estate, furniture and many other items to support the living and improve the family economy.

Benefits gained:

- Loan amount up to \$ 300,000 or 1,200,000,000 Riel
- Loan term up to 14-120 months
- Interest 10.2% to 18%
- Interest rate is reasonable rate
- Collateral is required
- Fast approval.

Requirements:

- Customers are Cambodian nationality
- Be a majority aged 18 to 65 years old
- Permanent resident at Phnom Penh capital city or some provinces.

Loan Product



**គណនាន
អាជីវកម្ម**
BUSINESS LOAN

សម្ព័ន្ធសម្ព័ន្ធ
SAMRITHISAK
ស្ថាប័នហិរញ្ញប្បទានជាតិ

អ្នកជូនកម្ចីរហូតដល់
\$300,000

ទំនាក់ទំនង៖
097 761 3333 | 093 222 909

The advertisement features three images: a warehouse, a stack of blue pipes, and a woman looking at a tablet. The text is in Khmer and English, highlighting the business loan product.



សម្ព័ន្ធសម្ព័ន្ធ
SAMRITHISAK
ស្ថាប័នហិរញ្ញប្បទានជាតិ

គណនាន
ប្រើប្រាស់ផ្ទាល់ខ្លួន

\$50,000

ផ្តល់កម្ចី
ជូនរហូតដល់

The advertisement shows a house, a motorcycle, and a car. The text is in Khmer, advertising a personal loan product.



Key Management Information



TAING HONG
Chairman

Mr. Taing Hong is a Chairman of the Board of Directors of SAMRITHISAK Microfinance in 2017. He was born in 1970, Cambodian nationality. He is a successful investor. He is a member of board of director of Mekong Cleaner Group Co.,Ltd and He holds a bachelor's degree in Finance and Banking.



TAING NGOUN
CEO

Mr. Taing Ngoun is a deputy of chairman and CEO of SAMRITHISAK Microfinance in 2017. He was born in 1969, Cambodian nationality. He is a successful investor. He was shareholder and member of Mekong Cleaner Group Co.,Ltd. He holds a bachelor degree in General Management.



CHEANG SIVANLIENG
Member

Mr. Cheang Sivanlieng is a member of the Board of Directors of SAMRITHISAK Microfinance in 2010. He was born in 1955, Cambodian nationality. He is a successful investor. He was a shareholder and member of board of director of Mekong Cleaner Group Co., Ltd and He holds a Bachelor of Business Management.

EXECUTIVE MANAGER



Mr. TAING NGOUN
CHIEF EXECUTIVE OFFICER (CEO)

Mr. Taing Ngoun is a deputy of chairman and CEO of SAMRITHISAK Microfinance in 2017. He was born in 1969, Cambodian nationality. He is a successful investor. He was shareholder and member of Mekong Cleaner Group Co.,Ltd.

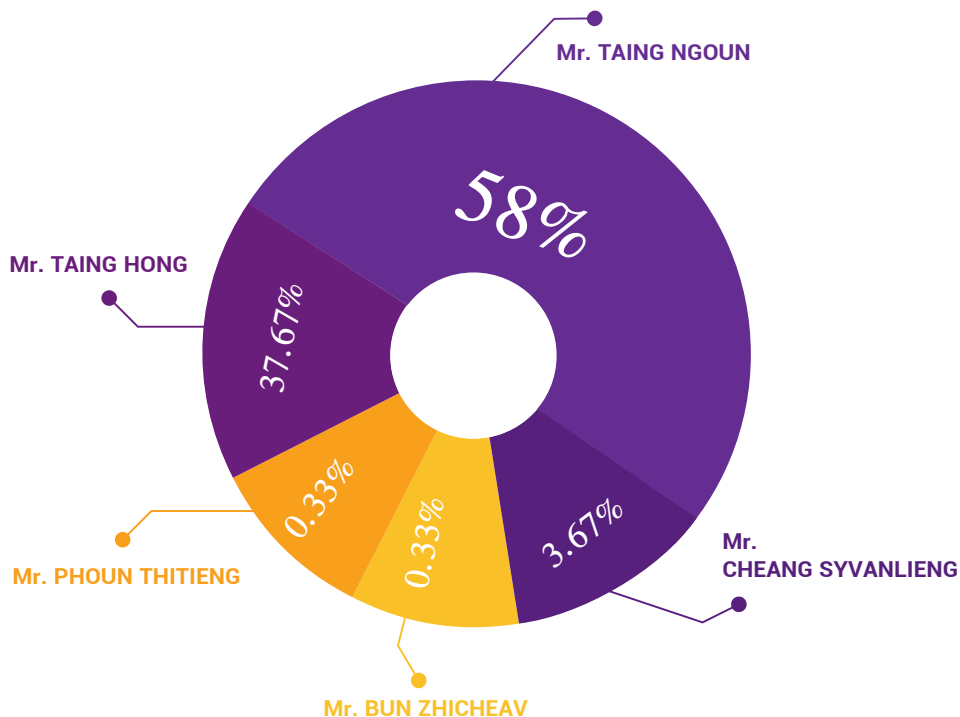


Mr. BUN ZHICHEAV

DEPUTY CHIEF EXECUTIVE OFFICER (DCEO)

Mr. Bun Zhicheav was born in 1980 in Kompong Cham Province . He joined SAMRITHISAK in 2010 as Deputy CEO.He Obtained a Bachelor of Banking and Finance and Mastere’s degree in General Management at BBU Uninvesity. He has attended a member of management training course. Before he joined SAMRITHISAK, he worked as a chief of Marketing of THISARA Co.,Ltd in 2004 in Cambodia.

SHARE PERCENTAGE



Report of the Directors

The Directors hereby submit their report together with the audited financial statements of Samrithisak Microfinance Limited. (“the Company”) for the year ended 31 December 2022.

Principal activities

The Company is principally engaged in the provision of micro-finance services and other related financial services within the scope of micro-finance license in Cambodia.

Financial results

The financial results of the Company for the year ended 31 December 2022 were presented in page 11.

Share capital

There is no change in the shareholding structure during the year. Refer to Note 17 for detail.

Dividends

At the reporting date, no dividend was declared or paid and the Directors do not recommend any dividend to be paid in respect of the year ended 31 December 2022.

Reserves and provisions

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

Bad and doubtful loans

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Company, inadequate to any material extent.

Assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any assets, other than loans, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts 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 assets in the financial statements of the Company misleading.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company 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 Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

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

Events since the reporting date

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

THE BOARD OF Directors

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

Mr. Taing Hong	Chairman
Mr. Taing Ngoun	Director
Mr. Kuch Setha	Director
Mr. Cheng Sivanlieng	Director
Mr. Yoeum Bunyim	Director

Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTOR'S Interests

The Directors who held office at the end of the financial year and their interests in the shares of the Company were as follows:

	31 December 2022			31 December 2021		
	% of ownership	Number of shares	Amount US\$	% of ownership	Number of shares	Amount US\$
Mr. Taing Hong	58.00%	87,000	8,700,000	58.00%	87,000	8,700,000
Mr. Taing Ngoun	37.67%	56,500	5,650,000	37.67%	56,500	5,650,000
Mr. Cheng Sivanlieng	3.67%	5,500	550,000	3.67%	5,500	550,000

DIRECTOR'S Benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of share purchase option.

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

Responsibilities of Directors in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

Responsibilities of Directors in respect of the financial statements (continued)

- comply with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”), 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;
- oversee the Company’s financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- assess the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- control and direct the Company effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements

APPROVAL OF THE FINANCIAL Statements

We hereby approve the accompanying financial statements together with the notes thereto as set out on pages 9 to 60 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board,



Mr. Taing Hong
Chairman

Phnom Penh, Kingdom of Cambodia
21 April 2023

Report of the independent auditors To the shareholders of Samrithisak Microfinance Limited.

Opinion

We have audited the financial statements of Samrithisak Microfinance Limited. (“the Company”), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 9 to 60 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

Basis for Opinion

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

Emphasis of Matter - comparative information

We draw attention to Note 32 to the financial statements which indicates that the comparative information presented as at 31 December 2021 and 1 January 2021, and the statements of comprehensive income and cash flow for the year ended 31 December 2021 have been restated. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company as at 31 December 2021 and for the year then ended, excluding the retrospective adjustments described in Note 32 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 March 2022.

As part of our audit of the financial statements as at and for the year ended 31 December 2022, we audited the adjustments described in Note 32 that were applied to restate the comparative information presented as at and for the year ended 31 December 2021 and the statement of financial position as at 1 January 2021. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2021 or 31 December 2020 (not presented herein) or to the statement of financial position as at 1 January 2021, other than with respect to the adjustments described in Note 32 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 32 are appropriate and have been properly applied.

OTHER Information

Management is responsible for the other information. The other information comprises the Report of the Directors as set out on pages 1 to 4. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For KPMG Cambodia Ltd



Guek Teay
Partner

Phnom Penh, Kingdom of Cambodia

21 April 2023

Statement of financial position as at 31 December 2022

	Note	31 December 2022		31 December 2021		1 January 2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS							
Cash on hand	6	16,889	69,532	48,450	197,385	10,029	40,567
Balances with the National Bank of Cambodia	7	763,086	3,141,625	760,351	3,097,670	759,996	3,074,184
Balances with banks and other financial institutions	8	821,133	3,380,605	2,431,177	9,904,615	2,561,792	10,362,448
Loans to customers	9	21,972,285	90,459,897	23,260,307	94,762,491	26,098,982	105,570,382
Other assets	10	115,650	476,132	22,900	93,294	22,208	89,831
Property and equipment	11	702,422	2,891,871	351,723	1,432,920	464,510	1,878,943
Intangible assets	12	6,922	28,498	8,040	32,755	9,159	37,048
Deferred tax assets, net	16D	52,071	214,376	59,673	243,108	47,228	191,037
TOTAL ASSETS		24,450,458	100,662,536	26,942,621	109,764,238	29,973,904	121,244,440
LIABILITIES AND EQUITY							
Liabilities							
Borrowings	13	3,638,996	14,981,747	6,461,919	26,325,858	9,799,829	39,640,306
Employee benefit obligations	14	6,004	24,718	12,175	49,601	15,525	62,799
Current income tax liability	16C	122,552	504,547	55,070	224,355	149,179	603,429
Other liabilities	15	98,582	405,862	473,842	1,930,432	418,227	1,691,728
Total liabilities		3,866,134	15,916,874	7,003,006	28,530,246	10,382,760	41,998,262

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022		2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Interest income	20	3,366,607	13,759,323	4,061,565	16,522,446
Interest expense	21	<u>(409,856)</u>	<u>(1,675,081)</u>	<u>(737,286)</u>	<u>(2,999,279)</u>
Net interest income		2,956,751	12,084,242	3,324,279	13,523,167
Net fee and commission income/(expense)	22	1,220	4,986	(1,671)	(6,798)
Other income	23	<u>130,934</u>	<u>535,127</u>	<u>21,065</u>	<u>85,693</u>
Net operating income		3,088,905	12,624,355	3,343,673	13,602,062
Net impairment losses on financial instruments	9	(7,666)	(31,331)	(127,831)	(520,017)
Personnel expenses	24	(1,628,209)	(6,654,490)	(2,093,277)	(8,515,451)
Depreciation and amortisation	25	(154,029)	(629,517)	(138,183)	(562,128)
Other operating expenses	26	<u>(528,994)</u>	<u>(2,161,998)</u>	<u>(555,413)</u>	<u>(2,259,420)</u>
Profit before income tax		770,007	3,147,019	428,969	1,745,046
Income tax expense	16B	<u>(163,125)</u>	<u>(666,692)</u>	<u>(80,498)</u>	<u>(327,466)</u>
Net profit for the year		<u>606,882</u>	<u>2,480,327</u>	<u>348,471</u>	<u>1,417,580</u>
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		<u>-</u>	<u>876,744</u>	<u>-</u>	<u>565,680</u>
Total comprehensive income for the year		<u>606,882</u>	<u>3,357,071</u>	<u>348,471</u>	<u>1,983,260</u>

Statement of changes in equity for the year ended 31 December 2022

	Share capital		Capital contributions		Regulatory reserves		Retained earnings		Currency translation reserves			Total
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	
At 1 January 2022 (Restated)	15,000,000	60,675,000	1,373,774	5,556,916	206,947	844,588	3,358,894	13,689,488	-	468,000	19,939,615	81,233,992
Transactions recognised directly in equity												
Capital contribution	-	-	37,827	154,599	-	-	-	-	-	-	37,827	154,599
Transfer from regulatory reserves to retained earnings (Note 19)	-	-	-	-	(38,814)	(159,797)	38,814	159,797	-	-	-	-
	-	-	37,827	154,599	(38,814)	(159,797)	38,814	159,797	-	-	37,827	154,599
Total comprehensive income:												
Net profit for the year	-	-	-	-	-	-	606,882	2,480,327	-	-	606,882	2,480,327
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	-	-	876,744	-	876,744
Total comprehensive income	-	-	-	-	-	-	606,882	2,480,327	-	876,744	606,882	3,357,071
At 31 December 2022	15,000,000	60,675,000	1,411,601	5,711,515	168,133	684,791	4,004,590	16,329,612	-	1,344,744	20,584,324	84,745,662

Statement of changes in equity (continued) for the year ended 31 December 2022

	Share capital		Capital contributions		Regulatory reserves		Retained earnings		Currency translation reserves		Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)		
At 1 January 2021	15,000,000	60,675,000	1,373,774	5,556,916	236,978	966,934	2,980,392	12,145,007	-	(97,680)	19,591,144	79,246,177
Transactions recognised directly in equity												
Transfer from regulatory reserves to retained earnings (Note 19)	-	-	-	-	(30,031)	(122,346)	30,031	122,346	-	-	-	-
Total comprehensive income:												
Net profit for the year (Restated)	-	-	-	-	-	-	348,471	1,422,135	-	-	348,471	1,422,135
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	-	-	565,680	-	565,680
Total comprehensive income	-	-	-	-	-	-	348,471	1,422,135	-	565,680	348,471	1,987,815
At 31 December 2021 (Restated)	15,000,000	60,675,000	1,373,774	5,556,916	206,947	844,588	3,358,894	13,689,488	-	468,000	19,939,615	81,233,992

Statement of cash flows

for the year ended 31 December 2022

	Note	2022		2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Cash flows from operating activities					
Net profit for the year		606,882	2,480,327	348,471	1,417,580
<i>Adjustments for:</i>					
Interest income	20	(3,366,607)	(13,759,323)	(4,061,565)	(16,522,446)
Interest expense	21	409,856	1,675,081	737,286	2,999,279
Net impairment loss on financial assets	9	7,666	31,331	127,831	520,017
Income tax expense	16B	163,125	666,692	80,498	327,466
Depreciation and amortisation	25	154,029	629,517	138,183	562,128
Employee benefit obligations	14	65,763	268,773	70,301	285,984
Gain on disposal of property and equipment		(20,384)	(83,309)	-	-
Unrealised foreign exchange (gain)/loss		(1,182)	(4,831)	2,447	9,954
		<u>(1,980,852)</u>	<u>(8,095,742)</u>	<u>(2,556,548)</u>	<u>(10,400,038)</u>
<i>Changes in:</i>					
Loans to customers		1,341,121	5,481,162	2,807,721	11,421,809
Other assets		(24,537)	(100,283)	(692)	(2,815)
Other liabilities		<u>(340,264)</u>	<u>(1,390,659)</u>	<u>12,695</u>	<u>51,644</u>
Cash (used in)/generated from operations		(1,004,532)	(4,105,522)	263,176	1,070,600
Interest received		3,313,436	13,542,013	3,973,624	16,164,702
Interest paid		(376,834)	(1,540,121)	(651,194)	(2,649,057)
Income tax paid	16C	(156,254)	(638,610)	(187,052)	(760,928)
Employee benefit obligations paid	14	<u>(71,934)</u>	<u>(293,994)</u>	<u>(73,651)</u>	<u>(299,612)</u>
Net cash generated from operating activities		<u>1,703,882</u>	<u>6,963,766</u>	<u>3,324,903</u>	<u>13,525,705</u>

Statement of cash flows (continued)

for the year ended 31 December 2022

	Note	2022		2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Cash flows from investing activities					
Acquisition of property and equipment		(524,797)	(2,144,845)	(24,277)	(98,759)
Proceeds from disposal of property and equipment		41,571	169,900	-	-
Withdrawal of term deposits		<u>700,000</u>	<u>2,860,900</u>	<u>1,100,000</u>	<u>4,474,800</u>
Net cash generated from investing activities		<u>216,774</u>	<u>885,955</u>	<u>1,075,723</u>	<u>4,376,041</u>
Cash flows from financing activities					
Proceeds from borrowings	13	1,840,000	7,520,080	1,667,800	6,784,610
Repayments of borrowings	13	<u>(4,656,936)</u>	<u>(19,032,897)</u>	<u>(5,094,249)</u>	<u>(20,723,405)</u>
Net cash used in financing activities		<u>(2,816,936)</u>	<u>(11,512,817)</u>	<u>(3,426,449)</u>	<u>(13,938,795)</u>
Net (decrease)/increase in cash and cash equivalents		(896,280)	(3,663,096)	974,177	3,962,951
Cash and cash equivalents at 1 January		1,734,379	7,065,859	760,202	3,075,017
Currency translation differences		<u>-</u>	<u>47,691</u>	<u>-</u>	<u>27,891</u>
Cash and cash equivalents at 31 December	28	<u><u>838,099</u></u>	<u><u>3,450,454</u></u>	<u><u>1,734,379</u></u>	<u><u>7,065,859</u></u>

Notes to the financial statements

for the year ended 31 December 2022

1. Reporting entity

Samrithisak Microfinance Limited. (“the Company”) was incorporated as a private limited company in the Kingdom of Cambodia under the registration number 00032489 dated 4 March 2010 with the Ministry of Commerce. On 25 May 2010, the Company obtained its license from the National Bank of Cambodia to operate as a microfinance institution.

The Company is principally engaged in the provision of micro-finance services and other related financial services within the scope of micro-finance license in Cambodia.

The Company’s registered office is located at No. 502G-502H, Preah Monivong Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2022, the Company has 7 branches (2021: 7 branches).

As at 31 December 2022, the Company had 137 employees (2021: 132 employees).

2. Basis of accounting

A. Statement of compliance

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

The financial statements of the Company were authorised for issue by the Board of Directors on 21 April 2023.

Details of the Company’s accounting policies are included in Note 31.

B. Basis of measurement

The financial statements have been prepared on a historical cost.

3. Functional and presentation currency

The Company transacts its business and maintains its accounting records in two currencies, Khmer Riel (“KHR”) and United States Dollars (“US\$”). Management has determined the US\$ to be the Company’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

3. Functional and presentation currency (continued)

These financial statements are presented in US\$, which is the Company's functional currency. All amounts have been rounded to the nearest dollar or thousand riels, except when otherwise indicated.

4. Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2022 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

- Note 31B(vii) – identification and measurement of impairment.

5. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars ("US\$") which is the Company's functional currency. The translations of United States Dollars amounts into Khmer Riel ("KHR") meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIFRS for SMEs Section 30, *Foreign Currency Translation*.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity items are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as "Currency translation reserves" in the other comprehensive income.

The Company uses the following exchange rates:

Financial year end			Closing rate	Average rate
31 December 2022	US\$1	=	KHR4,117	KHR4,087
31 December 2021	US\$1	=	<u>KHR4,074</u>	<u>KHR4,068</u>

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

6. CASH ON HAND

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
			<i>(Restated)</i>	
Petty cash	3,880	15,974	445	1,813
Restricted cash (*) (Note 27C)	<u>13,009</u>	<u>53,558</u>	<u>48,005</u>	<u>195,572</u>
	<u>16,889</u>	<u>69,532</u>	<u>48,450</u>	<u>197,385</u>

- (*) This represents cash held on behalf of Asia Cash Express Plc., a related party, as at reporting date. This cash balance is not available for use in the Company's day-to-day operations. As at the date of these financial statements, this restricted cash has been fully transferred to Asia Cash Express Plc. and there is no cash held on behalf of Asia Cash Express Plc. anymore.

7. Balances with the National Bank of Cambodia

		31 December 2022		31 December 2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current accounts	(i)	13,086	53,875	10,351	42,170
Capital guarantee deposit	(ii)	<u>750,000</u>	<u>3,087,750</u>	<u>750,000</u>	<u>3,055,500</u>
		<u>763,086</u>	<u>3,141,625</u>	<u>760,351</u>	<u>3,097,670</u>

- (i) The current accounts maintained with the National Bank of Cambodia does not earn any interest. (2021: nil).
- (ii) Under NBC Prakas B7-01-136 dated 15 October 2001, micro-finance institutions are required to maintain a statutory deposit of 5% of registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia. The capital guarantee deposit earns interest rate at 0.37% (2021: 0.05%) per annum.

8. Balances with banks and other financial institutions

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
			<i>(Restated)</i>	
Current accounts	663,790	2,732,824	1,078,178	4,392,496
Saving accounts	157,343	647,781	645,405	2,629,380
Term deposits with maturity terms of more than 3 months	-	-	707,594	2,882,739
	821,133	3,380,605	2,431,177	9,904,615

Annual interest rates applicable to balances with banks and other financial institutions at the year end were as follows:

	31 December 2022	31 December 2021
Current accounts	Nil	Nil
Savings accounts	Nil – 0.5%	Nil – 0.5%
Term deposits	Not applicable	4%

9. LOANS TO CUSTOMERS

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
			<i>(Restated)</i>	
Individual loans	22,064,499	90,839,542	23,353,068	95,140,399
Less: Impairment loss allowance	(92,214)	(379,645)	(92,761)	(377,908)
	21,972,285	90,459,897	23,260,307	94,762,491

9. LOANS TO CUSTOMERS (Contiued)

The movement in the impairment loss allowance during the year was as follows.

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
At 1 January	92,761	377,908	82,491	333,677
Recognised during the year	7,666	31,331	127,831	520,017
Write-offs during the year	(8,213)	(33,567)	(117,561)	(425,130)
Currency translation differences	-	3,973	-	(50,656)
At 31 December	<u>92,214</u>	<u>379,645</u>	<u>92,761</u>	<u>377,908</u>

Gross loans to customers are analysed as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
A. By maturity:				
Within 1 month	3,724	15,332	2,219	9,040
2 to 3 months	15,605	64,246	14,569	59,354
4 to 12 months	342,740	1,411,061	244,026	994,162
Over 12 months	<u>21,702,430</u>	<u>89,348,903</u>	<u>23,092,254</u>	<u>94,077,843</u>
	<u>22,064,499</u>	<u>90,839,542</u>	<u>23,353,068</u>	<u>95,140,399</u>
B. By currency:				
Khmer Riel	19,260,042	79,293,593	20,948,374	85,343,676
US Dollars	<u>2,804,457</u>	<u>11,545,949</u>	<u>2,404,694</u>	<u>9,796,723</u>
	<u>22,064,499</u>	<u>90,839,542</u>	<u>23,353,068</u>	<u>95,140,399</u>

9. LOANS TO CUSTOMERS (Continued)

Gross loans to customers are analysed as follows: (continued)

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
C. By economic sector:				
Household/family	10,496,635	43,214,646	9,926,653	40,441,184
Trade and commerce	6,865,082	28,263,543	7,266,382	29,603,240
Services	2,120,094	8,728,427	2,285,310	9,310,353
Transportation	885,405	3,645,212	1,030,550	4,198,461
Agriculture	376,319	1,549,305	284,586	1,159,403
Construction	167,745	690,606	119,045	484,989
Manufacturing	53,679	220,996	34,557	140,785
Others	1,099,540	4,526,807	2,405,985	9,801,984
	<u>22,064,499</u>	<u>90,839,542</u>	<u>23,353,068</u>	<u>95,140,399</u>
D. By residency status:				
Residents	<u>22,064,499</u>	<u>90,839,542</u>	<u>23,353,068</u>	<u>95,140,399</u>
E. By relationship:				
External customers	22,060,733	90,824,037	23,328,213	95,039,140
Staffs	<u>3,766</u>	<u>15,505</u>	<u>24,855</u>	<u>101,259</u>
	<u>22,064,499</u>	<u>90,839,542</u>	<u>23,353,068</u>	<u>95,140,399</u>
F. By secured/unsecured:				
Secured	21,922,773	90,256,055	23,166,634	94,380,867
Unsecured	<u>141,726</u>	<u>583,487</u>	<u>186,434</u>	<u>759,532</u>
	<u>22,064,499</u>	<u>90,839,542</u>	<u>23,353,068</u>	<u>95,140,399</u>

9. LOANS TO CUSTOMERS (Continued)

Gross loans to customers are analysed as follows: (continued)

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
G. By overdue:				
Loans of one year or less:				
< 15 days	97,331	400,712	980	3,993
15 days – 30 days	-	-	-	-
31 days – 60 days	-	-	-	-
61 days – 90 days	-	-	-	-
≥ 91 days	-	-	-	-
	<u>97,331</u>	<u>400,712</u>	<u>980</u>	<u>3,993</u>
Loans of more than one year:				
< 30 days	21,832,998	89,886,453	23,177,357	94,424,552
≥ 30 days – 89 days	58,079	239,111	61,706	251,390
≥ 90 days – 179 days	34,409	141,662	58,585	238,675
≥ 180 days – 359 days	41,682	171,604	53,194	216,712
More than 359 days	-	-	1,246	5,077
	<u>21,967,168</u>	<u>90,438,830</u>	<u>23,352,088</u>	<u>95,136,406</u>
	<u>22,064,499</u>	<u>90,839,542</u>	<u>23,353,068</u>	<u>95,140,399</u>
H. By concession:				
Restructured (*)	3,845,546	15,832,113	5,116,422	20,844,303
Non-restructured	<u>18,218,953</u>	<u>75,007,429</u>	<u>18,236,646</u>	<u>74,296,096</u>
	<u>22,064,499</u>	<u>90,839,542</u>	<u>23,353,068</u>	<u>95,140,399</u>

(*) A “restructured loan” is a loan that original contractual terms have been modified to provide for concessions for the borrowers for reasons related to temporary financial difficulties.

9. LOANS TO CUSTOMERS (Continued)

Annual interest rates applicable to loans to customers at the year end were as follows:

	31 December 2022	31 December 2021
I. By interest rate (per annum):		
External customers	9.00% -18.00%	9.00% -19.00%
Related parties	<u>6.00% -12.00%</u>	<u>6.00% -12.00%</u>

10. OTHER Assets

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Prepayments	33,007	135,890	5,405	22,020
Advances and deposits	14,430	59,409	17,202	70,081
Others (*)	68,213	280,833	293	1,193
	<u>115,650</u>	<u>476,132</u>	<u>22,900</u>	<u>93,294</u>

(*) As at 31 December 2022, this is the overpaid income tax resulting from restating the financial figures for the year ended 31 December 2021. As at the date of these financial statements, the Company is in the process to file amendment on the tax on income for the year 2021. The exceed amount of income tax paid was transferred to 'Other assets' and subject to be approved by the General Department of Taxation to be credited with future year income tax liability.



សំរិទ្ធិស័ក
SAMRITHISAK

ដើម្បីអាជីវកម្មល្អានមុខគេជាតិ



ឥណទាន
អាជីវកម្ម
BUSINESS LOAN

ទំហំកម្ចីរហូតដល់៖

\$300,000

ទំនាក់ទំនង៖

097 761 3333 | 093 222 909

11. PROPERTY AND EQUIPMENT

2022	Leasehold improvements US\$	Motor vehicles US\$	Office equipment US\$	Computer equipment US\$	Furniture and fixtures US\$	Total	
						US\$	KHR'000 (Note 5)
Cost							
At 1 January 2022 (Restated)	341,050	338,148	127,600	164,721	56,602	1,028,120	4,188,505
Additions	32,693	481,981	1,686	8,437	-	524,797	2,144,845
Disposals	-	(109,750)	(1,455)	(10,600)	(1,857)	(123,662)	(505,407)
Currency translation differences	-	-	-	-	-	-	56,303
At 31 December 2022	373,743	710,379	127,831	162,558	54,745	1,429,255	5,884,246
Less: Accumulated depreciation							
At 1 January 2022 (Restated)	151,819	243,470	97,225	135,790	48,094	676,397	2,755,585
Depreciation for the year	43,462	74,971	15,427	14,038	5,013	152,911	624,948
Disposals	-	(89,317)	(952)	(10,349)	(1,857)	(102,475)	(418,815)
Currency translation differences	-	-	-	-	-	-	30,657
At 31 December 2022	195,281	229,124	111,700	139,479	51,250	726,833	2,992,375
Carrying amounts							
At 31 December 2022	178,462	481,255	16,131	23,079	3,495	702,422	2,891,871

Included in property and equipment were assets costing US\$223,508 which were fully depreciated as of 31 December 2022 (31 December 2021: US\$ 175,652), but are still in active use.

11. Property and equipment (continued)

	Leasehold improvements US\$	Motor vehicles US\$	Office equipment US\$	Computer equipment US\$	Furniture and fixtures US\$	US\$	Total KHR'000 (Note 5)
2021 - Restated							
Cost							
At 1 January 2021	341,050	338,148	120,441	154,104	54,483	1,008,226	4,078,274
Additions	-	-	7,159	12,808	4,311	24,277	98,759
Write-offs (Restated)	-	-	-	(2,191)	(2,192)	(4,383)	(17,913)
Currency translation differences	-	-	-	-	-	-	29,385
At 31 December 2021 (Restated)	341,050	338,148	127,600	164,721	56,602	1,028,120	4,188,505
Less: Accumulated depreciation							
At 1 January 2021	108,725	195,795	78,879	119,677	40,640	543,716	2,199,331
Depreciation for the year	43,094	47,675	18,346	18,304	9,646	137,064	557,576
Write-offs (Restated)	-	-	-	(2,191)	(2,192)	(4,383)	(17,913)
Currency translation differences	-	-	-	-	-	-	16,591
At 31 December 2021 (Restated)	151,819	243,470	97,225	135,790	48,094	676,397	2,755,585
Carrying amounts							
At 31 December 2021 (Restated)	189,231	94,678	30,375	28,931	8,508	351,723	1,432,920

12. INTANGIBLE ASSETS

Computer software and licenses	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cost				
At 1 January	13,230	53,899	13,230	53,515
Currency translation differences	-	569	-	384
At 31 December	<u>13,230</u>	<u>54,468</u>	<u>13,230</u>	<u>53,899</u>
Less: Accumulated amortisation				
At 1 January	5,190	21,144	4,071	16,467
Amortisation for the year	1,118	4,569	1,119	4,552
Currency translation differences	-	257	-	125
At 31 December	<u>6,308</u>	<u>25,970</u>	<u>5,190</u>	<u>21,144</u>
Carrying amounts				
At 31 December	<u>6,922</u>	<u>28,498</u>	<u>8,040</u>	<u>32,755</u>

13. BORROWINGS

		31 December 2022		31 December 2021	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
					<i>(Restated)</i>
Individuals	(i)	1,387,802	5,713,581	1,728,453	7,041,717
Shareholder	(ii)	2,155,846	8,875,618	4,585,859	18,682,790
Prince Bank Plc	(iii)	<u>95,348</u>	<u>392,548</u>	<u>147,607</u>	<u>601,351</u>
		<u>3,638,996</u>	<u>14,981,747</u>	<u>6,461,919</u>	<u>26,325,858</u>

- (i) This represents borrowings from individuals with a term of one year from 2022 with interest rate ranging from 7% to 8.23% (2021: 8.05%) per annum. The borrowings are unsecured.
- (ii) This represents borrowings from the main shareholder with a term of five year from 2020 with interest rate of 7% (2021: 7%) per annum. The borrowings are unsecured. See Note 27B.
- (iii) This represents borrowing from Prince Bank Plc. with maturity on 23 September 2024. The borrowing bears interest at 9% (2021: 9%) per annum. The borrowing is secured by a plot of land and building owned by a shareholder's close family member.

13. BORROWINGS (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing and operating activities:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
At 1 January	6,461,919	26,325,858	9,799,829	39,640,308
Changes from financing cash flows				
Proceeds from borrowings	1,840,000	7,520,080	1,667,800	6,784,610
Repayment of borrowings	(4,656,936)	(19,032,897)	(5,094,249)	(20,723,405)
	<u>(2,816,936)</u>	<u>(11,512,817)</u>	<u>(3,426,449)</u>	<u>(13,938,795)</u>
Other changes				
Interest expense	409,856	1,675,081	737,286	2,999,279
Interest paid	(376,834)	(1,540,121)	(651,194)	(2,649,057)
Fair value of borrowings capitalised to capital contributions (Note 18)	(37,827)	(154,599)	-	-
Unrealised exchange differences	(1,182)	(4,831)	2,447	9,954
Currency translation differences	-	193,176	-	264,169
	<u>(5,987)</u>	<u>168,706</u>	<u>88,539</u>	<u>624,345</u>
At 31 December	<u>3,638,996</u>	<u>14,981,747</u>	<u>6,461,919</u>	<u>26,325,858</u>

Borrowings are analysed as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
A. By maturity:				
Within a year	1,387,802	5,713,581	1,728,448	7,041,697
1 to 5 years	2,251,194	9,268,166	4,733,471	19,284,161
	<u>3,638,996</u>	<u>14,981,747</u>	<u>6,461,919</u>	<u>26,325,858</u>

13. BORROWINGS (Continued)

Borrowings are analysed as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
B. By currency:				
Khmer Riel	95,348	392,548	147,607	601,351
US Dollars	<u>3,543,648</u>	<u>14,589,199</u>	<u>6,314,312</u>	<u>25,724,507</u>
	<u>3,638,996</u>	<u>14,981,747</u>	<u>6,461,919</u>	<u>26,325,858</u>
C. By relationship:				
Related parties	2,959,682	12,185,013	5,530,324	22,530,541
Non-related parties	<u>679,314</u>	<u>2,796,734</u>	<u>931,595</u>	<u>3,795,317</u>
	<u>3,638,996</u>	<u>14,981,747</u>	<u>6,461,919</u>	<u>26,325,858</u>
D. By interest rate (per annum):				

Annual interest rates applicable to borrowings at the year end were as follows:

	31 December 2022	31 December 2021
Khmer Riel	9.00%	9.00%
US Dollars	<u>7.00% - 8.23%</u>	<u>7.00% - 9.00%</u>

14. EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Non-current	3,252	13,388	8,117	33,069
Current	<u>2,752</u>	<u>11,330</u>	<u>4,058</u>	<u>16,532</u>
	<u>6,004</u>	<u>24,718</u>	<u>12,175</u>	<u>49,601</u>

This represents liability for seniority indemnity required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by the Guidance No. 042/19 dated 22 March 2019.

14. Employee benefit obligations (continued)

It requires employers to settle the seniority indemnity to their employee as follows:

- Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits for the relevant year.
- Retrospective (back-pay): starting from 2019 onwards at the amounts equal to 6 days of net wages for the relevant year. The provision of back-pay seniority indemnity is calculated at a maximum amount of 6 months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

Payments will be made twice a year, in June and December respectively. Employee does not entitle to the remaining back-pay seniority indemnity which is not yet due, if he/she resigns from the entity.

The movement of liability for employee benefit obligations was as follows:

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	12,175	49,601	15,525	63,249
Recognised in profit or loss	65,763	268,773	70,301	285,984
Paid during the year	(71,934)	(293,994)	(73,651)	(299,612)
Currency translation differences	-	338	-	(20)
At 31 December	<u>6,004</u>	<u>24,718</u>	<u>12,175</u>	<u>49,601</u>

15. OTHER LIABILITIES

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) (Restated)
Accrued salary and staff benefits	-	-	304,013	1,238,549
Accrued expenses	19,775	81,414	25,044	102,029
Tax payables	33,464	137,771	27,341	111,387
Amount due to related party (Note 6 & 27)	13,009	53,558	48,005	195,572
Other payables	<u>32,334</u>	<u>133,119</u>	<u>69,439</u>	<u>282,895</u>
	<u>98,582</u>	<u>405,862</u>	<u>473,842</u>	<u>1,930,432</u>

16. INCOME TAX

A. Applicable tax rates

In accordance with Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the tax on income at the rate of 20% of taxable income or the minimum tax at 1% of annual turnover, whichever is higher.

B. Income tax expense

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Current tax	155,523	635,623	92,943	378,092
Deferred tax expense/(benefit)	<u>7,602</u>	<u>31,069</u>	<u>(12,445)</u>	<u>(50,626)</u>
Income tax expense	<u>163,125</u>	<u>666,692</u>	<u>80,498</u>	<u>327,466</u>

The reconciliation of income tax expense computed at the statutory tax rate of 20% to the income tax expense shown in profit or loss is as follows:

	2022			2021		
	US\$	KHR'000 (Note 5)	%	US\$	KHR'000 (Note 5) <i>(Restated)</i>	%
Profit before income tax	<u>770,007</u>	<u>3,147,019</u>		<u>428,969</u>	<u>1,745,046</u>	
Income tax using statutory rate at 20%	154,001	629,402	20	85,794	349,010	20
Non-deductible expenses	1,522	6,220	0	1,460	5,939	0
Other	<u>7,602</u>	<u>31,070</u>	<u>1</u>	<u>(6,756)</u>	<u>(27,483)</u>	<u>-1</u>
	<u>163,125</u>	<u>666,692</u>	<u>21</u>	<u>80,498</u>	<u>327,466</u>	<u>19</u>

The calculation of taxable income is subject to the final review and approval of the tax authorities.

16. INCOME TAX (continued)

C. Current income tax liability

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
At 1 January	55,070	224,355	149,179	603,429
Recognised in profit or loss	155,523	635,623	92,943	378,092
Income tax paid	(156,254)	(638,610)	(187,052)	(760,928)
Transfer of income tax paid to tax credit (*)	68,213	278,787	-	-
Currency translation differences	-	4,392	-	3,762
At 31 December	<u>122,552</u>	<u>504,547</u>	<u>55,070</u>	<u>224,355</u>

(*) This pertains to the overpaid income tax resulting from restating the financial figures for the year ended 31 December 2021. As at the date of these financial statements, the Company is in the process to file amendment on the tax on income for the year 2021. The exceed amount of income tax paid was transferred to 'Other assets' and subject to be approved by the General Department of Taxation to be credited with future year income tax liability.

D. Deferred tax assets, net

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Deferred tax assets	72,404	298,087	71,202	290,077
Deferred tax liabilities	(20,333)	(83,711)	(11,529)	(46,969)
Deferred tax assets, net	<u>52,071</u>	<u>214,376</u>	<u>59,673</u>	<u>243,108</u>

16. INCOME TAX (continued)

D. Deferred tax assets, net (continued)

Deferred tax assets/(liabilities) are attributable to the following:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Accelerated depreciation	(18,928)	(77,927)	(10,735)	(43,734)
Unamortised borrowing fees	(1,350)	(5,558)	(794)	(3,235)
Unrealised foreign exchange loss/(gain)	(55)	(226)	24	98
Unamortised loan fees	57,817	238,032	57,282	233,367
Employee benefits obligation	1,201	4,945	2,435	9,920
Allowance for loan losses	13,386	55,110	11,461	46,692
	<u>52,071</u>	<u>214,376</u>	<u>59,673</u>	<u>243,108</u>

Movement of net deferred tax assets is as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
At 1 January	59,673	243,108	47,228	191,037
Recognised in profit or loss	(7,602)	(31,069)	12,445	50,626
Currency translation differences	-	2,337	-	1,445
At 31 December	<u>52,071</u>	<u>214,376</u>	<u>59,673</u>	<u>243,108</u>

17. SHEAR CAPITAL

	31 December 2022	31 December 2021
	US\$	US\$
	KHR'000	KHR'000
	(Note 5)	(Note 5)
Registered, issued and fully paid up share capital of 150,000 at US\$100 each	<u>15,000,000</u>	<u>15,000,000</u>
	60,675,000	60,675,000

As at 31 December 2022, the Company's shareholders and their respective interest are as follows:

	31 December 2022		31 December 2021	
	% of Ownership	Number of shares	% of Ownership	Number of shares
Mr. Taing Ngoun	58.00%	87,000	58.00%	87,000
Mr. Taing Hong	37.67%	56,500	37.67%	56,500
Mr. Cheang Syvannlieng	3.67%	5,500	3.67%	5,500
Mr. Phoun Thitieng	0.33%	500	0.33%	500
Mr. Bun Zhicheav	0.33%	500	0.33%	500
	<u>100%</u>	<u>150,000</u>	<u>100%</u>	<u>150,000</u>
Equivalent in KHR'000 (Note 5)		<u>15,000,000</u>		<u>15,000,000</u>
		60,675,000		60,675,000

There was no change in shareholders and shareholding structure of the Company during the financial year.

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នាពេលឆាប់

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\$50,000

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18. CAPITAL CONTRIBUTION

Capital contribution is the difference between the present value of the future payments discounted at market interest rate for a similar borrowing and the amount received from the borrowing from shareholders. During the year, the amount of US\$37,827 was added to capital contribution.

19. REGULATORY RESERVES

Regulatory reserves represented the variance of provision between financial instruments in accordance with CIFRS for SMEs and regulatory provision in accordance with National Bank of Cambodia.

As at 31 December 2022, the Company transferred from regulatory reserves to retained earnings of US\$38,814 (2021: transferred from retained earnings to regulatory reserves of US\$30,031).

	Balances with banks and other financial institutions US\$	Loans to customers US\$	Other assets US\$	Total US\$
31 December 2022				
Allowance per NBC	8,211	251,992	144	260,347
Allowance per CIFRS for SMEs	-	(92,214)	-	(92,214)
Regulatory reserves (A)	<u>8,211</u>	<u>159,778</u>	<u>144</u>	<u>168,133</u>
31 December 2021 (Restated)				
Allowance per NBC (Restated)	24,312	275,224	172	299,708
Allowance per CIFRS for SMEs (Restated)	-	(92,761)	-	(92,761)
Regulatory reserves (B) (Restated)	<u>24,312</u>	<u>182,463</u>	<u>172</u>	<u>206,947</u>
Transfer from regulatory reserves to retained earnings (A) – (B)				<u>(38,814)</u>
In KHR'000 (Note 5)				<u>(159,797)</u>

20. INTEREST INCOME

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Loans to customers	3,363,473	13,746,514	4,019,925	16,353,055
Balances with the National Bank of Cambodia	2,755	11,260	374	1,521
Balances with banks and financial institutions	379	1,549	41,266	167,870
	<u>3,366,607</u>	<u>13,759,323</u>	<u>4,061,565</u>	<u>16,522,446</u>

21. INTEREST EXPENSE

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Borrowings	<u>409,856</u>	<u>1,675,081</u>	<u>737,286</u>	<u>2,999,279</u>

22. NET FEE AND COMMISSION INCOME/(Expense)

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Fees and commission income	7,361	30,084	6,249	25,421
Fees and commission expenses	<u>(6,141)</u>	<u>(25,098)</u>	<u>(7,920)</u>	<u>(32,219)</u>
Net fee and commission income/(expense)	<u>1,220</u>	<u>4,986</u>	<u>(1,671)</u>	<u>(6,798)</u>

23. OTHER INCOME

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Foreign exchange gain/(loss)	53,274	217,731	(15,373)	(62,537)
Recovery from loan previously written-off	16,064	65,654	11,235	45,704
Gain on disposal of property and equipment	20,384	83,309	-	-
Others	41,212	168,433	25,203	102,526
	<u>130,934</u>	<u>535,127</u>	<u>21,065</u>	<u>85,693</u>

24. PERSONNEL EXPENSES

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Salaries and wages	1,406,002	5,746,330	1,894,332	7,706,143
Seniority payment expense	65,763	268,773	70,301	285,984
Unused annual leave	68,632	280,499	46,714	190,033
Others	87,812	358,888	81,930	333,291
	<u>1,628,209</u>	<u>6,654,490</u>	<u>2,093,277</u>	<u>8,515,451</u>

25. DEPRECIATION AND AMORTISATION

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Depreciation	152,911	624,948	137,064	557,576
Amortisation	1,118	4,569	1,119	4,552
	<u>154,029</u>	<u>629,517</u>	<u>138,183</u>	<u>562,128</u>

26. OTHER EXPENSES

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Rental	113,641	464,451	118,447	481,842
Professional fees	105,558	431,416	113,545	461,901
Repairs and maintenance	87,124	356,076	81,940	333,332
Communication	41,754	170,649	49,018	199,405
Travelling and transportation	41,874	171,139	42,646	173,484
Security	34,549	141,202	33,931	138,031
Utilities	31,240	127,678	30,285	123,199
Office supplies	8,924	36,472	20,978	85,339
Board of director's remuneration	22,800	93,184	22,800	92,750
License and patent fees	13,991	57,181	19,414	78,976
Marketing and advertising	5,840	23,868	10,902	44,349
Others	21,699	88,682	11,507	46,812
	<u>528,994</u>	<u>2,161,998</u>	<u>555,413</u>	<u>2,259,420</u>

27. RELATED PARTIES

A. Identity of related parties

The related parties of, and their relationship with the Company are as follows:

Relationship	Related party
Shareholders	Refer to Note 17
Asia Cash Express Plc.	Entity under the same ultimate shareholders
Key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members).

27. RELATED PARTIES (Continued)

B. Transactions with related parties

	2022		2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Shareholders				
Proceeds from borrowings	500,000	2,043,500	300,000	1,220,400
Repayment of borrowings	(2,950,000)	(12,056,650)	(300,000)	(1,220,400)
Interest expense	293,385	1,199,064	523,483	2,129,529
Rental expense	-	-	537,600	2,186,957
Shareholder's close family members				
Proceeds from borrowings	790,000	3,228,730	1,201,000	488,567
Repayment of borrowings	(1,658,000)	(6,776,246)	100,000	406,800
Interest expense	103,568	423,282	98,719	401,589
Key management personnel				
Interest income from loans	14,646	59,858	2,532	10,300
Salaries, bonus and other benefits	399,575	1,633,063	410,400	1,669,507
Seniority payment expenses	12,614	51,553	16,500	67,122

C. Balances with related parties

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Shareholder				
Borrowings	2,155,846	8,875,618	4,585,859	18,682,790
Shareholder's close family members				
Borrowings	803,836	3,285,278	944,465	3,842,084

27. RELATED PARTIES (Continued)

C. Balances with related parties (continued)

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Asia Cash Express Plc.				
Amount due to (Note 6 & 15)	<u>13,009</u>	<u>53,558</u>	<u>48,005</u>	<u>195,572</u>
Key management personnel				
Loans	3,766	15,392	5,218	21,258
Other long-term benefits payable (Seniority payments)	<u>525</u>	<u>2,146</u>	<u>11,250</u>	<u>45,765</u>

Borrowings from shareholders are unsecured and bear interest rates at 7% (2021: 7%) per annum. Interest expense was paid monthly in arrears.

Borrowings from shareholders' close family member are unsecured and bear interest rates ranging from 8% to 9% (2021: 8% to 9%) per annum. Interest expense was paid monthly in arrears.

Loans to key management are unsecured and bear interest rate of 6% (2021: 6%) per annum. Interest income was collected monthly in arrears.

28. CASH AND CASH EQUIVALENTS

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5) <i>(Restated)</i>
Cash on hand (Note 6)	3,880	15,974	445	1,813
Balances with the National Bank of Cambodia (maturity of three months or less) (Note 7)	13,086	53,875	10,351	42,170
Balances with banks and financial institutions (maturity of three months or less) (Note 8)	<u>821,133</u>	<u>3,380,605</u>	<u>1,723,583</u>	<u>7,021,876</u>
	<u>838,099</u>	<u>3,450,454</u>	<u>1,734,379</u>	<u>7,065,859</u>

29. Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash on hand	16,889	69,532	48,450	197,385
Balances with the National Bank of Cambodia	763,086	3,141,625	760,351	3,097,670
Balances with banks and other financial institutions	821,133	3,380,605	2,431,177	9,904,615
Loans to customers	21,972,285	90,459,897	23,260,307	94,762,491
Other assets	14,430	59,409	17,202	70,081
Total financial assets	23,587,823	97,111,068	26,517,487	108,032,242
Financial liabilities				
Borrowings	3,638,996	14,981,747	6,461,919	26,325,858
Employees benefit obligations	6,004	24,718	12,175	49,601
Other liabilities	65,118	268,091	446,501	1,819,045
Total financial assets	3,710,118	15,274,556	6,920,595	28,194,504



30. COMMITMENTS AND CONTINGENCIES

A. Lease commitments

The Company has commitments for the lease of its Head office and branch offices under an operating lease arrangement, with future minimum lease amounts due as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Within 1 year	75,052	308,989	60,452	246,281
1 to 5 years	207,600	854,689	69,830	284,487
Over 5 years	180,000	741,060	-	-
	<u>462,652</u>	<u>1,904,738</u>	<u>130,282</u>	<u>530,768</u>

B. Taxation contingencies

The tax returns of the Company are subject to periodic examination by the tax authorities. As the application of tax laws and regulations to various types of transactions is susceptible to varying interpretations, amounts reported in the financial statements of the Company could be changed at a later date, upon final determination by the tax authorities.

On 18 April 2022, there is a notification letter from General Department of Taxation (“GDT”) for the comprehensive tax audit of the Company for the period from 1 January 2021 to 31 March 2022. At the reporting date, the comprehensive tax audit is ongoing.

31. SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise indicated.

A. Foreign currency transactions

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Non-monetary items that are measured in terms of historical cost in other currency are translated using the exchange rates as at the respective dates of the initial transactions. Foreign currency differences are generally recognised in profit or loss.

B. Financial instruments

(i). Recognition

The Company initially recognises a financial asset or a financial liability when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii). Classification

The Company classifies its financial assets and liabilities as basic financial instruments in accordance with Section 11 Basic Financial Instruments.

(iii). Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or settled, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv). Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v). Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi). Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii). Identification and measurement of impairment

Objective evidence of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets that are measured at cost or amortised cost. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence of impairment (continued)

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Individual and collective assessment

All individually significant assets are individually assessed for impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.



The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management’s best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor’s financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the management.

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

B. Financial instruments (Continued)

(vii). Identification and measurement of impairment (continued)

Individual and collective assessment (continued)

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Measurement

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Reversal of impairment and write offs

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the entity shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account.

The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The entity shall recognise the amount of the reversal in profit or loss immediately.

The Company writes off a loan, either partially or in full, and any related allowance for impairment losses, when the management determines that there is no realistic prospect of recovery.

C. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost using the effective interest method in the statement of financial position.

D. Balances with banks and financial institutions

Balances with banks and financial institutions are carried at amortised cost using the effective interest method in the statement of financial position.

E. Statutory deposits

Statutory deposits represent capital guarantee deposits maintained with the National Bank of Cambodia (“NBC”) in compliance with the Law on Banking and Financial Institutions (“LBFI”) and are determined by defined percentages of minimum share capital as required by the NBC. Statutory deposits are not available to finance the Company’s day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

Statutory deposits are carried at amortised cost using the effective interest method in the statement of financial position.

H. Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

Depreciation of property and equipment is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets as follows:

	Useful life
Leasehold improvements	Lower between 10 years or lease term
Motor vehicles	6 years
Office equipment	4 years
Computer equipment	4 years
Furniture and fixtures	4 year

Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

F. Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

G. Other assets

Other assets are carried at amortised cost using the effective interest method in the statement of financial position.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss on the date of retirement or disposal.

Fully depreciated items of property and equipment are retained in the financial statements until disposed of or written-off.

I. Intangible assets

Intangible assets comprise of computer software is measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible asset is amortised at the rate of 20% per annum using the straight-line method.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

J. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (other than deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-gener

ating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

K. Borrowings, and other liabilities

Borrowings, and other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

L. Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

M. Employee benefits

(i). Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

M. Employee benefits (continued)

(ii). Defined contribution plans – Pension fund

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii). Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods, including seniority payment. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

N. Share capital

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

O. Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRS for SMEs and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on Credit Risk Classification and Provision on Impairment for Banks and Financial Institutions.

Based on these NBC Guidelines, all loans to customers are classified according to the repayment capacity of the counterparty and the number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance
Short-term loans (less than or equal one year):		
Normal/standard	<15 days	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	≥ 91 days	100%

O. Regulatory reserves (continued)

Based on these NBC Guidelines, all loans to customers are classified according to the repayment capacity of the counterparty and the number of days past due is taken into account as follows: (continued)

Classification	Number of days past due	Allowance
Long-term loans (more than one year):		
Normal/standard	<30 days	1%
Special mention	≥ 30 days – 89 days	3%
Substandard	≥ 90 days – 179 days	20%
Doubtful	≥ 180 days – 359 days	50%
Loss	More than 359 days	100%

In accordance with the Prakas, the entity shall compare the provision calculated in accordance with above requirements and the Company's record which is under CIFRS for SMEs:

- (i) If the regulatory provision is lower, the entity records the provision calculated in accordance with CIFRS for SMEs; and
- (ii) If the regulatory provision is higher, the entity records the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings into regulatory reserve in equity accounts.

The regulatory reserves are not an item to be included in the calculation of the Company's net worth.

P. Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Q. Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

R. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

S. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

(i). Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the

tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

S. Income tax (continued)

(ii). Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

32. Comparative information (continued)

During the preparation of the financial statements for the year ended 31 December 2022, the management has identified errors in the prior years' financial statements relating to the following:

- A. Cash on hand and amount due to a related party;
- B. Error in recording CIFRS for SMEs adjustments;
- C. Foreign currency translation;
- D. Error in recording cost and accumulated depreciation of property and equipment;
- E. Understatement of accrued bonus;
- F. Error in recording recovery from loans written-off;
- G. Income tax and deferred tax; and
- H. Error in recording regulatory reserves.

The details of the adjustments are as follows:

A. Cash on hand and amount due to a related party

Cash held on behalf of Asia Cash Express Plc., a related party, as at the reporting date was previously recorded as off-balance sheet instead of recording the financial statements.

As result, as at 31 December 2021 and 2020, the cash on hand and amount due to related party were understated by US\$48,005 and US\$5,085, respectively.

B. Error in recording CIFRS for SMEs adjustments

The Company's accounting records is originally followed Cambodian Accounting Standards ("CAS") with manual posting of the adjustments CIFRS for SMEs. During the preparation of the financial statements for the year ended 31 December 2022, the management has identified numerous errors in recording those CIFRS for SMEs adjustment in the prior years' financial statements relating to the following:

(i) *Error in recording balances with other banks and financial institutions*

As at 31 December 2021, the Company had identified that it has overstated balances with other banks and financial institutions by US\$1,820, with the corresponding understatement of net impairment losses on financial instruments for the year ended 31 December 2021 of US\$1,820.

This misstatement resulted from the error in the accounting for impairment loss on balances with other banks and financial institutions.

32. Comparative information (continued)

B. Error in recording CIFRS for SMEs adjustments (continued)

(ii) *Error in recording loans to customers and interest income*

As at 31 December 2021, the Company had identified that it had understated loans to customers and understated interest income by US\$125,127.

This misstatement resulted from the error in the recognition of loan process fee that was part of the fee integral to effective interest rate.

(iii) *Net impairment losses on loans to customers*

As at 31 December 2021, the Company had identified that it had overstated loans to customers and understated net impairment losses on loans to customers for the year ended 31 December 2021 for US\$73,563.

This misstatement resulted from an error in the recorded amount of impairment loss on loans to customers.

(iv) *Error in recording borrowings and interest expense*

As at 31 December 2021, the Company had identified that it had understated borrowings to and understated interest expense by US\$88,539.

This misstatement resulted from an error in the recognition of borrowing processing fees that was part of the fee integral to effective interest rate.

C. Foreign currency translation

In accordance with section 30.9 of CIFRS for SMEs, at the end of each reporting period, non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and exchange differences are recognized in profit or loss. However, the Company recognized the net exchange difference of the non-monetary items in 'Other assets' of the statement of financial position.

As result, as at 31 December 2021, the other assets and other operating expenses were overstated and understated by US\$15,964, respectively.

D. Error in recording cost and accumulated depreciation of property and equipment

As at 31 December 2021, the cost and accumulated depreciation of property and equipment was overstated by US\$4,383. The net impact to the financial statements is nil.

The misstatement resulted from the items of property and equipment were already written-off but not yet removed from the financial statements.

E. Understatement of accrued bonus

As at 31 December 2021, the Company had identified that it has understated the accrued bonus by US\$174,012. As a result, personnel expenses during the year 2021 was also understated by US\$174,012.

This misstatement was resulting from the error in the accounting for estimate for the accrued bonus.

F. Error in recording recovery from loans written-off

In 2021, the recovery from loans written-off amounting to US\$11,235 was erroneously recorded in net impairment losses on financial instruments.

G. Income tax and deferred tax

As a result from items B, C, and D above, deferred tax assets and current income tax liabilities were overstated and understated by US\$7,757, and US\$76,835, respectively. The income tax expense for the year ended 31 December 2021 was overstated by US\$69,078.

H. Error in recording regulatory reserves

As a result from items B and C above, the regulatory reserves were erroneously overstated by US\$212,071, while the retained earnings were overstated by US\$212,071 as at 31 December 2021.

32. COMPARATIVE INFORMATION(Continued)

The statement of financial position and a summary of the line items affected by the restatements of the comparative information and correction of those errors is as follows: (continued)

Items	31 December 2021				1 January 2021							
	As previously reported US\$	Reclassification US\$	Adjustments US\$	As restated US\$ (Note 5)	As previously reported US\$	Reclassification US\$	Adjustments US\$	As restated KHR,000 (Note 5)				
Statement of financial position												
ASSETS												
Cash on hand	A	445	-	48,005	48,450	197,385	4,944	-	5,085	10,029	40,567	
Balances with the National Bank of Cambodia and other financial institutions		3,193,348	(3,193,348)	-	-	-	3,321,788	(3,321,788)	-	-	-	-
Balances with the National Bank of Cambodia		-	760,351	-	760,351	3,097,670	-	759,996	-	759,996	3,074,184	
Balances with banks and other financial institutions	B(i)	-	2,432,997	(1,820)	2,431,177	9,904,615	-	2,561,792	-	2,561,792	10,362,448	
Loans to customers	B(ii),(iii)	23,208,743	-	51,564	23,260,307	94,762,491	26,098,982	-	-	26,098,982	105,570,382	
Other assets	C	38,864	-	(15,964)	22,900	93,294	22,208	-	-	22,208	89,831	
Property and equipment	D	351,723	-	-	351,723	1,432,920	464,510	-	-	464,510	1,878,943	
Intangible assets		8,040	-	-	8,040	32,755	9,159	-	-	9,159	37,048	
Deferred tax assets	G	67,430	-	(7,757)	59,673	243,108	47,228	-	-	47,228	191,037	
TOTAL ASSETS		26,868,593	-	74,028	26,942,621	109,764,238	29,968,819	-	5,085	29,973,904	121,244,440	

The reclassification is to conform with current year presentation.

32. COMPARATIVE INFORMATION(Continued)

The statement of financial position and a summary of the line items affected by the restatements of the comparative information and correction of those errors is as follows: (continued)

Items	31 December 2021				1 January 2021			
	As previously reported US\$	Reclassification US\$	Adjustments US\$	As restated US\$	As previously reported US\$	Reclassification US\$	Adjustments US\$	As restated US\$
				KHR000 (Note 5)				KHR000 (Note 5)
Statement of financial position								
LIABILITIES AND EQUITY								
Liabilities								
Borrowings	6,373,380	-	88,539	6,461,919	9,799,829	-	-	9,799,829
Employee benefit obligations	12,175	-	-	12,175	15,525	-	-	15,525
Current income tax liability	131,905	-	(76,835)	55,070	149,179	-	-	149,179
Other liabilities	251,825	-	222,017	473,842	413,142	-	5,085	418,227
Total liabilities	6,769,285	-	233,721	7,003,006	10,377,675	-	5,085	10,382,760
Equity								
Share capital	15,000,000	-	-	15,000,000	15,000,000	-	-	15,000,000
Capital contribution	1,373,774	-	-	1,373,774	1,373,774	-	-	1,373,774
Regulatory reserves	419,018	-	(212,071)	206,947	236,978	-	-	236,978
Retained earnings	3,306,516	-	52,378	3,358,894	2,980,392	-	-	2,980,392
Currency translation differences	-	-	-	-	-	-	-	-
Total equity	20,099,308	-	(159,693)	19,939,615	19,591,144	-	-	19,591,144
TOTAL LIABILITIES AND EQUITY	26,868,593	-	74,028	26,942,621	29,968,819	-	5,085	29,973,904

32. COMPARATIVE INFORMATION(Continued)

The statement of comprehensive income and a summary of line items affected by the restatements of the comparative information and correction of those errors summarised above is as follows:

Statement of comprehensive income

	Items	2021			
		As previously reported US\$	Adjustments US\$	As restated	
				US\$	KHR'000 (Note 5)
Interest income	B(ii)	3,936,438	125,127	4,061,565	16,522,446
Interest expense	B(iv)	(648,747)	(88,539)	(737,286)	(2,999,279)
Net interest income		3,287,691	36,588	3,324,279	13,523,167
Fee and commission income		6,249	-	6,249	25,421
Fee and commission expense		(7,920)	-	(7,920)	(32,219)
Net fee and commission income		(1,671)	-	(1,671)	(6,798)
Other income	C, F	25,794	(4,729)	21,065	85,693
Net operating income		3,311,814	31,859	3,343,673	13,602,062
Net impairment losses on financial instruments	B(i), B(iii), F	(41,213)	(86,618)	(127,831)	(520,017)
Personnel expenses	E	(1,919,265)	(174,012)	(2,093,277)	(8,515,451)
Depreciation and amortisation		(138,183)	-	(138,183)	(562,128)
Other operating expenses		(555,413)	-	(555,413)	(2,259,420)
Profit before income tax		657,740	(228,771)	428,969	1,745,046
Income tax expense	G	(149,576)	69,078	(80,498)	(327,466)
Net profit for the year		508,164	(159,693)	348,471	1,417,580

32. COMPARATIVE INFORMATION(Continued)

The statement of cash flow and a summary of the line items affected by the restatements of the comparative information and correction of those errors summarised above is as follows:

Statement of cash flow

	2021			
	As previously reported US\$	Adjustments US\$	As restated US\$ KHR'000 (Note 5)	
Cash flows from operating activities				
Net profit for the year	508,164	(159,693)	348,471	1,417,580
<i>Adjustments for:</i>				
Interest income	(3,936,438)	(125,127)	(4,061,565)	(16,522,446)
Interest expense	648,747	88,539	737,286	2,999,279
Net impairment loss on financial assets	41,213	86,618	127,831	520,017
Income tax expense	149,576	(69,078)	80,498	327,466
Depreciation and amortisation	138,183	-	138,183	562,128
Employee benefit obligations	(3,350)	73,651	70,301	285,984
Unrealised foreign exchange (gain)/loss	(41,188)	43,635	2,447	9,954
<i>Changes in:</i>				
Loans to customers	2,820,775	(13,054)	2,807,721	11,421,809
Other assets	(16,656)	15,964	(692)	(2,815)
Other liabilities	(119,501)	132,196	12,695	51,644
Cash generated from operations	189,525	73,651	263,176	1,070,600
Interest received	3,973,624	-	3,973,624	16,164,702
Interest paid	(651,194)	-	(651,194)	(2,649,057)
Income tax paid	(187,052)	-	(187,052)	(760,928)
Employee benefit obligations paid	-	(73,651)	(73,651)	(299,612)
Net cash generated from operating activities	3,324,903	-	3,324,903	13,525,705

32. COMPARATIVE INFORMATION(Continued)

The statement of cash flow and a summary of the line items affected by the restatements of the comparative information and correction of those errors summarised above is as follows:
(continued)

Statement of cash flow (continued)

	2021			
	As previously reported US\$	Adjustments US\$	As restated US\$	KHR'000 (Note 5)
Cash flows from investing activities				
Acquisition of property and equipment	(24,277)	-	(24,277)	(98,759)
Withdrawal of term deposits	1,100,000	-	1,100,000	4,474,800
Net cash generated from investing activities	1,075,723	-	1,075,723	4,376,041
Cash flows from financing activities				
Repayments of borrowings	1,667,800	-	1,667,800	6,784,610
Proceeds from borrowings	(5,094,249)	-	(5,094,249)	(20,723,405)
Net cash used in financing activities	(3,426,449)	-	(3,426,449)	(13,938,795)
Net increase in cash and cash equivalents	974,177	-	974,177	3,962,951
Cash and cash equivalents at 1 January	760,202	-	760,202	3,075,017
Currency translation differences	-	-	-	27,891
Cash and cash equivalents at 31 December	1,734,379	-	1,734,379	7,065,859

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4/ S'ANG BRANCH

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5/ BATTAMBANG BRANCH

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6/ TAKEO BRANCH

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7/ KAMPONG SPEU BRANCH

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