



SAMAKEY

MICROFINANCE

INSTITUTION PLC.

SAMAKEY MICROFINANCE
INSTITUTION PLC.

ANNUAL REPORT 2020

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General Information

Background

Samaky Microfinance Institution Plc. ("Samaky") is a public limited company incorporated and having its business operations in Cambodia. The address of the registered office and principal place of business is stated in the Address and Contact on page 16.

Samaky was registered with the Ministry of Commerce under the company number Co. 1051KH/2015 on 18 March 2015, and holds microfinance license no. M.F-60 issued by the National Bank of Cambodia on 15 September 2015. The initial registered and fully paid-up share capital of the Institution was US\$1,000,000, which have been increased to US\$2,000,000.

Samaky Microfinance Institution Plc. is a microfinance institute that caters for the households, small and medium-sized businesses that needs and requires access to funds to start-up a business or to growth and expand their business. It is founded on the belief that to develop the economy of the nation, it is necessary for the households, small and medium-sized businesses who are struggling and requires funding to have a partner that can provide funding and works with them to grow their business.

Name and Identity

The word "Samaky" in Khmer mean "solidarity or together" which is a key factor in the prosperity, security and stability of a society. Samaky's identities are inscribed with the dark blue and dark golden colors on the back and highlighted by the letters "ស" in front. The dark blue represents true and trustworthiness, whilst the dark golden is trustworthy by growing and working together. The letter "ស" refers to collaborative effort towards progress and advances between institutions and clients to enhance the prosperity of both the people and the society.

Target Markets

Our target markets are the households, small and medium-sized businesses who wish to start-up a business or grow and expand their business in all sectors of the economy.

Vision Mission and Value

Our Vision

We believe in improving the life and living standard of Cambodians.

Our Mission

Our mission is to provide opportunities to Cambodians to enable them to achieve their goals and assists those who wish to establish or grow and expand their business to be successful by providing efficient and sustainable financial services.

Our Value

Our value and approaches are simple:

- Provide convenience and quick services to our customers
- Honesty and responsibility for our action
- Flexibility and transparency in operations
- Integrity and ethics in all business operations





Shareholders Message

Samaky Microfinance Institution Plc has made great efforts to meet the needs of customers as well as the public in the market for financial products and services. In 2020, we the shareholders, have observed that almost all banking and financial institutions are in decline due to the impact of Covid-19 respiratory infections, which makes it impossible for the institution to operate as usual.

We, the shareholders, hope that in 2021, will be better and more financially stable as usual to reduce the poverty of our customers.

On behalf of the shareholders, I would like to thank the officers of the National Bank of Cambodia, relevant ministries, as well as the Board of Directors, management and staffs who have worked hard to help the institution in this difficult time.

Chairman's Message

In 2020, Cambodia is facing a serious respiratory illness "Covid-19" which affects almost every sectors, making it difficult for establishments to expand into the market, and loan operations has also decreased 17.20% compared to 2019. To date, the situation has not yet improved significantly, and our operation continue to decline, due to lockdown and other factors.



For 2021, we do hope that Covid-19 will end and Cambodia will be safe and financially stable and able to continue the credit operations as usual.

Finally, we would like to encourage all level employees that work hard to help the organization to be successful in the future and achieve our MFI's vision.

BOARD OF DIRECTORS



Okhnha Chhay Seng Eang
Chairman



Mrs. Chhay Channa
Director

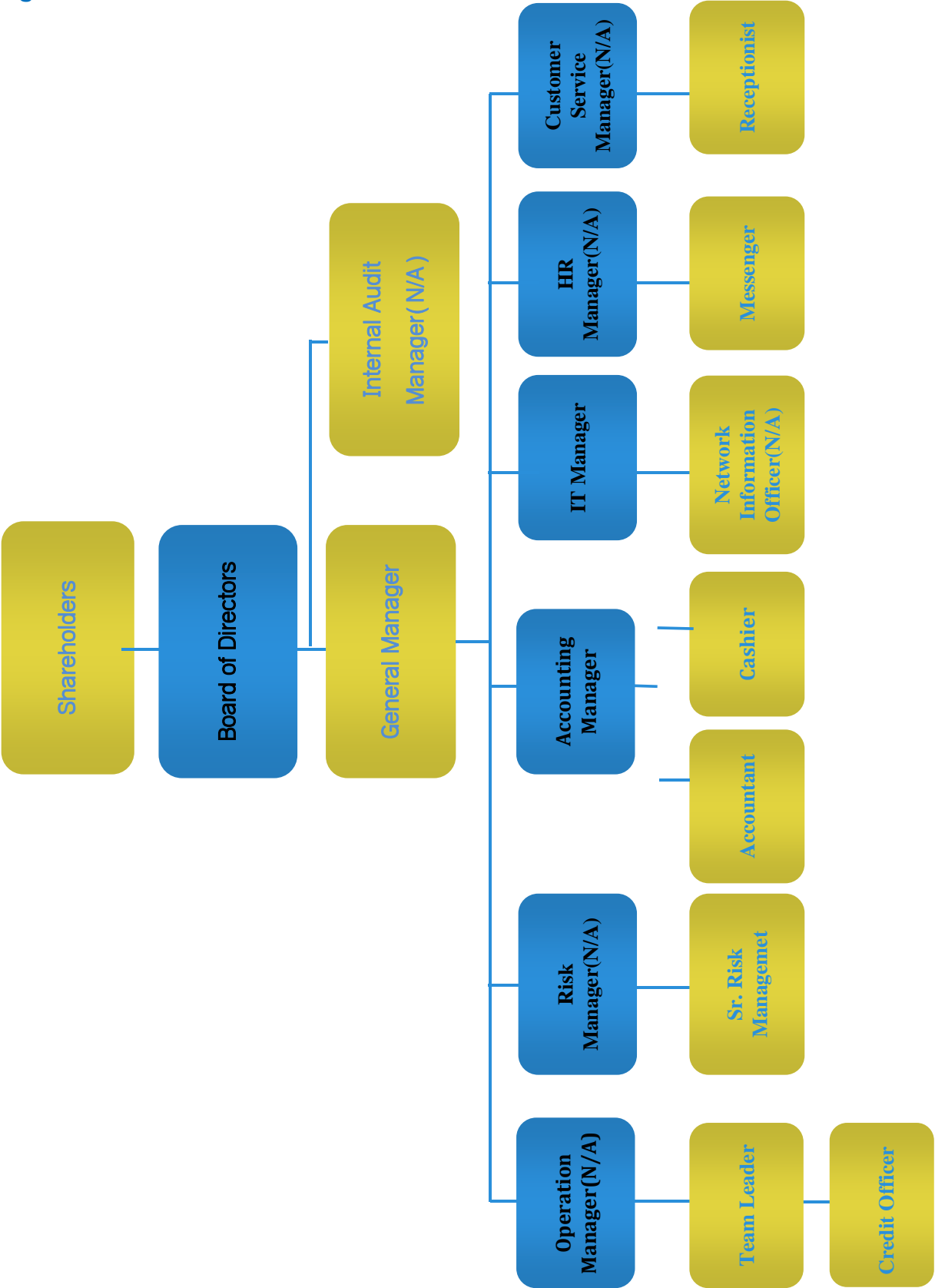


Mr. Chung Chetta
Director

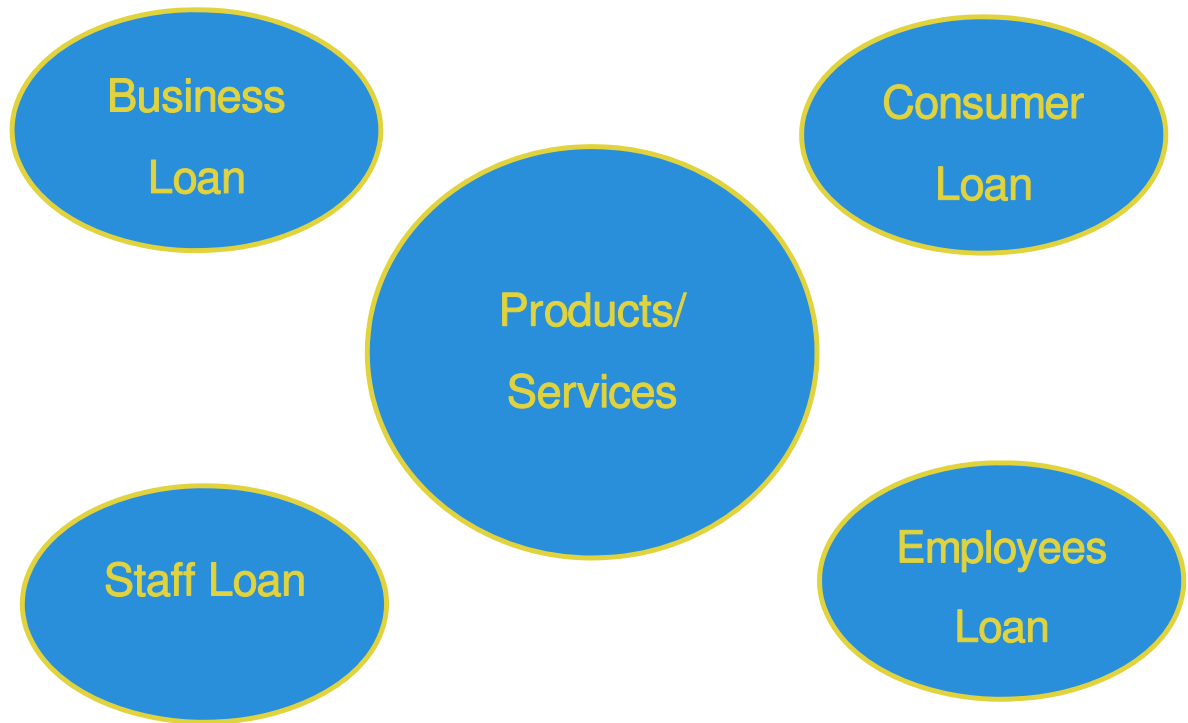


Mrs. Ngo Ngoun Theory
Director

Organizational Chart



Products and Services



Board of Directors' Report

DIRECTORS' REPORT

The directors hereby submit the report and the audited financial statements of the Company for the financial year ended 31 December 2019.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows: -

Chhay Seng Eang
Nyo Ngoun Theary
Chhayu Chhanna
Chung Chetta

Chairman
Director
Director
Director

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors are responsible to ascertain that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the results of its operations and its cash flow for the year ended 31 December 2020. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies in compliance with Cambodian International Financial Reporting Standards for Small and Medium-Sized Entities ("CIFRS for SMEs"), supported by reasonable and appropriate judgments and estimates and then apply them consistently;
- (ii) comply with disclosure requirements of CIFRS for SMEs and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements or, if there have been any departure in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records and an effective system of internal controls;
- (iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operation in the foreseeable future; and
- (v) control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/ or instructions have been properly reflected in the financial statements.

The directors confirm that the Company has complied with the above requirements in preparing the financial statements.

In the opinion of the directors, the accompanying financial statements of the Company are drawn up in accordance with CIFRS for SMEs so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the results of its operations and its cash flows for the year then ended.

PREPARATION OF THE FINANCIAL STATEMENTS

In the preparation of the financial statements, the directors have taken regard of the following matters:-

- (i) all material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements;
- (ii) adequate allowance for impairment losses on receivables and other current and non-current assets, if required, has been made;
- (iii) known bad debts had been written off, if any;

- (iv) existing methods of valuation of assets or liabilities is not misleading or inappropriate;
- (v) there are no known circumstances that would render any amount stated in the financial statements to be misleading;
- (vi) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made;
- (vii) the results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature;
- (VIII) no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

APPROVAL OF THE FINANCIAL STATEMENTS

The directors hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the financial year then ended in accordance with CIFRS for SMEs.



Chhay Seng Eang

Chairman

Date: 23 April 2021

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAMAKY MICROFINANCE INSTITUTION PLC.

Opinion

We have audited the financial statements of Samaky Microfinance Institution Plc. ("the Company") which comprise the statement of financial position as at 31 December 2020 of the Company, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 31 December 2020, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flow for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs") and guidelines of the National Bank of Cambodia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Director for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”) and guidelines of the National Bank of Cambodia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements(CONT'D)

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements denominated in the functional currency of United States Dollar ("USD"). The translation of the financial statements from USD into Khmer Riel ("KHR") using the closing and average rates as at 31 December 2020 and for the year then ended, respectively, is presented for the purpose of additional analysis and it does not form an integral part of the audited financial statements. The translation has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express any opinion on it.

Crowe (KH) Co., Ltd.



Onn Kien Hoe
Director

Phnom Penh, Kingdom of Cambodia

Date : 23 April 2021

Statement of Financial Position

As at 31 December 2020

	Note	2020 USD	2019 USD	2020 KHR'000	2019 KHR'000
ASSETS					
Cash on hand	5	815,087	655,959	3,297,027	2,673,033
Deposits and placement with banks	6	7,605	7,350	30,762	29,951
Loans and advances to customers	7	644,069	792,810	2,605,259	3,230,701
Other assets	8	20,829	13,905	84,253	56,663
Statutory deposit with National Bank of Cambodia (“NBC”)	9	100,000	100,000	404,500	407,500
Equipment	10	6,364	8,193	25,742	33,386
Intangible asset	11	35,750	40,040	144,609	163,163
TOTAL ASSETS		1,629,704	1,618,257	6,592,152	6,594,397
LIABILITIES AND EQUITY					
LIABILITIES					
Other liabilities	12	13,960	8,165	56,468	33,272
Income tax payable	17	114	157	461	640
TOTAL LIABILITIES		14,074	8,322	56,929	33,912
EQUITY					
Share capital	13	2,000,000	2,000,000	8,000,000	8,000,000
Regulatory reserve		81,447	-	329,453	-
Accumulated losses		(465,817)	(390,065)	(1,876,775)	(1,570,358)
Translation reserve		-	-	82,545	130,843
TOTAL EQUITY		1,615,630	1,609,935	6,535,223	6,560,485
TOTAL LIABILITIES AND EQUITY		1,629,704	1,618,257	6,592,152	6,594,397

Statement of Comprehensive Income

For the financial year ended 31 December 2020

	Note	2020 USD	2019 USD	2020 KHR'000	2019 KHR'000
Interest income	14	154,887	112,197	626,518	454,622
Gross profit		154,887	112,197	626,518	454,622
Other operating income	15	16,798	13,837	67,948	56,068
Payroll and other staff costs	16	(101,071)	(125,232)	(408,832)	(507,440)
Depreciation & amortization		(6,800)	(6,420)	(27,506)	(26,014)
Other operating expenses		(60,982)	(53,106)	(246,673)	(215,186)
Profit/(Loss) from operation		2,832	(58,724)	11,455	(237,950)
Allowance for impairment losses on loans	7	4,503	(30,536)	18,215	(123,732)
Profit/(Loss) before tax		7,335	(89,260)	29,670	(361,682)
Income tax expense	17	(1,640)	(1,249)	(6,634)	(5,061)
Profit/(Loss) for the year		5,695	(90,509)	23,036	(366,743)

Statement of Changes in Equity

For the financial year ended 31 December 2020

	Note	Share Capital USD	Regulatory Reserve USD	Accumulated Losses USD	Total USD
Balance at 1.1.2019		2,000,000	16,000	(315,556)	1,700,444
Loss for the year		-	-	(90,509)	(90,509)
Transfer		-	(16,000)	16,000	-
Balance at 31.12.2019/1.1.2020		2,000,000	-	(390,065)	1,609,935
Profit for the year		-	-	5,695	5,695
Transfer		-	81,447	(81,447)	-
Balance at 31.12.2020		2,000,000	81,447	(465,817)	1,615,630

	Note	Share Capital KHR'000	Regulatory Reserve KHR'000	Accumulated Losses KHR'000	Translation reserve KHR'000	Total KHR'000
Balance at 31.12.2018/1.1.2019		8,036,000	64,288	(1,267,903)	-	6,832,385
Loss for the year		-	-	(366,743)	-	(366,743)
Transfer		-	(64,288)	64,288	-	-
Translation differences		(36,000)	-	-	130,843	94,843
Balance at 31.12.2019/1.1.2020		8,000,000	-	(1,570,358)	130,843	6,560,485
Profit for the year		-	-	23,036	-	23,036
Transfer		-	329,453	(329,453)	-	-
Translation differences		-	-	-	(48,298)	(48,298)
Balance at 31.12.2020		8,000,000	329,453	(1,876,775)	82,545	6,535,223

Statement of Cash Flows

For the financial year ended 31 December 2020

	Note	2020 USD	2019 USD	2020 KHR'000	2019 KHR'000
CASH FLOWS FOR OPERATING ACTIVITIES					
Profit/(Loss) before tax		7,335	(89,260)	29,670	(361,682)
Adjustments for :-					
Impairment allowance	7	(4,503)	30,536	(18,215)	123,732
Depreciation of equipment	10	2,510	3,560	10,153	14,425
Amortization expense	11	4,290	2,860	17,353	11,589
Disposal of equipment		85	433	344	1,755
Operating loss before working capital changes		9,717	(51,871)	39,305	(210,181)
Working capital changes:					
- Loans and advance		153,244	(251,969)	619,872	(1,026,774)
- Other assets		(6,924)	6,892	(28,008)	28,085
- Other liabilities		5,795	(4,564)	23,441	(18,598)
Net Cash Flows from/(FOR) Operation		161,832	(301,512)	654,610	(1,227,468)
Income tax paid		(1,683)	(1,191)	(6,808)	(4,826)
Net Cash Flows from/(FOR) Operating Activities		160,149	(302,703)	647,802	(1,232,294)
Cash Flows For					
INVESTING ACTIVITIES					
Purchase of equipment	10	(766)	(3,535)	(3,099)	(14,406)
Purchase of intangible asset	11	-	(42,900)	-	(174,818)
Net Cash For Investing Activities		(766)	(46,435)	(3,099)	(189,224)
Net Increase/(Decrease) In Cash and Cash Equivalents		159,383	(349,138)	644,703	(1,421,518)
Cash and Cash Equivalents at Beginning of the Financial Year		663,309	1,012,447	2,702,984	4,068,012
Translation Difference		-	-	(19,898)	56,490
Cash and Cash Equivalents at End of The Financial Year		822,692	663,309	3,327,789	2,702,984
Cash and cash equivalents comprise :-					
Cash on hand		815,087	655,959	3,297,027	2,673,033
Deposits and placement with banks		7,605	7,350	30,762	29,951
Total		822,692	663,309	3,327,789	2,702,984

BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with the guidelines issued by the NBC and Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

CLASSIFICATION OF AND ALLOWANCE FOR IMPAIRMENT LOSS ON LOANS AND ADVANCES LOANS AS AT 31 DECEMBER 2020

According to the new Circular and during the transitional period (from 1 December 2017 to 31 December 2018), the Company is required to calculate the allowance for impaired facilities in accordance with regulatory provision of which facilities are classified into 5 classes with allowance rates as follows: -

Classifications	Number of days past due	Allowance
1. General allowance		
<i>Short-term facilities (one year or less):</i>		
Normal	0-14 days	1%
<i>Long-term facilities (more than one year):</i>		
Normal	0-29 days	1%
2. Specific allowance		
<i>Short-term facilities (one year or less):</i>		
Special mention	15-30 days	3%
Sub-standard	31-60 days	20%
Doubtful	61-90 days	50%
Loss	91 days & above	100%
<i>Long-term facilities (more than one year):</i>		
Special mention	30-89 days	3%
Sub-standard	90-179 days	20%
Doubtful	180-359 days	50%
Loss	360 days & above	100%

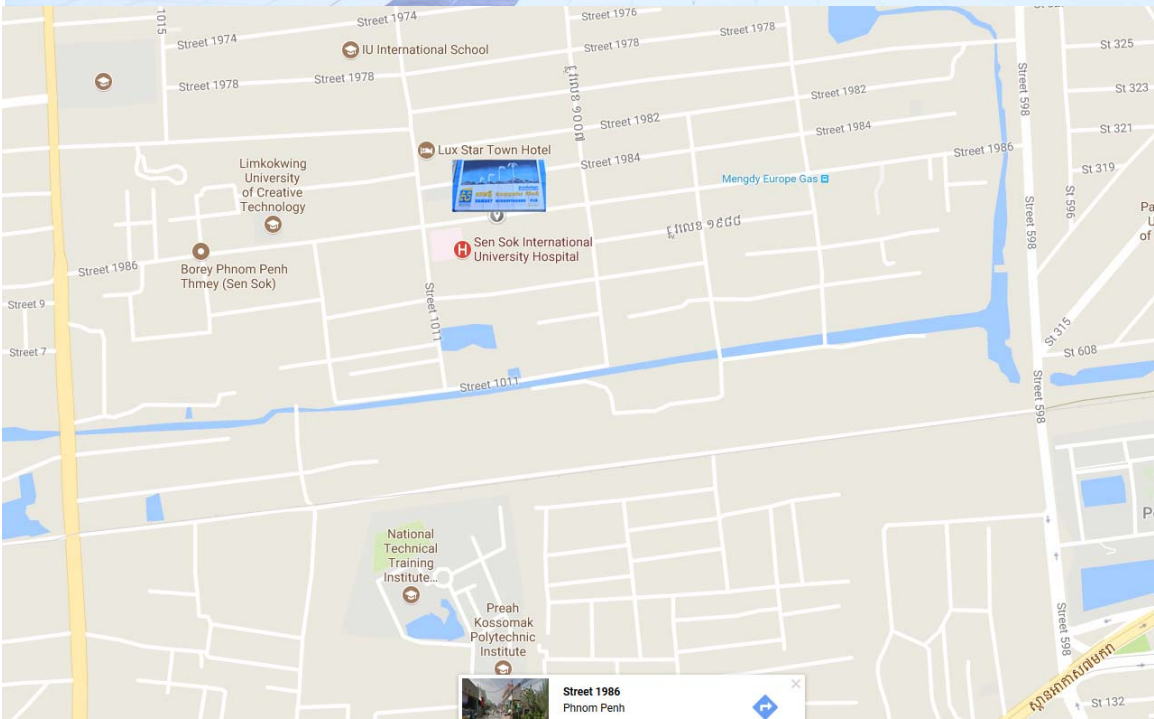
The regulatory provision applies to all on and off-balance sheet facilities of banks and financial institutions.

The Prakas also requires the comparison of the regulatory provision with the impairment provision determined based on CIFRS for SMEs. In case the regulatory provision calculated in accordance with Prakas is lower than impairment loss determined based on CIFRS for SMEs, the Company shall recognise the impairment loss calculated in accordance with CIFRS for SMEs. In the case the regulatory provision is higher than impairment loss, the Company shall recognise the impairment loss in accordance with CIFRS for SMEs and transfer the difference from retained earnings into regulatory reserve. The Company has presented the regulatory reserve in the statement of changes in equity.

**CLASSIFICATION OF AND ALLOWANCE FOR IMPAIRMENT LOSS ON LOANS
AND ADVANCES LOANS AS AT 31 DECEMBER 2020 (CONT'D)**

	OUTSTANDING PRINCIPAL LOAN		ALLOWANCE FOR IMPAIRMENT LOSS ON LOANS AND ADVANCES AS REQUIRED BY NATIONAL BANK OF CAMBODIA USD
	USD	RATE	USD
AS AT 31 DECEMBER 2020			
1. Loan of one year or less			
Standard	332,704	1%	3,327
Special mention	-	3%	-
Sub-standard	85,955	20%	17,191
Doubtful	667	50%	334
Loss	111,110	100%	111,110
A	530,436		131,962
2. Loan of more than one year			
Standard	51,625	1%	516
Special mention	39,042	3%	1,171
Sub-standard	59,522	20%	11,904
Doubtful	55,101	50%	27,551
Loss	-	100%	-
B	205,290		41,142
TOTAL	C = A+B 735,726		173,104

Location



Address and Contact

83AB, Street 1986, Sangkat Phnom Penh Thmey, Khan Sensok Phnom Peng

Phone: 023 666 59 59

Email : info@samaky.com.kh

Important/ Emergency Contact

1- Ambulance	119
2- Fire Brigade	111
3- Police	117
4- Kla Hos Police	023 366 841
5- Criminal Police	012 999 999
6- Tourist Police	012 942 484
7- Firefighter	012 786 891
8- Phnom Penh Ambulance	023 724 891