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DAIKOU FINANCE PLC.

Annual Report

2021

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Vision, Mission and Strategic Objectives

OUR VISION

DAIKOU's vision is to be a leading financial partner for the poor communities towards a sustained rural economic development.

OUR MISSION

Our mission is to work closely with the rural communities to promote local economy by providing effective financial services together with household financial literacy orientation.

STRATEGIC OBJECTIVES

The main objectives of DAIKOU are to:

- 1) Strengthen community capacity through basic family financial management training;
- 2) Improve living condition of rural community people through effective financial service;
- 3) Build Daikou capacity to maintain efficiency and effectiveness in program implementation;
- 4) Provide woman-headed households appropriate financial services to strengthen their family's financial position.

Performance Highlight

Reporting Period	2021	2020
Provinces	3	3
Districts	5	4
Branches	3	3
Employees	24	24
Active clients	417	398
Loan Outstanding (USD)	1,814,894	1,604,107
PAR Amount = 30 days	0.00	21,325
% PAR = 30 days	1.00%	0.00%
Loan write-off	0.00%	0.00%
Total Assets	1,917,029	1,778,960
Total Liabilities	1,420,640	1,292,489
Net Profit Before Tax	71,696	77,409
Net Profit After Tax	54,856	56,722
Return on Asset	2.86%	3.29%
Return on Equity	11.18%	11.60%
Exchange Rate	4074	4,045

MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

Dear Members and Stakeholders,

As we close another year of service and growth, I am filled with immense pride and gratitude for the unwavering commitment of our community and the steadfast dedication of our team. The year 2021 was a testament to our resilience and adaptability, as we navigated unprecedented challenges and emerged stronger.

Our rural credit institution has not only sustained its promise of providing reliable financial services to our rural community people but has also expanded our outreach and fortified our foundation for future endeavors. We have witnessed remarkable milestones, from enhancing our digital platforms to launching new programs tailored to empower our clients financially.

Finally, I would like to thank all Daikou Finance's staff and management team who have achieved the fruitful results we see today through their concerted efforts. If we didn't have our dedicated staff and management team, Daikou Finance Plc. would have nothing right now. We are all committed to continuing to collaborate in the future to ensure that Daikou Finance will be sustainable and have a good reputation in the microfinance sector for providing low interest rates and affordable financial services to the people.

On behalf of the Board of Directors



Chen Sopheap

Chairwoman

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Dear Valued Stakeholders,

Reflecting on the year 2021, I am inspired by the stories of perseverance and collaboration that have shaped our rural credit institution, Daikou Finance Plc. Amidst a landscape of change, our commitment to serving you, our clients, has remained steadfast and has driven us to reach new heights of service excellence.

Our achievements this past year, from financial growth to community impact, are a direct result of your engagement and support. Your trust fuels our mission to provide accessible, equitable financial solutions that cater to the unique needs of our rural communities.

As we embark on another year, I am confident that together, we will continue to innovate, serve, and uplift one another. Thank you for being the cornerstone of our success.

Warm regards,



Dy Sitha

Chief Executive Officer

COMPANY HISTORY

DAIKOU was founded in early 2013 by a group of friends both skilled and experienced in financial services. They began their micro credit operations in Boeung Kchang commune, Kandal Stoeung district, Kandal province. On 05th June 2013, DAIKOU registered with the Ministry of Interior as an NGO that worked to expand its credit activities to many villages, communes and districts within the Kandal province. A year later in June 2014, DAIKOU registered with the National Bank of Cambodia as a microfinance institution for rural credit operator. In August 2015, DAIKOU obtained a full license as a rural credit operating company from ministry of Commerce of Cambodia with the official name DAIKOU FINANCE PLC to operate as a rural credit operator in Cambodia.

2013 Daikou was founded in early 2013 and began its first micro credit operations Kandal Stoeung district, Kandal province.

2013 Daikou registered in the Ministry of Interior as an NGO with the official name Daikou organization.

2014 Daikou registered with the National Bank of Cambodia as a registered rural credit operator.

2015 Daikou obtained a license as rural credit operating company with official name Daikou Finance Plc.

2016 Daikou Board increased Daikou benefits by adding a Staff retreat and Health & Injury Insurance.

2019 Daikou applied for renewing license as a rural credit institution from the National Bank of Cambodia.

2020 Daikou became a member of Cambodian Microfinance Association (CMA) in March 2020.

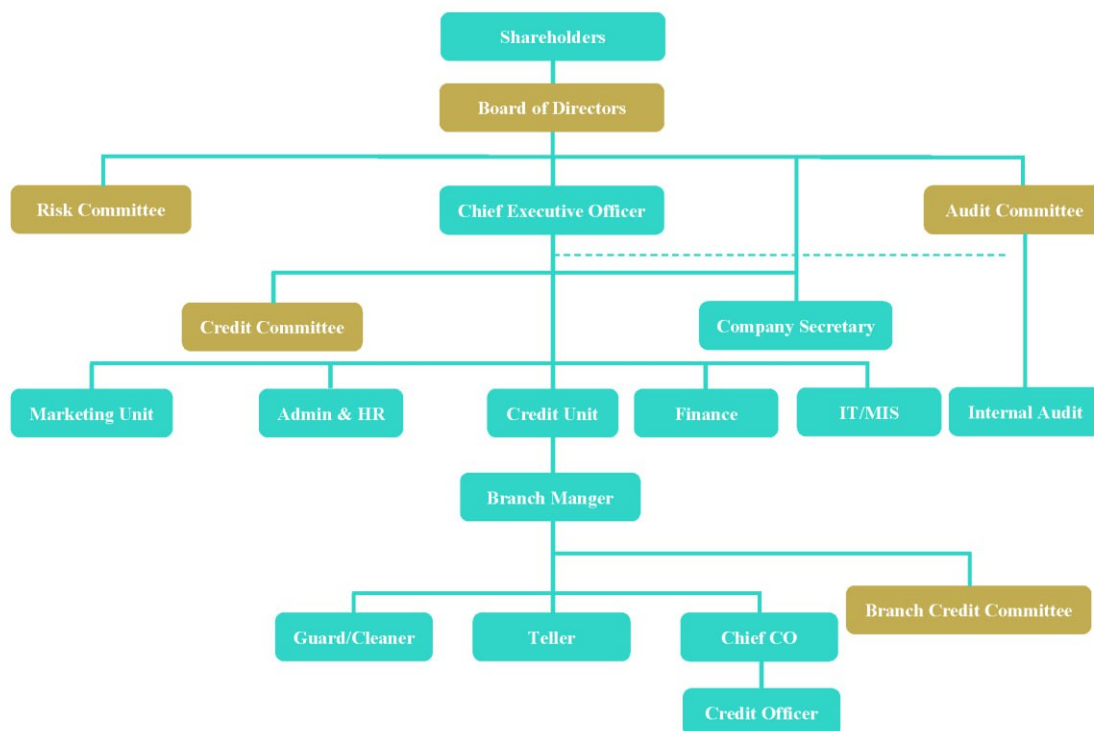
2020 Daikou obtained 3rd re-new license as a rural credit institution from the National Bank of Cambodia in December 2020.

COMPANY ORGANIZATIONAL CHART



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DAIKOU FINANCE Plc.

Daikou Organizational Chart



CORPORATE GOVERNANCE

Daikou is governed on the good governance principle of clear separation of responsibilities between the Board of Directors acting collectively and answerable to the Shareholders, and an executive management team. Daikou Board of Directors led by the Chairwoman while the Executive Management Team led by Chief Executive Officer who has the direct day-to-day responsibility for controlling the business and operational affairs, keeping Daikou competitive and profitable.

Audit Committee and Risk Committee have been created to assist the Board in developing the policies and procedures, provide oversight and recommendations to the Board of Directors and are responsible for integrity of Daikou's financial report and effectively implement the risk management.

SHAREHOLDERS

No.	Name	Total Shares	Amount Shares	% Share
1	Mr. Dy Sitha	22,944	USD 114,720	27%
2	Mr. Thuch Panchakampoul	15,000	USD 75,000	18%
3	Mr. Lak Chinsavath	20,000	USD 100,000	24%
4	Mr. Prak Odomsambath	10,000	USD 50,000	12%
5	Ms. Chen Sopheap	16,296	USD 81,480	19%
Total		84,240	USD 421,200	100%

BOARD OF DIRECTORS



Chen Sopheap, Chairwoman, was born on 08th August 1979. She joined the Board of DAIKOU on 1st July 2018. She was elected to be a board chairwoman for leading Daikou Finance Plc. Before joining with Daikou Finance Plc, Ms. Sopheap used to work as a community health trainer with Health Unlimited Organization between 2004 and 2006. From 2010 to 2014, she was a program manager for Handicap International Cambodia. She is currently a managing director of Keiy Tambanh Khmer. She earned her Bachelor Degree of Business Management from University of Cambodia in 2011 and obtained another bachelor of Medical science majoring in nursery in 2002.



Dy Sitha, Board Member, was born on 10th June 1979. He joined the Board of DAIKOU at its inception in 2013. He is currently serving as Chief Executive Officer of DAIKOU. Prior to his work in the private sector, Sitha served as a NGO staff from 2005-2018.

He earned his Bachelor Degree of Business Administration (BA) from University of Cambodia, in 2011. In 2007 Sitha graduated from Build Bright University in Cambodia and obtained another Bachelor of Teaching English as a Foreign Language.



Mr. Thuch Panchakampoul, Board Member was born in 1979. He joined the Board of DAIKOU in June 2014. Mr. Kampoul is also serving as Chairman of Audit & Risk Committee of DAIKOU.

Mr. Kampoul is currently working for National Authority of Audit of Cambodia. He obtained his Master's degree in Business Administration from National University of Management. He also graduated from Chea Sin Kamchaymea University obtained a Bachelor of Accounting in 2002.



Mr. Prak Oudom Sambath, Cambodian, born on October 16, 1982. He earned a Bachelor Degree in computer science from Royal University of Phnom Penh in Cambodia in 2009, and earned his another Bachelor Degree in English from Institute of Foreign Language (IFL) in 2002. He has more than 10 years' experience in Business. He currently owns Little Fashion, CAFÉ4U and he is also a potential real estate businessman in Cambodia. He became a member of Daikou Board in April 2017



Mr. Lak Chinsavath, Cambodian, born on January 05, 1958. He earned a Master degree in Financial Management in 2012 from Priston University, USA. He used to work for Asia Foundation organization, a university lecturer. Later, he moved to private companies. Currently he is a General Manager for KP company and a financial advisor for Phnom Penh Special Economic Zone. He became a Board member of Daikou on January 01st 2018.

Management Team

Mr. Dy Sitha

Chief Executive Officer,

Sitha joined Daikou Finance Plc. as a Board Member in January 2013. He is currently the CEO as appointed by the Board of Directors, effective August 1st, 2018. Before the current position, Sitha was a Regional Program Manager for an international NGO, Heifer International Cambodia, involved in humanitarian assistance and income generation program. Prior to that, Sitha worked for World Vision International Cambodia as a Community Development Worker and was later promoted to Water and Sanitation Project Coordinator. Before that, Sitha worked as a Senior Trainer for Thaneakea Phum Cambodia (currently LOLC) and later on returned to World Vision International Cambodia in charge of Design, Monitoring and Evaluation.



Sitha has earned his Bachelor's degree in Business Administration (BBA), majored in Business Management from the University of Cambodia. Prior to that, he has received a Bachelor's degree of Education (B.Ed) majored in Teaching English as a Foreign Language (TEFL) from the Build Bridge University. Sitha has attended numerous training and events in and out of the country in relations to areas, such as microfinance, leadership, credit management, financial management, human resources management, risk management, good governance, Planning, Monitoring & Evaluation, Social Project and Program Management, just to mention a few.

Mr. Suon Phan

Head of Credit Department

Phan joined Daikou Finance Plc. as a District Branch Manager in early 2018, and was later appointed as a Branch Manager in 2019. In mid-2020, Phan was promoted to be the Head of Credit Department, and he's held the position since then. Before the current job, Phan worked for AMK, a socially oriented MFI, as a Credit Officer. Before that, he worked for FUNAN Microfinance Plc. as a Branch Manager in Mondulkiri province.



Phan has earned his Bachelor's degree in General Management from the Build Bright University. He has also attended numerous workshops and training courses on Effective Branch Management, Micro Credit Management, Operational Risk Management, Staff Motivation and Property Law, etc.

Ms. Son Sopheary

Accountant



Sopheary joined Daikou Finance Plc. in early 2015 as a Teller and was later promoted to be the Chief of Teller in 2019. In early 2020, she was promoted to be a Finance Officer, and she's held the position since then. Sopheary has received her Bachelor's degree of Business Administration (BBA), majored in Finance and Accounting from the National University of Management (NUM). She has also attended a lot of training on Practical and Comprehensive Taxation in Financial Institutions, Financial Reporting by Practical Accounting CIFRS for SME and E-filing etc.

Mr. Yorn Sina**Administrative and MIS Supervisor**

Sina started his career with Daikou Finance Plc. in 2013 as a Credit Officer and was later promoted as the Administrative & HR and MIS Supervisor in 2022. He is one of the longest serving employees with over 9 years of length of work at Daikou Finance Plc. Sina has received his Bachelor's degree of Computer Science from Asia Sachak Development Institute. He's also received a Bachelor's degree of Finance and Accounting from the Build Bridge University.

**Mr. Set Ra****Branch Manager**

Ra joined Daikou Finance Plc. in 2013 as a Credit Officer. He was later promoted as a Senior Credit Officer. In 2017, based on his outstanding work performance, Ra was promoted to a District Branch Manager and was later on promoted again to a Senior District Branch Manager in 2020. In July 2023, he was promoted to be the Branch Manager for Tramkhnar branch. Ra has received his Bachelor's degree in Finance and Banking from Angkor Khemera University. He has also attended a number of training and workshops on effective branch management, microcredit management, operational risks management, etc.

Ms. SamAth Channa
Company Secretary

Channa started her job at Daikou Finance Plc. as a Teller in May 2019 and was later promoted to be the Company Secretary in June 2021. She's held the position since then. Prior to her job at Daikou, Channa worked for a local NGO as an Administrative and Teacher Assistant. Channa has received a Bachelor degree in Finance and Banking from the Build Bright University in 2021. She

has also attended some intensive training courses, such as Good Customer Services, Effective Communication, Administrative and Secretary tasks.

LOAN PRODUCTS AND LOAN CATEGORIES

LOAN PRODUCTS

Daikou Finance offers adequate loans and financial services to low-income clients and focus its efforts on those individuals living in rural areas and those who will use the capital to start a new business or expand the existing one in order to increase their household income. In 2021 Daikou remained to provide loans as individuals, groups, or small and medium enterprises (SMEs) and the balloon loan with the loan term can be 12 months, 24 months, 36 months, 48 months, and 60 months. The loan sizes ranging from \$50 to \$13,000 and interest rate will be charged between 1.5% per month. In addition, Daikou will add additional products in the near future depending upon customer needs.

1- Individual Loans

Applying to the following all terms and conditions:

- ✓ The loan term can be 12 or 60 months with loan sizes ranging from \$50 to \$2500, and interest rate will be charged from 1.5%;
- ✓ Monthly instalments of interest and principal with three-month grace period for a 12-month loan period;
- ✓ Client should be a permanent residence of Daikou Finance the area in which operates with family book record or Khmer ID;
- ✓ Age between 18 – 60 years;
- ✓ Agreement to borrow between borrower and family members;
- ✓ Have legal and profitable business or actual plan for new business, which demonstrates ability to repay the loan and interest;
- ✓ Have physical collateral or other related certificate or document.

2- Group Loans

All terms of individual loans apply unless otherwise stated:

- ✓ The loan term can be 12 or 24 months with loan sizes ranging from \$50 to \$1000, and interest rate will be charged from 1.5%;
- ✓ Group members: 2-10 members with a selected group leader;
- ✓ One borrower per household (but there must be an agreement to borrow between borrower and family members);
- ✓ Group members must take joint liability for repayment of loan;
- ✓ One of the group members must have physical collateral or other related certificate or document;
- ✓ No physical collateral will be needed. Group member need to guarantee each other.

3- Small and Medium Enterprise Loans

Daikou provides loan to SMEs, profitable business or actual plan for new business, which demonstrates ability to repay the loan. All terms of individual loans apply unless otherwise stated:

- ✓ The loan sizes ranging from \$2,501 to \$13,000 and the interest rate will be charged from 1.5% per month;

LOAN CATEGORIES

Daikou provides loans to business categories include agriculture, trades, services, transportation and households/ families and other categories.

- ◆ **Agriculture Productions**
 - ***Plantation:*** flower plantation, vegetables, food crops, seeds, fertilizer...
 - ***Livestock:*** animal husbandry, animal food, fascination...
 - ***Fisheries:*** fishing tools, gasoline and boat...
- ◆ **Trade & Commerce**
 - Purchase of produce contracts, Vendors - whole sale and retails,
 - Processing, making doors/ windows, production of Khmer noodles and other foods
- ◆ **Services**

Activities of laundry, haircut, public telephone service, motor-repaired, water supply tube network, battery charging
- ◆ **Transportation**

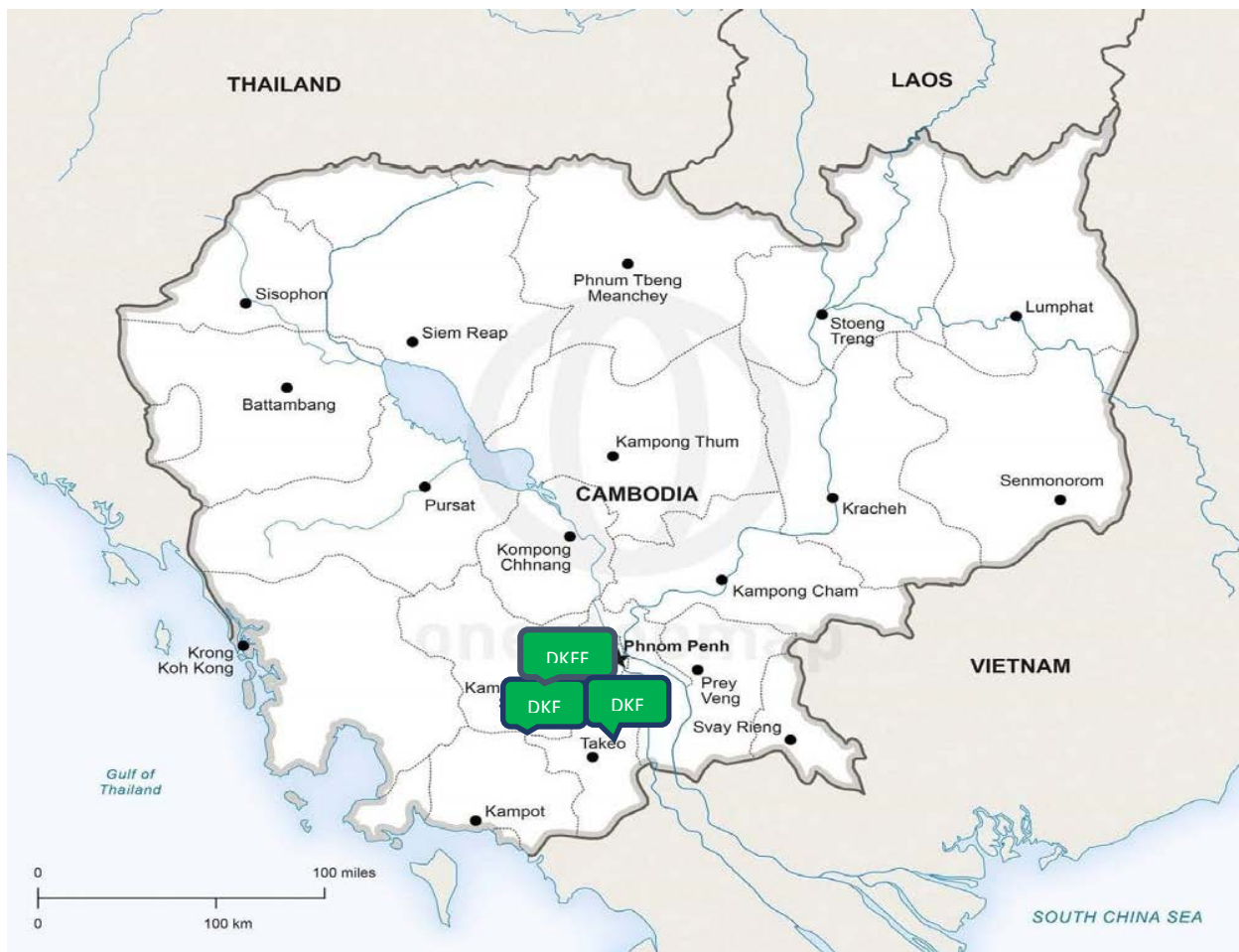
Motor taxi, motor trailer and car taxi...
- ◆ **Household business**

Handicraft and grocery at home
- ◆ **Family/ consumption**

House repair, education and other consumption...
- ◆ **Miscellaneous**

All rural small business activities other than agriculture, trade/commerce, services and household/ family

Operational Coverage



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“the Directors”) is pleased to submit their report together with the audited financial statements of Daikou Finance Plc (“the Company”) for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in all aspects of micro-finance business and the provision of related financial services in Cambodia. There were not changes in the nature of these principal activities during the year.

FINANCIAL PERFORMAMCE

The financial performance for the year ended 31 December 2021 are set out in the statement of comprehensive income.

DIVIDENDS

During the financial year, the Board of Directors has decided to distribute dividend amounting to USD51,050 on net profit of the year 2020 of USD56,722 after setting aside 10% of this amount in Retained earnings.

The Company was incorporated in the Kingdom of Cambodia on 27 October 2011 and registered with the Ministry of Commerce as a private public limited liability company under register number Co-3126KH/2015 dated 26 August 2015.

RESULTS OF OPERATIONS AND DIVIDEND

The results of operations for the year ended 31 December 2019 are set out in the income statement.

SHARE CAPITAL

There were no changes in the issued and paid-up capital of the Company during the year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS AND ADVANCES

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

At the date of this report and based on the best of their knowledge, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the provision for bad and doubtful loans and advances in the financial statements of the Company inadequate to any material extent.

ASSETS

Before the financial statements of the Company were drawn up, the Directors took reasonable steps to ensure that any current assets, other than debts which were unlikely to be realized in the ordinary course of business at their values as shown in the accounting records of the Company, have been written down to an amount which they might be expected to realize.

At the date of this report and based on the best of their knowledge, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading in any material respect.

VALUATION METHODS

At the date of this report and based on the best of their knowledge, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (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 credit operation business and as disclosed in the financial statements.

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 have a material effect on the ability of the Company to meet its obligations as and when they become due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the year ended 31 December 2019 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 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 substantially affect the results of the operations of the Company for the current financial year in which this report is made.

THE BOARD OF DIRECTORS

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

Ms. Chen Sopheap,	Chairwoman
Mr. Dy Sitha,	Executive Director /CEO
Ms. Thuch Visakha,	Non-executive Director
Mr. Lak Chinsavath,	Non-executive Director
Mr. Prak Oudamsambath,	Non-executive Director

DIRECTORS' INTERESTS

The Directors who help office at the end of the financial year and their direct financial interests in the Company are disclosed in Note 12.

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible to ensure that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii. comply with the disclosure requirements and the National Bank of Cambodia's guidelines and Cambodian Accounting Standards or, if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii. maintain adequate accounting records and an effective system of internal controls;
- iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- v. effectively control and direct the Company in all material decisions and

actions affecting the operations and performance and ascertain that such 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.

STATEMENT BY DIRECTORS

We, the undersigned, being the directors of Daikou Finance Plc, do hereby state that in our opinion:

- i. The financial performance of the Company for the year ended 31 December 2021 have not been materially affected by any item, transaction and event of any material and unusual nature nor has any such item, transaction and event occurred in the interval between the end of the year and the date of this report other than as disclosed in the financial statements, and
- ii. The accompanying financial statements has been drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with the National Bank of Cambodia's guidelines and Cambodian Accounting Standards, were approved by the Board of Directors.

On behalf of the Board of Directors



Ms. Unen Sopneap
Chairwoman

Date: 05 October 2022



REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF DAIKOU FINANCE PLC

Qualified Opinion

We have audited the financial statements of Daikou Finance Plc (the “Company”), which comprise the statement of financial position as at 31 December 2021 and the related statement of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the National Bank of Cambodia’s guidelines.

Basis for Qualified Opinion

- (1) We were appointed as auditors until after 31 December 2021 and thus did not verify balances at the beginning of the reported year. In addition, the financial statements for the year ended 31 December 2020 were not audited by our firm or other auditors. As a consequence, we were unable to determine whether any adjustments would be required in respect of recorded or unrecorded balances, transactions and other related elements making up the statement of financial position and statement of comprehensive income, changes in equity and cash flows as at and for the year ended 31 December 2020 and their consequential effects on the opening balances as at 01 January 2021 and comparative figures by way of other audit procedures.
- (2) As disclosed in Note 2 to the financial statements which describes the basis of accounting, the financial statements are prepared in accordance with Cambodian Accounting Standards and the National Bank of Cambodia’s guidelines, which is a comprehensive basis of accounting other than the Cambodian International Financial Reporting Standards for Small and Medium-Sized entities (“CIFRS for SMEs”). The Company did not adopt the CIFRS for SMEs for its first financial statements for the year ended 31 December 2021 as per the requirements of the National Bank of Cambodia (“NBC”). The first time adoption of the CIFRS for SMEs will have significant impact on the financial statements. As a result, we were unable to determine whether any adjustments would be necessary in respect of recorded or unrecorded financial position items, and the elements making up the statements of comprehensive income, changes in equity and cash flows as at and for the year ended 31 December 2020 and their consequential effects on the opening balances as at 01 January 2021 by way of other audit procedures.

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



**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF DAIKOU FINANCE PLC
(Continued)**

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the information included in the Report of Directors as set out on pages 1 to 4, but does not include the financial statements and our auditors' report thereon.

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 of the financial statements that give a true and fair view in accordance with Cambodian Accounting Standards and the National Bank of Cambodia's guidelines 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 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 auditor's 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.



**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF DAIKOU FINANCE PLC
(Continued)**

Auditors' Responsibilities for the Audit of Financial Statements (continued)

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, if any, 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

Morisonkak MKA
Certified Public Accountants
Independent Auditors



Key KAK
Managing Partner

Date: 05 October 2022

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 Dec 2021		31 Dec 2020	
		USD	KHR'000	USD	KHR'000
ASSETS					
Cash in hand		11,174	45,523	20,368	82,389
Balances with other bank	4	9,164	37,334	69,129	279,627
Statutory deposits with Central Bank	5	20,677	84,238	20,826	84,241
Loans to customers- net	6	1,814,894	7,393,878	1,604,107	6,488,613
Intangible asset	7	1,772	7,219	2,481	10,036
Property and equipment	8	2,792	11,375	5,037	20,375
Deferred tax assets		3,324	13,542	3,324	13,446
Other assets	9	53,232	216,868	53,688	217,168
TOTAL ASSETS		<u>1,917,029</u>	<u>7,809,977</u>	<u>1,778,960</u>	<u>7,195,895</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Borrowings	10	1,382,532	5,632,435	1,247,753	5,047,161
Other liabilities	11	22,566	91,932	24,049	97,278
Provision for income tax	18(b)	15,542	63,320	20,687	83,680
TOTAL LIABILITIES		<u>1,420,640</u>	<u>5,787,687</u>	<u>1,292,489</u>	<u>5,228,119</u>
EQUITY					
Share capital	12	421,200	1,715,969	421,200	1,703,754
Retained earnings		75,189	306,372	65,271	266,026
Currency translation difference		-	(51)	-	(2,004)
TOTAL EQUITY		<u>496,389</u>	<u>2,022,290</u>	<u>486,471</u>	<u>1,967,776</u>
TOTAL LIABILITIES AND EQUITY		<u>1,917,029</u>	<u>7,809,977</u>	<u>1,778,960</u>	<u>7,195,895</u>

STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2021

	Notes	31 Dec 2021		31 Dec 2020	
		USD	KHR'000	USD	KHR'000
				<i>(Unaudited)</i>	
Interest income	13	297,620	1,210,718	300,327	1,225,334
Interest expense	14	(154,922)	(630,223)	(148,977)	(607,826)
Net interest income		142,698	580,495	151,350	617,508
Other operating income	15	129,486	526,749	125,189	510,771
Personnel costs	16	(115,390)	(469,407)	(114,876)	(468,694)
Depreciation and amortization expenses		(3,722)	(15,141)	(4,520)	(18,442)
Other operating expenses	17	(78,376)	(318,834)	(80,149)	(327,008)
Operating profit		74,696	303,862	76,994	314,135
Allowances for doubtful loans	6	(3,150)	(12,814)	415	1,693
Profit before income tax		71,546	291,048	77,409	315,828
Income tax expense	18	(16,690)	(67,895)	(20,687)	(84,403)
Net profit for the year		54,856	223,153	56,722	231,425

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2021

	Share capital		Retained earnings		Currency translation difference KHR'000	Total	
	USD	KHR'000	USD	KHR'000		USD	KHR'000
Balance as at 01 January 2020	421,200	1,716,390	56,002	228,208	-	477,202	1,944,598
Dividend declared	-	-	(47,453)	(193,607)	-	(47,453)	(193,607)
Net profit for the year	-	-	56,722	231,425	-	56,722	231,425
Currency translation difference	-	(12,636)	-	-	(2,004)	-	(14,640)
Balance as at 31 Dec 2020 (Unaudited)	421,200	1,703,754	65,271	266,026	(2,004)	486,471	1,967,776
Balance as at 1 January 2021	421,200	1,703,754	65,271	266,026	(2,004)	486,471	1,967,776
Dividend declared	-	-	(51,050)	(207,671)	-	(51,050)	(207,671)
Net profit for the year	-	-	54,856	223,153	-	54,856	223,153
Prior year's adjustment	-	-	6,112	24,864	-	6,112	24,864
Currency translation difference	-	12,215	-	-	1,953	-	14,168
Balance as at 31 Dec 2021	421,200	1,715,969	75,189	306,372	(51)	496,389	2,022,290

CASHFLOW STATEMENT

As at 31 December 2021

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
			<i>(Unaudited)</i>	
CASHFLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	71,546	291,049	77,409	315,829
<i>Adjustments for:</i>				
Depreciation and amortization	3,722	15,141	4,520	18,442
Allowances for doubtful loans	3,150	12,814	(415)	(1,693)
Gain on disposal of fixed assets	(1,091)	(4,438)	-	-
Operating profit before working capital changes	77,327	314,566	81,514	332,578
<i>Changes in working capital:</i>				
Statutory deposits with NBC	149	606	(20,826)	(84,970)
Loans to customers	(213,937)	(870,296)	41,500	169,320
Other assets	456	1,855	(6,744)	(27,516)
Other liabilities	(1,483)	(6,033)	(3,226)	(13,162)
Cash generated / (used in) / from operations	(137,488)	(559,302)	92,218	376,250
Income tax paid (Note 18)	(15,760)	(64,111)	(15,052)	(61,413)
Net cash (used in) / from operating activities	(153,248)	(623,414)	77,166	314,837
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(840)	(3,417)	(530)	(2,162)
Proceed from disposal of fixed asset	1,200	4,882	-	-
Net cash from / (used in) investing activities	360	1,465	(530)	(2,162)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings (Note 10)	585,000	2,379,780	839,553	3,425,376
Repayment on borrowings (Note 10)	(450,221)	(1,831,499)	(786,800)	(3,210,144)
Dividend declared	(51,050)	(207,671)	(47,453)	(193,607)
Net cash from financing activities	83,729	340,610	5,300	21,625
Net changes in cash and cash equivalents	(69,159)	(281,339)	81,936	334,300
Cash and cash equivalents at beginning of year	89,497	362,015	7,561	30,811
Currency translation difference	-	2,181	-	(3,095)
Cash and cash equivalents at end of year	20,338	82,857	89,497	362,016
<i>Represented by:</i>				
Cash in hand	11,174	45,523	20,368	82,389
Balances with other banks (Note 4)	9,164	37,334	69,129	279,627
	20,338	82,857	89,497	362,016



ដៃគូអ្នក ទីក្រុងជ្រៃនាម្បូល



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