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20 | ANNUAL

23 | REPORT

ceo@daikoufinance.com
www.daikoufinance.com

We help improve the economic well-being and create opportunities for people from rural communities.



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VISION, MISSION & CORE VALUE



Vision

To be a leading financial partner for the poor communities towards a sustained rural economic development.



Mission

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

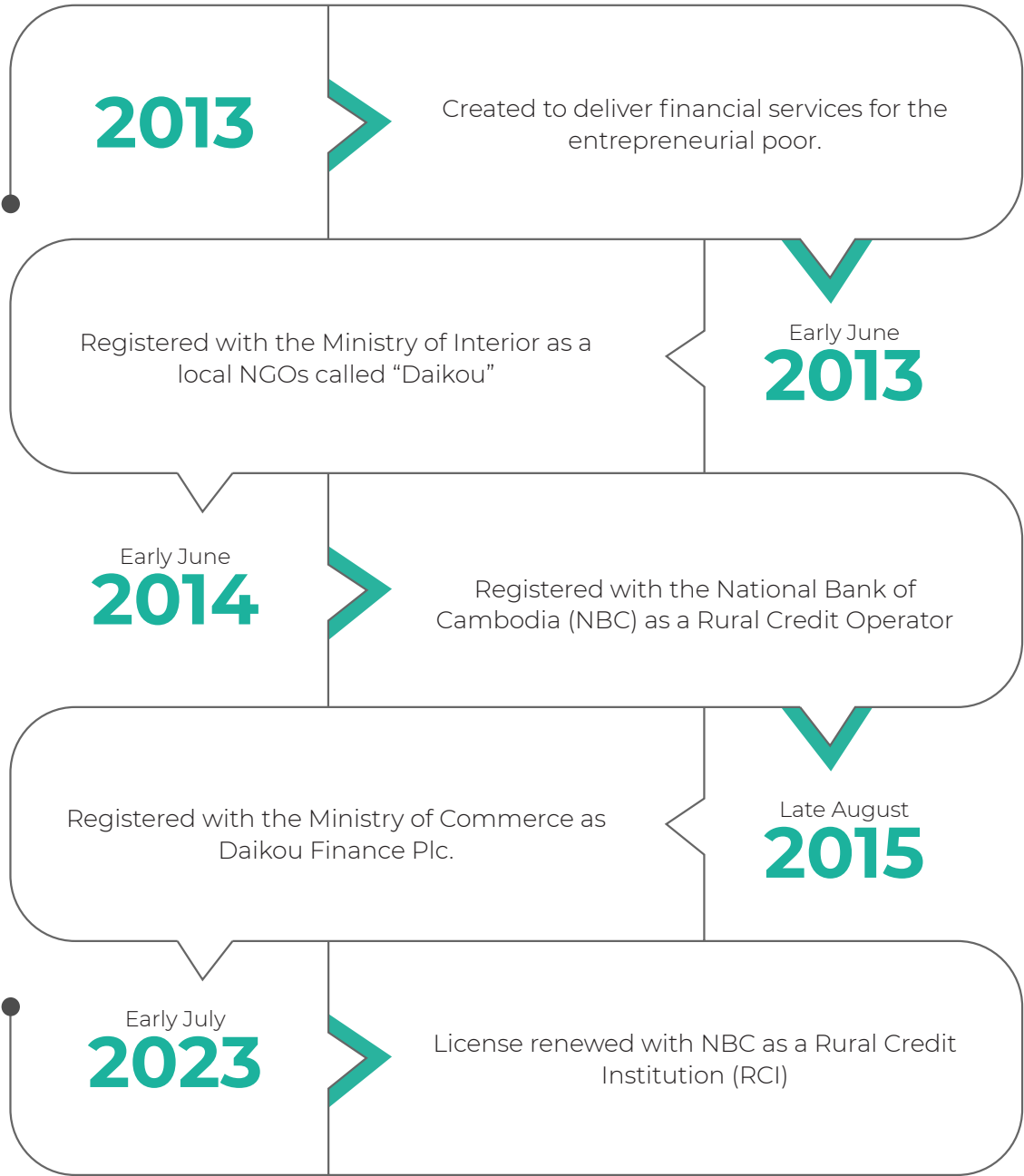
Core Values

- 1 Focus**
Concentration, attention and determination.
- 2 Transformation**
Alter to achieve new goals and objectives, the institution is ready to adapt to the changing market conditions and to improve performance.
- 3 Life Enrichment**
Promote growth and enhance well-being.
- 4 Integrity**
The quality of being honest and having strong moral principles. Company with integrity are typically known for being reliable, trustworthy, and fair.
- 5 Accountability**
Ensure employees are responsible for their actions. This can lead to better decision-making, improved performance, and a more positive work environment.
- 6 Teamwork**
Everyone pulls together to get the job done to achieve common goals.

Our core values are important for us because they help to ensure that our services are accessible, equitable, sustainable, responsible, and innovative. When microfinance institutions adopt these values, they can have a positive impact on the lives of clients and the communities they serve

CORPORATE HISTORY & MILESTONE

Our future plans include expanding its reach to new communities, launching new products and services, and continuing to promote financial literacy and social entrepreneurship, but now we would like to look back and visualize our impacts through our milestones.



MESSAGE FROM CHAIRWOMAN

Dear Shareholders, Staff, and Esteemed Members,

As the Chair of the Board of Directors, it is my privilege to address you in this annual report, which chronicles a year of steadfast progress and strategic achievements for Daikou Finance Plc. Our collective efforts have fortified our position as one of the leading rural credit institutions in Cambodia, and I am proud to share the strides we have made thus far.

This year, we have navigated through key economic challenges with prudence and have emerged stronger, thanks to our robust governance framework and the unwavering commitment of our management team. Our financial performance speaks volumes, with a 19% growth in our loan portfolio and a commendable 37% increase in customer loan accounts, reflecting the confidence the communities have in our institution.

Our focus on sustainable practices and social responsibilities has been unwavering. We're increasingly social-oriented and driven by new social initiatives, which have significantly contributed to the socio-economic development of the rural communities whom we serve. These initiatives underscore our dedications to creating a positive lasting impact beyond the financial services.

The Board has been actively involved in steering the institution towards a future that promises growth and innovations. We have endorsed new policies/strategies, ensuring that our operations align with national and international best practices and cater to the evolving needs of our clients.

As we look to the future, we are excited about the opportunities that lie ahead. Our strategic plan for 2024 is ambitious and yet achievable, with clear objectives that will drive us towards our vision of inclusive financial prosperity for all towards a sustained rural economic development.

I extend my deepest gratitude to our staff for their relentless pursuit of hard-work and excellence, to our shareholders for their trust and support, and to our customers for allowing us to be a part of their journey. Together, we are building a legacy of community empowerment and resilience.

Warm regards,



A white handwritten signature of Ms. Chen Sopheap on a teal background.

MS. CHEN SOPHEAP
Chairwoman of the Board of Directors

MESSAGE FROM THE CEO



Dear Valued Stakeholders,

As the CEO of Daikou Finance Plc., it is with great pleasure and honor that I reflect on the journey we have embarked upon this past year. Our annual report stands as a testament to the unwavering commitment and hard work of the entire team, and the remarkable strides we have made so far in serving the rural communities of Cambodia.

Despite key challenges with economic slowdown, this year has been marked by significant achievements, including the expansion of our services to 13 new villages, enhancing financial literacy through our social media and door to door promotion, and the successful launch of new products/services. These milestones have not only strengthened our operational capabilities but also deepened our connections with the people we serve.

Our financial performance has been solid, with a 19% increase in our loan portfolio and an 11% growth in total assets. This success is a direct result of our strategic initiatives and the trust our clients place in us. We remain committed to maintaining the highest standards of governance and accountabilities, ensuring that we operate with transparency and integrity.

As the future lies ahead, we look forward to the opportunities and challenges to learn from and sort out. Our focus will be on leveraging technology to enhance our service delivery,

expanding our reach to the underserved areas, and continuing to innovate products and services to meet the diverse needs of clients living in the rural areas.

I am grateful to the dedication of our staff, the guidance of our Board of Directors, and the support of our shareholders. Together, we have created a strong foundation for sustainable growth and lasting impact for and in the rural communities.

Thank you for your continued trust in Daikou Finance Plc. I am confident that with our collective efforts we will reach even greater heights and achieve a lot more in the following years.

Warm regards,

MR. DY SITHA

Chief Executive Officer

OUR PRODUCTS & SERVICES

Daikou Finance is committed to providing financial services to rural communities across Cambodia. We offer a wide range of financial services, and our approach is to simplify the documentation process and meet our customers door-to-door. This allows us to explain our services directly to our customers and ensure that we can answer any questions they may have.

▶ PERSONAL FINANCE



Home Improvement Loan

We offer home improvement loans to individuals from the communities. With our loan, you can cover the cost of materials and labor. Talk to us today to find out about our loan to renovate the house, expand the house and or repair the house.

Personal Loan

Personal purposes such as medical expenses, education, business and other personal expenses are covered by Daikou Personal loan.



Motorbike Loan

Our motorbike loans have competitive interest rates and flexible repayment terms, so you can find the perfect loan for your needs.

Car Loan

Daikou Finance is the perfect choice for those looking for a car loan with no hidden fees. We are transparent about our fees, so you can be sure you're getting the best deal possible. Whether you're looking for a new car or a used car, we can help you get the financing you need.



▶ BUSINESS LOAN



Agriculture Loan

Grow your farm with Daikou Finance's agricultural loan. Daikou Finance offers agricultural loans to help farmers improve their businesses and increase their yields. Our loans are designed to be flexible and affordable, so you can focus on growing your crops.

Working Capital Loan

Need working capital to grow your business? Daikou Finance can help. Our working capital loans are designed to help businesses of all sizes meet their short-term financial needs. We offer competitive interest rates and flexible repayment terms, so you can find the perfect loan for your business.



▶ SOCIAL LOAN



Group Solidarity

Daikou Finance offers Group Solidarity loans to help low-income rural people who are in needs of small amount of money to invest in income generating activity, including trading, agricultural business and non-related agricultural business. Our loans are designed to be flexible, affordable and easy to apply.

Green Loan

Improve your living conditions while protecting environment such as bio-gas loan, renewable energy loan, solar loan, water and sanitation with Daikou Finance's rural community green loan. Daikou Finance offers rural community green loans to help communities invest in sustainable projects that benefit the environment and the people who live there. Our loans are designed to be flexible and affordable, so you can focus on making a difference.



PERFORMANCE HIGHLIGHT

Daikou Finance is a well-performing rural credit institution with a strong track record. We are committed to providing financial services to the underserved in Cambodia and is playing an important role in the country's economic development.

FINANCIAL HIGHLIGHTS	31/Dec/2023	31/Dec/2022	31/Dec/2021
Loan Portfolio (in USD)	2,757,604	2,337,118	1,814,894
Total Assets (in USD)	2,826,641	2,549,164	1,917,029
Borrowings (in USD)	2,125,004	1,965,281	1,382,532
Total Liabilities (in USD)	2,213,343	2,031,090	1,420,640
Total Equity (in USD)	613,298	518,074	496,389
Total Income (in USD)	479,155	406,376	297,620
Net Profit (in USD)	69,964	70,792	54,856
Return on Equity	11.41%	16.81%	13.02%
Return on Assets	2.47%	2.78%	2.86%

HUMAN RESOURCE HIGHLIGHTS	31/Dec/2023	31/Dec/2022	31/Dec/2021
Number of Credit Officers	9	9	8
Total Staff	27	25	24

OPERATIONAL HIGHLIGHTS	31/Dec/2023	31/Dec/2022	31/Dec/2021
Active Loan Accounts	661	482	417
Ave. Loan Size (in USD)	4,175	4,816	4,399
Active Borrowers	661	482	417
Borrowers per Credit Officer	73	54	52
Ave. Loan Portfolio per Credit Officer (in USD)	306,601	257,920	229,281
Portfolio at Risk (PAR) >30	4.87%	0.74%	1%

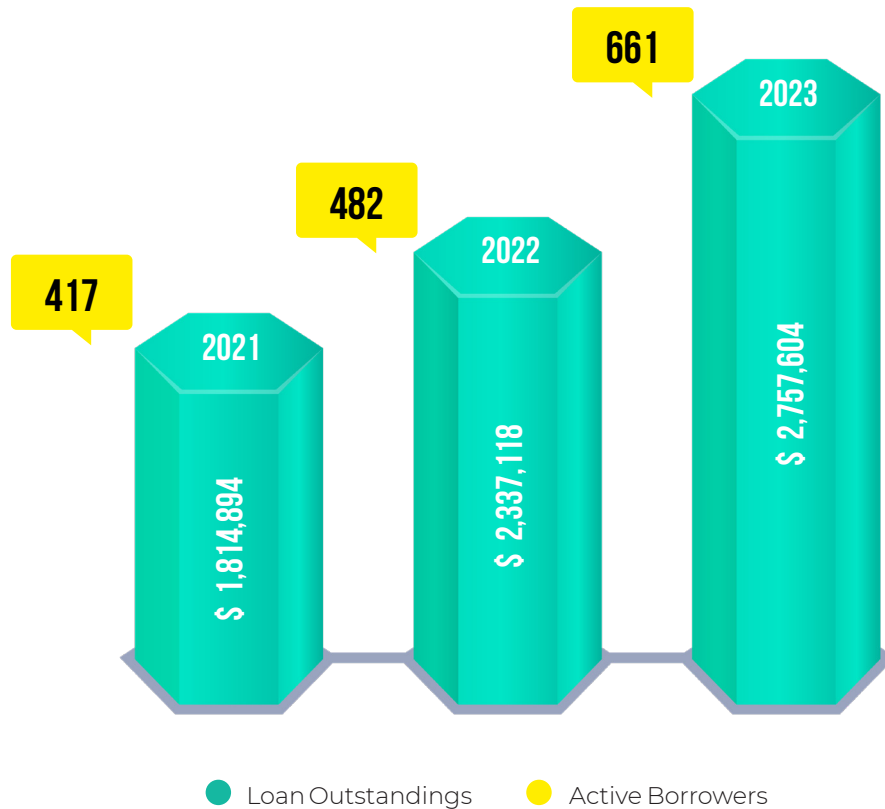
SERVICE OUTREACH	31/Dec/2023	31/Dec/2022	31/Dec/2021
Number of Branch Offices	1	1	1
Number of Provinces Covered	3	3	3
Number of Districts Covered	11	8	7
Number of Communes Covered	40	33	29
Number of Villages Covered	123	110	97

LOAN PERFORMANCE

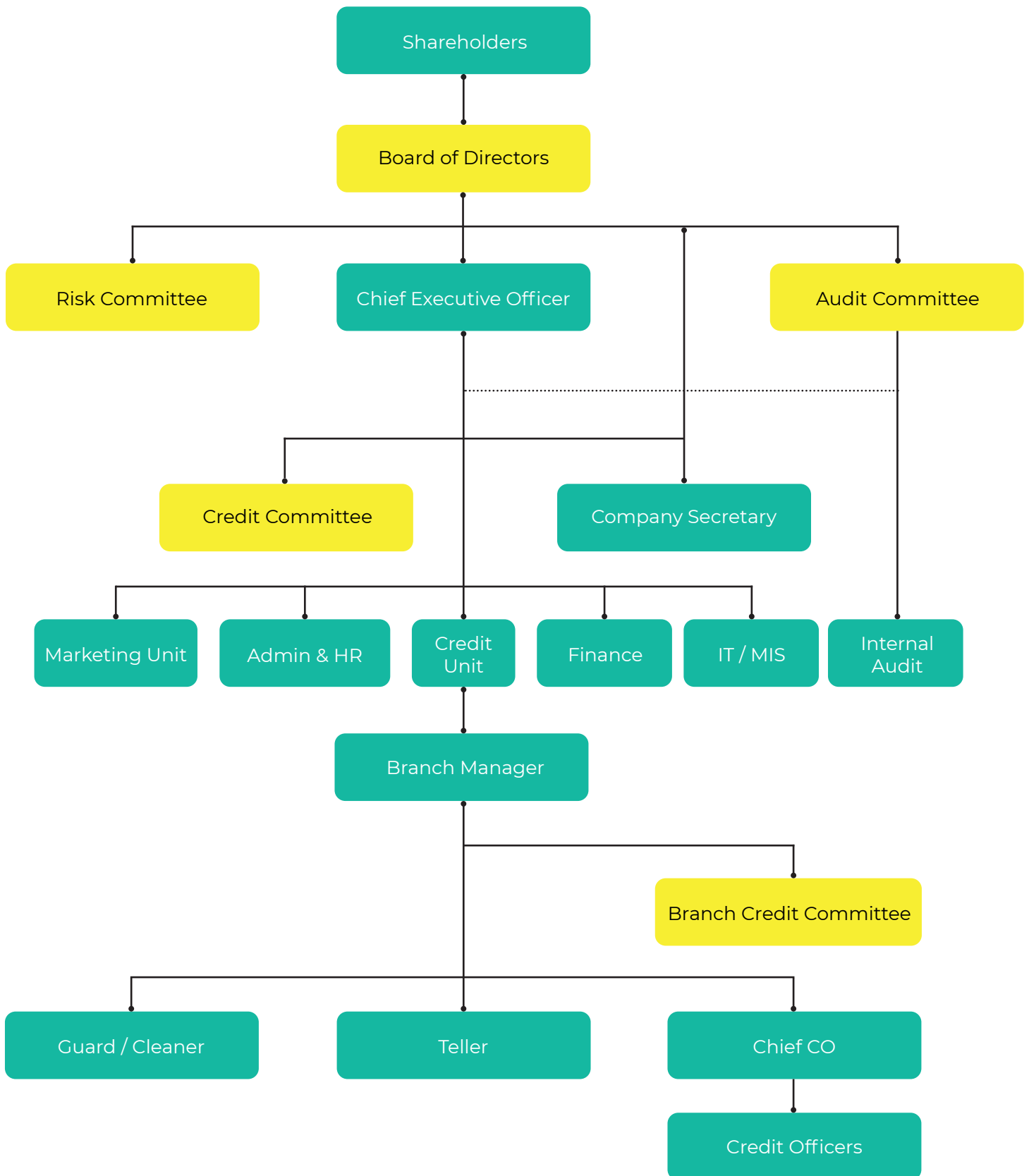
LOAN DISBURSEMENT



LOAN OUTSTANDINGS AND ACTIVE BORROWERS



ORGANIZATIONAL CHART



ABOUT SHAREHOLDERS

DY Sitha

27%

THUCH Panchakampoul

21%

CHIN Molika

20%

LIM Rotha

16%

CHEN Sopheap

16%

BOARD OF DIRECTORS



MS. CHEN SOPHEAP

Chairwoman of Board of Directors

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 Daikon 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's degree of Business Management from University of Cambodia in 2011 and obtained another Bachelor of Medical Science majoring in nursery in 2002.

MS. LIM ROTH A

Director

Ms. Lim Rotha, Board of Director, Cambodian, born on January 05, 1976. She obtained the Diploma of Business in Commercial Accounting in 1996 from Secondary School of Business, Cambodia. She used to work as an accountant for Carlsberg beer company. Currently she is a Senior Manager Treasury for Attwood Import Export Co., Ltd. She became a Board member of Daikou on 10 April 2023



MS. CHIN MOLIKA

Director

Ms. Chin Molika, Board of Director, was born in 1983. She joined the Board of DAIKOU in April 2023. Ms. Molika is currently working as a Senior Finance Manager at Attwood Import Export Co., Ltd. She obtained her master's degree of science in Ethnic Relation from Malmö University in Sweden. Currently she is pursuing ACCA Certificate from Cam Ed Business School. She also obtained a Bachelor of Business Administration in 2006 from Pannasatra University of Cambodia.



MR. DY SITHA

Director

Mr. Dy Sitha, Board of Director, 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 an International 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.



DR. CHHENG KIMLONG

Independent Director



Dr. Kimlong is also serving as Chairman of Audit & Risk Committee of DAIKOU. He holds a PhD in Economics from the Australian National University, a Master in Economics from Kobe University, and a Master in Business Administration from Preston University. Dr. Chheng is Director of Centre for Governance Innovation and Democracy (CGID) of the Asian Vision Institute (AVI) and is Senior Researcher at the Centre for Policy Studies (CPS), Cambodia. He has had over 12 years of practical experience in quantitative and qualitative research and consultancy for local research think tanks and international development agencies. He has tracked and researched on key areas of Cambodian economy, including agriculture, trade, investment, financial sector, garment and footwear industries, oil and gas sectors, and real estate sector. He was Economic-Commercial Specialist for the United States Embassy in Phnom Penh from 2008 to 2012. Prior to that, he was Research Consultant at Cambodia Development Resource Institute (CDRI), Research Assistant in charge of private sector and economic development at Japan International Cooperation Agency (JICA), and Socio-Economic Specialist for aid-funded rural community development projects. He has been working extensively with the Cambodian government ministries and institutions at national and subnational levels, foreign governments, international development agencies, civil society organizations, and private sector. In addition, he has had many years of teaching economics and business classes and supervising undergraduate and post-graduate students at several private and public universities in Cambodia.

MANAGEMENT TEAM



MR. DY SITHA
Chief Executive Officer

Mr. Dy Sitha, Chief Executive Officer, obtained his BA in Business Management and B.Ed in TEFL. For over 10 years of professional working experiences with social and development work in Cambodia, he has worked with international development NGOs and MFIs. He started working for DAIKOU as a Board Member in January 2013. Currently, he is the Chief Executive Officer as appointed by the Board of Directors effective from August 1st, 2018.



MR. SUON PHAN
Head of Credit Department

Mr. Suon Phan, Head of Credit Department, obtained his BA in General Management. He served in AMK MFI as Credit Officer from 2015-2008. From 2015 to 2018, he was a Branch Manager for FUNAN Microfinance Plc. He started working for DAIKOU as District Branch Manager in February 2018, and he was appointed to be Branch Manager in 2019. In June 2020, he was promoted to be Head of Credit Department.



MR. YORN SINA
Administrative &HR
and MIS Supervisor

Mr. Yorn Sina, Administrative &HR and MIS Supervisor, obtained his BA in Computer Science, and another BA in Finance and Accounting. He has more than 9 years working experience with MFI sector. He started his career with DAIKOU in 2013 as a Credit Officer and then he was promoted to Administrative &HR and MIS Supervisor in 2022.



MS. SON SOPHEARY
Accountant

Ms. Son Sopheary, Accountant, received her BA in Finance and Accounting. She has over seven-year working experiences in Microfinance sector in Cambodia. She joined DAIKOU in March 2015 as a teller and then she was promoted to be a Chief of Teller in 2019. In January 2020, she was promoted to be Accountant.



MS. SAMATH CHANNA
Company Secretary

Ms. Samath Channa, DAIKOU FINANCE's Company Secretary, obtained a Bachelor Degree in Finance and Banking. Before joining in DAIKOU, she worked for a local NGO as an Administrative and Teacher assistant from 2015 to 2019. She started working at DAIKOU as a Teller in May 2019 and was promoted to be Company Secretary in June 2021.



MR. CHEANG SOK KEA
Head of Environment and SPM

Sok Kea has most recently joined Daikou Finance Plc. as the Head of Environment and Social Performance Management (SPM) on a part-time basis, while in the meantime Sok Kea works as an independent research consultant for a research firm owned and led by an Australian. Before that, he worked for Cambodia Microfinance Association (CMA), which oversees all the legally registered microfinance institutions in Cambodia, in charge of Monitoring & Evaluation (M&E) and researches as well as the financial inclusion area.

OUR PARTNERS

Daikou Finance partners with a number of other organizations, including development agencies, financial institutions, and NGOs. These partnerships help Daikou Finance to reach more people in Cambodia and provide them with access to financial services. They also help to strengthen the microfinance sector in Cambodia and promote responsible lending practices.

 <p>បរទេសកម្ពុជា នៃ កម្ពុជា</p>	 <p>ABA BANK</p> <p>NATIONAL BANK OF CANADA GROUP</p>	 <p>អេស៊ីលីដា ACLEDA BANK</p>
 <p>Wing Bank</p>	 <p>CBC</p>	 <p>Cambodia Microfinance Association</p>
 <p>FinzTrust</p>	 <p>KRESTON CAMBODIA</p>	 <p>water.org</p>
 <p>amara capital</p>	 <p>ខេមា CAMMA MICROFINANCE</p>	<p>Forbes Asset Management</p>

SOCIAL PERFORMANCE

PROVIDE LOANS TO BUILD/IMPROVE WATER AND SANITATION FACILITIES

Pollution, higher rate of diseases and high mortality are the major concerns of DAIKOU's clients, the environment and the community in general. To promote enhanced social welfare, we developed our WASH (Water and Sanitation Hygiene) product aimed to improve our clients' standard of living aligned with our mission to promote social economy through providing effectively financial services.

The main benefits of our WASH product include:

1. Good health
2. Reduced family's expense on medical treatment
3. Save time to do business
4. Avoid other risks for Cambodian people, especially children who live in rural areas.

As of 31 December 2022

373

Active WASH Loan Borrowers

56,43%

of DAIKOU's Total Active Borrowers

PROVIDE LOANS LESS THAN USD 1,001 TO RURAL PEOPLE

Part of DAIKOU's mission is to provide financial inclusion to low-income households, including vulnerable and excluded people. To achieve this, DAIKOU offers small loans to clients ensuring financial inclusion to poor and rural people who need immediate financial access to improve their living standards.

As of 31 December 2023

143

Active Micro Loan Borrowers from Rural Areas

21,63%

of DAIKOU's Active Borrowers

PROVIDE LOANS TO WOMEN WHO RUN THEIR OWN BUSINESS

Women are often the ones who deal with the daily family's responsibilities and play a main role in household economic development. In the rapidly changing modern economy, entrepreneurs need access to fresh capital for new or existing businesses. DAIKOU provides financial solutions to support women clients' businesses and create job opportunities for the community to improve living standards. Meanwhile, we also provide financial education to our existing or new women clients to enhance their independence and confidence.

As of 31 December 2023

86

Active Women Entrepreneur Borrowers

13.01%

of DAIKOU's Total Active Borrowers

CLIENT SUCCESS STORIES



1. A LOAN CHANGES MY LIFE

I'm Mao Srey Mom, 41 years, a garment factory worker; and married to Long Sar-em with 3 kids. Our home is in Spok Prey village, Trapeang Sab commune, Bati district, Takeo province. We're proud of what we've achieved so far!

Before the loan from Daikou, my household was very poor. We had migrated from Sa'ang district of Kandal province to resettle in the current village. We stayed with an aunt empty handed. Even the villagers didn't welcome us, as we're broke. Our kids couldn't attend school. We couldn't afford to get a bicycle. After that, my husband and I could manage to get a job at a garment factory. We could get a pay-for-a car ride monthly. However, the expense was high. So, we thought of having a motorbike. In late 2017, we approached a moneylender for loan. However, the interest rate was high. We then applied for loan with a few MFIs, but we're rejected as we're new in the village. I heard of a loan promotion

event of Daikou, and I tried to apply for it (US\$3,000) to get a motorbike and a small plot of land. We got the loan and used it to get a motorbike and pay half of the land price. Later on, we paid it back. Then, we requested the 2nd loan at a bigger amount (US\$5,000) to pay for another half of the land price to own it and build a bathroom. We managed to pay back the 2nd loan. In 2024, we requested the 3rd loan at a bigger amount (US\$8,000) to get another motorbike for our kids to school and to repair home.

Ms. Srey Mom said, "I'm very happy! We now own a home with a proper bathroom and 2 motorbikes. My husband, I and one girl of my kids are employed. Other kids attend school daily. We've achieved our goals with the loans from Daikou". She added, "We'd like to thank Daikou a lot for helping to improve my household's living standards. Thanks also go to my loan guarantor, Ms. Me Phal, and the staff of Daikou. Without their support, my household would not be better as of today".

2. MS. MOM ENG, A SUCCESSFUL SCRAP TRADER

I'm Mom Eng, 54 years, a scrap trader. I married to San Teur with 5 kids. We live in Cham village, Veal commune, Kong Pisey district, Kompong Speu province. We're very happy for what we've achieved thus far. It's a dream realized out of our hardwork lubricated by the loans from Daikou!

After our marriage, we're so poor. The kids were in school. We spent a lot for their clothing, schooling, etc. The more we spent, the heavier burden we felt. We talked a lot and thought of an idea to set up a small trade dealing in scraps, as nobody in the village did it yet. Our home is well located nearby the main road. We had a start-up capital of US\$1,500 to buy the scraps to earn a household income. Later, we wanted to enlarge the trade but lacked of enough fund to do so. We wanted to get a loan from a private moneylender, but the interest rate was high. We're about to approach MFIs; however, we'd never done that before. We're a bit scared!



Due to our lack of trust in the financial sector, we didn't get enough info about their financial services. Later, Daikou entered the village. I joined their loan promotion event done by the staff with Village Bank Management Committees (VBMCs). By the words of VBMCs, I decided to get the 1st loan (US\$4,000) to enlarge my scrap trade. From time to time, my loans were bigger to enable me to stock up the scraps for trading. As of now, I have the fifth cycle loan with Daikou (US\$13,000). However, now my household could have a bigger site for the business. We're able to build a bigger home. Each household member owns a motorbike. We bought a tri-cycle to transport the scraps, and our household income is indeed increased.

Ms. Eng said, "My household is greatly satisfied with what we've achieved so far. We also understand the effective utilization of the loans for the intended purpose". She added, "We're really impacted by the loans from Daikou, helping to lift up my household's living conditions". She exclaimed, "I myself and all other my household members would like to thank Daikou a lot for such a wonderful impact of their financial services". She continued, "In the future, we wish to further enlarge the trade with a much larger site and also own a mini truck to better transport the scraps. We also plan to employ 7 to 10 villagers as the site workers to boost local economy".



EXTRACTED FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The board of directors hereby submit the report and the audited financial statements of the Daikou Finance Plc. ("the Company") for the financial year ended 31 December 2023.

1. Background And Principal Activities

Daikou Finance Plc. ("the Company") is a public limited company incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce ("MOC") under registration No. 00044553 dated 26 August 2015. On 04 June 2013, the Company obtained its license from the National Bank of Cambodia ("NBC") to operate as a credit operator in Cambodia.

The Company is principally engaged in all aspects of credit operator business and the provision of related financial services in Cambodia.

The Company's office is located National Road 2, Khlaing Sambath village, Putsor commune, Bati district, Takeo province, Kingdom of Cambodia.

2. Results of Operations

The results of the Company's operations for the year ended 31 December 2023 and the state of its affairs as at that date are set out in the financial statements.

The board of directors recommend the payment of dividend in the amount of USD 47,777 for the year ended 31 December 2023.

3. Board of Directors

The board of directors' members of the Company during the year and to the date of this report were as follows:

Name	Position
Mrs. CHEN Sopheap	Chairwoman
Mr. DY Sitha	Director
Ms. CHIN Molika	Director
Mrs. LIM Rotha	Director
Mr. CHENG Kimlong	Independent Director

4. Auditors

The financial statements for the year ended 31 December 2023 have been audited by Kreston Cambodia trading name under Cam Accounting & Tax Service Co., Ltd.

5. Board of Directors Responsibility For The Financial Statements

The board of directors are responsible for the financial statements of the Company to be properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended. In the preparation of these financial statements, the directors are required to:

- i. adopt appropriate accounting policies in compliance with Cambodian International Financial Reporting Standards for Small and Medium-Sized Entities for Small and Medium-Sized Entities ("CIFRS for SMEs") which are supported by reasonable and appropriate judgments and estimates and then apply them consistently;

- ii. comply with the disclosure requirements CIFRS for SMEs and guidelines of the National Bank of Cambodia 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;
- 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 operations 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 of the Company.

6. Preparation of The Financial Statements

In the preparation of the financial statement, the directors have taken account 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 loan to customers and 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 years were not, in the opinion of the directors, substantially affected by any item, transactions 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 Company to meet its obligations when they fall due.

7. 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 2023, its financial performance and cash flows for the financial year then ended in accordance with CIFRS for SMEs and guidelines of the National Bank of Cambodia ("NBC").

On behalf of Board of Directors



Mrs. Chen Sopheap
Chairwoman

Takeo Province, Kingdom of Cambodia

Date: 29 May 2024

REPORT OF THE INDEPENDENT AUDITORS



CAM ACCOUNTING & TAX SERVICE CO., LTD.

Independent auditor's report To shareholders of Daikou Finance Plc.

Kreston Cambodia is trading under name of
Cam Accounting & Tax Service Co., Ltd.
Certified Public Accountants and Auditors
Tax Agent License (GDT Member)
Audit Firm License (KICPAA Member)
Financial Institution Audit License
(NBC Member)

Address: 3#D, Street 416, Sangkat Tumnuap Tuek, Khan
Beong Keng Kong, Phnom Penh, Cambodia

Tel: (58 51 33 93 (855
(57 32 75 12 (855

E-mail: info@krestoncambodia.com
www.krestoncambodia.com

Opinion

We have audited the financial statements of Daikou Finance Plc., ("the Company") which comprise the statement of financial position as at 31 December 2023 of the Company, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-Sized Entities ("CIFRS for SMEs") and guidelines of the National Bank of Cambodia ("NBC").

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 directors for the financial statements

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

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease 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 scepticism throughout the audit. We also:

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

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

On behalf of Cam Accounting & Tax Service Co., Ltd.

Certified Public Accountants and Auditors



Keat Heng, CPA, ACCA
Audit Partner

Phnom Penh, Kingdom of Cambodia

Date: 29 May 2024

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

Assets	Notes	USD	2023	USD	2022
			KHR'000		KHR'000
Cash on hand	4	17,399	71,075	48,726	200,605
Deposits and placements with NBC	5	24,480	100,001	20,462	84,242
Deposits and placements with banks	6	8,097	33,076	127,831	526,280
Loans to customers	7	2,757,604	11,264,812	2,337,118	9,621,915
Property and equipment	8	3,847	15,715	3,371	13,878
Intangible asset	9	2,373	9,694	3,526	14,517
Other assets	10	12,841	52,455	8,130	33,471
Total Assets		2,826,641	11,546,828	2,549,164	10,494,908

Liabilities

Borrowings	14	2,075,004	8,476,391	1,895,281	7,802,872
Amount due to related parties	23	50,000	204,250	70,000	288,190
Other liabilities	11	67,783	276,894	53,103	218,625
Income tax payable	21(b)	19,993	81,671	12,706	52,311
Deferred tax liability	21(a)	563	2,300	-	-
Total Liabilities		2,213,343	9,041,506	2,031,090	8,361,998

Equity

Share capital	12	500,000	2,000,000	421,200	1,684,800
Retained earnings		79,722	324,974	76,382	311,246
Regulatory reserve	13	33,576	137,526	20,492	83,751
Translation reserve		-	42,822	-	53,113
Total Equity		613,298	2,505,322	518,074	2,132,910
Total Liabilities and Equity		2,826,641	11,546,828	2,549,164	10,494,908

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	USD	2023 KHR'000	USD	2022 KHR'000
Interest income	15	479,155	1,969,327	406,376	1,660,859
Interest expense	16	(245,651)	(1,009,626)	(186,415)	(761,878)
Net interest income		233,504	959,701	219,961	898,981
Other operating income	17	177,272	728,588	87,936	359,394
Employee expenses	18	(150,367)	(618,008)	(134,741)	(550,686)
General and administrative expenses	19	(130,746)	(537,366)	(94,016)	(384,243)
Allowance for impairment losses	20	(32,625)	(134,089)	9,247	37,792
Profit before taxes		97,038	398,826	88,387	361,238
Income taxes	21(c)	(27,074)	(111,274)	(17,595)	(71,911)
Profit for the year		69,964	287,552	70,792	289,327
Currency translation differences		-	(10,291)	-	(21,996)
Total comprehensive income for the year		69,964	277,261	70,792	311,323

STATEMENT OF CASH FLOWS

Daikou Finance Plc.

Financial Statements for the year ended 31 December 2022

Cash flow from operating activities	Notes	2023		2022	
		USD	KHR'000	USD	KHR'000
Profit before taxes		97,038	398,826	88,387	361,238
Adjustment for:					
Depreciation & Amortisation	10&9	2,632	10,818	2,787	11,389
Allowance for impairment losses	8&9	32,625	134,089	(9,247)	(37,792)
Gain on PPE disposal	8	(1,686)	(6,929)	-	-
Operation profit before working capital changes		103,609	536,804	81,927	334,835

Chargess in:

Statutory deposit with NBC	5	(4,018)	(16,514)	(215)	(879)
Loans to customers	7	(454,321)	(1,867,259)	(488,321)	(1,995,768)
Other assets	10	(4,711)	(19,362)	20,446	83,563
Other liabilities	11	14,680	60,335	30,537	124,805
Cash flow used in operating activities		(317,761)	(1,305,996)	(355,626)	1,453,444
Income taxed	21 (c)	(19,224)	(79,011)	(20,431)	(83,501)
Net cash flow used in operating activities		(336,985)	(1,385,007)	(376,057)	(1,536,945)

Cash flow from investing activities

Acquisition of property & equipment	8	(1,955)	(8,035)	380	1,553
Proceed from disposal of PPE	8	1,686	6,929	-	-
Net cash flow used generated from investing activities		(269)	(1,106)	380	1,553

Cash flow from financing activities

Proceed from borrowings	14	3,553,085	14,603,177	1,148,527	4,694,029
Repayment of borrowings	14	(3,393,362)	(13,946,716)	(565,778)	(2,312,335)
Dividend paid		(47,777)	(196,363)	(49,370)	(201,777)
Proceed of paid-up capital	12	78,800	323,868	-	-
Net cash generated from financing activities		190,746	783,966	533,379	2,179,917

Net changes in cash and cash equivalents*		(152,271)	(625,834)	157,510	643,743
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Cash and cash equivalents at 01 January		177,848	732,200	20,338	82,857
Currency translation differences		-	(1,884)	-	5,600
Cash and cash equivalents at 31 December		25,577	104,482	177,848	732,200

Cash and cash equivalents at 31 December 2023 Reconciliation:

		2023		2022
Cash on hand	17,399	71,075	48,726	200,605
Deposites and placements with banks	8,178	33,407	129,122	531,595
	25,577	104,482	177,848	732,200

* There were the following non-cash transactions:

The adjustments were made to adjust overstated audit fee, income taxes and allowance for impairment losses expense.

	2023
Audit Fee	(550)
Income taxes	(2,213)
Allowance for impairment losses expense	(3,000)
Retained earnings	5,763

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital USD	Regulatory reserve USD	Retained earnings USD	Total USD
At 01 January 2022	421,200	-	75,189	496,389
Profit for the year	-	-	70,792	70,792
Dividend	-	-	(49,370)	(49,370)
Adjustment	-	-	263	263
Transfer	-	20,492	(20,492)	-
Balance at 31 December 2022	421,200	20,492	76,382	518,074
Profit for the year	-	-	69,964	69,964
Paid-up capital	78,800	-	-	78,800
Dividend	-	-	(47,777)	(47,777)
Adjustment	-	-	(5,763)	(5,763)
Transfer	-	13,084	(13,084)	-
Balance at 31 December 2023	500,000	33,576	79,722	613,298

	Share capital KHR'000	Regulatory reserve KHR'000	Retained earnings KHR'000	Translation reserve KHR'000	Total Equity KHR'000
At 01 January 2022	1,684,800	-	306,372	31,117	2,022,289
Profit for the year	-	-	289,327	-	289,327
Dividend	-	-	(201,777)	-	(201,777)
Adjustment	-	-	1,075	-	1,075
Transfer	-	83,751	(83,751)	-	-
Translation differences	-	-	-	21,996	21,996
Balance at 31 December 2022	1,684,800	83,751	311,246	53,113	2,132,910
Profit for the year	-	-	287,552	-	287,552
Paid-up capital	315,200	-	-	-	315,200
Dividend	-	-	(196,363)	-	(196,363)
Adjustment	-	-	(23,686)	-	(23,686)
Transfer	-	53,775	(53,775)	-	-
Translation differences	-	-	-	(10,291)	(10,291)
Balance at 31 December 2023	2,000,000	137,526	324,974	42,822	2,505,322

OPERATION AREAS

WE began operations in Boeung Kchang commune, Kandal Stoeung district, Kandal province and now we are also offering services through our branches Kampong Speu and Takeo.





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