ទ្វានាធា ទីត្រូសិរញ្ញួនត្ថុ នីអិលស៊ី FUTABA MICROFINANCE PLC.



Map of Business Operation Areas





Head Office & Branch

- #795, Preah Monivong Blvd, Sangkat Boeng Trabaek, Khan Chamkar Mon, Phnom Penh, Cambodia.
- (855) 23 224 333



Tuol Kouk Branch

- #25, Street 598, Phum 1, Sangkat Boeng Kak 2, Khan Tuol Kouk, Phnom Penh, Cambodia.
- (855) 70 317 333



Pur Senchey Branch

- #78Kor, National Road 4, Prey Svay Village, Sangkat Chaom Chau 3, Khan Pur Senchey, Phnom Penh, Cambodia.
- (855) 70 316 333



Krong Chbar Mon Branch

- #4, National Road 4, Sambuor Village, Sangkat Chbar Mon, Krong Chbar Mon, Kampong Speu Province, Cambodia.
- (855) 70 314 333

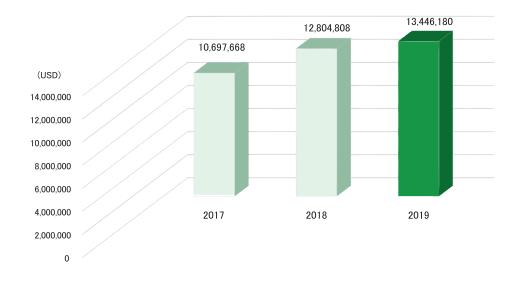
♦ Key Performance Highlight

	2017	2018	2019
Total Assets	11,943,741	13,777,190	14,918,134
Gross Loan Portfolio	10,697,668	12,804,808	13,446,180
Equity	6,530,017	7,110,406	7,575,222
Net Income	128,374	580,389	464,816
Number of Active Borrowers	628	780	819
Number of Offices	4	4	4
Operating Expense / Loan Portfolio	10%	8%	9%
PAR >30 Days	-	-	0.46%
Gross write-offs	-	-	-
Capital Adequacy Ratio	57%	54%	53%
Return on Assets	1%	4%	3%
Return on Equity	2%	8%	6%

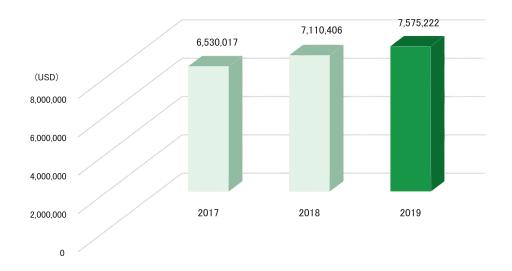
Total Assets



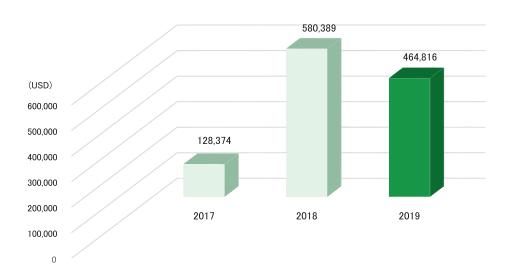
Gross Loan Portfolio



Equity



Net Income





Operation Highlight

Description	31 Dec 2019
Distribution Networks	4
Total Staff	74
Total Credit Officers	17
Operating Provinces	12
Operating Districts	41
Operating Communes	155
Operating Villages	357
Total Active Borrowers	819
Total Loan Outstanding (in USD)	13,446,180
Portfolio at Risk (PAR%)	0.46%
Total Loan Outstanding Per Credit Officer (in USD)	611,189.98
Total Loan Outstanding Per Staff (in USD)	181,705.13
Average Loan Size (in USD)	16,417.80
Total Asset (in USD)	14,918,134



Financial Highlight

Balance Sheet 31 Dec 2019

	(Audited), (in USD)
Assets	
Cash and Cash in Bank	1,118,155
Loan Receivable (Net)	13,323,512
Property and Equipment (Net)	148,063
Other Assests	328,404
Total Assests	14,918,134
Liabilities	
Other Liabilities and Provision	1,704,932
Long and Short Term Borrowings	5,637,980
Total Liabilities	7,342,912
Equity	
Shareholder Equity	7,575,222
Total Liability and Equity	14,918,134

Income and Expense 31 Dec 2019

	(Audited), (in USD)
Interests and Fee Income	1,779,643
Operating Expenses	1,314,827
Profit After Tax	464,816

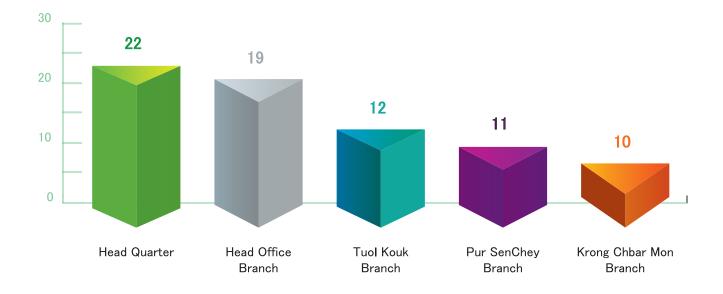


Human Resource Highlight

Successes and new achievements in 2019 has allowed **FUTABA** Microfinance Plc, to hase greater ability to refine, motivation, retain human resources and has attracted new potential employees to fulfill the work mission under vision and dream by high Responsible, loving and more effective. As the end of 2019, **FUTABA** Microfinance Plc, has a total of 74 employees, 48 male and 26 female.

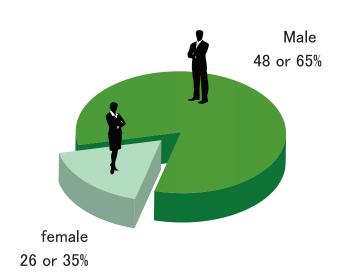
The following is a summary of FUTABA's staff:

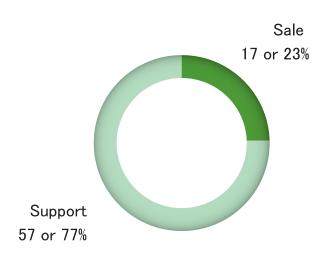
of Staff by Branches



Gender

Staff Catagory





Staff Turnover

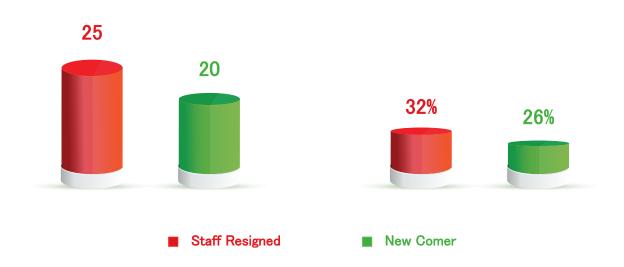




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The World Bank estimated that in 2019, Cambodia's economic situation will continue to grow at around 7.1%, and could decline by 2020 and 2021, but experts said that the slowdown has not caused much concern as economic growth in East Asia and the Pacific is estimated to decreases as well. There are also some risks, including uncertainty over the ability of Cambodia to export goods to the European market under the EBA tax system, which absorbs 40% of Cambodia's exports. Any slowdown in China's economy as a result of the trade war with the United States will further diminish Cambodia's economic growth as it relies on foreign directly investment and tourists from China. In terms of inflation, official data from the National Institute of Statistics (NIS) estimate conducted till December 2019 shows that the annual inflation rate may be 2.4% and average annual inflation may be 1.9%. That rate remains stable and is good for macroeconomic management to sustain growth.

We see that the Banking and Microfinance sector in Cambodia, still continue to increasing operations with more efficiently and safety, which can contribute to a more active growth, and according to the National and Economic Statistics by June 2019 showed that there are 46 Commercial Banks, 15 Specialized Banks, 07 Microfinance Deposit Institutions, 75 Microfinance Institutions, 248 Rural Credit Operators, 10 Audit Firms, 4 Third Party Processors, 18 Payment Service Providers, 1 Credit Bureau Cambodia, 06 Foreign Bank Representatives and 2,820 Foreign Exchange Traders. In the same period, as of June 2019, the general currency has increased to 96,247.6 billion Riels, with net domestic assets of the banking sector of 33,548 billion Riels and net foreign assets of the banking sector 62,699.6 billion Riels. We can see that there is continued investment from both local and foreign investors in the banking and microfinance sectors in Cambodia.

This growth has also contributed the Cambodia's economy growth as confidence and investor prospects are strong and positive in Cambodia. As the consequence, we, **FUTABA** Microfinance Plc. still managed several major achievements such as customer and loan outstanding growth, continuing increase steadily from year to year with positive signs and prosperous for the future. Especially over past 4 years, we could be managed a low rate of Portfolio at Risk (PAR) and no late customers in Written–Off listing, which has been an outstanding result of the credit management on our loan disbursement by each year. This result, with the full participation of all staffs and especially the dedicated by credit department, has made efforts to manage and resolve timely.

In line with the long-term vision and expectations of our Shareholder and Board of Directors, we will be planning a series of annual rollovers with the aim of broadening its potential to cover a wide range of markets based on shareholder capital injection and borrowing funds to meet the growing demand from clients in local and country growth in current and the future.

As the Chairman, I am pleased hereby to report our brief achievement during the years, especially in 2019 as follows:

* Total Assets: USD 14,918,134

* Total Loan Outstanding: USD 13,446,179

* PAR (Portfolio at Risk): 0.46%

* Solvency Ratio: 87.35%

* Total Active Borrowers: 819

* 04 Branch Offices are operating according to plans with operation areas such as 12 provinces,

41 districts, 155 communes and 357 villages.

We, **FUTABA** will keep on providing best Products and Services in a long run to our Respectful Customers, so that both customers and us as a Financing Institute can achieve the DREAM together. All the Members of **FUTABA** are kindly requested to fulfill his / her mission in full swing, with highest transparency and responsibility in order to bring the maximum benefit to the esteemed Customers, family and to the Society in the Kingdom of Cambodia.

Our Shareholder in Japan, who is so much eager to contribute to the growth of the Next Generation in the Kingdom of Cambodia, is committing themselves for the bigger injection to **FUTABA** in the subsequent years coming according to its strategic planning and operational capabilities.

Lastly, I hereby express our heartfelt gratitude once again towards our respectful Customers as well as to all the Level of Authorities inclusive of the National Bank of Cambodia, who kindly collaborated and supported us to manage the sound and transparent activities till now, and in future too.

My all the prosperity and happiness enjoyed by our dear Customers, we remain,

Mr. CHREUK Phally

Chairman



Dear valuable Customers and Parties concerned,

We, FUTABA Microfinance Plc., are honored by that on 30th December 2019, the National Bank of Cambodia officially issued us the Permanent License as Microfinance in lieu of the Three Years License till then. Namely, we have started our activities on 16th December, 2015, as Micro-Financing Company in the Kingdom of Cambodia, based on the Three Years Official License from the National Bank of Cambodia, and such our License was extended for another three years by the National Bank of Cambodia on 22nd October, 2018 by their appreciation on our very positive implementation and management as well as our long-term strategic future plan. However the real glory was given to us, FUTABA Microfinance Plc., on 30th December, 2019 by the National Bank of Cambodia that we were nominated as the first Microfinance Plc. in Cambodia, that secured the Permanent License duly switched from the existing Three Years Official license from the National Bank of Cambodia, which we believe is the result of the

hard works extended by all our managements and our staffs, furthermore thanks to the kind support from our esteemed Customers for making use of the products and services offered by us, **FUTABA** Microfinance Plc.

As of December 31st, 2019, We are running the operating activities at Four Basements, namely at Head Quarter (including Head Office Branch), Khan Toul Kork Branch, Khan Pur Senchey Brachh and Krong Chbar Morn Branch, dealing with 819 Clients in total, where the loan portfolio reaches the amount of \$13,446,179 in total, supported by our 17 Credit Officers.

We had been enjoying the record below 1% Portfolio at Risk till year 2019 since our establishment, however were obliged to record 0.46% Portfolio at Risk in year 2019 due to some unavoidable case. But one thing remarkable is that there is no Loan Written-Off with any Client in our history, which is highly appreciated by the National Bank of Cambodia.

We had been concentrating for the past three years mainly on strengthening our Internal Control System, focusing on staff training, skills, revise structure, and updating the policies and procedures, and also to fully comply with applicable laws and regulations instructed by the National Bank of Cambodia and relevant Government Institutions. Fulfillment of such our Internal Controlling System is completed by now, thus the significant increase in our activity is expected from year 2020 onwards.

We, **FUTABA** has signed an agreement with KPMG Cambodia Ltd, to prepare the Cambodia International Financial Reporting Standard (CIFRS) for the Small and Medium Enterprises (CIFRS for SMEs) required by the Bank of Cambodia and the Ministry of Economy and Finance.

Finally, we have completed this report at the end of 2019 and have reported it to the National Bank of Cambodia and we will continue to work on this report for the coming year. Our duty we believe is to be the PATHWAY to the Next Generation in the Kingdom of Cambodia, which should be materialized based on our Fair and Transparent Transaction in the field of our Financing Services.

We, **FUTABA** are funded by the Single Shareholder in Japan, where we can manage a very swift and flexible decision making for our esteemed Customers. Even though, **FUTABA** does not have a fully operational office throughout Cambodia, but our intention is to become one of the premier leading Financing Institutions in the Kingdom of Cambodia, in order to contribute to the sustainable development of the Society and Economic Growth for both current and the Next Generation by our creating the stable, transparent Financing markets and a long-term strategic plan that still expansion operation area in other provinces in the Kingdom of Cambodia, which is our sincere wish as well as our goal.

Our Dream is to be of some help to the Customers as well as to the Society to establish the steady financial basement for their bright future. We hereby reconfirm that our maintaining best services, good relationship and accountability in a long run, with our dedication to the superior services, which differentiates us from other Microfinance Institutes. Throughout our financing activities, we are providing our philosophy of perfect partnership with our esteemed Customers by our offering the best quality of Financing Proposal with the utmost sincerity and professional services which is suitable to each of our esteemed Customers who from time to time are in various situation and different position.

Our esteemed Customers can secure a firm basement for their expanding their Business, through our best services arranged by our committed and knowledgeable Staff who are experts for providing the most suitable financing options to each of the Customers to reach their individual needs.

We, **FUTABA** Microfinance Plc. has provided various kind of Financing Services, such as Business Loan, Housing Loan, Agricultural Loan, Staff Ioan, Consumption Loan, Employee Loans and Education Loan. For Staff Loan and Education Loan, offered at a very **LOW INTEREST RATE**, together with the best Customer Services to contribute to socially enhancing, staff living conditions and human resources development.

Going forward, we also seek to offering full range of Traditional and innovative Microfinance solutions to new and all the existing Customers.

I am looking forward to serving you for materializing all your dreams, where we work together in order to reach our mutual goals, since your dream is our dream, your future is our future.

Lastly, please my esteemed Customers, feel free to contact us whenever needed.

May DREAMS COME TRUE to all our beloved Customers, we remain.

Mr. Junichi SASAKI President, CEO



About FUTABA

- Brief Overview of FUTABA
- History of FUTABA

- Vision Mission & Core Value
- Branding of FUTABA

Brief Overview of FUTABA

FUTABA Microfinance Plc., started its operation in late 2015, which has received MFI license on December 16th, 2015 from the National Bank of Cambodia under its clearly mission and vision to become a leading microfinance institution in Cambodia. On October 22nd, 2018, the National Bank granted permission to extend the license to FUTABA for 3 years more. Later on, seeing the effectiveness of credit performance management and implementing on the shortcomings as the recommendation of inspection report of the National Bank of Cambodia, on December 30th, 2019, the National Bank of Cambodia decided to grant a permanent business license to FUTABA. Since 2016, AZUMA & Co., Ltd. (Japanese company) has also become a shareholder holding a 100% shares in FUTABA.

As of December 31st, 2019, **FUTABA** has a total of 74 staffs, 26 females and 48 males are working at Head Quarter and 04 branches including Head Office Branch, Khan Tuol Kouk Branch, Khan Pur Senchey Branch and Krong Chbar Mon Branch with 819 clients whose are receiving loan, and loan portfolio of \$ 13,446,179 under 17 Credit Officers, which has increased steadily from year to year may indicate that **FUTABA** has continued its positive and sustained growth in the future. Especially during the last 4 years, we have maintained the Portfolio at Risk at 0.46% and Loan Written–Off at 0%, which is the good result on credit management in each year.

As for the financial statements, we see that **FUTABA** took over one year to realize its net profit since 2017, and the net profit at the end of 2019 was \$464,816 as a good financial performance that the institution is continuing its positive operations.

In 2019, with the aim of strengthening the operational controls and following the recommendations of the National Bank of Cambodia, the institution has selected 2 more independent board members and new set up of the board committees such as Risk & Compliance Committee and Audit Committee.

It is a part of supporting the education development and staff living conditions, **FUTABA** also provides the lowest interest rate on the Education Loan and Staff Loan, with the main goal of the Board of Directors and Shareholder in keeping with a long—term vision and positive perspective situation on the financial market progression in Cambodia, **FUTABA** will continue to perform its long—term strategic plan and master plan to extend its potential coverage to a broadly market scope and responding to the growing demand for loans by local customers and the growth of a country current and in the future.

History of FUTABA



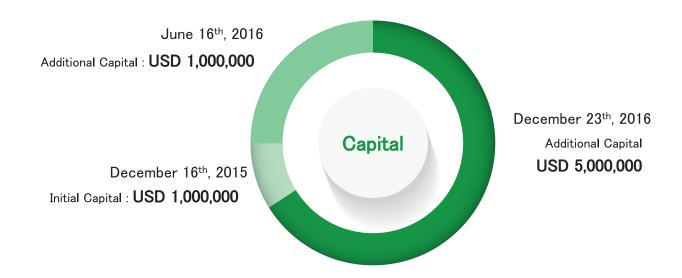
FUTABA Microfinance Plc, has been established in the purposes and dreams of a shareholder. Throughout the initiatives, as well as a strong commitment, the shareholder has overcome all obstacles, and finally received the official business operating license from The National Bank of Cambodia, No M.F-64, issued on December 16th, 2015.

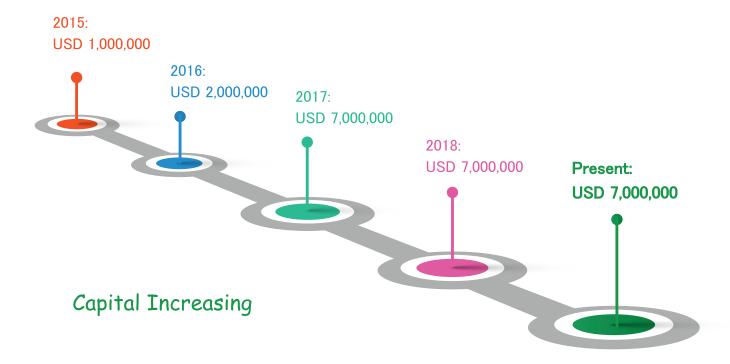
At the beginning of 2016, **FUTABA** started its business operation with the only initial capital of USD 1,000,000. However, with the strong support from customers, it was showing that **FUTABA** got a great successful achievement. Meanwhile, since 2016, **AZUMA** & Co., Ltd., has become a shareholder of **FUTABA** Microfinance Plc, **AZUMA** & Co., Ltd., a Japanese Company, has parallel concept in supporting and improving living standard of Cambodian people, especially to contribute to developing new generations by providing highly effective financial service with quality, consistency, and transparency of the market.

With the long-term perspective and the expectation the positive progress of the financial market in Cambodia, **FUTABA** Microfinance Plc, will continue to implement its strategic plan in order to achieve the need and dream of the shareholder. Having seen its growing, **FUTABA** Microfinance Plc, launched 3 new branches more by the end of 2016 in order to strengthen and enhance its potential strength on a widely market, and to serve the growth of loan demand from the local area customers. The 3 branches were approved the official business operation license from the National Bank of Cambodia on September 20th, 2016. In view of the positive implementation and management as well as the long-term strategic plan in the future, the National Bank of Cambodia granted permission to extend the license to **FUTABA** for 3 years more on October 22nd, 2018 and on December 30th, 2019,

the National Bank of Cambodia decided to grant a permanent business license to **FUTABA**. We see that the **FUTABA** did not more injection capital and expand its operations since 2017, as the institution continues to improve its internal control system, the staff's knowledge and skills, and highly efficient performance.

In the meantime, **FUTABA** Microfinance Plc, was successful in subsequent capital injection as the following:





♦ Vision & Mission

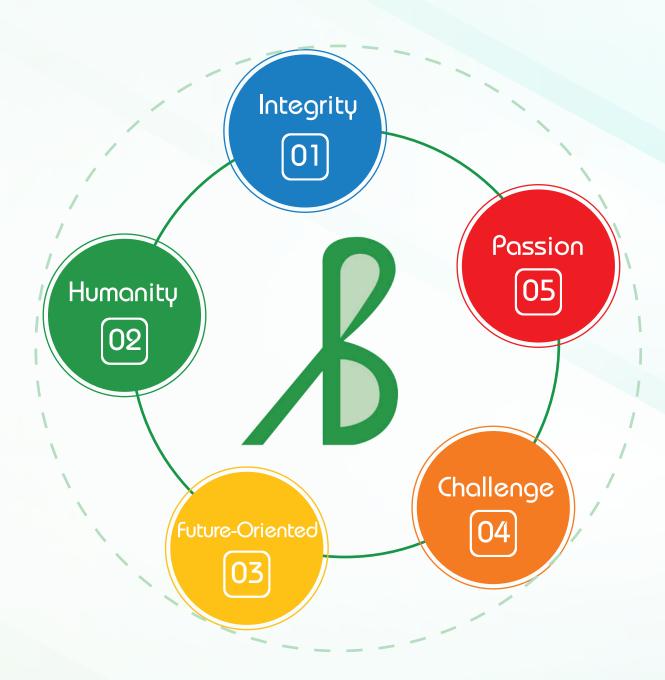
To be a leading financial institution in Cambodia achieving great impact on improving living standard for current and new generations.





To offer the most reliable Financing Services to Medium, Small and Micro – Enterprises and Individuals by creating sustainable market to support current and succeeding generation and social performance to achieve their goal with better life in the future.

Core Values



Branding of FUTABA

Symbol and Meaning

The Symbol is referred to the small **BUD** which just came out from the ground.

This small **BUD** can grow up to the **GIANT TREE** in near future, based on our honest and hard works together with a kind back-up from the fair Supporters.

Namely, we, **FUTABA** Microfinance Plc. as a small Financing Institution, have just started our activity in the Financing Sector in the Kingdom of Cambodia. And we can grow up in near future to be a leading BANK in the Kingdom of Cambodia, to provide the Financing Services of a very high quality to the users in order to assure the steady and bright futures to all the users of **FUTABA** Microfinance Plc./ **FUTABA** Bank, as if the small **BUD** can grow up to the **GIANT TREE** in due course.

How fast we can grow up to the **GIANT TREE** totally depends on how hard each of the Members of **FUTABA** Microfinance Plc. will work with full sincerity, also depends on how big support could be provided to us from our beloved Customers.

Color

Green Color in the **BUD**, refers to the respect we pay to the Environment, the Harmony among the Economic Growth and the Safe Environment for the Current and the Next Generation.

Slogan



ទ្យុតាចា ទីគ្រូសិរញ្ញួចគ្គុ នីអិលស៊ី FUTABA MICROFINANCE PLC.





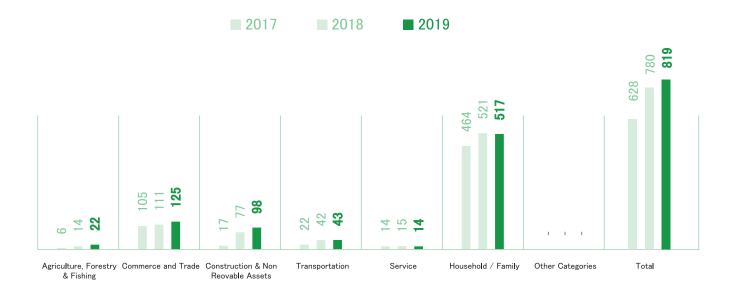
Business Performance

- Loan Performance by Sectors
- Loan Performance by Products
- Classifying the Loan Types by Main Categories
- Classifying the Loan Products by Main Categories

Loan Performance by Sectors

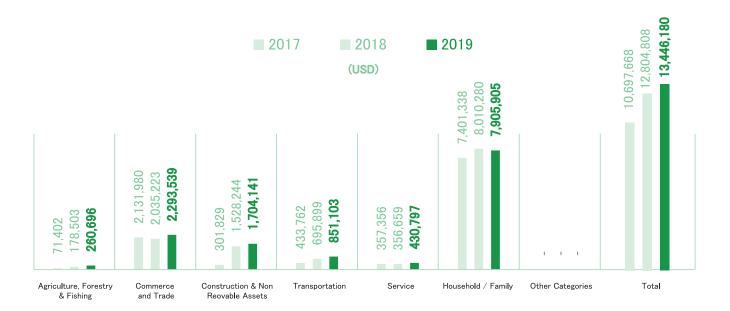
Number of Account

Sector	2017	2018	2019
Agriculture, Forestry & Fishing	6	14	22
Commerce and Trade	105	111	125
Construction and Non Reovable Assets	17	77	98
Transportation	22	42	43
Service	14	15	14
Household / Family	464	521	517
Other Categories	_	_	-
Total	628	780	819



Loan Portfolio

Sector	2017 (USD)	2018 (USD)	2019 (USD)
Amiaultuus Fausatus 9 Fishing	74.400	470 700	
Agriculture, Forestry & Fishing	71,402	178,503	260,696
Commerce and Trade	2,131,980	2,035,223	2,293,539
Construction and Non Reovable Assets	301,829	1,528,244	1,704,141
Transportation	433,762	695,899	851,103
Service	357,356	356,659	430,797
Household / Family	7,401,338	8,010,280	7,905,905
Other Categories	-	_	_
Total	10,697,668	12,804,808	13,446,180



♦ Loan Performance by Products

Number of Account

Sector	2017	2018	2019
Business Loan	169	164	201
Consumption Loan	239	274	245
Agriculture Loan	9	15	21
Housing Loan	163	240	244
Staff Loan	32	50	48
Education Loan	16	6	6
Employee Loan	_	31	54
Total	628	780	819



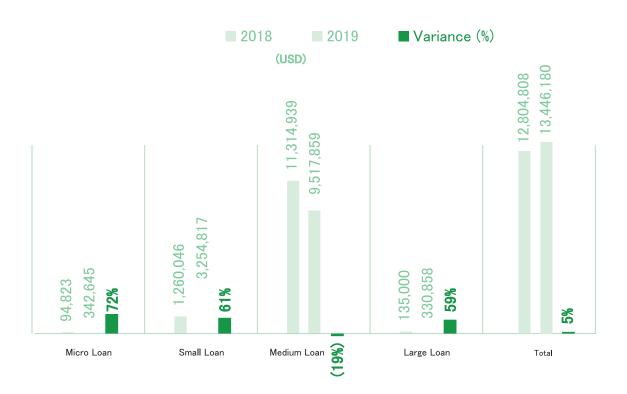
Load Portfolio

Sector	2017 (USD)	2018 (USD)	2019 (USD)
Business Loan	3,562,591	3,254,164	4,340,033
Consumption Loan	2,915,569	3,336,433	2,606,702
Agriculture Loan	93,155	185,938	213,155
Housing Loan	3,888,871	5,581,917	5,769,841
Staff Loan	229,359	378,896	430,302
Education Loan	8,123	2,986	3,797
Employee Loan	_	64,474	82,349
Total	10,697,668	12,804,808	13,446,180



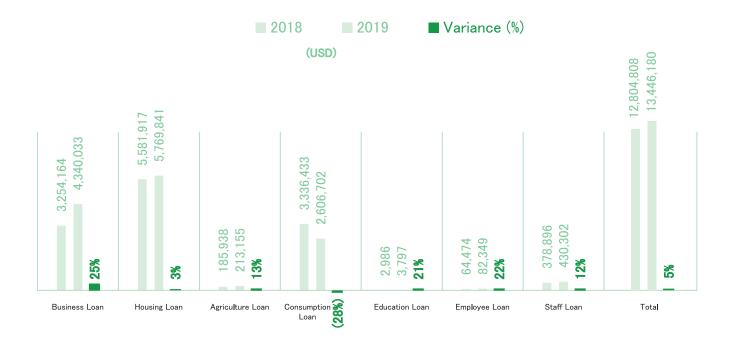
Classifying the Loan Types by Main Categories

Types	2018 (USD)	2019 (USD)	Variance (%)
Micro Loan	94,823	342,645	72%
Small Loan	1,260,046	3,254,817	61%
Medium Loan	11,314,939	9,517,859	(19%)
Large Loan	135,000	330,858	59%
Total	12,804,808	13,446,180	5%

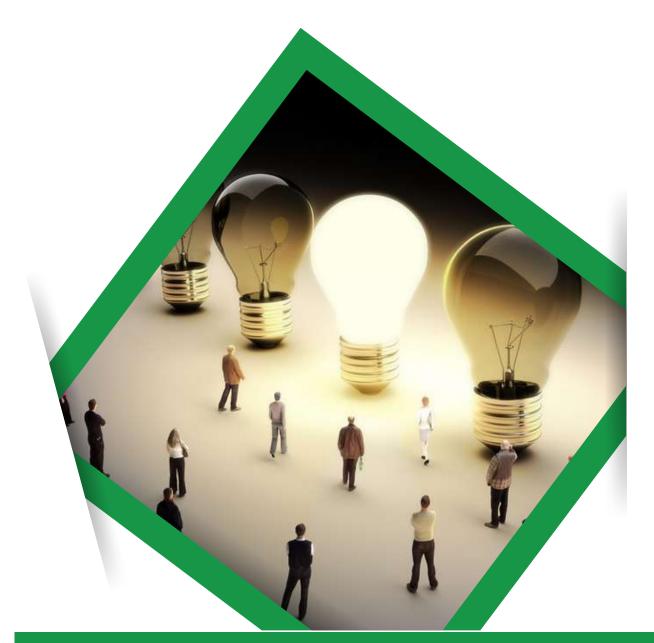


Classifying the Loan Products by Main Categories

Types	2018 (USD)	2019 (USD)	Variance (%)
Business Loan	3,254,164	4,340,033	25%
Housing Loan	5,581,917	5,769,841	3%
Agriculture Loan	185,938	213,155	13%
Consumption Loan	3,336,433	2,606,702	(28%)
Education Loan	2,986	3,797	21%
Employee Loan	64,474	82,349	22%
Staff Loan	378,896	430,302	12%
Total	12,804,808	13,446,180	5%







Corporate Governance

- Shareholder and Capital
- Organization Chart
- Board of Directors
 - Management Teams



AZUMA & Co.,Ltd. as 100% Share-holder of FUTABA Microfinance Plc., hereby express our keen eagerness to contribute to the Eradication of the Poverty in our beloved Country, the Kingdom of Cambodia.

AZUMA & Co.,Ltd. as pure Japanese Enterprise are 100% owned by myself, Yosuke **SASAKI**, a Japanese citizen, who act as the President of **AZUMA** & Co.,Ltd.

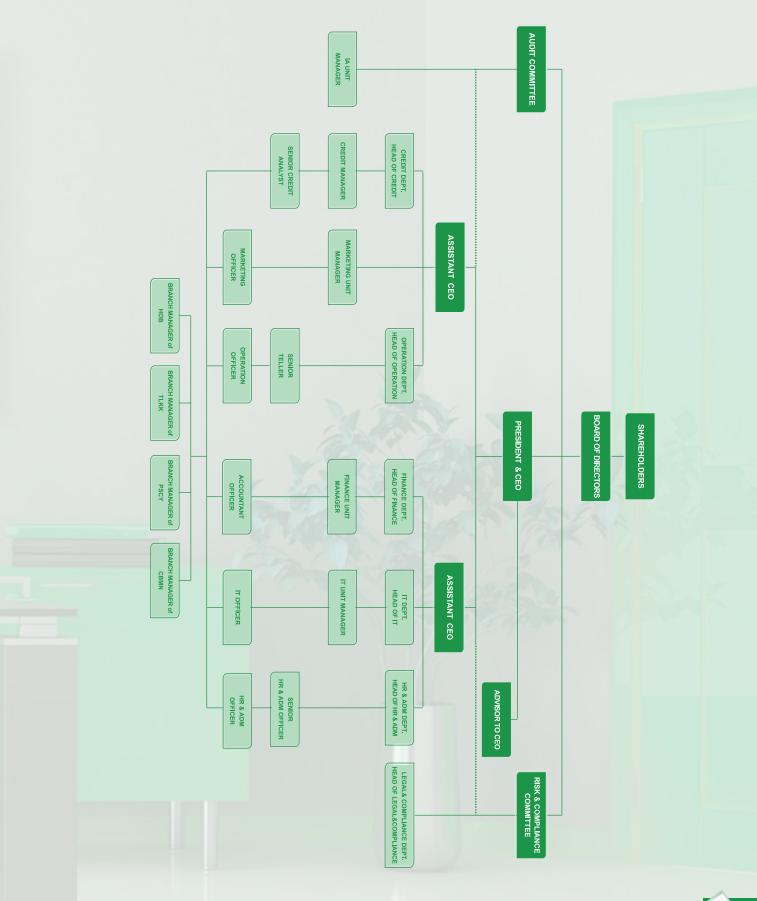
It is a great honor for us **AZUMA** & Co.,Ltd. in case we could be a little bit of helping in supporting and bringing up the Next Generation, also in improving the Standard of Livings in our beloved Country, the Kingdom of Cambodia, based on our very Transparent, Effective and

Long-lasting Financing Services through our **FUTABA** Microfinance Plc..





Organization Chart





Mr. CHREUK Phally, Cambodian, was born in 1981 in Phnom Penh. He has been appointed to be a Board Member of FUTABA Microfinance Plc., since July, 2015 and then he was appointed to be Chairman of Board of Directors on 22nd July, 2016. He has more than 15 years of experience in the field of Management, 5 years of which he served as Marketing Manager at FUTABA Co., Ltd. In 2007, he was promoted to General Manager, and serves in this capacity to-date. He obtained his Bachelor's Degree of Business Administration from Norton University.

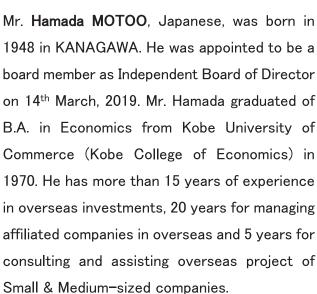






Mr. Junichi SASAKI, Japanese, was born in 1949 in KANAGAWA. He was appointed to be a member of Board of Directors on 18th August, 2017. Mr. Junichi SASAKI graduated from Tokyo University in 1975, and he is currently active as President and 100% shareholder of FutureBud International Co., Ltd, Japan.







Mr. NGET Sovannaro, Cambodian, was born in 1959 in Takeo province, Cambodia. He was appointed to be a board member as Independent Board of Director on 14th March, 2019. He graduated in Master in Agronomie from Moscow People's Friendship University of Scholarship Master Scholar awarded by Russia Government in 1987. He has more than 25 years of experience since 1992 in Accounting Manager, and 8 years in Deputy Inspector General of Ministry of Planning.



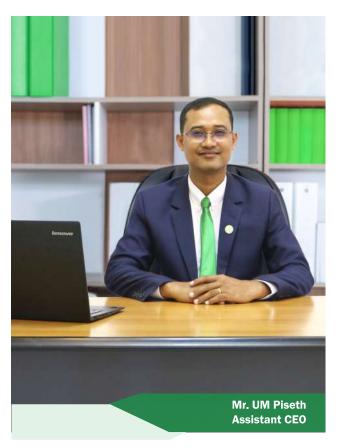




Ph.D. CHAP RATANA started his career with FUTABA Microfinance Plc. as Local Financial Adviser in January 2015, then he was appointed to be Deputy Chief Executive Officer in late 2015. He earned Master Degree in Business Administration and Ph.D. Degree in Educational Administration at Build Bright University (BBU). He has over 25-years working experience as an Interpreter, Administrator, Project Manager and a Local Adviser with all corporate levels of Line-Ministries, Provincial Levels, Development Partners, UN, IO, NGO, Private Sectors in the fields of National Strategic Development Plan, Financial, Statistics, Education, M&E, Health based UNTAC, WHO-Ministry of Health, and UN-Ministry of Planning. Lastly, in January 2017, He was promoted to be Advisor to President.



Mr. PREAP Kandoeng earned Master Degree of Business specialize in Finance from Charles Sturt University, Australia, and Bachelor's Degree in Business Administration, specialize in Accounting at National University of Management. He has years of working experiences at all corporate levels, educational background and continuous professional development. Before joining FUTABA, he had many years of experience in the field of Accounting Management, Accounting Technical Advisor, Banking and Finance Management and Head of Finance Department position of other MFI. He joined FUTABA Microfinance PLC., as Head of Finance Department in 2015. Then, he was promoted as Assistant Chief Executive Officer, in charge mainly of difference types of departments including Finance Department, IT Department, and HR & Administration Department, starting from July 1st, 2016.



Mr. UM Piseth started his career with FUTABA Microfinance Plc. as Head of Credit Department in late 2015, then he was promoted to be an Assistant CEO in July, 2016. He is now in charge of three departments, Credit Department, Marketing Department, and Operation Department. In the background, he obtained Bachelor Degree in the field of General Management from Royal University of Law and Economics, and held Diploma of Intensive English Academic of Purpose from Paññasastra University of Cambodia. He has attended numerous Training Courses, Workshops and conferences, which was related to Property Development Sector, and Banking & Microfinance Sectors as well. He has spent over 15 years of practical experience in Various Positions in Microfinances such as Branch Officer, Branch Manager, Regional Manager, Operation Manager, Head of Marketing & Communication Department, Credit Manager, and Head of Credit Department. He also used to work with Telecom Companies for over 3 years.







Mr. KUNG Sarath, Cambodian, graduated with his Master's degree in Management in 2011 included two other major fields, Information Technology and English Literature. In professional background, he was an IT Manager who handled and led IT Department Division in one among the largest commercial bank in Cambodia. He gained hands-on experience in Core Banking System, Card System, and SWIFT System with various kinds of Technical Skills such as defining system work flow and process, secured banking network infrastructure, and policy maker. In early 2016, he joined FUTABA Microfinance Plc, as Deputy Head of IT, and six months later he was promoted to be Head of IT. He has initiated and set up Network Infrastructure for Production and DR Data Centre site, and IT Policy as well as IS Policy for FUTABA Microfinance Plc since first established. He got over 10-year experience in Banking and Financial Sector.

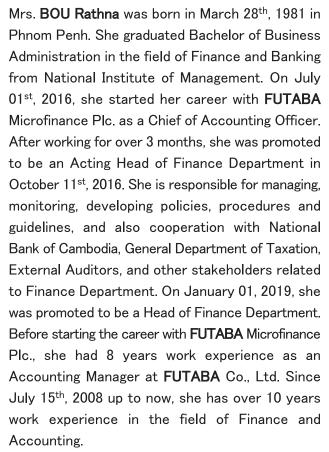


Mr. PHON Sothea has joined FUTABA as Head of Credit Department since July 1, 2017. Before joining FUTABA, he worked as Head Operations Department in a medium-sized microfinance institution in Cambodia for seven years from 2010 to mid-2017. Between 2004 and 2010, Mr. Sothea worked for a medium microfinance with his first career as an assistant to Finance/Admin Department, then he was promoted step-by-step to be a great Branch Manager in that institution. he holds Master Degree inmanagement development, graduated from Norton University in 2011, and Bachelor Degree in Management Information System from National University of Management in 2004. Mr.Sothea has had extremely practices and experiences over 14 years in various positions in Banking and Finance Sectors. Additionally, he attended various training and conference courses in local and international countries related to microfinance sectors, real estates, micro insurances, and other management law works.



Mr. SAR Phearom was jointed as Deputy Head of Legal & Compliance of **FUTABA** in September 2017. Before joining FUTABA, he worked in Chamroeun MFI in the last position as Head of Risk and Legal Compliance and started with Chamroeun in many positions from Loan Officer in February 2009 and became Internal Audit Officer in February 2010. He was later promoted to Branch Manager in November 2010 and Senior Compliance Officer in June 2012. And then he was promoted to Legal and Compliance Manager in June 2013 and Head of Legal Department in January 2015 then in charge of Head of Risk & Legal Compliance. He has almost 1 year-experience with Feeling Home Hotel as Front Officer and more than 4 year-experiences with World Vision at District as Volunteer. He obtained his Master Degree majoring in Master in Private Law from the Royal University of Law and Economics and holds a Bachelor Degree in Accounting and Financial from Human Resources University. Within his roles and duties, He has spent experiences over 9 years in various position in Banking and Financial Institution sector.







Mr. CHEA Sopheak has joined FUTABA as Head of Operation Department since February 11, 2019. Before joining FUTABA, he worked as Operation Manager in microfinance institution in Cambodia for four years from 2014 to 2018. Between 2007 and 2013, Mr. Sopheak worked for a medium microfinance with his first career as an accountant, then he was promoted step-by-step to be a great Provincial Accounting Manager in that institution. Mr. Sopheak holds Bachelor Degree in Finance and accounting at Build Bright University in 2007. He has had extremely practices and experiences over 10 years in various positions in Banking and Finance Sectors. Additionally, he attended various training and conference courses in local related to microfinance sectors, and other management law works.





Risk Management & Internal Control

- Risk and Compliance Management Internal Audit

Risk and Compliance Management

External auditors, consultants and regulators are also a part of oversight of institutional operations by external reviews, which can show FUTABA Microfinance Plc, a lack of clarity, risk arising and identify points the institution needs improvements. Additionally, Compliance Management continued strengthen FUTABA's internal compliance with a focus on performing compliance tasks as acquire or new NBC licensing and registration with various government bodies ensures that FUTABA's business expansion and its operation are fully compliant with Cambodia's laws, rules and regulations in banking and microfinance sectors.

Board of Directors has decided to establish a Legal & Compliance Department who in charge and responsible by Head of Legal & Compliance to ensure that FUTABA's risk occurring and compliance management is sound, by overseeing the internal control in place to identify, assess and manage internal and external risks that could present threats to FUTABA's operation and ensuring that practices and procedures are fully compliant with laws and regulations. Besides, he also responsible for monitoring the compliance with

the internal policies, procedures and guidelines relating to compliance, including checking the efficiency on adherence of established policies and liaises internal and external functions in matters of compliance and managing compliance risks. In order to measure and control the qualifications and work experience of the responsible persons in compliance, which recognized by the National Bank of Cambodia on August 29th, 2018. Additionally, the Legal and Compliance Department is responsible for overseeing on Anti-Money Laundering and Combating Financing Terrorism, which is reported and cooperated with the Financial Intelligent Unit of the National Bank of Cambodia.

FUTABA has created the Risk and Compliance Committee in board level on November 01st, 2019, chaired by an Independent Board of Director, to lead a regular meeting at least twice a year with the coordination meeting by Head of Legal and Compliance for discussing the reports with all departments or managements and review the adequacy and completeness of the compliance risk analysis which required by laws and regulations. Significant compliance risks are highlight and reported to the Board of Directors for timely compliance and resolution.

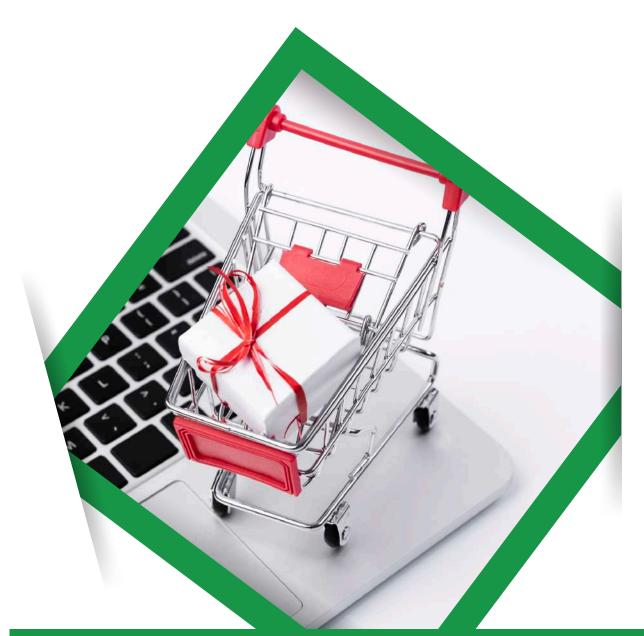


Internal Audit

Internal Audit must be an independent side on the monitoring and reporting on the overall implementation of the institution. FUTABA's Internal Audit side was established in July 2017, in charge by Internal Audit Unit Manager and this position has acknowledged by NBC on June 13th, 2019. Internal Audit Unit Manager will be responsible for conducting the audit tasks and all operating within FUTABA Microfinance Plc. as well as audit plan, updating audit program and training staff for the necessary need to improve the quality of audit. In accordance with the internal audit policy and audit plan, at least once a year, shall be audited at each branch and department. Internal Audit side is independent of all FUTABA's operations and reports directly to Audit Committee in Board level. And the Internal Audit Committee was set up on November 01st, 2019, chaired by an Independent Board of Director, to lead a regular meeting at least twice a year. In fact, in 2019, Internal Audit also reported the internal audit reports to Board of Directors about the performance and key issues finding of the institution's operations under managing by management teams, departments and branchs.

Audit plans and audit program have been reviewed and approved by Audit Committee. The mission of Internal Audit side is to ensure the effectiveness and efficiency of internal audit tasks, internal control, adequacy of reporting, and compliance with policies, procedures, guidelines, laws and regulations. Focus in implementing the IA program, plans, and systems which would enable by Internal Audit, to focus on strategic issues (development of audit programs and plans, continuous improvement of the audit manual, advisory to management on internal control, etc.) to continue improving the Internal Audit side. Internal Audit also need to have a clear action plan for tracking the implementation on the key issues finding.





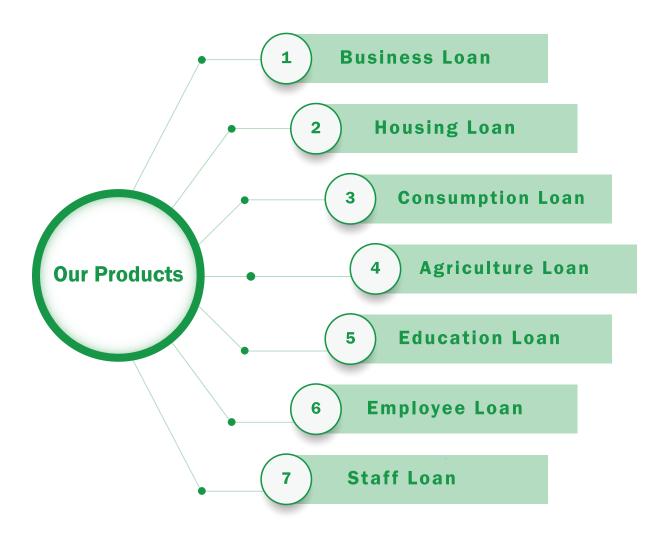
FUTABA's Products

- Business Loan
- Housing Loan
- Consumption Loan
- Agriculture Loan

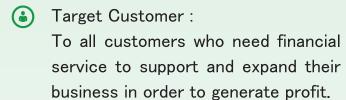
- Education Loan
- Employee Loan
- Staff Loan

• FUTABA's Products

We, **FUTABA** Microfinance Plc., do provide various kind of financing services, such as Business Loan, Housing Loan, Agriculture Loan, Staff Ioan, Consumption Loan, Education Loan, and Employee Loan with very **LOW INTEREST RATE** and the best Customer Services.







© Currency: KHR & USD

Loan Size: 200 USD - 200,000 USD

Loan Term Up To: 10 years



Target Customer:

To all customers who need to buy home or build home for residential and business purpose.

Currency : KHR & USD

Loan Size : 200 USD - 200,000 USD

Loan Term Up To: 10 years



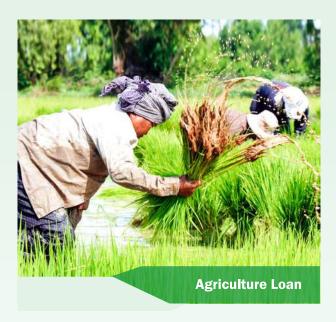
Target Customer:

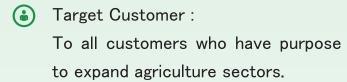
To all customers who need financial service to buy equipments for personal use.

Currency : KHR & USD

Loan Size : 200 USD - 200,000 USD

Loan Term Up To: 10 years





Currency: KHR & USD

Loan Size: 200 USD- 200,000 USD

Loan Term Up To: 10 years



Target Customer:

To all parents or students who lack of financial for school fee.

Currency: KHR & USD

Loan Term Up To: 5 years



Target Customer:

To provide for individual who has a regular salary income for supporting their financial need but it must be legal usage.

Currency : KHR & USD

Loan Size : Up to 20,000,000 Riel

or 5,000 USD

• Loan Term Up To: 2 years



- Target Customer:

 To all FUTABA's staff who need financial service to support their living standard.
- © Currency : KHR & USD
- Loan Size: 24 times or 48 times of basic salary
- Loan Term Up To: 15 years

Loan Conditions

Required documents

- Age from 18 to 65 years old.
- Have permanent location in FUTABA's operation areas.
- Have a good history in society.
- Have a legal employment or business.
- Have a properly collateral.

- ID Card or Family Book or Residence
 Book or Birth Certificate or Passport.
- Collateral (Hard Title or Soft Title).
- Other documents related to Income Sources.





Staff Development

- Staff Training & Development External Workshop Attending

Staff Training & Development

With good cooperation of the management of all departments as well as all branch managers of **FUTABA** Microfinance Plc, in 2019, Human Recourse department has a lot achieved.

Paying attention to improving the capacities, skills and responsibility of staffs to gain effectively performance. Develop staffs' capacity is one of the main priorities in **FUTABA** MFI. Each staffs will have the training based on actual demand of each department.

For new staffs, especially new credit officers, **FUTABA** has offered them an orientation at head office before being assigned to their department or branch in charge. The orientation is focused on knowledge, skills, compliance with the mission, vision perspective, policies and procedures, as well as the decisions of **FUTABA**. In addition, hand—on training is also provided to new staff, which is carried out through the manager in charge at each department, Office or branch to ensuring that all staff members have enough ability to understand and work on time. At the same time, Human Resource and Admin Department performs an important role by cooperating with each department, arranging internal training and assigning staff to attend external training based on actual demand. These include:

In this year, **FUTABA** Microfinance PLC, provided the internal training course 10 times to new and the existing staffs.









Internal Training Activities









Giving Certificate Activities









Internal Training Activities

External Workshop Attending

The demand and important of new knowledges that could be gained from external training has certainly contributed for develop staff's capacity. The management of **FUTABA** MFI has highly appreciated this requirement and always encourage as well as dispatched staff to attach External training courses.

In the year of 2019, the managements and staffs of **FUTABA** MFI have participated in 5 seminars and external trainings.







FUTABA's Events

○ Annual Workshop 2019

- Investment Funds Connection
- Management Team Meeting in Singapore

Annual Workshop 2019









FUTABA Microfinance PLC has consistently evolved and expanded its business scope year by year gradually. Those positive results involved made by strong support from public and its own esteemed customers. On December 08th, 2019, FUTABA organized an "Annual Performance Review Workshop for 2019 and the Orientation Planning for 2020" at Saen Monourom, Mondul Kiri Province, presided over by Mr. PREAP Kandoeng and Mr. UM Piseth, Assistant CEO, Head of Departments, and all corporate staff levels of FUTABA's Family.

Mr. PREAP Kandoeng, Assistant CEO, welcomed and expressed his great honor to participant staff and management in the event. He widely shared his opinion in economic growth in which Banking and financial sector in Cambodia had been rapidly growing remarkably in the recent years. In the meantime, he noticed that FUTABA had achieved a great result within the last 4 years. As of November, 2019, the Income profit was USD 358,715, Total Loan Portfolio was USD 13.579,709, and Portfolio at Risk was 0.45%

under controlled by 17 Credit Officers. He added that what the strength of **FUTABA** was that **FUTABA** could still keep PAR (Portfolio at Risk) at lower than 1%, written off loan was 0%, which was the greatest result in Credit Management and Controlling. All those desired result could occur because of all involving staff especially Credit team who made much effort on Credit Management and on time Controlling.

In that occasion, Technical Department also presented briefly on the performance result as of November, 2019 and the direction plan to follow as below:

- Total Investment Capital was USD 7,000,000
- Total Current Asset: USD 14,349,786
- Total Liability: USD 7,023,389
- Total Equity: USD 7,349,797
- Total Income: USD 1,706,152
- Total Staff: 74, Female 26, Male 48
- Members of Board of Directors 5, whereas 2 were
 Independent Boards, and 10 were senior management
- Total Staff resigned: 25, new comers 20

- To disburse Khmer Riel Ioan at least 10% of Total Loan Portfolio before end of year 2019 to comply with NBC's Prakas.
- To continue to find out good clients to meet disbursement plan & target for the year 2020
- To minimize the Portfolio at Risk to be smaller and smaller in the year 2020.

In addition, Mr. **UM Piseth**, Assistant CEO, congratulated and awarded to the Top Performing Branch, and the Outstanding Staff, and thanked to staffs and managements who made big effort and good cooperation which contributed to make the very good outcome over expectation. Seeing the staff's effort made and the great result of **FUTABA**,

he further expressed that the Annual Staff Appraisal for 2019 would be expected to be high up to 15%, with another Special Bonus 10% of Net Income 2019 to staff who met working condition set. **FUTABA** would continue to strengthen its better products and services to serve clients in the nearest future which was that Clients and **FUTABA** had the same dream.

In the great occasion, the workshop committee had prepared special programs such as Top Performing Branch Awards, Letter of Appreciation and Gift to Outstanding Credit Officer and staff who came to work on time during the year, Lucky draw, and Dancing with **FUTABA**'s Family.









Management Team Meeting in Singapore

In the purpose to change the atmosphere of the meeting and improve relationships, including a relax trip for the management, which encouraged the hard work in the past, the Chief Executive Officer allowed management team to have a meeting in Singapore on 04–05–06 September, 2019. Especially highly appreciated attended by the Chairman of the Board of Board of Director and Advisor to CEO.

In the event, the Chairman of the Board of Director, mentioned that the FUTABA Microfinance Plc, has started its operation since the beginning of 2016, has no any meetings or seminars in abroad, but now we have a first time meeting in Singapore. Having this meeting, as a result of the hard work of all our staff with a good performance that has been trusted by our shareholders and the Board of Directors. In view of this effort, the Board of Directors and the CEO approved the budget for meeting abroad as an incentive and relaxation of management staff. He still believes that if we maintain a good results, we can still request such a meeting.

At the same time, all managements are appreciated and really happy for this occasional meeting abroad and we commit with the effort to bring this workplace to a better result in future.









Investment Funds Connection



For the purpose of enhancing connections and seeking additional investments injection and borrowing funds for the expansion of its operations, on 22nd–23rd January 2019, FUTABA Microfinance Plc, has allowed the senior managements to attended the Asia Financial Institutions Forum (AFIF) in Bangkok of Thailand, which focused on Connecting Investors and Investees Fostering sustainable and inclusive financial markets. The event had brought together key industry players to improve connections within Asia's financial community. These two days offered us a great platform to hear from different market players and connect with over 400 delegates from across the globe.

Investment Funds Connection Activities in Thailand









Financial Statements & Independent Auditor's Report

- Independent Auditor's Report
- Statement of Financial Position
- Report of the Board of Directors Statement of Comprehensive Income
 - Statement of Changes in Equity
 - Statement of Cash Flows

Report of the Board of Directors

The Board of Directors submits its report together with the audited financial statements of **FUTABA** Microfinance Plc ("the Company") as at and for the year ended 31 December 2019 ("the year").

The Company

FUTABA Microfinance Plc ("the Company") is a public limited company incorporated in Cambodia and registered with the Ministry of Commerce under the registration number Co. 2974E/2015 on 14 August 2015.

On 16 December 2015, the Company obtained its license from the National Bank of Cambodia to operate as a micro-finance institution. On 13 July 2016, the Company obtained a new registration number 00016904 from the Ministry of Commerce.

The registered office of the Company is located at No. 795, Monivong Boulevard, Sangkat Boeung Trabek, Khan Chamkarmorn, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2019, the Company had 74 employees (2018: 81 employees).

Principal activities

The principal activity of the Company is to provide the public with sustainable micro-finance services to small and medium enterprise and individual through its head office and other three branches based in Phnom Penh and Kampong Speu, Kingdom of Cambodia.

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

Results and dividends

The results of the Company's operations for the year ended 31 December 2019, and the state of its affairs as at that date are set out in the accompanying financial statements.

The Board of Directors do not recommend the payment of a dividend for the year ended 31 December 2019.

Board of Directors

The members of the Board of Directors of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. Chreuk Phally	Chairman	20 July 2016
Mr. Yosuke Sasaki	Director	20 July 2016
Mr. Junichi Sasaki	Director	18 August 2017
Mr. Motoo Hamada	Independent Director	14 March 2019
Mr. Nget Sovannaro	Independent Director	14 March 2019

Management Team

The management team of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. Junichi Sasaki	Chief Executive Officer	28 December 2017
Dr. Chap Ratana	Advisor to CEO	1 January 2017
Mr. Preap Kandoeng	Assistant CEO	1 July 2016
Mr. Um Piseth	Assistant CEO	1 July 2016
Mr. Phon Sothea	Head of Credit Dept.	1 July 2017
Mr. Lim Sombo	Head of HR & Admin Dept.	1 November 2017
Mr. Kung Sarath	Head of IT Dept.	1 January 2016
Mr. Sar Phearom	Head of Legal & Compliance	1 January 2019
Ms. Bou Rathna	Head of Finance Dept.	1 January 2019
Mr. Chea Sopheak	Head of Operation Dept.	11 February 2019

Directors' interests

None of the directors held or dealt directly in the shares of the Company during the year.

The indirect interests of the directors of the Company are disclosed in the financial statements.

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

During the financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation

with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than as disclosed in the financial statements.

Auditors

The Company's financial statements as at and for the year ended 31 December 2019 were audited by Grant Thornton (Cambodia) Limited. Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring 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 2019 and its financial performance and cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- i. adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently,
- ii. comply with the disclosure requirements of the CIFRS for SMEs or, if there has been any departure from such requirements 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. effectively control and direct the Company in all material decisions affecting its operations and performance, and ensure that such have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

On behalf of the Board of Directors and Management

Mr. Chreuk Phally Chairman Phnom Penh, Kingdom of Cambodia 13 May 2020 Mr. Junichi SASAKI Chief Executive Officer

May Many 245

Independent Auditor's Report

To the Shareholders, FUTABA Microfinance Plc.

Opinion

We have audited the financial statements of FUTABA Microfinance Plc ("the Company"), which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRSs for SMEs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the 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 an audit of financial statements in the Kingdom of 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 opinion.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2018 were audited by another independent auditor who expressed an unmodified opinion on those financial statements on 10 April 2019.

Other Inforation

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors but does not include the financial statements and our auditor's report thereon, which we have obtained prior to the date of this auditor's report, and the annual report which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information prepared by the Board of Directors and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to those matters in accordance with the requirements of CISA 720 (revised).

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs for SMEs, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- . Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- . Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- . Conclude on the appropriateness of the Board of Directors' use of the going con cern 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.
- . Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountant

Ronald C. Almera
Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia

13 May 2020

Statement of Financial Position

As at 31 December 2018

		31 Dece	mber 2019	31 Decem	31 December 2018	
Assets	Note	USD	KHR' 000 (Note 3.3)	USD	KHR' 000 (Note 3.3) (Restated)	
Cash on hand	5	54,200	220,865	22,190	89,159	
Balance with the NBC	6	352,404	1,436,046	350,081	1,406,625	
Balance with other banks	7	711,551	2,899,570	287,536	1,155,320	
Loans to customers - net	9	13,323,512	54,293,311	12,669,792	50,907,224	
Other assets	10	311,791	1,270,548	216,811	871,147	
Property and equipment	11	148,063	603,357	194,538	781,654	
Deferred tax assets	20.3	16,613	67,698	36,242	145,620	
TOTAL ASSETS		14,918,134	60,791,395	13,777,190	55,356,749	
Equity and liabilities Equity						
Share capital	12	7,000,000	28,525,000	7,000,000	28,126,000	
Accumulated profits/(losses)	12	426,766	1,739,071	(9,374)	(37,665)	
Regulatory reserve	13	148,456	604,959	119,780	481,276	
TOTAL EQUITY	10	7,575,222	30,869,030	7,110,406	28,569,611	
Liabilities						
Advances from shareholder	14	1,390,000	5,664,250	1,390,000	5,585,020	
Borrowings	15	5,637,980	22,974,769	4,946,782	19,876,170	
Current income tax liability	20.2	103,070	420,010	97,322	391,040	
Other liabilities	16	211,862	863,336	232,680	934,908	
TOTAL LIABILITIES		7,342,912	29,922,365	6,666,784	26,787,138	
TOTAL EQUITY AND LIABILITIES		14,918,134	60,791,395	13,777,190	55,356,749	

♦ Statement of Comprehensive Income

		For the year ended 31 December 2019		_	For the year ended 31 December 2018	
	Note	USD	KHR' 000 (Note 3.3)	USD	KHR' 000 (Note 3.3) (Restated)	
Interest income	17	1,812,297	7,343,427	1,673,905	6,725,750	
Interest expense		(91,005)	(368,752)	(72,309)	(290,538)	
Net interest income		1,721,292	6,974,675	1,601,596	6,435,212	
Other operating income	18	58,351	236,438	89,048	357,795	
General and administrative expenses	19	(1,173,946)	(4,756,829)	(1,030,930)	(4,142,277)	
Allowance for bad and doubtful loans		(967)	(3,918)	(2,217)	(8,908)	
Allowance for placement with other banks		(82)	(332)	38	153	
Profit before income tax		604,648	2,450,034	657,535	2,641,975	
Income tax expense	20.1	(139,832)	(566,599)	(77,146)	(309,973)	
Net profit for the year		464,816	1,883,435	580,389	2,332,002	
Other comprehensive income -						
Currency translation difference		-	10,690	_	_	
Total comprehensive income for the year		464,816	1,894,125	580,389	2,332,002	

♦ Statement of Changes in Equity

		Accumulated		
	Share capital	profits/(losses)	Regulatory reserve	Total equity
	USD	USD	USD	USD
Balance at 1 January 2019	7,000,000	(9,374)	119,780	7,110,406
Profit for the year	_	464,816	-	464,816
Transfer to reserves	_	(28,676)	28,676	_
Balance as at 31 December 2019	7,000,000	426,766	148,456	7,575,222
Balance as at 31 December 2019				
(KHR' 000) (Note 3.3)	28,525,000	1,739,071	604,958	30,869,030
Balance at 1 January 2018 (Restated)	7,000,000	(463,932)	_	6,536,068
Profit for the year	_	580,389	-	580,389
Transfer to reserves	-	(119,780)	119,780	-
Net effect on prior year's adjustment	-	(6,051)	-	(6,051)
Balance as at 31 December 2018	7,000,000	(9,374)	119,780	7,110,406
Balance as at 31 December 2018				
(KHR' 000) (Note 3.3)	28,126,000	(37,665)	481,276	28,569,611

Statement of Cash Flows

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	KHR' 000 (Note 3.3)	USD	KHR' 000 (Note 3.3) (Restated)
Operating activities	004040	0.450.004	057.505	0.044.075
Net profit before tax	604,648	2,450,034	657,535	2,641,975
Adjustments for:			0.050	00 140
Amortization of intangible assets	_	-	8,250	33,149
Depreciation of property and equipment	55,966	226,774	98,892	397,348
Loss/(gain) on disposals of property and equipment	109	442	(20,081)	(80,685)
Property and equipment write off	_	-	137	550
Allowance for bad and doubtful loans	912	3,695	2,202	8,848
Operating profit before changes in working capital	661,635	2,680,945	746,935	3,001,185
Net working capital changes:	(654.620)	(0.650.560)	(0.005.007)	(0.277.000)
Change in loans to customers	(654,632)	(2,652,569)	(2,085,087)	(8,377,880)
Change in other assets	(94,980)	(384,859) (84,355)	(37,258)	(149,703)
Change in other liabilities	(20,818)	, , ,	99,764	400,852
Cash flow used in operating activities	(108,795)	(440,838)	(1,275,646) (17,092)	(5,125,546)
Income tax paid	(114,455) (223,250)	(463,772)	(1,292,738)	(68,676) (5,194,222)
Net cash flow used in operating activities	(223,230)	(904,610)	(1,292,736)	(5,194,222)
Investing activities				
Acquisitions of property and equipment	(9,660)	(39,142)	(7,885)	(31,682)
Proceeds from disposals of property and equipment	60	243	58,052	233,253
Net cash flow (used in)/from investing activities	(9,600)	(38,899)	50,167	201,571
Financing activities				
Advance from a shareholder	_	_	490,000	1,968,820
Drawdown of borrowing from shareholder	400,400	1,622,421	3,367,000	13,528,606
Repayment of borrowing from shareholder	(200,000)	(810,400)	(2,800,000)	(11,250,400)
Drawdown of bank borrowing	490,798	1,988,713	_	_
Net cash from financing activities	691,198	2,800,734	1,057,000	4,247,026
Net change in cash and cash equivalents	458,348	1,857,225	(185,571)	(745,625)
Cash and cash equivalents, beginning of year	309,807	1,244,804	495,378	1,999,841
Exchange rate difference	-	28,202	_	(9,412)
Cash and cash equivalents, end of year 8	768,155	3,130,231	309,807	1,244,804

♦ FUTABA's Corporate Partner











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