



ANNUAL REPORT 2023



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EAST MICRO





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About Us

EAST MICRO PLC. is a legal Microfinance Institution founded by a group of experienced professionals and licensed by the National Bank of Cambodia in July 2023.

At EAST, we believe that the best way of improving financial inclusion is to simplify access to finance and the aim of improving financial inclusion is to lift up the standard of living of the customer. We offer a wide range of financial products such as **HOME LOAN** for enriching wealth and comforts, **BUSINESS LOAN** for enabling further income generation, and **PERSONAL LOAN** for fulfilling essential needs and enhancing the lifestyle of our customers.

EAST has successfully launched its operations in just a month after receiving the license and been operating in Phnom Penh Municipality and Kandal Province, the most populated geography of the country

Vision

Be a leading institution in simplifying access to finance in the nicest possible way.

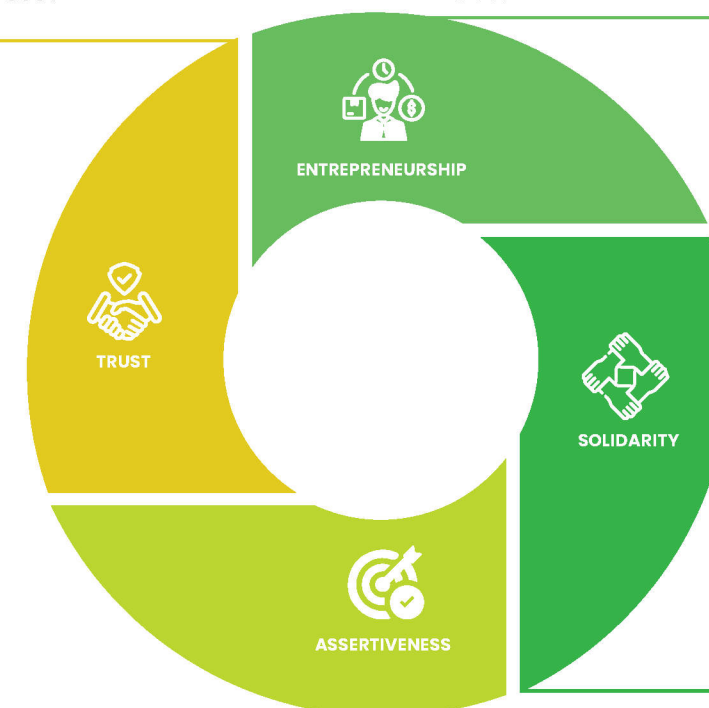
Mission

Providing quality financial services to businesses and individuals for a better economy and lifestyle.

Core Value

Building a firm belief in honesty, reliability, truth, ability, and etiquette for colleagues, the company, the customers, the community, and the country as a whole.

Having a sense of ownership caring of every cent of profit and loss, risks and rewards, productivity and initiative, and overall development of the business.



Behaving in a confident way that you have the ability to do something well or deal with situations successfully.

Being united as one working together on one goal, one direction, one action, and one interest.

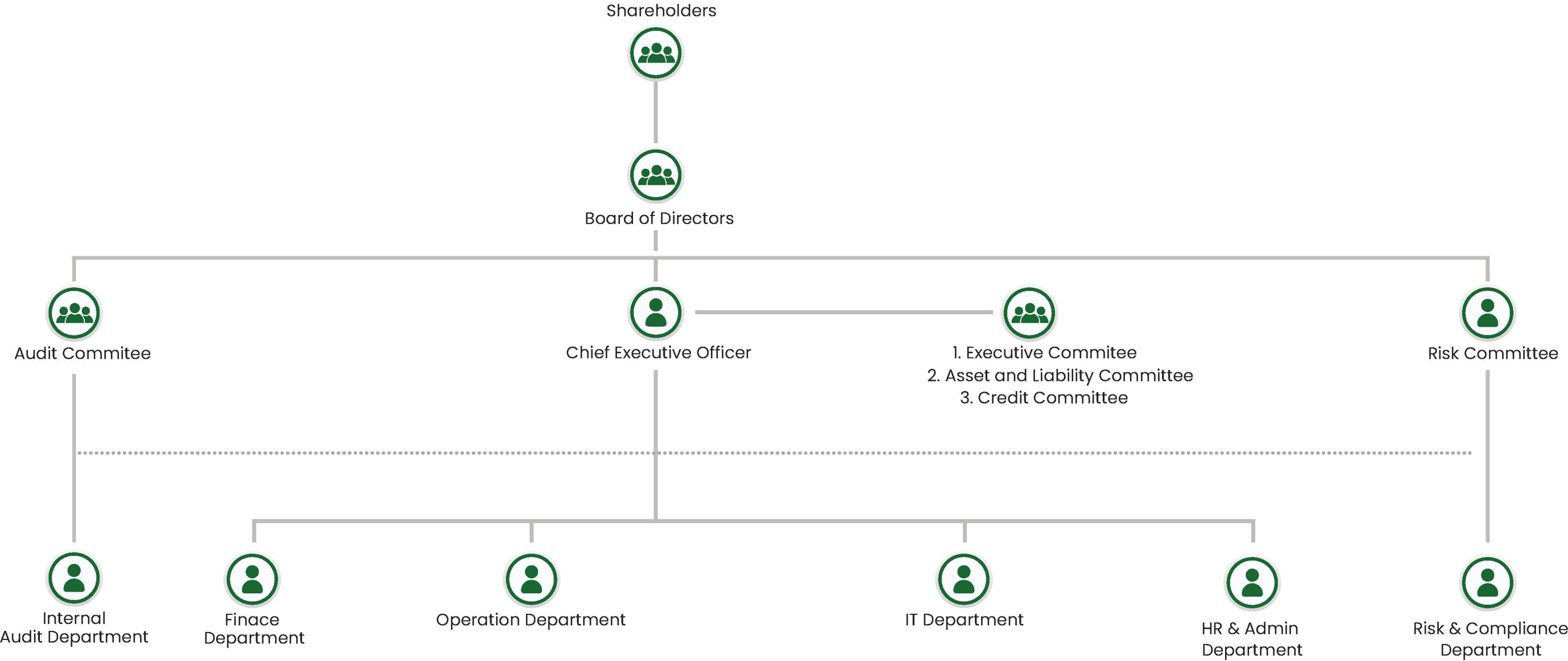
Milestone



Products And Service



Organizational Chart



Board of Directors and Committee

BOARD OF DIRECTORS

- **NEAK OKNHA. LY SENG KHEANG**
Chairman
- **MR. LENG SOKLONG**
Independent Director

- **LOK CHUMTEAV. CHAN DANY**
Director

BOARD COMMITTEE

AUDIT COMMITTEE




- **MR. LENG SOKLONG**
Chairman
- **NEAK OKNHA. LY SENG KHEANG**
Member
- **LOK CHUMTEAV. CHAN DANY**
Member

RISK COMMITTEE




- **LOK CHUMTEAV. CHAN DANY**
Chairwoman
- **MR. LENG SOKLONG**
Member
- **NEAK OKNHA. LY SENG KHEANG**
Member

MANAGEMENT COMMITTEE





EXECUTIVE COMMITTEE

- **MR. SOUNG SOPHALRITHY**
Chairman
- **MRS. BUON CHANSOPHEA**
Member
- **MR. HAK SOPHAL**
Member

ASSET AND LIABILITY MANAGEMENT COMMITTEE

- **MRS. BUON CHANSOPHEA**
Chairwoman
- **MR. HAK SOPHAL**
Member
- **MR. SOUNG SOPHALRITHY**
Member

CREDIT COMMITTEE

- **MR. HAK SOPHAL**
Chairman
- **MR. SOUNG SOPHALRITHY**
Member
- **A Representative from compliance function**
Member
- **A Representative from credit function**
Member

Executive Management



MR. SOUNG SOPHALRITHY
Chief Executive Officer

Mr. Rithy has been the Chief Executive Officer of EAST MICRO PLC since its inception. Back in 2006, he began his career with SATHAPANA Bank as a loan officer intern for 3 months before taking a permanent job as a loan officer for 1 year. He then was transferred to the bank's headquarters taking various roles, between 2007 and 2014, including operations assistant, operations officer, senior officer of credit department, credit control manager, SME lending manager, and deputy head of credit department.

Mr. Rithy was appointed as a chief operating officer in January 2015, under a 3-year secondment agreement, to co-found SATHAPANA Myanmar which is ranked top 2 MFI after 2 years of operations. Mr. Rithy then spent 6 months in an advising role for setting up VITHEY Myanmar known as a profitable and fast-growing MFI. He then took the DCEO role at HAYMAN MICROFINANCE in November 2018 and was promoted to Acting CEO just 4 months later. After making a significant contribution to transforming HAYMAN to a new height, he decided to take the CEO role to set up and lead STANDARDIZE MICROFINANCE in Myanmar until December 2021. He decides to leave his job in Myanmar due to the political situation and personal security.

Other than the above permanent roles, Mr. Rithy used to serve as the senior advisor of a group of companies such as Great Wall Group, Snarky Trading, Gentechs, and DAKO Finance.



MRS. BUON CHANSOPHEA
Head of Finance

Mrs. Buon Chansophea has more than 14 years of working experiences in accounting and financial field including 12 years involved with bank and MFIs. Mrs. Sophea started her first job as an accountant at local NGO in 2004 and moved to ACLEDA Bank in 2007 with the same position.

In 2016, Mrs. Sophea joined Prasethpheap Finance Plc as a chief accountant before she was promoted to be head of finance in 2017. Mrs. Sophea was employed by G B Microfinance Institution as a finance manager in 2019. Mrs. Sphea has been the Head of Finance of EAST MICRO FINANCE PLC. in 2022.



MR. HAK SOPHAL
Head of Operations

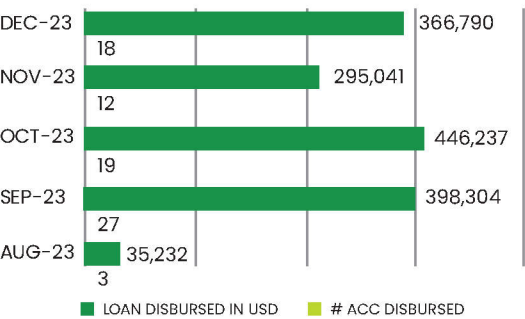
Mr. SOPHAL has been the Head of Operations of EAST MICRO PLC since November 2023. Back in 2004, he began his career with SATHAPANA Bank at a branch taking several roles, between 2004 and 2015 as loan officer, chief loan officer, branch manager, and senior branch manager.

Mr. SOPHAL was assigned as a Branch Manager in April 2015, under a 3-year secondment agreement, to set up new branch networks of SATHAPANA Myanmar—a sister company of Sathapana Bank Cambodia. In just one year after the assignment, He was promoted to Regional Manager expanding his control over many branches in different regions.

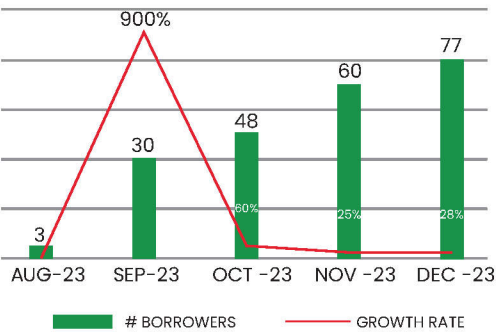
Mr. SOPHAL then spent 2 years in a branch management consultant role for setting up another new Microfinance in Myanmar. He decided to leave his job in Myanmar due to political and personal security concerns.

Operational Highlight

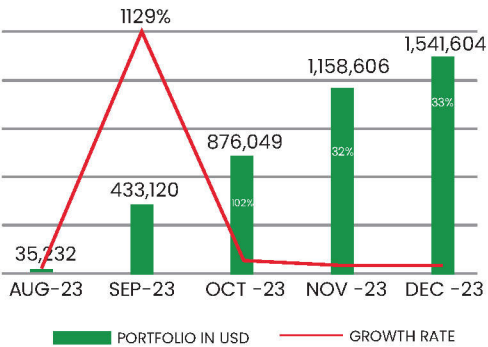
LOAN DISBURSEMENT



BORROWER GROWTH



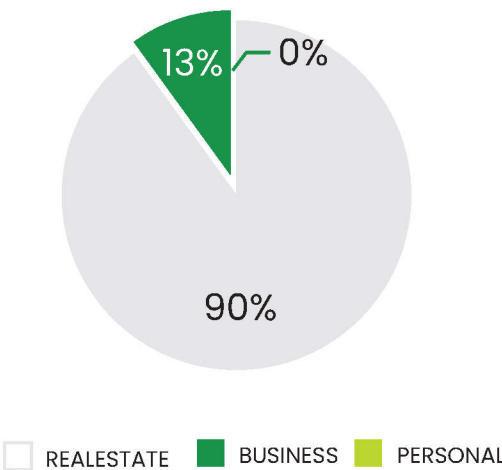
PORTFOLIO GROWTH



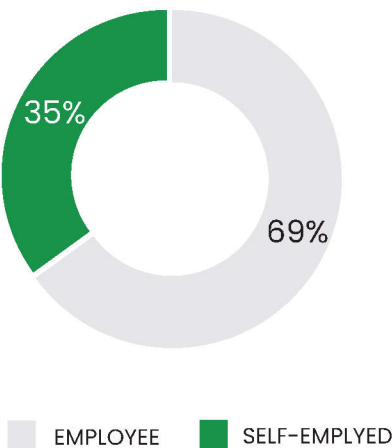
PORTFOLIO AT RISK



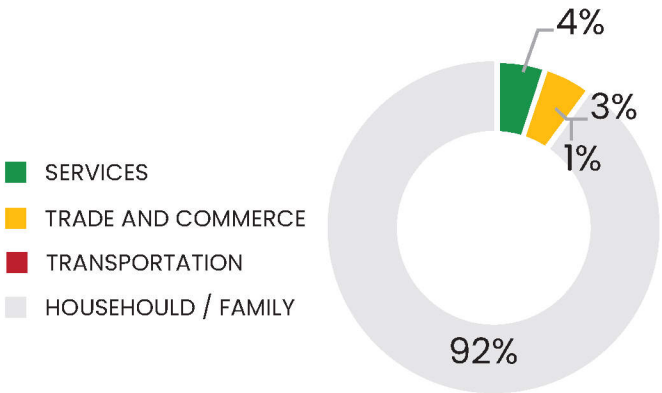
PORTFOLIO BY PRODUCT



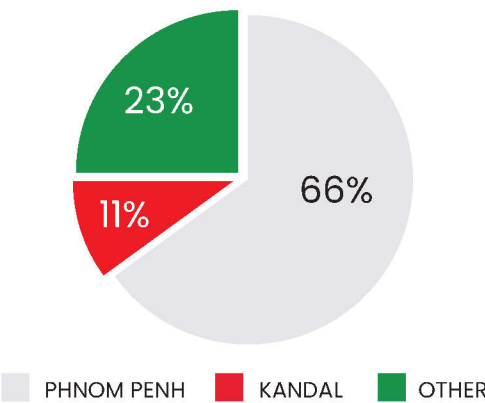
PORTFOLIO BY EMPLOYMENT TYPE



PORTFOLIO BY ECONOMIC SECTOR

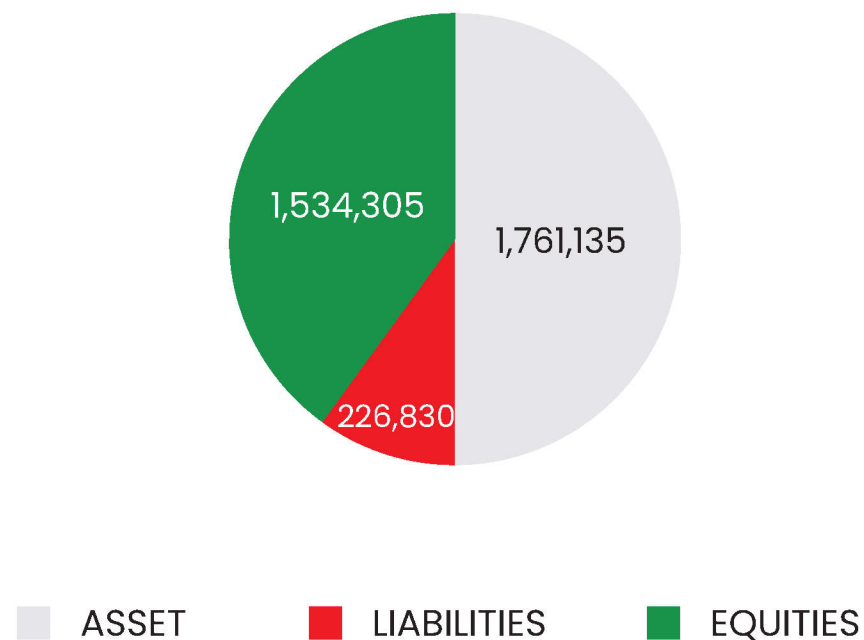


PORTFOLIO BY GEOGRAPHY



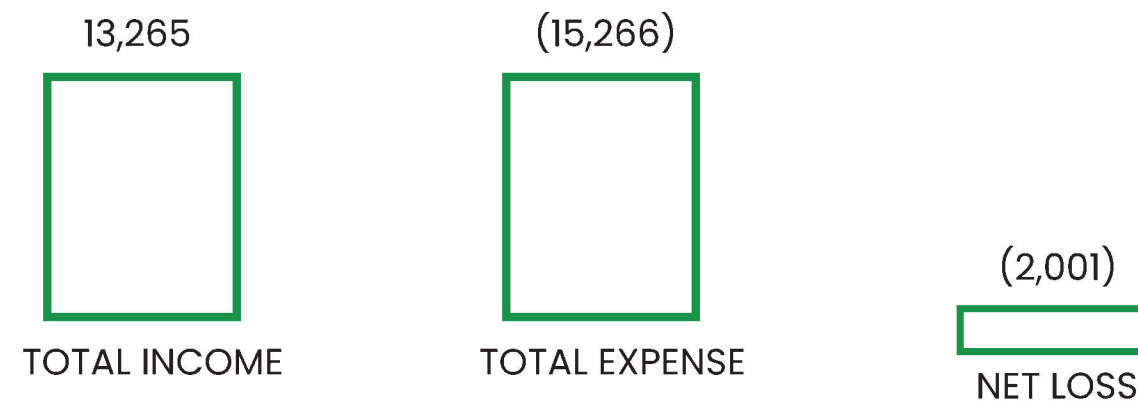
Financial Highlight

FINANCIAL POSITION

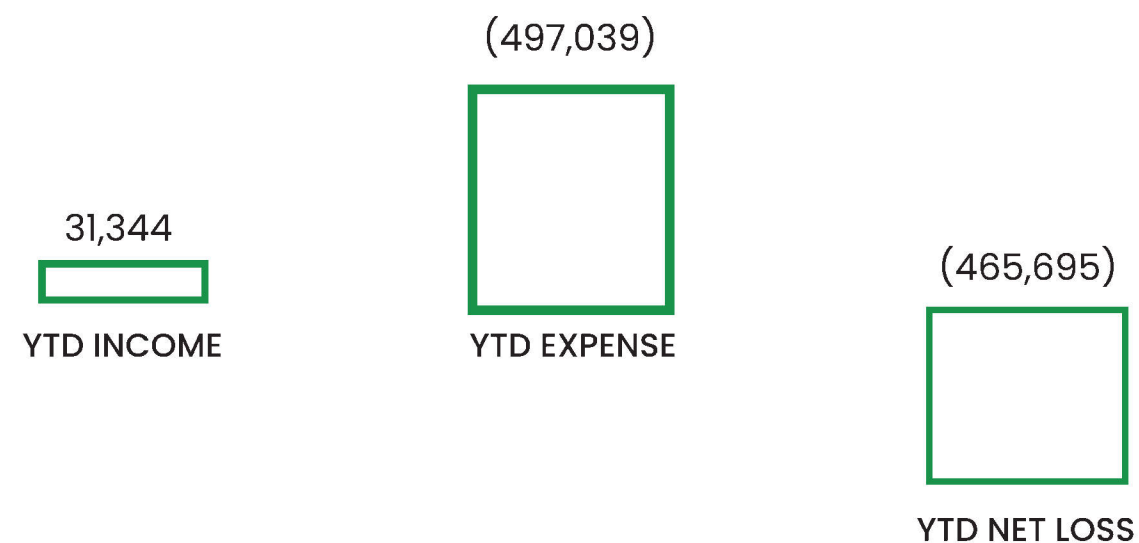


MONTHLY PROFIT AND LOSS

DECEMBER 2023



YTD PROFIT AND LOSS (2022 & 2023)



Audited Financial Statement

Report of the Board of Directors

The Board of Directors (the “Board” or “Directors”) hereby submit their report together with the audited financial statements of East Micro Plc. (“the Company”) for the period from 28 March 2023 (date of incorporation) to 31 December 2023 (the “financial period” or “period”).

Principal activities

The principal business activities of the Company are to provide credit service and other financial services to individual customers in the Kingdom of Cambodia. There have been no significant changes in the nature of principal activities during the financial period.

Financial performance

The financial performance of the Company was as follows:

| | From 28 March 2023 (date of incorporation) to 31 December 2023 | |
|-------------------------|--|-------------|
| | US\$ | KHR'000 |
| | (Note 2.4) | |
| Loss before income tax | (465,695) | (1,918,198) |
| Income tax expense | - | - |
| Net loss for the period | (465,695) | (1,918,198) |

Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid during the financial period.

Share capital

The paid-up capital of the Company as at 31 December 2023 is US\$2,000,000 with a par value US\$10 per share. Refer to Note 13 for the detailed Company’s share capital and shareholding structure.

Reserves and provisions

There were no material transfers to or from reserves and provision during the financial period other than amount as disclosed in the financial statements.

Bad and doubtful debts

Before the financial statements of the Company were prepared, Directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or to make allowance for doubtful debts in the financial statements of the Company, inadequate to any material extent.

Current assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances that have arisen the value attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing methods of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

Contingent liabilities

At the date of this report, there does not exist:

- (i) Any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person, or
- (ii) Any contingent liability in respect of the Company that has arisen since the end of the financial period other than in the ordinary course of its business operations.

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

Changes of circumstances

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

Items of an unusual nature

The results of the operations of the Company for the financial period were not, in the opinion of the Directors, materially affected by any items, transactions or event of material and unusual nature.


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

Events since the reporting date


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

The Board of Directors


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



NEAK OKNHA. LY SENG KHEANG
Chairman



LOK CHUMTEAV. CHAN DANY
Director



MR. LENG SOKLONG
Independent Director (Resign on 15 February 2024)

Directors' interests

The Directors' interest are disclosed in Note 13 of the financial statements.

Directors’ benefits

During and at the end of the financial period, no arrangement subsisted to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

No Directors of the Company have received or become entitled to receive benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by Directors) by reason of a contract made by the Company with the Directors or firm of which the director is member, or a Company in which the Directors has a substantial financial interest, other than as disclosed in the financial statements.

Statements of Directors’ responsibility in respect of financial statements

The Board of Directors is responsible to ascertain that the financial statements are presented fairly, in all material respects, the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the period from 28 March 2023 (date of incorporation) to 31 December 2023 in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

In preparing those financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with CIFRS for SMEs, 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;

- (iv) assess the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- (v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such has been properly reflected in the financial statements.

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

Approval of the financial statements

I, the undersigned, hereby approve the accompanying financial statements as set out on pages 8 to 35 which present fairly, in all material respects, the financial position of East Micro Plc. as at 31 December 2023, and its financial performance and its cash flows for the period from 28 March 2023 (date of incorporation) to 31 December 2023, in accordance with CIFRS for SMEs.

Signed in accordance with a resolution of the Board of Directors



NEAK OKNHA. LY SENG KHEANG
Chairman

Kandal Province, Kingdom of Cambodia
26 April 2024

Report of the Independent Auditors To the shareholders East Micro Plc.

Opinion

We have audited the financial statements of East Micro Plc. (“the “Company”), which comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the period from 28 March 2023 (date of incorporation) to 31 December 2023, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 35.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the period from 28 March 2023 (date of incorporation) to 31 December 2023 in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors as set out on pages 1 to 4, 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 and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors’ 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.

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

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

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

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

Auditors’ Responsibility 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 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 effective of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management 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 audit 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 date of our auditor’s report. However, future events or condition 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 disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For Fii&Associates Co., Ltd.



Seng Chanthan
Audit Partner

Phnom Penh, Kingdom of Cambodia
26 April 2024

Statement of financial position As at 31 December 2023

| 31 December 2023 | | | |
|--------------------------------------|------|------------------|-----------------------|
| | Note | US\$ | KHR'000 (Note 2.4) |
| ASSETS | | | |
| Deposits and placements with the NBC | 4 | 100,765 | 411,625 |
| Deposits and placements with banks | 5 | 19,360 | 79,086 |
| Loans to customers | 6 | 1,549,839 | 6,331,092 |
| Other assets | 7 | 2,438 | 9,959 |
| Property and equipment | 8 | 52,685 | 215,218 |
| Intangible assets | 9 | 36,048 | 147,256 |
| Total assets | | 1,761,135 | 7,194,236 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Other payables | 10 | 26,462 | 108,096 |
| Minimum tax liability | 11.2 | 126 | 515 |
| Borrowings | 12 | 200,242 | 817,989 |
| Total liabilities | | 226,830 | 926,600 |
| EQUITY | | | |
| Share capital | 13 | 2,000,000 | 8,000,000 |
| Regulatory reserves | 14 | (15,989) | (65,315) |
| Accumulated losses | | (449,706) | (1,852,883) |
| Currency translation differences | | - | 185,834 |
| Total equity | | 1,534,305 | 6,267,636 |
| Total liabilities and equity | | 1,761,135 | 7,194,236 |

Statement of comprehensive income For the period from 28 March 2023 (date of incorporation) to 31 December 2023

| From 28 March 2023 (date of incorporation) to 31 December 2023 | | | |
|--|------|------------------|-----------------------|
| | Note | US\$ | KHR'000 (Note 2.4) |
| Operating income | | | |
| Interest income | 15 | 30,403 | 125,230 |
| Interest expense | | (285) | (1,174) |
| Other operating income | | 1,226 | 5,050 |
| Net interest income | | 31,344 | 129,106 |
| Personnel expenses | | | |
| | 16 | (379,014) | (1,561,159) |
| General and administrative expenses | | | |
| | 17 | (117,728) | (484,922) |
| Minimum tax expense | | | |
| | 11.3 | (297) | (1,223) |
| Loss before income tax | | (465,695) | (1,918,198) |
| Income tax expense | | | |
| | 11.3 | - | - |
| Net loss for the period | | (465,695) | (1,918,198) |
| Other comprehensive income | | | |
| Currency translation difference | | - | 185,834 |
| Total comprehensive loss for the period | | (465,695) | (1,732,364) |

Statement of changes in equity For the period from
28 March 2023 (date of incorporation) to 31 December 2023

| | Share capital | | Regulatory reserves | | Accumulated Losses | | Currency translation differences | | Total | |
|---|---------------|-----------------------|---------------------|-----------------------|--------------------|-----------------------|----------------------------------|-----------------------|-----------|-----------------------|
| | US\$ | KHR'000 (Note 2.4) | US\$ | KHR'000 (Note 2.4) | US\$ | KHR'000 (Note 2.4) | US\$ | KHR'000 (Note 2.4) | US\$ | KHR'000 (Note 2.4) |
| At 28 March 2023 (incorporation date) | - | - | - | - | - | - | - | - | - | - |
| Paid-up capital | 2,000,000 | 8,000,000 | - | - | - | - | - | - | 2,000,000 | 8,000,000 |
| Comprehensive income for the period | | | | | | | | | | |
| Net loss for the period | - | - | - | - | (465,695) | (1,918,198) | - | - | (465,695) | (1,918,198) |
| Transfer to regulatory reserves | - | - | (15,989) | (65,315) | 15,989 | 65,315 | - | - | - | - |
| Other comprehensive income | | | | | | | | | | |
| Currency translation difference | - | - | - | - | - | - | - | 185,834 | - | 185,834 |
| Total comprehensive income for the period | - | - | (15,989) | (65,315) | (449,706) | (1,852,883) | - | 185,834 | (465,695) | (1,732,364) |
| At 31 December 2023 | 2,000,000 | 8,000,000 | (15,989) | (65,315) | (449,706) | (1,852,883) | - | 185,834 | 1,534,305 | 6,267,636 |

Statement of cash flows
For the period from 28 March 2023 (date of incorporation)
to 31 December 2023

| | From 28 March 2023 (date of incorporation) to 31 December 2023 | |
|--|--|-----------------------|
| | US\$ | KHR'000 (Note 2.4) |
| Cash flows from operating activities | | |
| Net loss for the period | (465,695) | (1,918,198) |
| <i>Adjustments for:</i> | | |
| Minimum tax expense | 297 | 1,223 |
| Depreciation and amortisation | 25,623 | 105,541 |
| | (439,775) | (1,811,434) |
| <i>Changes in:</i> | | |
| Loans to customers | (1,549,839) | (6,383,787) |
| Other assets | (2,438) | (10,042) |
| Other liabilities | 26,462 | 108,997 |
| Cash used in operations | (1,965,590) | (8,096,266) |
| Minimum tax paid | (171) | (704) |
| Net cash used in operating activities | (1,965,761) | (8,096,970) |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (114,356) | (471,032) |
| Statutory deposit with the NBC | (100,000) | (411,900) |
| Net cash used in investing activities | (214,356) | (882,932) |

Cash flows from financing activities

| | | |
|---|------------------|------------------|
| Proceed from issuance of share capital | 2,000,000 | 8,238,000 |
| Proceeds of borrowings from shareholder | 200,242 | 824,797 |
| Net cash generated from financing activities | 2,200,242 | 9,062,797 |
| Net increase in cash and cash equivalents | 20,125 | 82,895 |
| Cash and cash equivalent at 1 January | - | - |
| Currency translation difference | - | (684) |
| Cash and cash equivalents at 31 December (Note 18) | 20,125 | 82,211 |