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ក្រុមហ៊ុន អិលធីឌី
INTEAN POALROATH RONGROEURNG LTD

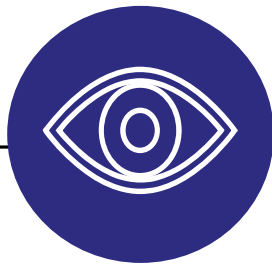
ANNUAL REPORT 2019

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VISION MISSION AND VALUE



VISION

To be the leading
Cambodian Microfinance
Institution serving the
agriculture sector.



MISSION

To provide convenient
financial services adapted
to agriculture-related
business in order to
improve the economic
conditions of farmers
while sustaining the
institution's profitable
growth.



VALUE

- . Integrity and Honesty
- . Accountability
- . Teamwork
- . Transparency

COMPANY BACKGROUND

Sep 31, 2015

Leopard Cambodia Fund exited as shareholder through selling back its entire equity stake to Phou Puy.

2011

IPR recovered from portfolio crisis with the internal processes strengthened, resumed growth, and established itself as one of the most profitable micro finance institutions in

2010

Ms. Hao Simorn exited as shareholder and Leopard Cambodia Fund took a minority equity stake through a Hong Kong based company IPR (HK).

2009-10

IPR suffered from a portfolio crisis following the global financial crisis and internal challenges.

2008

IPR received a permanent MFI license from the National Bank of Cambodia.

2003

IPR was founded as a credit unit under the Federation of Cambodian Rice Millers Associations.

CHAIRMAN'S MESSAGE



Mr. OKNHA PHOU PUY
CHAIRMAN OF THE BOARD
OF DIRECTORS

Cambodia's banking sector continues playing important role in driving the country's economy. In 2019, the credit portfolio continued increasing by almost 33% from 2018. The number of microfinance institutions by 2019 are 83, which included 7 MDIs and 76 MFIs. Competition in the sector, especially among microfinance players, is however being even tougher. Among Cambodia's GDP contributors, banking sector, even challenging, is still standing in stronger position compared with other sectors such as tourism, construction and transportation, etc.

In response to the competitive environment, and to meet the needs of clients, IPR is being more flexible in diversifying its product offerings to adapt with the behaviors of clients' need which are changing from time to time. During 2019, IPR has introduced 8 categories of new loan products with the aim to capture a larger segment of customers. Interestingly, as reported by NBC in 2019, household loan took up the largest proportion among credit portfolio by business types, followed by agriculture loan, in which both are IPR's serving segments. We develop over time in response to changes in the external environment and in response to a desire to progress; we design our products that meets the demand of both rural and urban population through continuing reviews and adjusting terms and conditions that satisfy clients' needs.

IPR has been pursuing its mission to the agricultural sector that remains the backbone of Cambodia's economy and continued to be supported by FI loans and FDIs. Thus, agriculture focus of IPR still remains the main market segment for the future growth of its credit portfolio and together with the other market segments.

More importantly, we have developed a more comprehensive business model along the agricultural value chain with complementary cooperation partners. Our unique combination of profitability, low leverage, agricultural focus, and positive social impact on rural farmers makes us an attractive investment proposal, and with the introduction of more product choices, we hope to expand our reach to more consumer base that align with the current economic state.

IPR remains a strong base microfinance in terms of equity and clear strategic market positioning. Its profitability has improved and with our dedicated management team, IPR will continue to achieve financial health and long-term growth.

I extend the continued gratitude and appreciation of the Board to our partners, our valued clients, and IPR executive management team and employees for their continued dedication and commitment.

Sincerely Yours,



Oknha PHOU Puy
Chairman of the Board of

CEO'S MESSAGE



HORT BUNSONG
CHIEF EXECUTIVE OFFICER

2019 is the third year of challenging, three consecutive years since 2017 where the first interest cap regulation was imposed in Cambodia for the first history, in microfinance and bank sector. We see some key sectors of the country's economy, which employment in those sectors contributed significantly to financial sector's loan repayments, are facing potential risk. Tourism is being in difficult situation due to significant drop of foreign tourists and therefore impacted the sustainability of accommodation service, restaurants and other related tourism agents. Garment and footwear factories is another sector of challenging and may reduce significantly the number of workers due to potential sanction from European Union's key buyers under EBA scheme. Smaller microfinance institutions in particular even challenging to the increase of NPL. Another tougher matter in 2019 for MFIs, smaller players with less resource especially, is the compliance to Cambodian International Financial Reporting Standard, CIFRS, for the first time. As recording rules are different between the National Bank of Cambodia (NBC) and the National Accounting Council (NAC), especially provisioning, there are some potential adjustments and therefore impact the Company's asset.

2019 is also remarked that more microfinance players turned their focus from rural lending and low income people in general to more urban lending and larger lending size, as well as providing more new product offerings to the upper scale families segment. With more diversification of loan product offerings and commercial lending size, we noticed that the annual growth rate of the whole sector is still remarkable trend. According to NBC, by the end of 2019 the number of microfinance institutions are 83, of which 7 are microfinance deposit-taking institutions and 76 are microfinance institutions. With the increase of players, loan portfolio and deposit have increased by 33% to roughly US\$ 7.2 billion, and 34% to roughly US\$ 3.77 billion, respectively. As for profitability, with reference to the 2019 performance calculation of the central bank, the sector achieved a return on assets of 2.8% and a return on equity of 14.8%, a 3.7% and 9.6% increment accordingly compared with 2018. The total loan portfolio and savings above are excluded the figures from 47 commercial banks, 15 specialized banks, 15 leasing companies and 245 credit operators.

As for IPR, NPL by 2019 ended is increased to 3.7% versus the total gross loan portfolio is US\$ 5.83 million. NPL is much lower than the previous two years. IPR's gross loan portfolio is dropped following the anticipation of the sector challenging and risk as well as tougher competition. The total portfolio size and outreach are decreased by almost 13% and 25% accordingly while the outstanding loan portfolio and accounts of microfinance institutions alone, exclusion of banks and credit operators, continued to grow at 33% and 11% respectively. Even outstanding loan portfolio decreases, IPR's non-performing loan is remarked of better position at 3.7% and the return on assets and return on equity are improved to 4.3% and 4.6%, almost 2.4 folds and 2 folds respectively compared with 2018's and versus 2.8% and 14.8% of the all microfinance institutions' combination. In terms of return on equity, IPR is much lower than sector average at 14.8% on account of IPR's lower leverage at 0.1 time to its equity. Following its vision and mission, IPR still continue the focus on agriculture sector and rural lending. Women borrowers are still prioritized while their spouses are co-borrowers. 57% of the total loan portfolio is in agriculture sector while 89% to the total number of clients is women borrower.

As microfinance market is being tougher, IPR from time to time reviews and adapts its product offerings and business strategies continuously. Remarkably, 8 new loan products are launched in 2019 to serve different market segments and in response to the market competition. The existing agriculture loan is however still the Company's focus following its vision and mission as mentioned. IPR also continues to focus on strengthening and improvement of its internal processes for higher productivity and profitability.

On behalf of IPR's management, I really sincerely thank all staff members, the Board of Directors and the Shareholder for the support and guidance. I wish you all to continue the effort and cooperation to promote IPR.

Sincerely Yours,

A handwritten signature in blue ink, appearing to read 'Hort', written over a horizontal line.

HORT Bunsong
Chief Executive Officer

BOARD OF DIRECTORS



MR. OKNHA PHOU PUY
CHAIRMAN

Mr. Oknha PHOU Puy is the Founder and Chairman of the Board of Directors of IPR since inception, prominent Cambodian Agriculture Entrepreneur, particularly in rice milling; chairman and CEO of Baitang (Kampuchea) Plc, operator of the largest rice miller in Cambodia.



MRS. POK NIVILAY
INDEPENDENT DIRECTOR

Ms. POK Nivilay serves as an independent director since April 2016. She has a long and distinguished career in Sales & Marketing, Communication and Accounting. She previously worked as Head of Marketing and Communications; Accounting Manager; Sales Support Manager; and a TV hostess on law and health Talk Show. Ms. Nivilay holds Bachelor and master's degree of Business Administration, majoring in General Management.



MR. HSU MING-YEE
INDEPENDENT DIRECTOR

Mr. HSU Ming-Yee is an independent microfinance consultant and investor. He used to work as Adviser, then as Head of Operations department at IPR from 2011 to 2014. Before engaging with IPR, Mr. HSU Ming-Yee worked for ADA, a Luxembourg NGO specialized in microfinance, where he coordinated the set-up of the Luxembourg Microfinance and Development Fund and managed its investment portfolio in Asia and East Africa. Prior to ADA, he worked for the European Commission in Malaysia and for the Central Bank of Luxembourg. Mr. HSU Ming-Yee has published works on banking stability, the US personal savings rate and microfinance funding.

EXECUTIVE MANAGEMENT



MR. HORT BUNSONG
CHIEF EXECUTIVE OFFICER

Mr. HORT Bunsong is currently the CEO, serving this function from the inception stage of the Company. He is the founding personnel in the creation of IPR in developing initial infrastructure required for the Company registration and obtainment of microfinance license. His prior experiences include general management, public relations, and education.



MR. HAY KIMKHORN
HEAD OF FINANCE

Mr. HAY Kimkhorn serves as Head of Finance of IPR since 2009. He has been working with IPR for over 10 years since 2006 in different roles such as Branch Assistant, Branch Manager, and Head of Operation. Before joining IPR, he worked as a Bookkeeper of another MFI. Mr. Kimkhorn holds a BBA in Finance and Accounting and MBA in Management from University of Management and Economic (UME), Battambang Province. He also has attended several training courses related to microfinance.



MR. CHENG VANNET
HEAD OF OPERATION

Mr. CHENG Vannet served as Head of Head of Operation. He joined IPR in January 2010 and held various positions including Loan Recovery Manager, Main Branch Manager, Credit Manager Acting Head of Operations and Head of Internal Audit. Prior to joining IPR, he worked as Credit Officer and Operations Manager with other MFIs. Vannet holds a bachelor's degree of Economics and master's degree in General Management.

EXECUTIVE MANAGEMENT



MR. KASEAP KASADORA
**HEAD OF INTERNAL AUDIT
AND RISK**

Mr. KASEAP Kasadora has joined IPR in 1 April 2019 with the role as Head of Operations and transfer to be Head of Internal Audit and Risk since September 2019. Prior to joining IPR, he worked for more than 15 years in financial sector with various positions in microfinance sector and a global investment firm. Mr. Kasadora graduated MBA in Finance and Banking in 2008 and holds a BBA in Management in 2001



MR. HENG PHINATH
**HEAD OF INFORMATION
TECHNOLOGY**

Mr. HENG Phinath joined IPR as Senior Software Developer in December 2015 and then promoted as Acting Head of IT in July 2016. Prior to joining IPR, Phinath was a Software Developer with Open Institute and Operations Manager at Le Grande Apartment. Phinath holds Bachelor's Degree of Computer Sciences from Royal University of Phnom Penh and University of Pune, India. He currently pursues his Master Degree of Computer Science in Royal University of Phnom Penh.



SHAREHOLDERS AND LENDERS

SHAREHOLDER

Mr. OKNHA PHOU PUY

is a private Cambodian individual shareholder and main founder of INTEAN POALROATH RONGROEURNG Ltd.

LENDERS

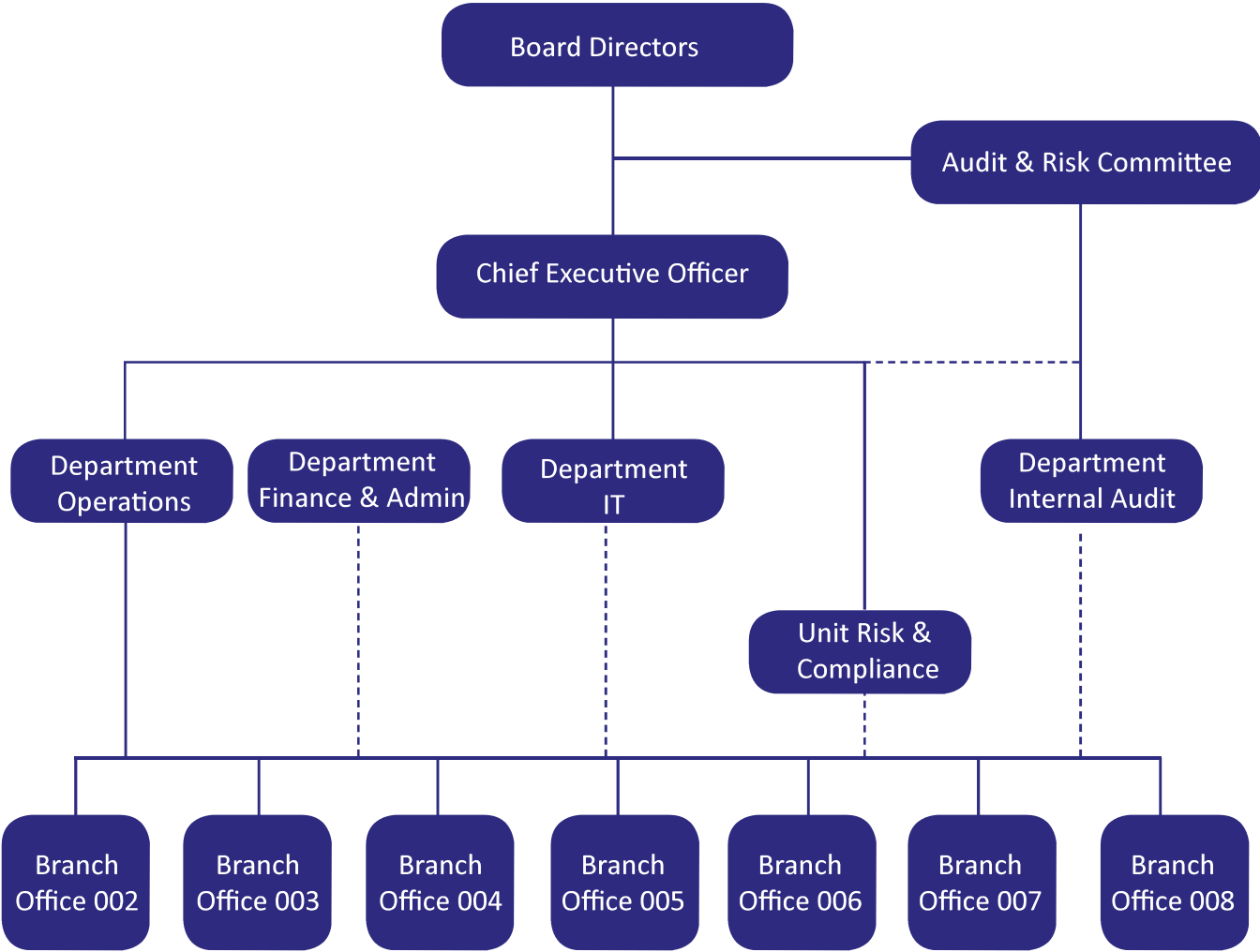


OIKOCREDIT, Ecumenical Development Cooperative Society U.A., a co-operative society (“coöperatieve vereniging”) organized under the laws of the Netherlands.

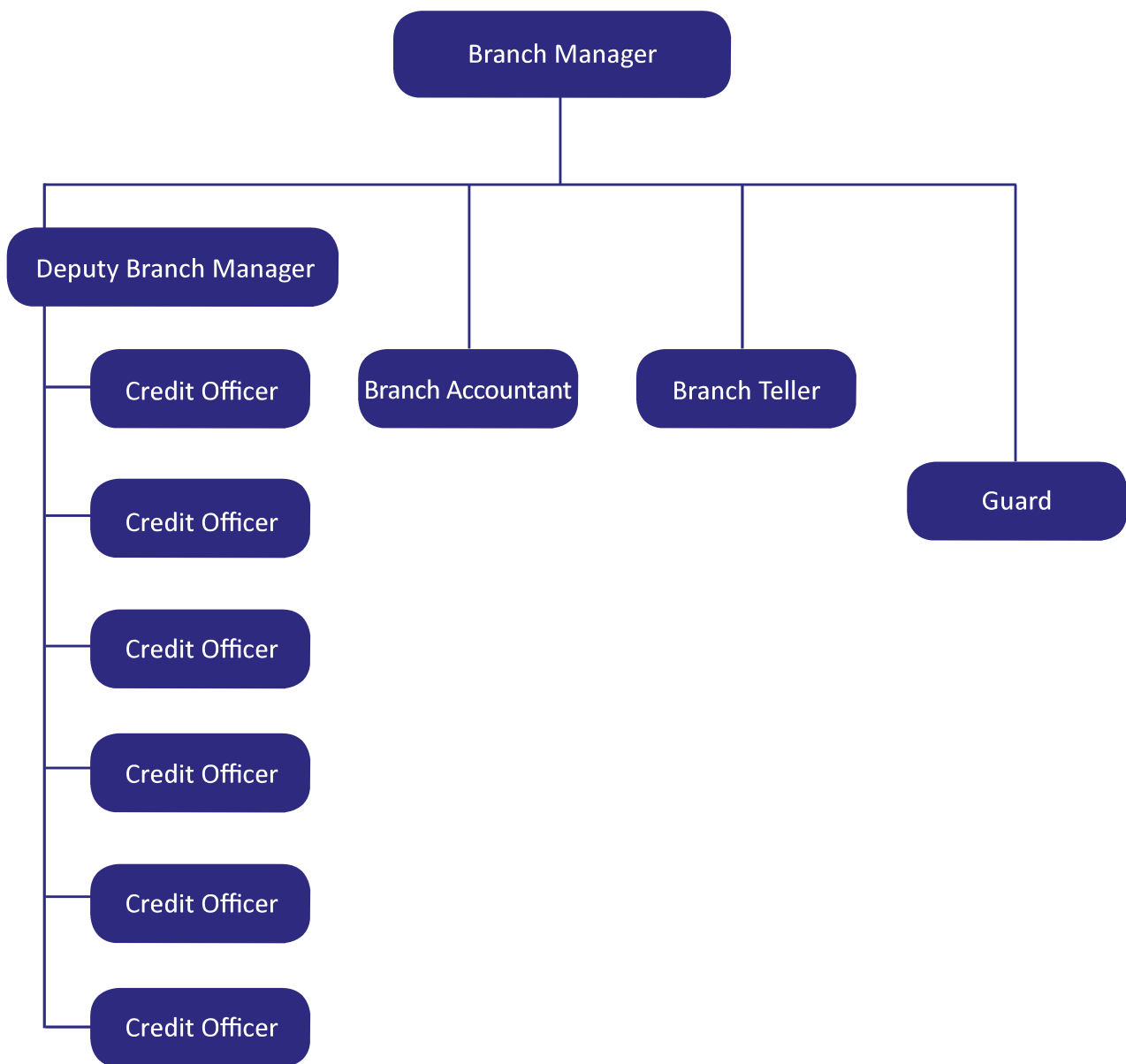
Mr. HSU MING-YEE,

citizen of the Grand Duchy of Luxembourg, passport number H5NJ9N3, and he is a director of the board of INTEAN POALROATH RONGROEURNG Ltd.

ORGANIZATIONAL CHART



BRANCH STRUCTURE





CLIENTELE AND PRODUCT

IPR has adjusted its credit policy and procedures and developed other relevant policies in adaptation to the concept of CPP standards for day-to-day operations and practices in all IPR's branches. Existing loan products were modified and new loan products were developed to suit the clients' needs, in particular the middle and low-income people in the rural areas of Cambodia. The diversification of different loan products aims to meet a larger segment of customers. The list of new loan products with targeted clientele is as bellowed:

No	PRODUCT DESCRIPTION	Target's Clientele
01	Agriculture Loan	Farmers who want to purchase agricultural inputs such as seed, fertilizer, pesticide, drainage's petrol, etc.
02	Agri-equipment/ investment Loan	Individuals who needs Agri-equipment for family farming needs/for family business purpose.
03	Asset Loan	Individuals who want to purchase additional farming land(s) to expanding farming activity; and who wants home improvement
04	Business Loan	Any small and medium size businesses, and production enterprises who needs loan to support their operations.
05	Revolving Credit Line	Any small and medium size businesses, and production enterprises who needs loan to support their operations.
06	Home Appliance Loan	Home owners who needs loan for personal/family needs related to housing appliances such as refrigerator, washing machines, air-conditioner, TV, furniture, smart phone, etc.
07	Motorbike Loan	Individuals, in either urban or rural areas, who needs loan to purchase an ownership of motorbike
08	Toanchet Loan	Individuals who needs loan for legally emergency use.
09	Bridging Loan	Individuals, businesses and enterprises who are short of liquidity within a short period of time, while waiting for cash inflows from their contracted clients.

2019'S PERFORMANCE



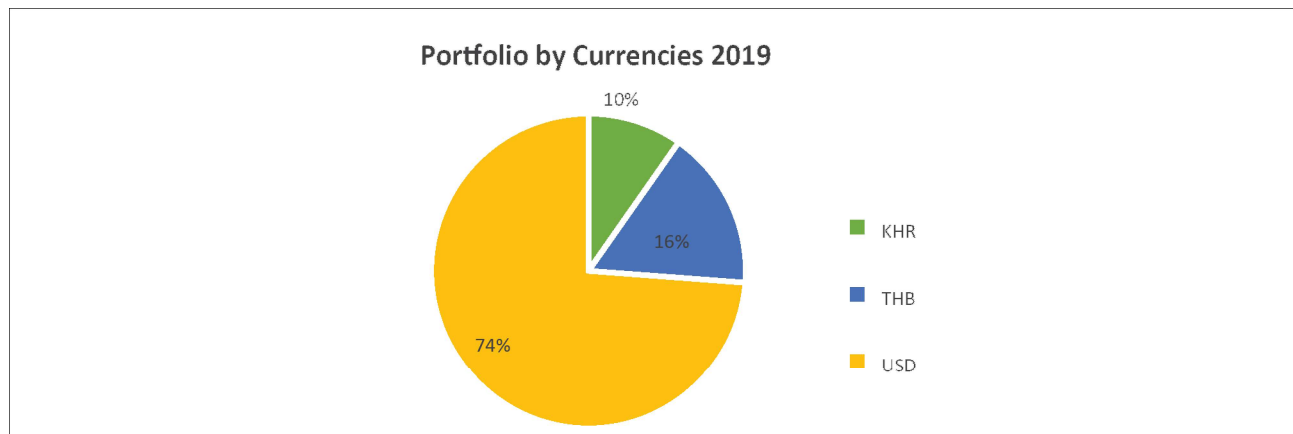
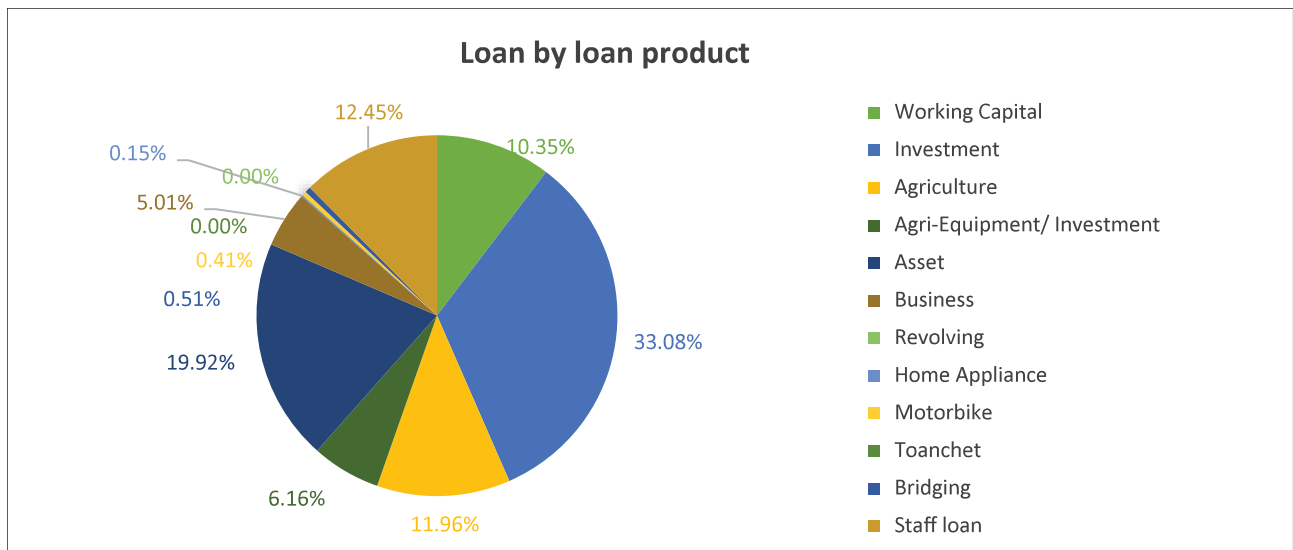
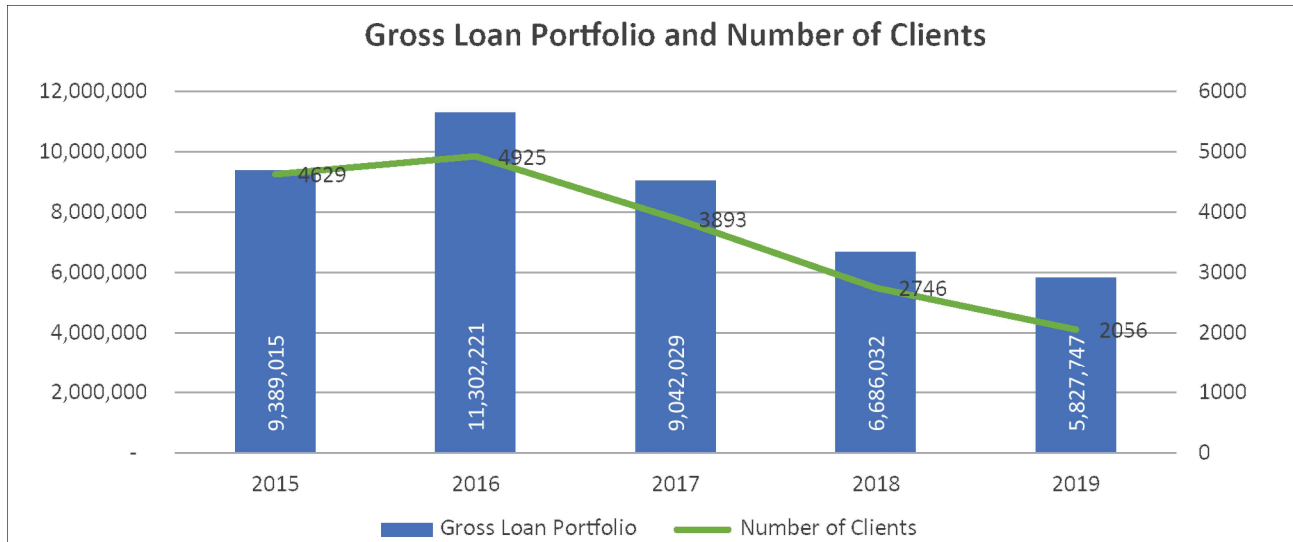
KEY FIGURES

INDICATORS	Measure	Audited 2019	Audited 2018	Audited 2017
Operating provinces	-	7	7	7
Operating districts	-	35	39	41
Operating communes	-	150	161	166
Operating villages	-	526	605	686
Staff	-	78	91	118
Outstanding borrowers	-	2056	2,746	3,893
Gross loan portfolio	US\$	5,827,747	6,686,032	9,042,029
Net profit	US\$	311,876	162,354	333,774
Total assets	US\$	7,334,626	7,265,766	10,506,309
Total equity	US\$	6,977,462	6,665,586	6,994,501
Women borrowers	%	88.81	89.84	89.62
Rural borrowers	%	96.64	97.82	98.28
Agriculture loans	%	57	82.7	95.3
Portfolio at risk (PAR>30 days)	%	3.67	9.27	4.84
Write-offs	%	5.76	4.37	2.32
Yield on portfolio	%	19.2	20.90	24.7
Cost of fund ratio	%	0.8	2.21	5.6
Operating expense ratio	%	14.9	12.1	12.7
Return on assets (ROA)	%	4.27	1.83	2.80
Return on equity (ROE)	%	4.6	2.4	4.9
Leverage ratio	%	0.05	0.09	0.5
Operational self-sufficiency	%	137.8	115.7	117.5

PERFORMANCE

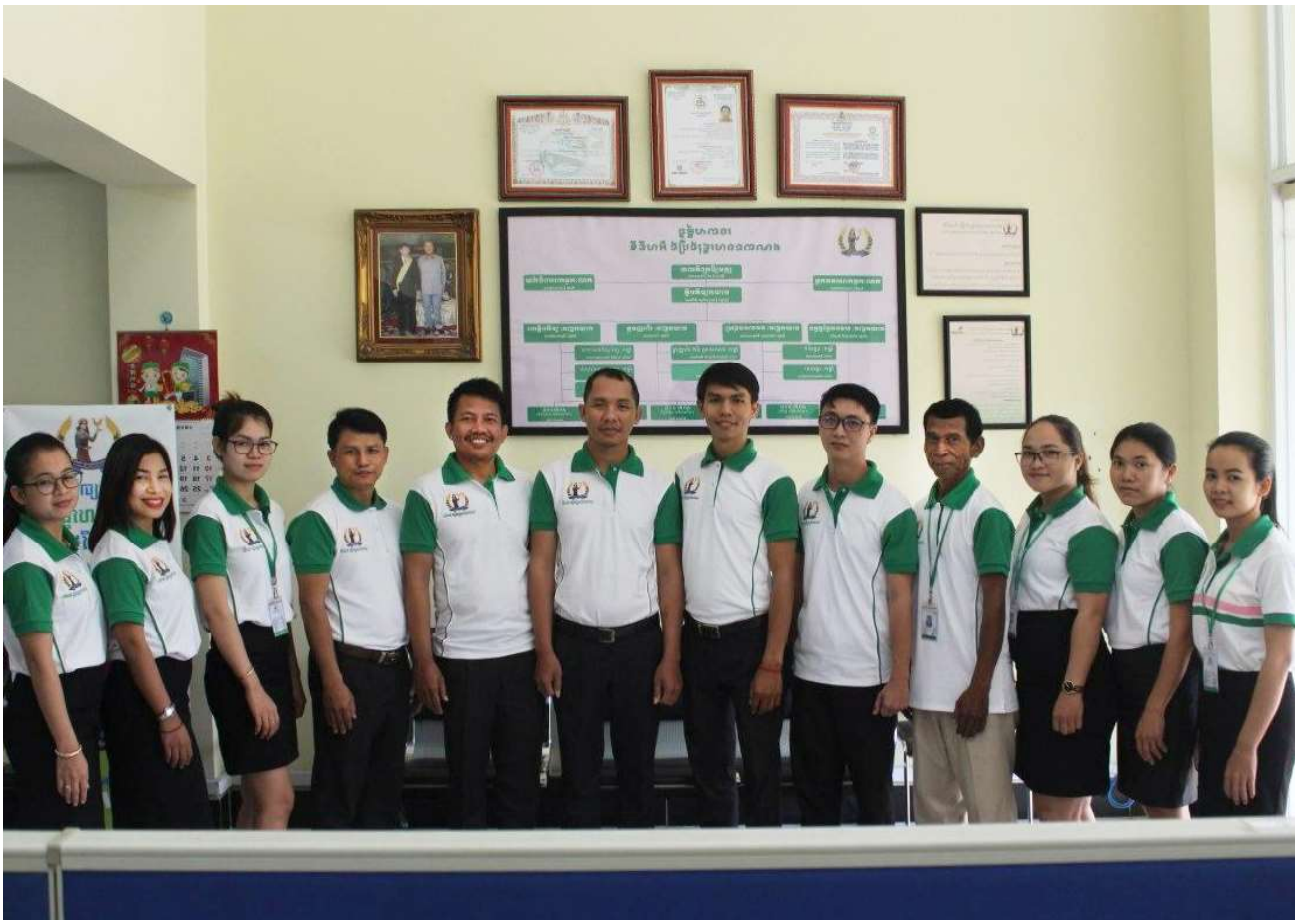
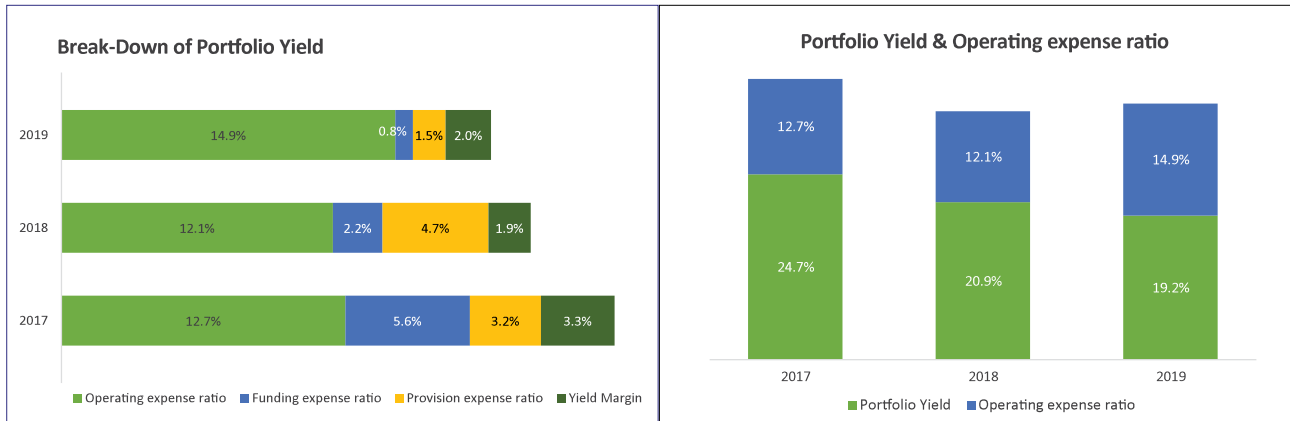
LOAN PORTFOLIO

IPR's gross loan portfolio was however dropped by 26% and 13% in 2018 and 2019 respectively following the challenges in cap interest rate regulation and impacts of cassava damage and its bad market price. IPR has shifted its focus on solely agricultural growth to a diversified market segments through introducing more loan products to mitigate its risks on loan portfolio concentration by capturing into other market segments.



FINANCIAL RATIO

At the end of 2019, IPR's net profit is \$ 311,876 while portfolio yield decreased due to interest rate decline following the interest rate capped by NBC and strong competition in the market. Cost of fund has decreased due to the fall down in leverage. Compare to last year, operating expense increased from 12.1% to 14.9% which resulted from the decreased-on loan portfolio.



CLIENT'S SUCCESS STORIES

Mr. Reth Torng, a widower, is currently a client of IPR's Phnom Proek Branch under the 6th loan cycle. He is a farmer cultivating mushroom and being a seller himself in supplying the mushroom product to restaurants. He takes care of two kids and struggling a lot in life, but his living condition has been improving from time to time. His first loan was in 2010. The loan obtained from IPR was for expanding his mushroom cultivation. In two years after borrowing, the mushroom has expanded double. Profit made from his growth mushroom farming, he later decided to raise pigs in order to generate more family's income. Pigs farm has been running well. During the time, he has invested in growing Ta Ngaen trees, a kind of local fruit. He is so motivated and would not want to stop growing his family's income. He is able to buy additional farming lands of two plots. He has now in hands the mushroom cultivation, pigs raising and two Ta Ngaen fruit farms. He is a successful client. The family can afford health care service, their children's education, home improvement as well as to own a motorbike.



**MR. RETH TORNG,
PHNOM PROEK DISTRICT**





**MRS. HOUT MOEUT,
BANTEAY MEANCHEY PROVINCE**

Mrs. Hout Moeut is currently IPR's client under Banteay Meanchey branch under the 4th loan cycle. She is a farmer, growing paddy on 10 hectares of land, for dry and wet seasons and this is her main income. Her secondary incomes are from providing sands carriage service and growing garlids. Mrs. Hout's first loan was in 2015, when she used the loan to purchase extra 2 hectares of farming land. During that time, she was unable to afford for her family's health care service nor her children's education, however, her farming was growing well and she continue to borrowed from IPR to purchase another hectare of farming land, and then the purchase of a tractor that can be utilized for her farming, the current loan is for farming on a 10 hectare land. Her family condition had improved from the growth of her incomes. She is now able to afford for her children's schooling and health care service. On top of that, Mr. Hout can now afford for home improvement.



Mr. Ty Chon with his wife, Darng Thida, is one of successful client of IPR's Somlout Branch. They are currently under the 5th loan cycle. He is a micro businessman, producing water jars and cement drainage. He also run a secondary business that is growing durians for sale.

His first loan with IPR was in 2016, during the time he borrowed 2,500,000 KHR to grow corn for sales. Then the couple expand to growing durians through borrowing the second cycle from IPR. During the time, his house had no water system, so he continued to borrow the next cycles from IPR to set up a water system so that his family has access to adequate water for living and support his main business. The current cycle of his loan is used to purchase more durian trees and a mobile cement mixer, which can help him work more efficiently and produce more water jars and drainage. Mr. Ty Chon is able to afford his family with health care service, good food and hygiene and more importantly his children's education. Besides that, he was also able to spend for his house improvement.

MR. TY CHON, SAMLOUT BRANCH

INTERNAL AUDIT AND CONTROL

Internal Audit is a dynamic profession involved in evaluating and improving the effectiveness of risk management, control, and governance processes in IPR. Internal Auditors work with management to systematically review systems and operations. These reviews aimed at identifying how well risks are managed including whether the right processes are in place, and whether agreed procedures are being adhered to. Internal Audit can also identify areas where efficiencies or innovations might be made.

Internal Audit Department has three staff including one Internal Audit Manager and two operational auditors.

In 2019, Internal Audit Department conducted 3 audited cycles in each branch. As a result, the risk score and rating for each branch is either acceptable or supplementary issue.

In the same year, the department organized two meetings with Audit and Risk Committee to discuss about the findings and action plan for next year.

As the secretary of Audit and Risk Committee, Acting Head of Internal Audit regularly send the risk limit and risk registration on a monthly basis and quarterly basis to Risk Committee and the Board of Directors for review and provide constructive recommendations.

Internal Audit Department moreover has put in place the “Internal Audit Worksheet and Rating System” for non-performing loan and written off loan. The new system identifies specific risks on loan recovery, loans follow-up and assess the effectiveness of the management of bad loan of each branches.



STAFF AND CAPACITY BUILDING

Total staff was 14% less than 2018 due to challenging in NPL recovery during the previous years and we intended to improve productivity per field staff officer. The productivity per field staff officer was set based on the branch standard not only to maintain sustainability and profitability but to persist long-run strategic business of IPR. To improve staff productivity IPR keep focusing on staff capacity building by providing regular orientation for new recruited staff and refresh training to existing staff as well as allowed them to participated with external training and workshops.

INDICATORS	2019	2018	2017
Staff Information			
<i>Number of Total Staff</i>	78	91	118
<i>Number of Management</i>	13	16	16
<i>Percentage of Office Staff</i>	56%	50%	41%
<i>Percentage of Field Staff</i>	44%	41%	50%
Staff Education			
<i>Master's degree</i>	6%	7%	5%
<i>Bachelor's degree</i>	51%	56%	56%
<i>Association</i>	17%	17%	17%

List of Trainings and Workshops in 2019

Internal Trainings

1. Training on credit assessment, risk assessment and techniques for loan recovery
2. Orientation and Training for New COs.
3. Orientation and Training for recruited staff.

External Trainings and Workshops

1. Regulatory Compliance Certification
2. NBC organising First Financial Literacy Day
3. Debt collection Good Practice by IFC
4. Effective Management, Credit Management and Cash flow of Banking and MFIs in Cambodia
5. Effective Management, Credit Management and Cash flow of Banking and MFIs in Cambodia
6. Rural economic development via microfinance sector
7. Clarification Sessions on Payment of Seniority Indemnity
8. CBC Commercial Data Upload and Enquiry
9. Annual Microfinance Conference
10. CBC member working Committee
11. CBC hosting the number working committee
12. Crop Insurance

STAFF AND CAPACITY BUILDING

trip to Mondulkiri



STAFF AND CAPACITY BUILDING

Staff training



IPR'S CORPORATE RESPONSIBILITY



TAX PAID REPORT

INDICATORS	2019	2018	2017
<i>Patent Tax</i>	3,680.98	\$ 4,202.72	\$ 4,211.05
<i>Signboard Tax</i>	485.74	\$240.00	\$ 61.53
<i>Transportation Tax</i>	99.00	\$ 98.89	\$ 99.08
<i>Tax on Salary</i>	20,667.85	\$ 20,941.05	\$ 25,544.82
<i>Prepayment Profit Tax</i>	13,243.41	\$17,325.39	\$ 26,319.43
<i>Withholding Tax on Rental</i>	10,262.38	10,860.28	\$ 12,792.24
<i>Withholding Tax on Service (residence)</i>	9,080.97	\$ 8,577.04	\$ 25,382.67
<i>Withholding Tax on Service (non=residence)</i>	1,729.85	1,816.94	-
<i>Withholding Tax on Interest (residence)</i>	4,211.56	4,581.50	\$ 5,830.45
<i>Withholding Tax on Interest (non-residence)</i>	2,275.71	16,789.28	\$ 68,940.59
<i>Tax on Profit</i>	48,219.50	\$ 117.96	\$ 160,857.07
<i>Stamp Duties Tax</i>	-	-	\$ 2,467.18
<i>Others Tax</i>	-	\$ 5,619.14	-

2019
AUDITED
FINANCIAL
STATEMENT



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting their report together with the audited financial statements of Intean Poalroath Rongroeng Ltd. ("the Company") for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The Company is principally engaged in the provision of micro-finance services. Those services comprise granting credit for poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

FINANCIAL RESULTS

The financial results of the Company were as follows:

	2019 US\$	2018 US\$	2019 KHR'000	2018 KHR'000
			(Note5)	(Note5)
Profit before income tax	393,549	232,589	1,594,661	940,823
Income tax expense	(81,673)	(70,235)	(330,939)	(284,101)
Net profit for the year	311,876	162,354	1,263,722	656,722

SHARE CAPITAL

There were no changes in the registered and paid up share capital of the Company during the year.

DIVIDENDS

No dividend was declared or paid, and the Directors do not recommend any dividend to be paid for the year

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS

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

At the date of this report, the Board of Directors are not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Company, inadequate to any material extent.

REPORT OF THE BOARD OF DIRECTORS

CURRENT ASSETS

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ensure that any current assets, other than loans, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realise.

At the date of this report, the Board of Directors are not aware of any circumstances, which would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of 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 year which, in the opinion of the Board of Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the financial year were not, in the opinion of the Board of Directors, materially affected by any item, transaction or event of a material and unusual nature.

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

EVENTS SINCE THE REPORTING DATE

At the date of this report, except as disclosed in Note 28 of the financial statement, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

REPORT OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS

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

- Oknha Phou Puy Chairman
- Mr. Hsu Ming Yee Independent director
- Mrs. Pok Nivilay Independent director

DIRECTORS' INTERESTS

The Directors who held office at the end of the year and his interests in the shares of the Company were as follows:

	2019		2018	
	Holding %	Number of shares	Holding %	Number of shares
Oknha Phou Puy				
25,955 ordinary shares of US\$ 119 each	100%	25,955	100%	25,955

BOARD OF 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 the Board of Directors of the Company to acquire benefits by means of share purchase option.

Since the end of the previous financial year, no Board of Directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Board of 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 Board of Directors are a member, or with a company in which the Board of Directors have a substantial financial interest other than as disclosed in the financial statements.

RESPONSIBILITIES OF BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors are responsible for ascertaining that the 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 preparing these financial statements, the Board of Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRSs for SMEs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;

REPORT OF THE BOARD OF DIRECTORS

- 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
- control and direct effectively the Company In all material decisions affecting the operations and performance and ascertain that such have 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

We hereby approve the accompanying financial statements as set out on pages 8 to 46 which, in our opinion, 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 CIFRSs for SMEs.


On behalf of the Board of Directors,

Oknha Phou Puy
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 29 May 2020

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholder of
Intean Poalroath Rongroeurng Ltd.

Opinion

We have audited the financial statements of Intean Poalroath Rongroeurng Ltd. (“the Company”), which comprise the statement of financial position as at 31 December 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 46 (hereafter referred as “the financial statements”).

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 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 Matter

The financial statements of the Company as at and for the year ended 31 December 2018 prepared in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia (“NBC”) relating to the preparation and presentation of financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 April 2019.

As stated in Note 27 to the financial statements, the Company adopted CIFRSs for SMEs on 1 January 2019 with a transition date of 1 January 2018. These standards were applied retrospectively to the comparative information in these financial statements, including the statements of financial position as at 31 December 2018 and 1 January 2018, and the statements of comprehensive income, changes in equity and cash flows of the Company for the year ended 31 December 2018 and related explanatory notes.

We were not engaged to audit on the restated comparative information and it is unaudited. Our responsibilities in respect of this comparative information is to determine whether the financial statements include the comparative information required by CIFRSs for SMEs and whether such information is appropriately classified.

REPORT OF THE INDEPENDENT AUDITORS

Other information

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors set out on pages 1 to 4. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs 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 the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 judgement and maintain professional scepticism 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

REPORT OF THE INDEPENDENT AUDITORS

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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 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 **KPMG Cambodia Ltd**




Lim Chew Teng
Partner

Phnom Penh, Kingdom of Cambodia

Date: 29 May 2020

STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Note	31 December		31 December	
		2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
ASSETS					
Cash and cash equivalents	6	1,720,364	996,618	7,010,483	4,004,411
Placement with other banks	7	12,500	12,500	50,938	50,225
Statutory deposits	8	154,432	154,432	629,310	620,508
Loans to customers, net	9	5,170,113	5,780,491	21,068,210	23,226,013
Other assets	10	113,312	99,520	461,747	399,871
Property and equipment	11	25,914	45,655	105,600	183,442
Intangible assets	12	-	404	-	1,623
Deferred tax assets, net	15A	137,991	159,670	562,313	641,554
Current income tax receivable	15B	-	16,476	-	66,201
		<u>7,334,626</u>	<u>7,265,766</u>	<u>29,888,601</u>	<u>29,193,848</u>
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Borrowings	13	302,000	585,492	1,230,650	2,352,507
Other liabilities	14	24,827	14,688	101,170	59,016
Current income tax liability	15B	30,337	-	123,623	-
Total liabilities		<u>357,164</u>	<u>600,180</u>	<u>1,455,443</u>	<u>2,411,523</u>
Shareholder's equity					
Share capital	16	3,088,645	3,088,645	12,468,860	12,468,860
Retained earnings		3,872,369	3,567,594	15,638,550	14,403,601
Regulatory reserves	17	16,448	9,347	66,582	37,809
Currency translation reserves		-	-	259,166	(127,945)
Total shareholder's equity		<u>6,977,462</u>	<u>6,665,586</u>	<u>28,433,158</u>	<u>26,782,325</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>7,334,626</u>	<u>7,265,766</u>	<u>29,888,601</u>	<u>29,193,848</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
Operating income					
Interest income	18	1,164,133	1,626,056	4,717,067	6,577,397
Interest expense	19	(47,390)	(171,617)	(192,024)	(694,191)
Net interest income		1,116,743	1,454,439	4,525,043	5,883,206
Other income	20	269,550	85,661	1,092,217	346,499
Net operating income		1,386,293	1,540,100	5,617,260	6,229,705
Personnel expenses	21	(514,256)	(528,203)	(2,083,765)	(2,136,581)
Depreciation and amortisation		(22,909)	(36,125)	(92,827)	(146,126)
Other operating expenses	22	(367,232)	(376,157)	(1,488,025)	(1,521,555)
Impairment loss allowance on loans to customers	9	(88,347)	(367,026)	(357,982)	(1,484,620)
Profit before income tax		393,549	232,589	1,594,661	940,823
Income tax expense	15C	(81,673)	(70,235)	(330,939)	(284,101)
Net profit for the year		311,876	162,354	1,263,722	656,722
Other comprehensive income/(loss)					
Currency translation difference		-	-	387,111	(127,945)
Total comprehensive income for the year		311,876	162,354	1,650,833	528,777

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital		Retained earnings		Regulatory reserves		Currency translation reserves		Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January 2018	3,088,645	12,468,860	3,414,587	13,784,688	-	-	-	-	6,503,232	26,253,548
Transaction directly recorded in equity										
Transfer from retained earnings to regulatory reserves	-	-	(9,347)	(37,809)	9,347	37,809	-	-	-	-
Total comprehensive income										
Net profit for the year	-	-	162,354	656,722	-	-	-	-	162,354	656,722
Currency translation difference	-	-	-	-	-	-	-	(127,945)	-	(127,945)
At 31 December 2018	3,088,645	12,468,860	3,567,594	14,403,601	9,347	37,809	-	(127,945)	6,665,586	26,782,325
At 1 January 2019	3,088,645	12,468,860	3,567,594	14,403,601	9,347	37,809	-	(127,945)	6,665,586	26,782,325
Transaction directly recorded in equity										
Transfer from retained earnings to regulatory reserves	-	-	(7,101)	(28,773)	7,101	28,773	-	-	-	-
Total comprehensive income										
Net profit for the year	-	-	311,876	1,263,722	-	-	-	-	311,876	1,263,722
Currency translation difference	-	-	-	-	-	-	-	387,111	-	387,111
At 31 December 2019	3,088,645	12,468,860	3,872,369	15,638,550	16,448	66,582	-	259,166	6,977,462	28,433,158

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOW

For the year ended 31 December 2019

	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
Cash flows from operating activities				
Net profit for the year	311,876	162,354	1,263,722	656,722
<i>Adjustments for:</i>				
Income tax expense	81,673	70,235	330,939	284,101
Interest income	(1,164,133)	(1,626,056)	(4,717,067)	(6,577,397)
Interest expense	47,390	171,617	192,024	694,191
Unrealised (gains)/loss on foreign exchange	(75,377)	4,603	(305,428)	18,621
Depreciation and amortisation	22,909	36,125	92,827	146,126
Property and equipment write off	2,332	-	9,450	-
Impairment loss allowance on loans to customers	88,347	367,026	357,982	1,484,620
Provision for employee benefits	18,009	(5,781)	72,972	(23,384)
	(666,974)	(819,877)	(2,702,579)	(3,316,400)
<i>Changes in:</i>				
Loans to customers	522,895	2,092,375	2,118,771	8,463,657
Other assets	(13,792)	(36,220)	(55,885)	(146,510)
Other liabilities	10,139	(56,777)	41,083	(229,663)
	(147,732)	1,179,501	(598,610)	4,771,084
Interest received	1,238,646	1,716,223	5,018,994	6,942,122
Interest paid	(47,547)	(224,017)	(192,660)	(906,149)
Income tax paid	(13,181)	(78,742)	(53,409)	(318,511)
Payment for employee benefits	(18,009)	(144,582)	(72,972)	(584,834)
Net cash generated from operating activities	1,012,177	2,448,383	4,101,343	9,903,712
Cash flows from investing activities				
Acquisition of property and equipment	(5,096)	(7,106)	(20,649)	(28,744)
Net cash used in investing activities	(5,096)	(7,106)	(20,649)	(28,744)

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2019

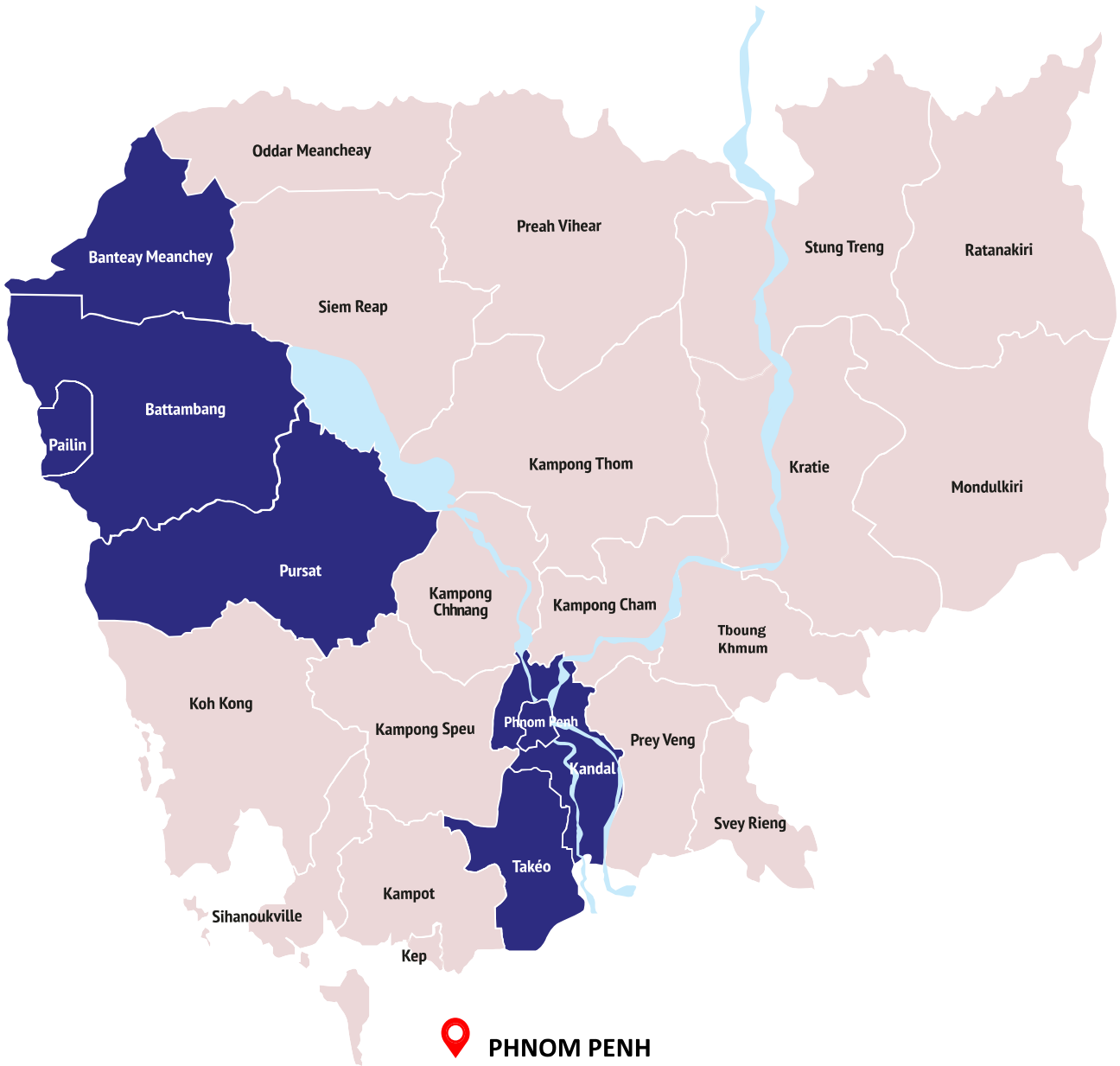
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
Cash flows from financing activities				
Repayments of borrowings	(283,335)	(2,805,420)	(1,148,073)	(11,347,924)
Proceeds from borrowings	-	200,000	-	809,000
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in financing activities	(283,335)	(2,605,420)	(1,148,073)	(10,538,924)
Net increase (decrease) in cash and cash equivalents	723,746	(164,143)	2,932,621	(663,956)
Cash and cash equivalents at 1 January	996,618	171,617	4,004,411	4,685,992
Currency translation difference	-	-	73,451	(17,625)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at 31 December (Note 6)	1,720,364	996,618	7,010,483	4,004,411

The accompanying notes form an integral part of these financial statements.

CONTACT DETAILS



BRANCH NETWORK



PHNOM PENH

Head Office: #779A, Kampuchea Kroam Blvd, Sangkat Tuek Laak 1, Khan Tuol Kouk, Phnom Penh.

<p>TAKAEV PROVINCE</p> <ul style="list-style-type: none"> ▶ Takaev Branch 	<p>BANTEAY MEANCHEY PROVINCE</p> <ul style="list-style-type: none"> ▶ Banteay Meanchey Branch
<p>BAT DAMBANG PROVINCE</p> <ul style="list-style-type: none"> ▶ Phnum Proek Branch ▶ Bat Dambang Branch ▶ Sampov Loun ▶ Samlout Branch 	<p>PURSAT PROVINCE</p> <ul style="list-style-type: none"> ▶ Pursat Branch

PROVINCIAL OFFICE DIRECTORY

PHNOM PENH

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