គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ និរន្តរ៍ ភីអិលស៊ី

NIRON MICROFINANCE PLC.



2021

Anual Report

niron.com.kh

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Welcome to

NIRON MICROFINANCE PLC.



Head Office

#21-23-25, St.598, Sangkat Phnom Penh Thmey, Khan Sen Sok,

Phnom Penh, Cambodia.

Tel: 086 655 999,

Email: info@niron.com.kh, Website : www.niron.com.kh



MILESTONES OF NIRON MICROFINANCE PLC.

NIRON Microfinance Plc. is an officially licensed as a microfinance institution on February 12, 2014 by the National Bank of Cambodia. As of December 31, 2021, NIRON Microfinance Plc. has 11 offices in each District-Province-City-Capital (Head office 01 and 10 branch) and have employees 212. As of December 31, 2021, NIRON Microfinance Plc. has Customers 6.547 and total loan outstanding more than 2,28 Million USD with low credit risk (PAR) levels.

Branch of the institution	Number of employees	Number of customer	Amounts loan outstanding
11 branches nationwide	212	6,547	2.28 Million USD

MILESTONES OF NIRON MICROFINANCE PLC.

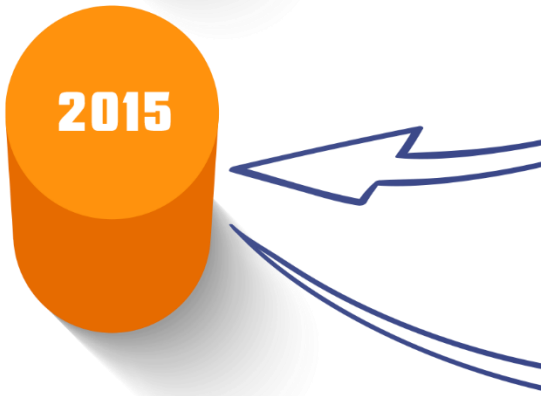
2009

Registered as Cambodian non-governmental organization (NGO) under the Association and NGO Law from the Ministry of Interior.



2015

Merged with one local NGO and changed its name to NIRON Microfinance Plc.



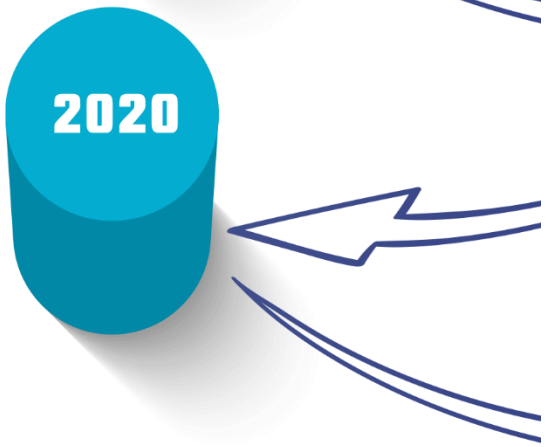
2018

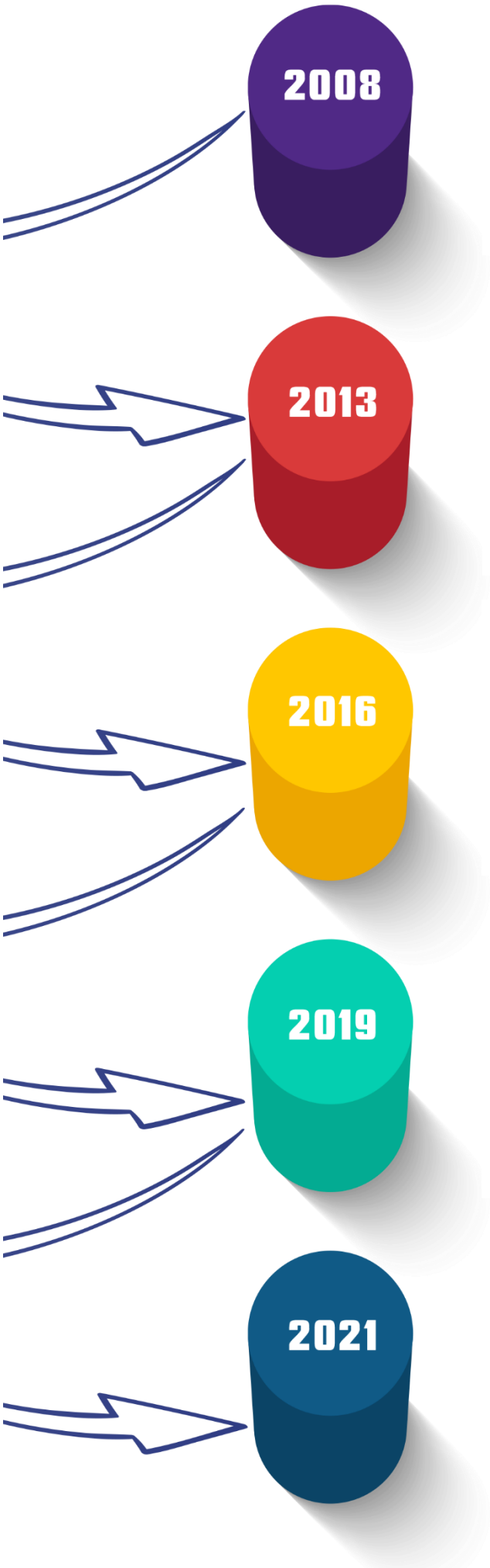
Some of the branches closed to reduce inefficient operational network and to sustain the financial performance.



2020

In a situation where the economy of the country is affected by the outbreak of Covid-19, the institution has set out various measures and strategies to take action in this situation.





2008

First established and operated as NIRON Agency Development Economics Community (NIRON ADEC) on 08/08/2018

2013

First Transformed to NIRON MIKROHERANHVATHO PLC., which is a public limited company, licensed by the National Bank of Cambodia.

2016

Operational network extends to 55 branches and 1,018 employees across 24 provinces and cities in the Kingdom of Cambodia.

2019

This year, The Operational of branch NIRON MIKROHERANHVATHO PLC. has grew compared to the plan laid out, The ability to make profit has

2021

We too had to adapt to the demands of the new normal and make strategies to ensure stability.



OPERATIONAL NETWORK

As of December 31, 2021, there are 11 branches nationwide as follows:

No	Branch Name	Address
1	HEAD OFFICE	No. 21, 23, 25, Street 598, Sangkat Phnom Penh Thmei, Khan Sensok, Phnom Penh
2	PREAH SIHANOUK BRANCH	No. 322, Street Omuy, Phum 5, Sangkat 4, Krong Preah Sihanouk, Preah Sihanouk Province.
3	PREY NOB BRANCH	Samrong Kraom Village, Samrong Commune, Prey Nob District, Preah Sihanouk Province.
4	SRAE AMBEL BRANCH	Trapeang Village, Srae Ambel Commune, Srae Ambel District, Koh Kong Province.
5	BOTUM SAKOR BRANCH	Thma Sa Village, Thma Sa Commune, Botum Sakor District, Koh Kong Province.
6	KHSACH KANDAL BRANCH	Knong Village, Preaek Ta Meak Commune, Khsach kandal District, Kandal province.
7	KAMPONG CHAM BRANCH	National Road 7,Phum Ti 6, Sangkat Veal Vong, Krong Kampong Cham, Kampong Cham Province.
8	KAMPONG SPEU BRANCH	National Road 4, Mukh khett Village, Sangkat Rokar Thum, Krong Chbar Mon, Kampong Speu Province.
9	SIEM REAP BRANCH	Komai Street, Trapeang Ses Village,Sankat Kok Chak, Krong Siemreap, Siemreap Province.
10	ANLONG VENG BRANCH	Street 67, Thnal Kaeng Village, Anlong Veng Commune, Anlong Veng District, Oddar Meanchey Province.
11	SONOKUM BRANCH	Doun Hong Village, Dam Daek Commune, Sout Nikom District, Siemreap Province.



VISION AND MISSION

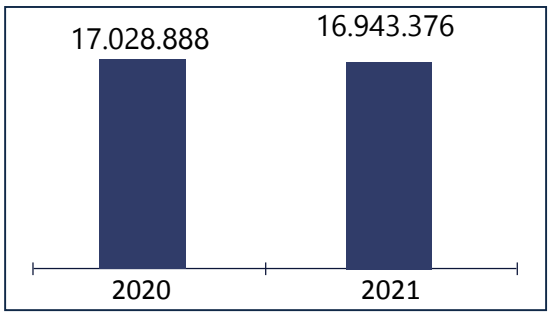
VISION

NIRON MICROFINANCE INSTITUTION PLC. Will be the comprehensive and virtuous financial services provider .

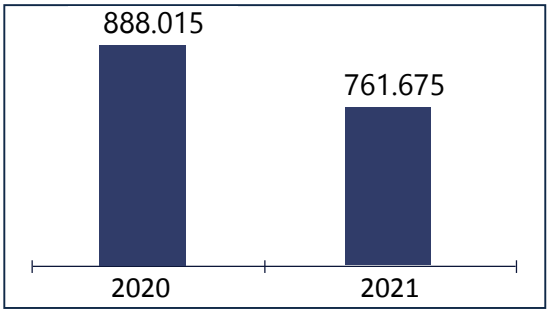
MISSION

NIRON MICROFINANCE INSTITUTION PLC. Is the institution that provides a wide range of financial services to the people. By focusing on the priority: Provide customers with easy access to financial services; Establish intimacy and be a good partner to progress together; Build the capacity of staff, expand the network of operations, along with the development of modern products and technologies, adhering to the principles of law, ethics, environment and social affairs.

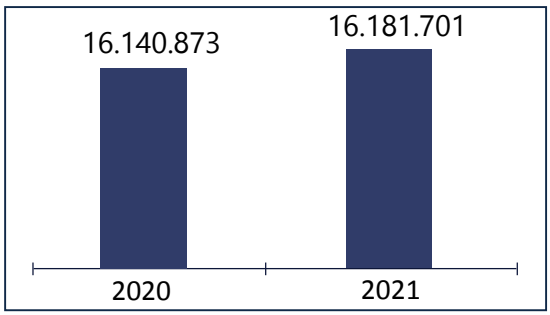
FINANCIAL SUMMARY



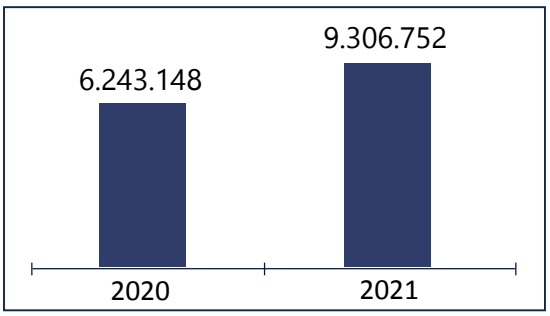
.1 Assets in thousands of Riels



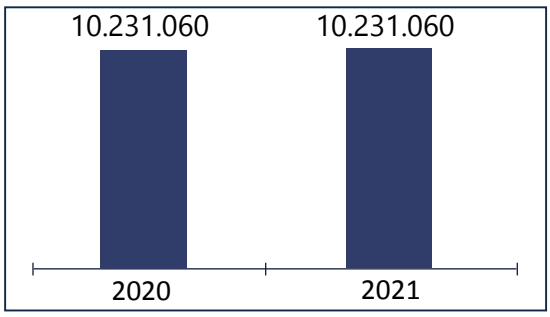
2. Liabilities in thousands of Riels



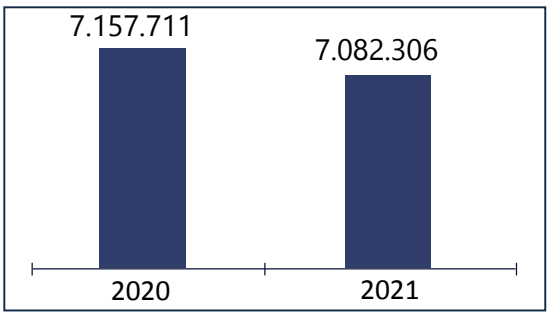
3. Equity in thousands of Riels



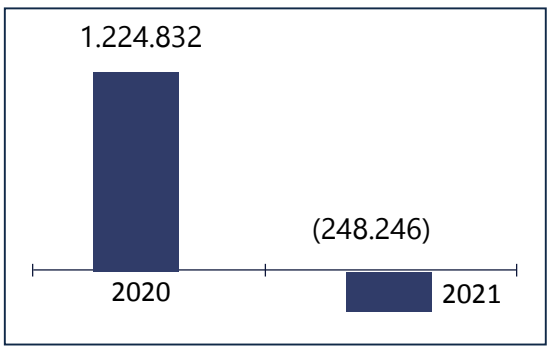
4. Gross Loan in thousands of Riels



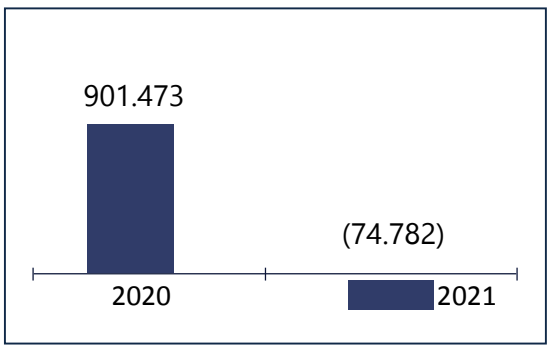
5. Capital in thousands of Riels



6. Gross Profit in thousands of Riels



7. Profit before tax in thousands of Riels



8. Profit after tax in thousands of Riels



OPERATIONAL SUMMARY

	December 31, 2021
Number of offices	11
Number of staff	212
Male	172
Female	40
CO per total staff members	36,79%
Number of clients	6.547
Loan outstanding (in USD)	2.284.426
Number of active clients per CO	84
Loan outstanding per CO (in USD)	29.288
Loan outstanding per client (in USD)	349

CAMBODIA KEY ECONOMIC INDICATORS

		2017	2018	2019	2020	2021e	2022f
1. Gross Domestic Product (GDP)							
	GDP% change	7	7,5	7,1	-3,1	2,4	4,8
	Per capita GDP (in USD)	1.427	1.563	1.706	1.653	1.730	1.842
2. Inflation							
	Inflation (annual average)	2,9	2,5	1,9	2,9	2,9	2,8
	Inflation (end year)	2,2	1,6	3,1	2,9	3,7	-
3. Government Budget (in % of GDP)							
	Revenue	20,2	22,3	25,3	21,64	18,42	19,56
	Expenditure	23,5	24,6	26,1	17,25	16,28	16,79
4. Money and Credit (% change)							
	M2	23,1	26,6	18,2	15,3	16,4	-
	Total deposits in the banking system	25,1	27,9	15,1	18	17	-
	Total loan outstanding in the banking system	17,2	24,3	23,9	23,4	30,2	-
	Loan as % of deposit	95,3	92,2	99	103,5	115,1	-
	Private sector credit	18,5	20,1	26,3	17,7	23,2	-
	Deposits to GDP	85,6	91,1	93,3	110,9	123,8	-
	Loans to GDP	80,7	83,5	92	114,8	142,5	-
5. Balance of Payment (in Million USD)							
	Exports	10.777	11.214	14.530	17.210	19.469	-
	Imports	13.019	13.771	22.190	18.590	30.926	-
	Trade balance	-2.242	-2.557	-7.660	-1.380	-11.457	-
	Current account (excluding official transfers)	-2.140,5	-2.180,1	-2.632,5	-2.525,5	-2.663,3	-
	Nominal account	22,16	24,61	27,22	26,73	28,34	30,54
	Exchange rate (riel per dollar end period)	4.045	4.037	4.055	4.080	4.065	4.065



Mr. CHHUN SREA | Chairman of the Boards

MESSAGE FROM THE CHAIRMAN

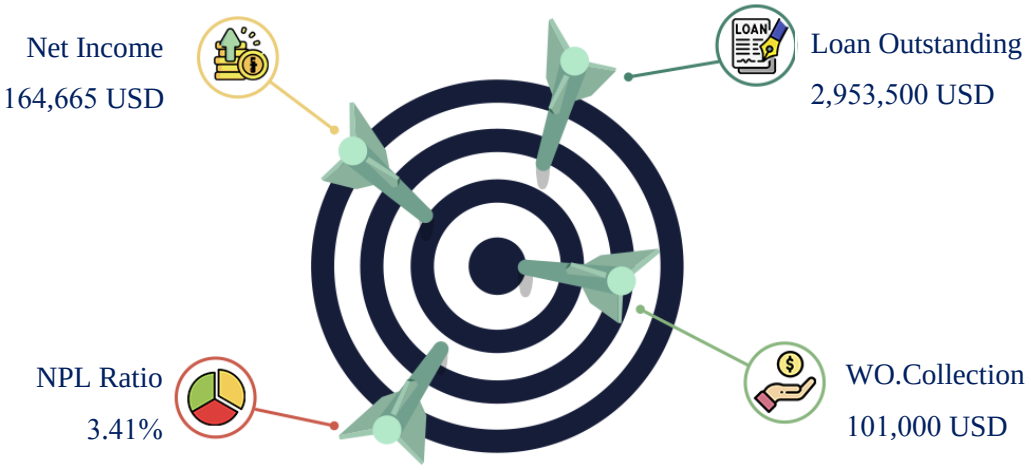
In 20121 which has passed recently, it was the year that the world had confronted with covid-19 outbreaks, and it provoked a lot of problem confrontation toward the nation, trades, family, and individual around the world. Government takes charge and actively manages the covid-19 outbreak very effectively. In addition, the global disease crisis, it also provoked the negative impact toward the Cambodia ‘s economic as well. In covid-19 ‘s situation, Niron Microfinance PLC was adopted with the new orbital context which is parallel with ministry of health and government.

Within any confronted issue were occurred during covid-19 outbreak, microfinance was strengthen and accomplished a lot of worked tasks patiently with the effective stressed management, and achievement in year 2021 :

- PAR : 3,90%
- Loan Outstanding : USD 2.284.426

Although, in 2021, we could not achieve our plan 100%, our financial performance shows our suitability of strategy, attractiveness of our products and services, our hard work and Collaboration in the team work as well.

Financial Goals



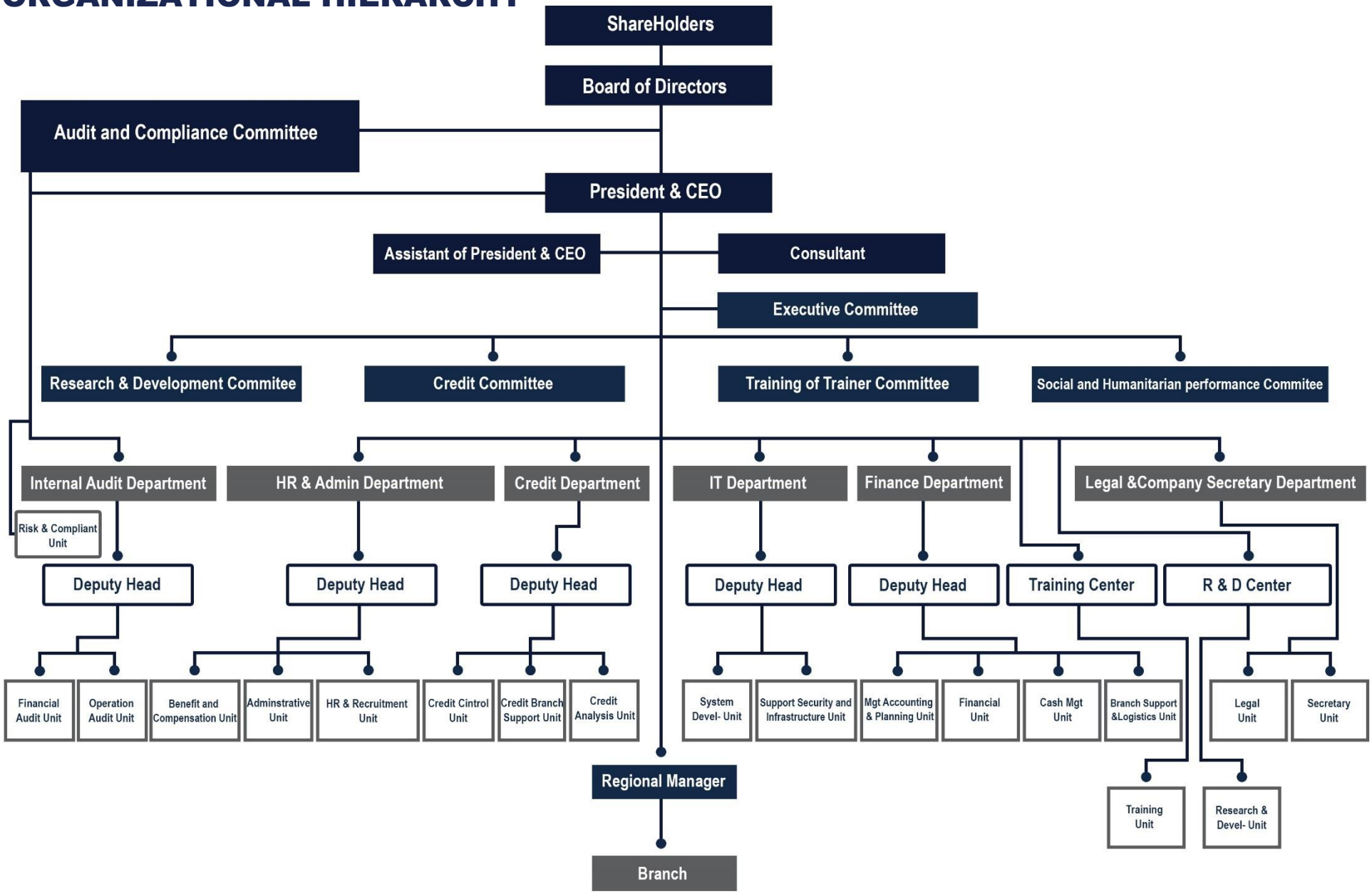
Key Strategies



On behalf the Board of Directors, I would like to express my sincere thanks to the Royal Government, the National Bank of Cambodia, authorities at all levels, customers, employees at all levels, the board of directors and shareholders for their physical and spiritual supports and full cooperation from the very beginning, having thus far made a great success and continued progress for NIRON Microfinance Plc.

Finally, I would like to wish Samdach, His Excellency, Lok Chumteav, Lok Oknha, ladies and gentlemen, and NIRON Microfinance Plc. employees at all levels the four gems of Buddhist blessing: Longevity, Nobility, Health and Strength.

ORGANIZATIONAL HIERARCHY



BOARD OF DIRECTORS



Mr. CHHUN SREA

Chairman of the Boards

Cambodian national, born in 1953, he has attended many courses in business management. At the moment, he is part of top management in one Gasoline company. Before selected as a Chairman of the board ,He is one of NIRON's founders and has been as a board member since its operation in 2013.

Mr. CHHUN SINA

Board Member



Cambodian national, born in 1983, he obtained a Master of General Management from Build Bright University in 2011. He has also attended various courses in microfinance management. He is one of NIRON's founders since its operation in 2013. Before selected as a board member and President &Chief Financial Officer, he worked in various positions such as Credit Officer, Accountant and Head of Finance Department and Chief Financial Officer.



MS. CHHUN VANAL

BOARD MEMBER

Cambodian national, born in 1986, he obtained a Bachelor degree of Accounting. She has attended various courses in microfinance management. He was appointed Board member is 2020. Before he as a Board member, he worked in various positions such as . Trader (Fuel business & Mart), Shareholder of Niron Microfinance PLC.

EXECUTIVE MANAGEMENT



MR. CHHUN SINA

PRESIDENT & CHIEF EXECUTIVE OFFICER

Cambodian national, born in 1983, he obtained a Master of General Management from Build Bright University in 2011. He has also attended various courses in microfinance management. He is one of NIRON's founders since its operation in 2013. Before selected as a board member and President &Chief Financial Officer, he worked in various positions such as Credit Officer, Accountant and Head of Finance Department and Chief Financial Officer.



MR. MEAS VANDETH

HEAD OF INFORMATION TECHNOLOGY DEPARTMENT

Cambodian national, born in 1974, he obtained a Master of Information Technology from the Royal University of Phnom Penh in 2007. He has attended various courses in microfinance management. Besides working at NIRON, he is also a part-time lecturer of Information Technology at the Royal University of Phnom Penh.

Cambodian national, born in 1982, he obtained a Master of General Management from Build Bright University in 2008. He has attended various courses in microfinance management. He was appointed Head of Compliance. Before joining NIRON, he had many years of experience as a doer and manager in Administration Work at ACLEDA Bank Plc.



Mr. KEATH VIRAK
HEAD OF COMPLIANCE



Cambodian national, born in 1981, he obtained a Bachelor Degree of General Management from Cambodia University for Specialties (CUS) in 2014. He first joined NIRON in 2009 as Credit Officer and he was appointed as Head of Credit Department in 2021. Before joining NIRON, he had several years of experience in the credit sector from bank and MFI.

Mr. KIM SOPHEAK
HEAD OF CREDIT DEPARTMENT

Cambodian national, born in 1982, he obtained a Master of Finance and Banking from Norton University in 2015. Currently he is pursuing ACCA at CamEd Business School. He has attended various courses in auditing and microfinance management. He was appointed Head of Finance Department. Before joining NIRON, he had many years of experience in the management of Internal Audit Work at ACLEDA Bank Plc.



Mr. LENG LEAK
HEAD OF FINANCE DEPARTMENT



Cambodian national, born in 1988, he obtained a Master of Business Administration in Finance and banking from Asian Euro University , 2013. He first joined NIRON in 2016 as Credit Officer and also appointed as Duty Head of Credit Department in 2020. In 2021, He was appointed as Head of Human Resource and Administrator. Before joining NIRON, He had several years of experience in the management, and bank and MFI sector.

MR. CHHUN SOPHEA

HEAD OF HUMAN RESOURCES DEPARTMENT

Cambodian national, born in 1987, he obtained a Master of Business Administration From Norton University in 2013. He has attended various courses in auditing and microfinance management. He was appointed Head of Internal Audit Department is 2020. Before he as a Head of Internal Audit Department, he worked in various positions such as Internal Auditor, Specialist Operational Audit, Senior Financial Audit, and Manager of Financial Audit Unit.



MR. CHHAN THIRAKK

HEAD OF INTERNAL AUDIT DEPARTMENT



FINANCIAL STATEEMENTS
AND INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2021

Corporate information

Company:	Niron Microfinance Plc.	
Registration No:	00007469	
Registered office:	#21-23-25, Street 598 Sangkat Phnom Penh Thmey Khan Sen Sok, Phnom Penh Kingdom of Cambodia	
Shareholders:	Mr. Chhun Sina Mr. Chhun Srea Ms. Chhun Vannouch Ms. Chhun Vannal	
Board of Directors:	Mr. Chhun Srea Mr. Chhun Sina Ms. Chhun Vannal Mr. Nut Sam Art	Chairman Director Director Independent Director (Resigned on 01 August 2021)
Principal bankers:	National Bank of Cambodia ACLEDA Bank Plc.	
Auditors:	Fii&Associates Co., Ltd.	

Niron Microfinance Plc.

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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 Niron Microfinance Plc. ("the Company") for the year ended 31 December 2021 (the "financial year" or "year").

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 year.

Financial performance

The financial performance of the Company was as follows:

	2021		2020	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
(Loss)/profit before income tax	(61,024)	(248,246)	300,425	1,224,832
Income tax credit/(expense)	42,641	173,464	(79,313)	(323,359)
Net (loss)/profit for the year	(18,383)	(74,782)	221,112	901,473

Dividends

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

Share capital

The paid-up capital of the Company as at 31 December 2021 is US$2,557,765 (2020: US$2,557,765) with a par value US$1 per share. Refer to Note 12 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 year other than amount as disclosed in the financial statements.

Report of the Board of Directors (continued)

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 year 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.

Report of the Board of Directors (continued)

Items of an unusual nature

The results of the operations of the Company for the financial year 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 year 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 year 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 year and at the date of this report are:

Mr. Chhun Srea	Chairman
Mr. Chhun Sina	Director
Ms. Chhun Vannal	Director
Mr. Nut Sam Art	Independent Director (Resigned on 01 August 2021)

Directors' interests

The Directors' interest are disclosed in Note 12 of the financial statements.

Directors' benefits

During and at the end of the financial year, 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.

Since the end of the previous financial year, 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.

Report of the Board of Directors (continued)

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 2021, and of 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 ("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;

(iii) oversee the Company's financial reporting process and maintain adequate accounting records and effective system of internal control;

(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 39 which present fairly, in all material respects, the financial position of Niron Microfinance Plc. as at 31 December 2021, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.

Signed in accordance with a resolution of the Board of Directors.

NIRON MICROFINANCE PLC
KINGDOM OF CAMBODIA

Mr. Chhun Sina
Director

Phnom Penh, Kingdom of Cambodia
Date: 26 April 2022

Report of the Independent Auditors
To the shareholders
Niron Microfinance Plc.

Opinion

We have audited the financial statements of Niron Microfinance Plc. ("the "Company"), which comprise the statement of financial position as at 31 December 2021, and 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 39.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of 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 ("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.

Report of the Independent Auditors (continued)
To the shareholders
Niron Microfinance Plc.

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

- 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
Date: 26 April 2022

Niron Microfinance Plc.

Statement of financial position
As at 31 December 2021

	Note	2021 US$	2021 KHR'000 (Note 2.4)	2020 US$	2020 KHR'000 (Note 2.4)
Assets					
Cash on hand	4	54,987	224,017	48,059	194,399
Deposits and placements with the NBC	5	138,270	563,312	138,194	558,995
Deposits and placements with banks	6	1,657,156	6,751,254	2,404,853	9,727,630
Loans to customers	7	2,018,184	8,222,082	1,374,174	5,558,534
Other assets	8	164,239	669,110	160,218	648,082
Property and equipment	9	96,946	394,958	77,984	315,445
Deferred tax assets-net	11.1	29,122	118,643	6,379	25,803
Total assets		4,158,904	16,943,376	4,209,861	17,028,888
Liabilities and equity					
Liabilities					
Other payables	10	178,579	727,531	130,999	529,891
Current income tax liability	11.2	8,381	34,144	88,535	358,124
Total liabilities		186,960	761,675	219,534	888,015
Equity					
Share capital	12	2,557,765	10,231,060	2,557,765	10,231,060
Regulatory reserves	13	-	-	-	-
Retained earnings		1,414,179	5,728,018	1,432,562	5,802,800
Currency translation differences		-	222,623	-	107,013
Total equity		3,971,944	16,181,701	3,990,327	16,140,873
Total liabilities and equity		4,158,904	16,943,376	4,209,861	17,028,888

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

Niron Microfinance Plc.

Statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 US$	2021 KHR'000 (Note 2.4)	2020 US$	2020 KHR'000 (Note 2.4)
Interest income	14	317,149	1,290,162	268,054	1,092,856
Fee and commission income		1,358,765	5,527,456	1,438,676	5,865,482
Other income		65,066	264,688	48,902	199,373
Total operating income		1,740,980	7,082,306	1,755,632	7,157,711
Depreciation		(25,327)	(103,030)	(18,162)	(74,046)
General and administrative expenses	15	(1,644,370)	(6,689,297)	(1,245,773)	(5,079,017)
Net impairment loss on financial assets	7	(132,307)	(538,225)	(191,272)	(779,816)
(Loss)/profit before income tax		(61,024)	(248,246)	300,425	1,224,832
Income tax credit/(expense)	11.3	42,641	173,464	(79,313)	(323,359)
Net (loss)/profit for the year		(18,383)	(74,782)	221,112	901,473
Other comprehensive income					
Currency translation difference		-	115,610	-	(120,192)
Total comprehensive income for the year		(18,383)	40,828	221,112	781,281

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

Niron Microfinance Plc.

Statement of changes in equity
For the year ended 31 December 2021

	Share capital		Regulatory reserve		Retained earnings		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 1 January 2021	2,557,765	10,231,060	-	-	1,432,562	5,802,800	-	107,013	3,990,327	16,140,873
Comprehensive loss for the year										
Net loss for the year	-	-	-	-	(18,383)	(74,782)	-	-	(18,383)	(74,782)
Other comprehensive income										
Currency translation difference	-	-	-	-	-	-	-	115,610	-	115,610
Total comprehensive (loss)/income for the year	-	-	-	-	(18,383)	(74,782)	-	115,610	-	40,828
At 31 December 2021	2,557,765	10,231,060	-	-	1,414,179	5,728,018	-	222,623	3,971,944	16,181,701

Niron Microfinance Plc.

Statement of changes in equity (continued)
For the year ended 31 December 2021

	Share capital		Regulatory reserve		Retained earnings		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 1 January 2020	2,557,765	10,231,060	20,688	84,304	1,190,762	4,816,982	-	227,205	3,769,215	15,359,551
Comprehensive income for the year										
Net profit for the year	-	-	-	-	221,112	901,473	-	-	221,112	901,473
Transfer	-	-	(20,688)	(84,345)	20,688	84,345			-	-
Other comprehensive income/(loss)										
Currency translation difference	-	-	-	41	-	-	-	(120,192)	-	(120,151)
Total comprehensive (loss)/income for the year	-	-	(20,688)	(84,304)	241,800	985,818	-	(120,192)	221,112	781,322
At 31 December 2020	2,557,765	10,231,060	-	-	1,432,562	5,802,800	-	107,013	3,990,327	16,140,873

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

Niron Microfinance Plc.

Statement of cash flows
For the year ended 31 December 2021

	2021		2020	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Cash flows from operating activities				
Net (loss)/profit for the year	(18,383)	(74,782)	221,112	901,473
Adjustments for:				
Income tax (credit)/expense	(42,641)	(173,464)	79,313	323,359
Net impairment loss on financial assets	132,307	538,225	191,272	779,816
Depreciation	25,327	103,030	18,162	74,046
Assets written-off	-	-	172	701
Loss/(gain) on disposals of property and equipment	25	102	(5,747)	(23,431)
	96,635	393,111	504,284	2,055,964
Changes in:				
Loans to customers	(776,317)	(3,158,058)	42,313	172,510
Other assets	(4,021)	(16,357)	83,578	340,748
Other payables	47,580	193,555	(205,285)	(836,947)
Cash (used in)/generated from operations	(636,123)	(2,587,749)	424,890	1,732,275
Income tax paid	(60,256)	(245,121)	(33,778)	(137,713)
Net cash (used in)/generated from operating activities	(696,379)	(2,832,870)	391,112	1,594,562
Cash flows from investing activities				
Purchases of property and equipment	(44,562)	(181,278)	(18,569)	(75,706)
Proceeds from disposals of property and equipment	248	1,009	5,747	23,431
Net cash used in investing activities	(44,314)	(180,269)	(12,822)	(52,275)
Net (decrease)/increase in cash and cash equivalents	(740,693)	(3,013,139)	378,290	1,542,287
Cash and cash equivalent at 1 January	2,463,218	9,963,717	2,084,928	8,496,081
Currency translation difference	-	66,989	-	(74,651)
Cash and cash equivalents at 31 December (Note 16)	1,722,525	7,017,567	2,463,218	9,963,717

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

1. Reporting entity

Niron Microfinance Plc. ("the Company") is a public limited company incorporated in the Kingdom of Cambodia on 18 October 2013 under the registration number 00007469 issued by the Ministry of Commerce.

On 4 November 2015, the National Bank of Cambodia (the "Central Bank" or "NBC") granted the Company a permanent license to conduct business as a micro-finance institution in the Kingdom of Cambodia.

The principal business activities of the Company are to provide credit service and other financial services to individual customers in the Kingdom of Cambodia. It currently operates through its head office in Phnom Penh and ten branches, which are located in provinces.

The Company's registered office is located at #21-23-25, Street 598, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2021, the Company had 212 employees (2020: 200 employees).

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs").

Details of the Company's significant accounting policies are included in Note 21.

These financial statements were approved by the Board of Directors and authorised for issue on 26 April 2022.

2.2 Fiscal year and reporting period

The Company's fiscal year starts on 1 January and ends on 31 December.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.4 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts it business and maintains its accounting records in two currencies, the US$ and the KHR, management has determined the US$ to be the Company's functional as it reflects the economic substance of the underlying events and circumstances of the Company.

2. Basis of preparation (continued)

2.4 Functional and presentation currency (continued)

The financial statements are stated in the US$, which is the Company's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

The translations of United States Dollars amount into KHR are included solely for meeting the presentation requirements pursuant to the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date, and the share capital are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as "currency translation difference" in the other comprehensive income. The accumulative currency translation differences are recognised as a separate component of equity. All values in KHR are rounded to the nearest thousand ("KHR'000"), except if otherwise indicated.

The Company uses the following exchange rates:

Financial year end	Closing rate	Average rate
31 December 2021	US$1 = KHR4,074	US$1 = KHR4,068
31 December 2020	US$1 = KHR4,045	US$1 = KHR4,077

These convenience translations should not be construed as representations that the US$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

2.5 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2021 is set out in Note 3 - Critical accounting estimates and judgements.

3. Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of failure events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Income and other taxes

Taxes are calculated on the basis of current interpretation of the tax obligations. However, these regulations are subject to periodic variation and different interpretation following inspection by the tax authorities. These may result in tax increase and other retroactive tax claims. It is difficult to predict the timing and severity of these occurrences or their potential effect.

3.2 Property and equipment

Accounting for property and equipment involves the use of estimates for determining the expected useful lives of these assets. The determination of useful lives of the assets is based on Management's judgement.

3.3 Allowance for doubtful debts

Management establishes allowance for doubtful debts on a case-by-case basis when they believe collection of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial condition of customer were deteriorating, resulting in inability to make the required payments, allowance may be required to be made for such receivable.

4. Cash on hand

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Khmer Riel	44,836	182,662	36,573	147,938
US Dollars	10,151	41,355	11,486	46,461
	54,987	224,017	48,059	194,399

5. Deposits and placements with the NBC

	2021		2020	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Capital guarantee (*)	127,888	521,016	127,888	517,307
Current accounts	10,382	42,296	10,306	41,688
	138,270	563,312	138,194	558,995

(*) The capital guarantee deposit is maintained with the NBC in compliance with Prakas No. B7-00-006 on the Licensing of Microfinance, the amounts of which are determined at 5% of the Company's registered share capital. The guarantee deposit is refundable when the Company voluntarily liquidates and has no deposit liabilities.

The capital guarantee deposit earns interest at the rate of 0.36% per annum.

6. Deposits and placements with banks

	2021		2020	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Current accounts	2,242	9,134	1,281	5,182
Saving accounts	1,654,914	6,742,120	2,403,572	9,722,448
	1,657,156	6,751,254	2,404,853	9,727,630

Deposits and placements with banks are analysed as follows:

(a) By maturity:

	2021		2020	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Within 1 month	1,657,156	6,751,254	2,404,853	9,727,630

(b) By interest rate (per annum):

	2021	2020
Current accounts	0.00%	0.00%
Savings accounts	0.00%	0.00%

7. Loans to customers

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Loans to customers at amortised costs	2,202,547	8,973,176	1,493,265	6,040,257
Less: impairment loss allowance	(184,363)	(751,094)	(119,091)	(481,723)
	2,018,184	8,222,082	1,374,174	5,558,534

Movements of allowances for impairment loss are as follows:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
At 1 January	119,091	481,723	21,982	89,577
Allowance for the year	132,307	538,225	191,272	779,816
Loan written-off	(67,035)	(272,698)	(94,163)	(383,903)
Currency translation difference	-	3,844	-	(3,767)
At 31 December	184,363	751,094	119,091	481,723

Gross loans to customers are analysed as follows:

(a) By maturity:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Within 1 month	29,051	118,354	167	676
1 to 3 months	60,531	246,603	1,964	7,944
3 to 12 months	1,515,328	6,173,446	22,944	92,808
Over 12 months	597,637	2,434,773	1,468,190	5,938,829
	2,202,547	8,973,176	1,493,265	6,040,257

(b) By currency:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
US Dollars	95,643	389,649	50,973	206,186
Khmer Riel	2,106,904	8,583,527	1,442,292	5,834,071
	2,202,547	8,973,176	1,493,265	6,040,257

7. Loans to customers (continued)

Gross loans to customers are analysed as follows (continued):

(c) By residency status:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Residents	2,202,547	8,973,176	1,493,265	6,040,257

(d) By relationship:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
External customers	2,189,740	8,921,001	1,469,534	5,944,265
Staff loans	12,807	52,175	23,731	95,992
	2,202,547	8,973,176	1,493,265	6,040,257

(e) By economic sector:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Household/family	1,119,756	4,561,886	718,406	2,905,953
Agriculture	580,524	2,365,055	311,987	1,261,987
Trade and commerce	351,963	1,433,897	271,206	1,097,028
Services	123,967	505,042	131,011	529,939
Constructions	14,913	60,756	12,374	50,053
Transportation	557	2,268	1,149	4,648
Others	10,867	44,272	47,132	190,649
	2,202,547	8,973,176	1,493,265	6,040,257

7. Loans to customers (continued)

Gross loans to customers are analysed as follows (continued):

(f) By interest rates (per annum):

	2021	2020
Group loans	18%	18%
Individual loans	18%	18%

8. Other assets

	2021		2020	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
Prepayments	115,354	469,953	116,808	472,488
Deposits	48,885	199,157	43,410	175,594
	164,239	669,110	160,218	648,082

9. Property and equipment

31 December 2021	Leasehold improvements US$	Furniture and fixtures US$	Computer equipment US$	Office and other equipment US$	Vehicles US$	Total US$	KHR'000 (Note 2.4)
Cost							
At 1 January 2021	135,984	32,505	91,911	67,255	46,595	374,250	1,513,841
Additions	34,286	-	5,200	5,076	-	44,562	181,278
Disposals	-	-	(385)	-	-	(385)	(1,566)
Written off	-	-	(5,804)	(2,912)	-	(8,716)	(35,457)
Currency translation difference	-	-	-	-	-	-	11,067
At 31 December 2021	170,270	32,505	90,922	69,419	46,595	409,711	1,669,163
Less: **Accumulated depreciation**							
At 1 January 2021	65,315	32,110	88,420	64,451	45,970	296,266	1,198,396
Depreciation for the year	21,244	186	2,253	1,394	250	25,327	103,030
Disposals	-	-	(112)	-	-	(112)	(456)
Written off	-	-	(5,804)	(2,912)	-	(8,716)	(35,457)
Currency translation difference	-	-	-	-	-	-	8,692
At 31 December 2021	86,559	32,296	84,757	62,933	46,220	312,765	1,274,205
Carrying amounts							
At 31 December 2021	83,711	209	6,165	6,486	375	96,946	394,958

9. Property and equipment (continued)

31 December 2020	Leasehold improvements US$	Furniture and fixtures US$	Computer equipment US$	Office and other equipment US$	Vehicles US$	Total US$	KHR'000 (Note 2.4)
Cost							
At 1 January 2020	121,806	32,119	99,668	71,130	65,662	390,385	1,590,819
Additions	14,178	386	2,355	1,650	-	18,569	75,706
Disposals	-	-	-	(4,160)	(17,697)	(21,857)	(89,111)
Written off	-	-	(10,112)	(1,365)	(1,370)	(12,847)	(52,377)
Currency translation difference	-	-	-	-	-	-	(11,196)
At 31 December 2020	135,984	32,505	91,911	67,255	46,595	374,250	1,513,841
Less: **Accumulated depreciation**							
At 1 January 2020	53,340	31,336	95,410	67,761	64,789	312,636	1,273,992
Depreciation for the year	11,975	774	3,122	2,043	248	18,162	74,046
Disposals	-	-	-	(4,160)	(17,697)	(21,857)	(89,111)
Written off	-	-	(10,112)	(1,193)	(1,370)	(12,675)	(51,676)
Currency translation difference	-	-	-	-	-	-	(8,855)
At 31 December 2020	65,315	32,110	88,420	64,451	45,970	296,266	1,198,396
Carrying amounts							
At 31 December 2020	70,669	395	3,491	2,804	625	77,984	315,445

10. Other payables

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Provision for employee benefit (*)	92,355	376,254	56,191	227,293
Accrued bonus and related cost	62,891	256,218	52,974	214,280
Accrued expenses	7,049	28,718	5,228	21,147
Withholding tax payable	3,888	15,840	3,451	13,959
Others	12,396	50,501	13,155	53,212
	178,579	727,531	130,999	529,891

(*) This represents provision for seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by the Instruction No. 042/19 dated 22 March 2019. It requires all employers to settle the seniority indemnity to their employees as follows:

(i) Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.

(ii) Retrospective (back-pay): starting from 2021 onwards at the amounts equal to 6 days of net wages per year. The provision of back-pay seniority indemnity is calculated at 6 days of wages and other benefits per year at a maximum amount of 6 months' net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

Payments will be made twice a year, in June and December respectively. Employee does not entitle to the remaining back-pay seniority indemnity which is not yet due, if he/she resigns from the entity.

Movements of provision for employee benefits during the year are as follows:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
At 1 January	56,191	227,293	67,335	274,390
Charged during the year	36,164	147,115	32,965	134,398
Reversal	-	-	(44,109)	(179,832)
Currency translation difference	-	1,846	-	(1,663)
At 31 December	92,355	376,254	56,191	227,293

11. Income tax

11.1 Deferred tax assets, net

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Deferred tax assets	29,500	120,183	11,032	44,624
Deferred tax liabilities	(378)	(1,540)	(4,653)	(18,821)
	29,122	118,643	6,379	25,803

(i) Movements of deferred tax assets during the year are as follows:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
At 1 January	6,379	25,803	11,593	47,242
Charged to profit or loss	22,743	92,518	(5,214)	(21,256)
Currency translation difference	-	322	-	(183)
At 31 December	29,122	118,643	6,379	25,803

(ii) Deferred tax assets are attributable to the following:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Accelerated depreciation	(378)	(1,540)	812	3,285
Allowance for impairment losses	26,844	109,362	10,220	41,340
Unrealised exchange loss/(gain)	2,656	10,821	(4,653)	(18,822)
	29,122	118,643	6,379	25,803

11. Income tax (continued)

11.2 Current income tax liability

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
At 1 January	88,535	358,124	48,214	196,472
Current income tax	(19,898)	(80,946)	74,099	302,103
Income tax paid	(60,256)	(245,121)	(33,778)	(137,713)
Currency translation difference	-	2,087	-	(2,738)
At 31 December	8,381	34,144	88,535	358,124

11.3 Income tax (credit)/expense

In accordance with Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Current income tax	(19,898)	(80,946)	74,099	302,103
Deferred tax	(22,743)	(92,518)	5,214	21,256
	(42,641)	(173,464)	79,313	323,359

11. Income tax (continued)

11.3 Income tax (credit)/expense (continued)

The reconciliation of income tax (credit)/expense computed at the statutory tax rate to the income tax expense shown in the income statement is as follows:

	2021		2020	
	US$	KHR'000 (Note 2.4)	US$	KHR'000 (Note 2.4)
(Loss)/profit before income tax	(61,024)	(248,246)	300,425	1,224,832
Income tax using income tax rate at 20%	(12,205)	(49,649)	60,085	244,966
Non-deductible expense	726	2,953	177	722
Over provision in prior year	(44,550)	(181,229)	-	-
Others	13,388	54,461	19,051	77,671
	(42,641)	(173,464)	79,313	323,359

The calculation of taxable income is subject to the review and approval of the tax authorities.

12. Share capital

	2021			2020		
	Number	US$	KHR'000 (Note 2.4)	Number	US$	KHR'000 (Note 2.4)
Registered and issued at US$1 each	2,557,765	2,557,765	10,231,060	2,557,765	2,557,765	10,231,060

The shareholders and shareholding structure of the Company are as follow:

	2021			2020		
	% of ownership	Number of shares	Amount US$	% of ownership	Number of shares	Amount US$
Mr. Chhun Srea	64%	1,641,875	1,641,875	64%	1,641,875	1,641,875
Mr. Chhun Sina	21%	548,122	548,122	21%	548,122	548,122
Ms. Chhun Vannouch	8%	202,086	202,086	8%	202,086	202,086
Ms. Chhun Vannal	6%	165,682	165,682	6%	165,682	165,682
	100%	2,557,765	2,557,765	100%	2,557,765	2,557,765

13. Regulatory reserves

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Regulatory reserves (*)	-	-	-	-

(*) Regulatory reserves:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
At 1 January	-	-	20,688	84,304
Transfers	-	-	(20,688)	(84,345)
Currency translation difference	-	-	-	41
At 1 January	-	-	-	-

(**) Transfer from retained earnings to reserve pertaining to impairment during the year when the provision under NBC requirement is higher than CIFRS for SMEs:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Impairment loss on credit facilities required by the NBC				
- Balance with banks	16,572	67,514	24,049	98,048
- Loan to customers	73,973	301,366	91,261	372,071
	90,545	368,880	115,310	470,119
Impairment loss on financial assets under CIFRS for SMEs (Note 7)	184,363	751,094	119,091	481,723
	-	-	-	-

14. Interest income

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Loans to customers	317,053	1,289,772	267,269	1,089,656
Capital guarantee	96	390	785	3,200
	317,149	1,290,162	268,054	1,092,856

15. General and administrative expenses

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Employee salaries and benefits	1,175,182	4,780,640	863,090	3,518,818
Rental	221,446	900,842	228,926	933,331
Vehicles operating expenses	55,797	226,982	44,537	181,577
Legal and professional fees	33,590	136,644	30,072	122,604
Communication expenses	30,939	125,860	29,747	121,279
Utilities expenses	30,050	122,243	30,224	123,223
Travel expenses	15,597	63,449	1,887	7,693
Marketing and advertising expenses	9,591	39,016	4,197	17,111
Office supplies	8,446	34,358	5,868	23,924
Repairs and maintenance	6,051	24,615	1,850	7,542
Written-off fixed assets	-	-	172	701
Loss on disposals of property and equipment	25	102	-	-
Others	57,656	234,546	5,203	21,214
	1,644,370	6,689,297	1,245,773	5,079,017

16. Cash and cash equivalents

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Cash on hand (Note 4)	54,987	224,017	48,059	194,399
Deposits and placements with the NBC (Note 5)	10,382	42,296	10,306	41,688
Deposits and placements with banks (with maturities of 3 months or less) (Note 6)	1,657,156	6,751,254	2,404,853	9,727,630
	1,722,525	7,017,567	2,463,218	9,963,717

17. Related party transactions

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Related party transactions:				
Office rental	171,778	698,793	93,333	380,519
Directors and key management personnel compensation	35,135	142,929	32,432	132,225

18. Lease commitments

The Company leases office premises under an operating lease arrangement with minimum lease commitments as follows:

	2021		2020	
	US$	**KHR'000** (Note 2.4)	**US$**	**KHR'000** (Note 2.4)
Within 1 year	18,000	73,332	171,200	692,504
2 to 5 years	69,000	281,106	177,550	718,190
	87,000	354,438	348,750	1,410,694

19. Tax contingencies

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have different interpretations and the effects could be significant.

20. Significant event

Impact of Novel Coronavirus Outbreak to the Company

Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has impact on the global as well as Cambodia business environment. The Company has been keeping continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Company.

21. Significant accounting policies

21.1 Basis of aggregation

The Company's financial statements comprise the financial statements of the head office and its branches. All inter-branch balances and transactions have been eliminated.

21.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost using the effective interest method in the statement of financial position.

21.3 Deposits and placements with banks

Deposits and placements with banks are carried at amortised cost using the effective interest method in the statement of financial position.

21.4 Deposits and placements with the NBC

Deposits and placements with the NBC, including capital guarantee deposit, are carried at amortised cost using the effective interest method in the statement of financial position.

Capital guarantee deposit is maintained in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by defined percentages of minimum share capital as required by the NBC. Capital guarantee is not available to finance the Company's day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

21.5 Loan to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

21.6 Other assets

Other assets are carried at amortised cost using the effective interest method in the statement of financial position.

21. Significant accounting policies (continued)

21.7 Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in profit or loss.

(ii) Subsequent costs

The costs of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is charged so as to allocated the cost of assets less their residual value over there estimated useful lives. Depreciation starts when the assets is readily available for use. The annual depreciation method and useful lives for property and equipment are as follows:

Leasehold improvements	20 years	Using a straight-line method
Furniture and fixtures	4 years	Using declining line method
Computer equipment	2 years	Using declining line method
Office and other equipment	4 years	Using declining line method
Vehicles	4 years	Using declining line method

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.

21. Significant accounting policies (continued)

21.8 Intangible assets

Intangible assets consist of computer software license and related costs are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over an estimate useful life of 10 years using a straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

21.9 Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

21.10 Other liabilities

Other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

21.11 Provisions

Provisions are recognised in the statement of financial provision when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

21. Significant accounting policies (continued)

21.12 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Termination benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognised as a liability and an expense when the Company has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than 12 months after the end of reporting period, they are discounted to present value based on market yields at the end of reporting period.

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits, including seniority indemnity obligation, is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

21.13 Dividends

Dividends declared and approved by the Company's shareholders before the end of reporting date are recognised as a liability and accounted for as a deduction from the retained earnings in the financial statements.

Dividends declared and approved by the Company's shareholders after the reporting date are not recognised as a liability but disclosed as the subsequent events note in the financial statements.

21. Significant accounting policies (continued)

21.14 Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

21.15 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

21.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

21. Significant accounting policies (continued)

21.17 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

21.18 Financial assets and financial liabilities

(i) Recognition

The Company initially recognises a financial asset or a financial liability when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

The Company classifies its financial assets and liabilities as basic financial instruments in accordance with Section 11, Basic Financial Instruments.

21. Significant accounting policies (continued)

21.18 Financial assets and financial liabilities (continued)

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or settled, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

21. Significant accounting policies (continued)

21.18 Financial assets and financial liabilities (continued)

***(vi) Fair value measurement** (continued)*

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(vii) Identification and measurement of impairment

Objective evidence of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets that are measured at cost or amortised cost. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

21. Significant accounting policies (continued)

21.18 Financial assets and financial liabilities (continued)

***(vii) Identification and measurement of impairment** (continued)*

Individual and collective assessment

All individually significant assets are individually assessed for impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the management.

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Measurement

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

21. Significant accounting policies (continued)

21.18 Financial assets and financial liabilities (continued)

***(vii) Identification and measurement of impairment** (continued)*

Reversal of impairment and written off

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the entity shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account.

The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The entity shall recognise the amount of the reversal in profit or loss immediately.

The Company writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the management determines that there is no realistic prospect of recovery.

21.19 Regulatory reserves

The NBC issued Prakas No. B7-017-344 dated 1 December 2017 on Credit Risk Grading and Provision on Impairment and Circular No. B7-018-001 dated 16 February 2018 on the Implementation of Prakas on Credit Risk Grading and Provision on Impairment, which require all banks and financial institutions ("Institution") to measure the impairment and provide sufficient allowance for bad and doubtful loans based on the new credit risk grading and provision as follows:

Classification	Number of days past due	Allowance
Short-term loans (less than one year):		
Standard	0 - 14 days	1%
Special mention	15 - 30 days	3%
Sub-standard	31 - 60 days	20%
Doubtful	61 - 90 days	50%
Loss	91 - days or more	100%
Long-term loans (more than one year):		
Standard	0 - 29 days	1%
Special mention	30 - 89 days	3%
Sub-standard	90 - 179 days	20%
Doubtful	180 - 359 days	50%
Loss	360 - days or more	100%

21. Significant accounting policies (continued)

21.19 Regulatory reserves (continued)

In accordance with Article 73, the entity is shall compare the provision calculated in accordance with above requirements, and the Company's record which is under CIFRS for SMEs:

(i) If the regulatory provision is lower, the entity records the provision calculated in accordance with CIFRS for SMEs; and

(ii) If the regulatory provision is higher, the entity records the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings into regulatory reserves in equity account.

21.20 Related parties

Enterprises and individual that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including the holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including Directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals, also constitute related parties.

អគារលេខ: ២១-២៣-២៥, ផ្លូវលេខ៥៩៨, សង្កាត់ភ្នំពេញថ្មី, ខណ្ឌ សែនសុខ, រាជធានីភ្នំពេញ,
ព្រះរាជាណាចក្រកម្ពុជា, ទូរស័ព្ទលេខ:០៨៦ ៦៥៥ ៩៩៩,
អ៊ីម៉ែល: E-mail: info@niron.com.kh, វេបសាយ: www.niron.com.kh
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