



BAMBOO Finance Plc.

Annual Report

2018



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Vision Our Company

Bamboo Finance Plc., will shape the Bright future for Cambodia Society as a result of our contribution as a player in the National Financial Field to our customer.

Mission

Bamboo Finance Plc., will set a goal to be an Excellent Company which is always the best services provider in the National Financial Field, not by its size but it's Excellent of Operation.



MESSAGE FROM CHIEF EXECUTIVE OFFICER

Mr. Keo Sokha, *CEO*

Another 12 months are behind us as we present our 2018 annual report. This past year, like most years, we were faced with the challenges of financial industries.

Being a responsible Financial Institution means weighing the impact of every decision, everywhere we do business. It means always thinking about what further contribution we can help driving social and economic well-being. Because this is the only way to achieve sustainable growth. Opportunities and challenges in the financial services industry continue to abound, as businesses face disruption from the changing customer expectations, new sources of competition and rapidly-emerging to our new strategy has begun.

Looking back on the two years of the Value Innovation 2017 - 2018 business plan, I believe we managed to largely achieve our goal of strengthening existing businesses. In the Financial business, we not only expanded existing business, but broadened our customer base with new customers. The inclusion of financial strategy along with these sectors is another of Bamboo's major strengths. With these comprehensive capabilities, we achieved in revenue for last years, however, catching up in financial industries, which is our mainstay business, will allow us to become the truly financial institution in the market place.

BAMBOO continued to execute on our strategy to improve customer advocacy, drive value from our core business and build pathways to future growth. The markets within which we compete continue to undergo significant change in Cambodia. We remain absolutely committed to improving the service we provide to our customers.

Loan outstanding grew to 107% from \$2.1 million (in 2017) to \$4.35 million (in 2018). And according to the 3 years BAMBOO's financial projection the portfolio will be grown to 120%, to \$9.1 million in 2019. We are deeply committed to continuing and building upon our support of the local clients.

Building on our success, we look forward to a new era of growth as we develop more projects. Furthermore, we will continue to pursue new investment opportunities that maximize value creation for our stakeholders even in an uncertain economic climate. This is a validation of our commitment to good governance, including our focus on engaging with clients, which is an integral part of ensuring Bamboo's continuing success. It also highlights our strong determination to increase diverse representation both within financial market level in the year to come.

Would like to offer a sincere thank you to Shareholders, Board of Directors, Directors, managers and staff who support BAMBOO and reaffirm commitment to make this business high-quality since starting point of our operation.



Keo Sokha
Chief Executive Officer,
BAMBOO FINANCE PLC.

OUR PRODUCTIONS

Motor Loan



Short Term Loan



Personal Loan



STAFF ACTIVITIES AND TRAINING



THE TRAINING CLASS AT HEADQUARTER



THE TRAINING HOW TO IMPROVE STAFF

MONDUL KIRI TRIP & WORKSHOP IN YEAR 2018



THE STAFF ACTIVITIES ON TRIP TO MONDUL KIRI



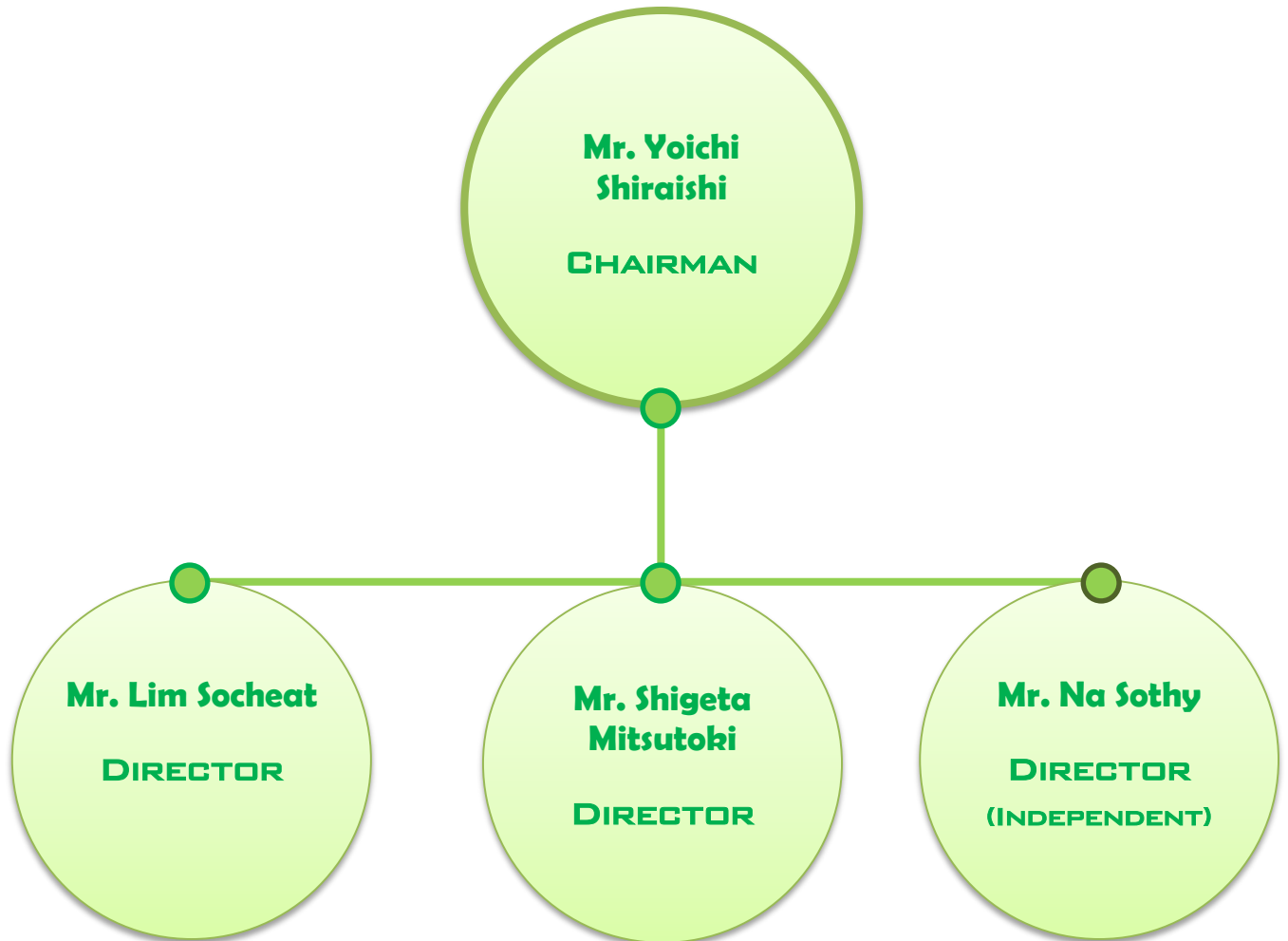
SHAREHOLDERS



**Laksmi Prime Investment
Co., Ltd**
US\$1,250,000, 50%

**Hikari Power Hong Kong
Ltd**
US\$1,250,000, 50%

BOARD OF DIRECTORS



MR. LIM SOCHEAT, BOARD OF DIRECTOR



Lim Socheat is the Board of Director of Bamboo Finance Plc. Meanwhile, he is currently serving as a member of the Board of Directors in multiple companies. Besides managing business entities, he has been contributing most of his available time in social works. For instance, he is serving as one of the Elected Members of Cambodian Chamber of Commerce (CCC), the Vice President of Young Entrepreneur Association of Cambodia (YEAC), and also one of the Board Members of Cambodia Investors Club (CIC).

Socheat was a CEO of PCG & Partners, one of Cambodia's financial consulting firms, at the same time he was the Managing Partner for NAS

Co., Ltd. Prior to joining PCG & Partners and NAS Co., Ltd, he has dedicated over 10 years as the Assistant Manager in Morision Kak & Associates, whom is a member of Morision International. Finally, he has spent over 2 years as the Financial Controller at Leopard Capital (Cambodia) Ltd. Socheat holds a Bachelor Degree in Economics from Royal University of Law and Economic (Cambodia). In addition, Socheat holds CPA Qualification from CPA Australia Ltd, ACCA Qualification from The Association of Chartered Accountants, England, and Master of Science from University of London, England.

Executive Committee



KEO SOKHA, CHIEF EXECUTIVE OFFICER

Born January, 1981 at Svay Rieng Province. Sokha joined Bamboo Finance Plc. ("Bamboo") in August 2016 as Director of Finance and he was also Director of Finance of Laksmi Prime Investment "the parent company of Bamboo". He was appointed Chief of Executive Officer (CEO) in December 2017. As CEO of Bamboo he leads the Executive Management Team which is responsible for overall strategies planning and running the day to day business.

Sokha bring over 13 years of experience in banking sector related to accounting, financial management and budgeting and team leader management to Bamboo. His key role across a number of various major positions and responsibilities ranging from as Accountant, Chief of Accountant, Head of Budgeting & Control unit, Head of International Financial Accounting unit, and Assistant Head of Finance Division.

Sokha holds a Master Degree major in Finance Management in 2008, Bachelor Degree in Economics Major Banking and Finance in 2003, and Diploma in Accounting "Diplôme Universitaire Du Comptabilité" in 2000 from Royal University of Law and Economics. He also has attended many training courses and workshops which related to financial management, Cambodia Accounting Standards (CAS) and Cambodia International Accounting Standards (CIAS).



CHUON CHANDARA, OPERATIONS DIRECTOR

Working with Bamboo Finance Plc, as Phnom Penh Branch Manager since May 15, 2015. Base on seniority and capacity He was promoted to Director of Operations on August, 2016. He has experience over 15 years with many financial institutions as Credit Officer, Chief Credit Officer, Post Service Manager at TPC (LOLC) from 2004 to 2012, and a Phnom Penh Branch Manager at Niron Micro-finance from 2013 to 2015. He has graduate Bachelor Degree of Management from National University of Management in 2011 and had attended many other courses such as English Literature, Computer Science, Credit Management, Risk Credit Management, leadership skill and Administration.



PHENG CHAN SARIM, ADMINISTRATION & HUMAN RESOURCE DIRECTOR

Sarim was a Chief Operating Officer of CCS BUSINESS GROUP, in Hotel and Retail business in Cambodia during 2014-2016. In 2007-2011 Sarim was a Director of Product Development and Training of Nautisco Seafood manufacturing LTD, in Cambodia. Prior to joining Nautisco, Sarim spent over 12 years in multi-billion dollars public listed international telecom corporations in Canada and USA at Newbridge Networks Corporation, and Alcatel-Lucent Technology Corporation. During the course of his employment in 1995-2007 at these firms, Sarim held various management positions with roles and responsibilities ranging from QAA (Quality Assurance Auditor), System Automating Testing. In 1992-1994 Sarim held a position as a Programmer Analysis at CIDA (Canadian Inter-national Development Agency) in Canada. At 1980-1984 Sarim held a position as a Manager at UNHCR (United Nations High Commissioner for Refugees) in Thailand. Sarim holds a Bachelor Degree of Business Administration from Canada University, Diploma of Accounting, and Programmer and System Analysis. He joined Bamboo Finance Plc. as a Director of Administration & Human Resource since July 2016.



OEURN SILEN, HEAD OF INTERNAL AUDIT

Mr. Oeurn Silen started working for Bamboo Finance Plc, in September, 2016 in the title of Internal Audit Department Manager. He had experiences with the ACLEDA Bank Plc, for more than 13 years in various positions related to Accounting, Risk Management and internal audit function. He holds Diploma of Accounting, Bachelor Degree in Enterprise Management, and Master Degree in Financial Management from Royal University of Laws and Economics. He completed many courses related to Accounting, Administration, Law, Marketing, Management, Credit, ITechnology (IT), English Language, and Teacher.



SANG HONG MOV, PRODUCT DEVELOPMENT DIRECTOR

Mr. Sang Hongmov was born in 1981, Kompong Cham province, Hold Master Degree of Finance and Banking from Build Bright University in 2009. He obtained Bachelor Degree of computer science and engineering from Royal University of Phnom Penh in 2003. After graduation from university he join ACLEDA Bank Plc from 2007, more than 10 years experiences as Credit-Officer, Chief Credit Officer and Staff of Trade Finance. He joined Bamboo Finance Plc. as Product Development Director since January 2017. He is a member of the Bamboo's executive committee which is responsible for the overall strategies planning and running the day-to-day business as well as implementation of marketing strategies and credit controlling.



KAN KANIKA, FINANCE MANAGER

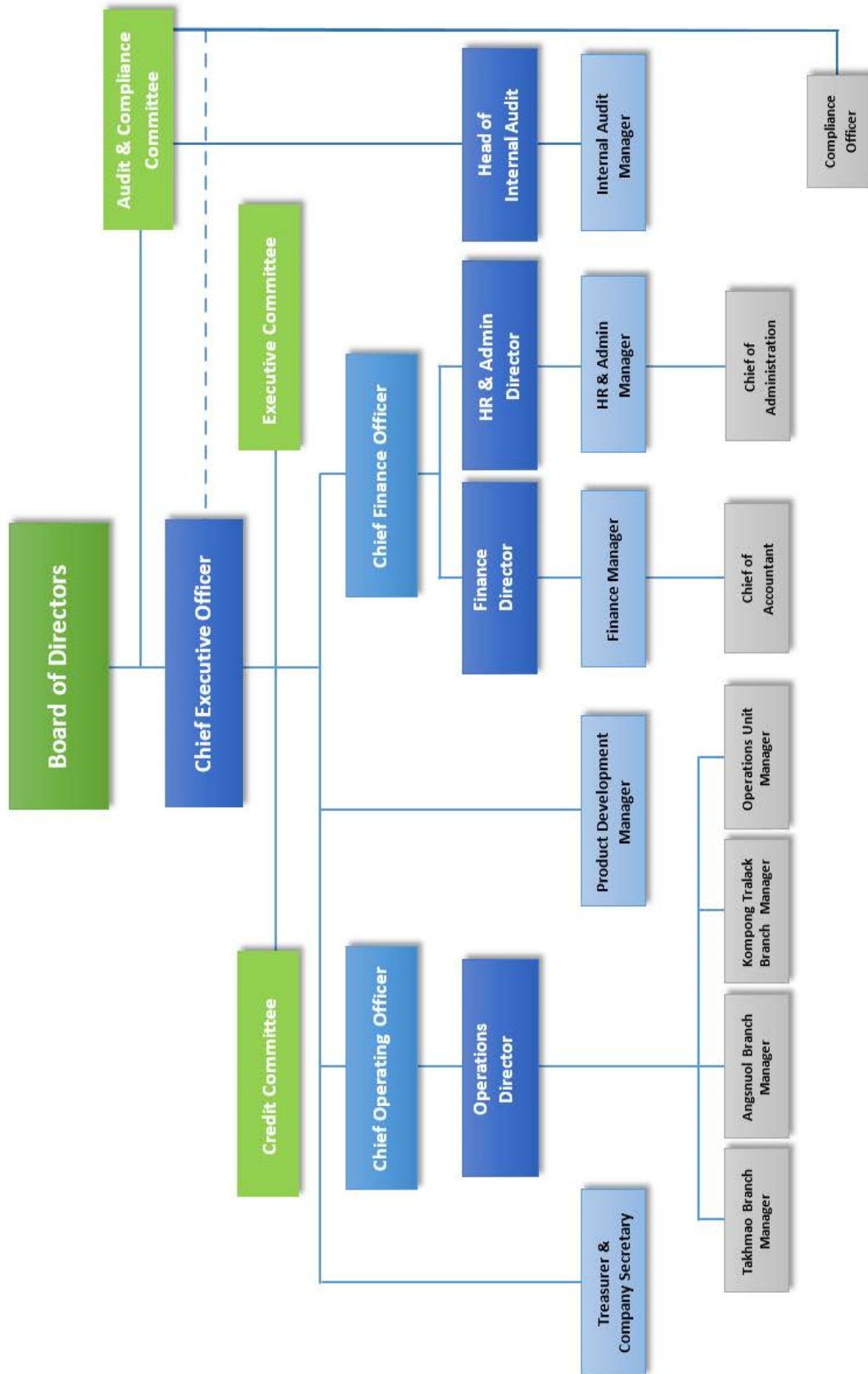
Ms. Kan Kanika brings over 10 years relevant of experiences. During the course of her employment at ALEDA Bank Plc., Kanika has work various position, as Accountant, Finance Officer and Senior Finance Officer. Kanika is a graduate of Asia Euro University in Phnom Penh with a Bachelor of Accounting and obtained her Master degree of Finance from National University of Management in 2011. She joined Bamboo Finance Plc., as Chief of Accountant in March 2017. As Finance Manager, she is a member of the Bamboo's executive committee which is responsible for the overall strategies planning and running the day-to-day financial Accounting and treasury of the business as well as implementation of finance policies.



Left to Right:

- SANG HONG MOV : Product Development Director
- CHUON CHANDARA : Operations Director
- KAN KANIKA : Finance Manager
- KEO SOKHA : Chief Executive Officer
- PHENG CHANSARIM : Human Resource & Admin Director
- OEURN SILEN : Head of Internal Audit

ORGANIZATIONAL CHARTS



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Bamboo Finance Plc. (“the Company”) presents its report and the Company’s financial statements as at 31 December 2018 and for the year ended.

THE COMPANY

Bamboo Finance Plc. (“the Company”) is a public limited company incorporated in Cambodia under registration number Co. 0419 E/2015 issued by the Ministry of Commerce on 29 January 2015. The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a microfinance institution on 7 May 2015.

The Company’s corporate focus is on providing reliable and affordable access to financial services to micro-entrepreneurs, Small, and Medium-sized financial credits sector which has been under served by financial institutions.

The Company’s head office is located at No. 34, Veng Sreng Street, (Block-F) Vattanac Industrial Park 1, Trapeang Thloeng 1 Village, Sangkat Chaom Chau 1, Khan Pursen Chey, Phnom Penh, Kingdom of Cambodia.

FINANCIAL PERFORMANCE

The financial performance of the Company is set out in the income statement.

DIVIDEND

No dividend was declared or paid during the year and up to the date of these financial statements.

PAID-UP CAPITAL

The Company increased its registered and paid-up capital from US\$1,250,000 (KHR’000 5,046,250) to US\$2,500,000 (KHR’000 10,045,000) during the year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS

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

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

ASSETS

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ascertain that any assets which were unlikely to be realized 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 realize. The Directors hereby submit the report and the audited financial statements of Bamboo Finance Plc. (“the Company”) for the financial year ended 31 December 2017.

At the date of this report, the 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 in any material respect.

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 method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No 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
- No contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

The results of the operations of the Company for the financial year were not, in the opinion of the Board of Directors, substantially 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 substantially the results of the operations of the Company for the current financial year in which this report is made.

EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date requiring disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

Current assets

THE BOARD OF DIRECTORS

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

Mr. Yoichi Shiraishi	Chairman
Mr. Lim Soheat	Director
Mr. Mitsutoki Shigeta	Director
Mr. Na Sothy	Independent director

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Company.

DIRECTORS' INTERESTS

No member of the Board of Directors holds a controlling interest in the equity of the Company.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed, to which the Company was a party, whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

No director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or with a firm in which the director is a member, or with a company which the director has a material financial interest other than those disclosed in the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and cash flows for the year then ended. The Board of Directors oversees preparation of these financial statements by management who is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with Cambodian Accounting Standards (“CASs”), and relevant regulations and guidelines issued by the NBC or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- Maintain adequate accounting records and an effective system of internal controls;
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- Set overall policies for the Company, ratify all decisions and actions that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.

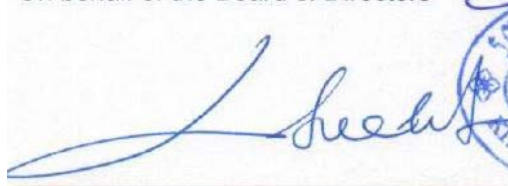
Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with CASs and relevant regulations and guidelines issued by the NBC.

On behalf of the Board of Directors



Lim Socheat
Director



Phnom Penh, Kingdom of Cambodia

29 April 2019

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BAMBOO FINANCE PLC.

Opinion

We have audited the accompanying financial statements of Bamboo Finance Plc (“the Company”), which comprise the balance sheet as at 31 December 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards (“CASs”) and relevant regulations and guidelines issued by the National Bank of Cambodia (“NBC”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of 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 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 4 April 2018.

Information Other than the Financial Statements and Auditor’s Report Thereon

The other information obtained at the date of the auditor’s report comprises the Report of the Board of Directors as set out in pages 1 to 4. Management is responsible for the other information.

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 of financial statements that give a true and fair view in accordance with CASs and relevant regulations and guidelines issued by the NBC, 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 judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.



Sinratana Lan
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

29 April 2019



Financial
REPORT

BALANCE SHEET

	Notes	2018		2017	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
ASSETS					
Cash on hand	4	18,675	75,036	24,501	98,911
Balances with the National Bank of Cambodia ("NBC")	5	130,956	526,181	67,826	273,814
Balances with other banks	6	317,886	1,277,266	656,375	2,649,786
Loans to customers - net	7	4,058,071	16,305,329	1,700,262	6,863,958
Other assets	8	134,077	538,721	78,624	317,405
Property and equipment	9	20,199	81,160	30,821	124,424
Software	10	13,006	52,258	12,914	52,134
TOTAL ASSETS		4,692,870	18,855,951	2,571,323	10,380,432
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Income tax payable	11	828	3,327	301	1,215
Borrowings from shareholders	12,22	2,759,500	11,087,671	1,290,000	5,207,730
Other liabilities	13	123,196	495,001	698,701	2,820,657
Total liabilities		2,883,524	11,585,999	1,989,002	8,029,602
Shareholders' equity					
Share capital	14	2,500,000	10,045,000	1,250,000	5,046,250
Accumulated losses		(690,654)	(2,775,048)	(667,679)	(2,695,420)
Total shareholders' equity		1,809,346	7,269,952	582,321	2,350,830
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,692,870	18,855,951	2,571,323	10,380,432

The attached notes 1 to 25 form part of these financial statements

INCOME STATEMENT

	Notes	2018		2017	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Interest income	15	519,591	2,087,717	374,423	1,511,546
Interest expense	16,22	<u>(193,657)</u>	<u>(778,114)</u>	<u>(167,363)</u>	<u>(675,644)</u>
Net interest income		325,934	1,309,603	207,060	835,902
Other income	17	<u>183,538</u>	<u>737,456</u>	<u>46,518</u>	<u>187,793</u>
Operating income		509,472	2,047,059	253,578	1,023,695
Personnel expenses	18	(243,999)	(980,388)	(325,895)	(1,315,638)
Depreciation and amortization	19	(14,974)	(60,166)	(15,139)	(61,116)
Other operating expenses	20	(142,473)	(572,457)	(168,353)	(679,641)
Provision for impairment losses on loans to customers	7	<u>(123,808)</u>	<u>(497,461)</u>	<u>(207,313)</u>	<u>(836,923)</u>
Loss before income tax		(15,782)	(63,413)	(463,122)	(1,869,623)
Income tax expense	11	<u>(7,193)</u>	<u>(28,901)</u>	<u>(4,211)</u>	<u>(17,000)</u>
Net loss for the year		<u>(22,975)</u>	<u>(92,314)</u>	<u>(467,333)</u>	<u>(1,886,623)</u>

The attached notes 1 to 25 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

	<i>Share capital</i> US\$	<i>Accumulated</i> <i>losses</i> US\$	<i>Total</i> US\$
As at 1 January 2018	1,250,000	(667,679)	582,321
Share capital contribution	1,250,000	-	1,250,000
Loss for the year	-	(22,975)	(22,975)
As at 31 December 2018	2,500,000	(690,654)	1,809,346
<i>KHR'000 equivalent (Note 2.1)</i>	10,045,000	(2,775,048)	7,269,952
As at 1 January 2017	1,000,000	(200,346)	799,654
Share capital contribution	250,000	-	250,000
Loss for the year	-	(467,333)	(467,333)
As at 31 December 2017	1,250,000	(667,679)	582,321
<i>KHR'000 equivalent (Note 2.1)</i>	5,046,250	(2,695,420)	2,350,830

The attached notes 1 to 25 form part of these financial statements

STATEMENT OF CASH FLOWS

	Notes	2018		2017	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Operating activities					
Loss before income tax		(15,782)	(63,413)	(463,122)	(1,869,623)
<i>Adjustments for:</i>					
Provision for impairment losses on loans to customers	7	123,808	497,461	207,313	836,923
Depreciation and amortization	19	14,974	60,166	15,139	61,116
Provision on other assets		7,379	29,649	-	-
Loss on write-off of property and equipment		1,732	6,959	3,851	15,546
		132,111	530,822	(236,819)	(956,038)
Movements in operating assets and liabilities:					
Balance with the NBC		(62,500)	(251,125)	(12,500)	(50,463)
Loans to customers		(2,481,617)	(9,971,137)	(289,985)	(1,170,669)
Other assets		(62,832)	(252,459)	(10,793)	(43,571)
Other liabilities		(575,505)	(2,312,379)	14,327	57,838
		(3,050,343)	(12,256,278)	(535,770)	(2,162,903)
Income tax paid	11	(6,666)	(26,784)	(4,158)	(16,786)
Net cash used in operating activities		(3,057,009)	(12,283,062)	(539,928)	(2,179,689)
Investing activities					
Acquisition of property and equipment	9	(4,676)	(18,788)	(26,391)	(106,540)
Acquisition of software	10	(1,500)	(6,027)	(13,100)	(52,885)
Net cash used in investing activities		(6,176)	(24,815)	(39,491)	(159,425)
Financing activities					
Proceeds of borrowings from shareholders	12,22	4,039,500	16,230,711	865,000	3,492,005
Proceeds from issuance of share capital	14	1,250,000	5,022,500	250,000	1,009,250
Repayment of borrowings to shareholders	12	(2,570,000)	(10,326,260)	-	-
Net cash generated from financing activities		2,719,500	10,926,951	1,115,000	4,501,255
Net (decrease) increase in cash		(343,685)	(1,380,926)	535,581	2,162,141
Cash at beginning of year		686,202	2,770,198	150,621	608,057
Exchange differences on translation		-	(13,039)	-	-
Cash at end of year		342,517	1,376,233	686,202	2,770,198

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Bamboo Finance Plc. (“the Company”) is a licensed microfinance institution incorporated and registered in the Kingdom of Cambodia.

Establishment and operations

Bamboo Finance Plc. (“the Company”) is a public limited company incorporated in Cambodia under registration number Co. 0419 E/2015 issued by the Ministry of Commerce on 29 January 2015. The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a microfinance institution on 7 May 2015.

The Company’s corporate focus is on providing reliable and affordable access to financial services to micro-entrepreneurs, Small, and Medium-sized financial credits sector which has been under served by financial institutions.

The Company’s head office is located at No. 34, Veng Sreng Street, (Block-F) Vattanac Industrial Park 1, Trapeang Thloeng 1 Village, Sangkat Chaom Chau 1, Khan Pursen Chey, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2018, the Company had a total of 28 employees (2017: 24 employees).

The financial statements were authorized for issue by the Board of Directors on 29 April 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The Company prepares its financial statements on the historical cost convention. The Company maintains its records in United States dollar (“US\$”) and prepares its financial statements in US\$ in accordance with NBC’s Prakas No. B7-07-164 dated 13 December 2007 on Language Use, Currency Unit and Exchange Rate for Accounting Records and Reports.

The financial statements of the Company have been prepared in compliance with Cambodian Accounting Standards (“CASs”) and relevant regulations and guidelines issued by the NBC.

The translation of the US\$ amounts in the financial statements into Khmer Riel (“KHR”) is provided for the sole purpose of complying with Prakas No. B7-07-164 dated 13 December 2007 using the official rate of exchange regulated by the NBC as at the reporting date, which was US\$1 to KHR4,018 as at 31 December 2018 (2017: US\$1 to KHR4,037). Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into Riel at that or any other rate. Amount in KHR are rounded to nearest thousand (“KHR’000”), except otherwise indicated.

2.1.1 Fiscal year

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

2.1.2 Presentation of financial statements

The accompanying financial statements, including their utilization, are not designed for those who are not informed about the Kingdom of Cambodia's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Kingdom of Cambodia.

The accounting policies set out below have been consistently applied by the Company.

2.1.3 Standards not yet adopted

On 24 March 2016, the National Accounting Council of Cambodia (“NAC”) announced that the adoption of Cambodian International Financial Reporting Standards (“CIFRS”) is deferred for implementation commencing 1 January 2019. During the transition period, banks and financial institutions, including insurance companies, shall prepare progress report regarding the implementation of CIFRS and report annually to the NAC and other regulators. On 3 January 2019, the NAC issued a notification that non-deposit taking microfinance has an option to choose between CIFRS and CIFRS for SMEs. The adoption of either CIFRSs or CIFRS for SMEs is expected to have a significant impact on the financial statements of the Company.

2.2 Significant accounting judgments and estimates

In applying the Company's accounting policies, management has used its judgment and made estimates in determining the amounts recognized in the financial statements, as follows:

2.2.1 Determination of functional currency

CAS 21 requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Company considers the following:

- (i) The currency that mainly influences prices for financial instruments and services (this will often be the currency in which prices for its financial instruments and services are denominated and settled);
- (ii) The currency in which funds from financing activities are generated; and
- (iii) The currency in which receipts from operating activities are usually retained.

2.2.2 Operating leases

The Company has entered into leases as a lessee for most of its office premises. The Company has determined that the lessor retained all the significant risks and rewards of ownership over these properties based on the indicators of operating lease treatment. In determining whether or not there is an indication of operating lease treatment, the Company considers the following factors: retention of ownership title to the leased property, and period of lease contract relative to the estimated useful economic life of the leased property, bearer of executory costs, among others.

2.2.3 Estimated useful lives of property and equipment and software

The useful life of each item of property and equipment and software is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment and software would increase the recorded operating expenses and decrease the carrying value of these non-financial assets. There is no change in the estimated useful lives of property and equipment and software during the year.

2.2.4 Impairment losses on loans to customers

When preparing the financial statements, the quality of loans to customers is reviewed and assessed to determine their classification and level of impairment losses. On 1 December 2017, the NBC issued Prakas No. B7-017-344 on *Credit Risk Grading and Impairment Provisioning* repealing NBC Prakas No. B7-02-186 that previously governs the credit classification and provisioning, as further disclosed in Note 2.3.6.

2.2.5 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

2.2.6 Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

2.2.7 Taxes

Taxes are calculated on the basis of the current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expense will be made following inspection by the General Department of Taxation (“GDT”). The Company’s tax returns are subject to periodic examination by the GDT. As the application of tax laws and regulations to many types of transactions are susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the GDT.

2.3 Summary of significant accounting policies

2.3.1 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The Company maintains its accounting records and its financial statements in US\$, the Company’s functional currency. The financial statements are presented in US\$, which is the Company’s functional and presentation currency.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the income statement cash.

For cash flow statement purposes, cash include cash on hand, balances with the NBC other than the capital guarantee deposits, and balances with the other banks.

2.3.2 Cash

For cash flow statement purposes, cash include cash on hand, balances with the NBC other than the capital guarantee deposits, and balances with the other banks.

2.3.3 Balances with the National Bank of Cambodia

Capital guarantee deposits are maintained with the NBC 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.

2.3.4 Balances with the other banks

Balances with the other banks are carried at cost.

2.3.5 Loans to customers

Loans to customers are stated in the balance sheet at the amount of principal less any amounts written off and allowance for losses on loans.

Loans are written off when there is no realistic prospect of recovery. Recoveries of loans to customers previously written off, or provided for, decrease the amount of the provision for losses on loans to customers in the income statement.

Loans classified as substandard, doubtful and loss are considered non-performing.

2.3.6 Loan classification and allowance for losses on loans to customers

Allowance for losses on loans to customers is made with regard to specific risks and relates to those loans and advances that have been individually reviewed and specifically identified as special mention, substandard, doubtful or loss. and general allowance is also maintained for loans classified as normal.

The allowance is based on a percentage of total outstanding loans and advances.

On 1 December 2017, the NBC issued Prakas No. B7-017-344 on Credit Risk Grading and Impairment Provisioning which repealed NBC Prakas No. B7-02-186 on Loan Classification and Provisioning, effective from the date of its issue. The new Prakas requires banks and financial institutions to calculate the regulatory provision by classifying their loan portfolio into five classes based on number of days past due of principal and/or interest repayment.

The NBC subsequently issued Circular No. B7-018-001 dated 16 February 2018 to clarify the mandatory level of general and specific allowance provided based on the loan classification as follows:

<i>Classification</i>	<i>Number of days past due</i>	<i>Allowance rate</i>
Standard	Zero to 14 days (short-term)	
	Zero to 29 days (long-term)	1%
Special mention	15 days to 30 days (short-term)	
	30 days to 89 days (long-term)	3%
Substandard	31 days to 60 days (short-term)	
	90 days to 179 days (long-term)	20%
Doubtful	61 days to 90 days (short-term)	
	180 days to 359 days (long-term)	50%
Loss	More than 91 days (short-term)	
	360 days or more (long-term)	100%

The regulatory provision applies to all on and off balance sheet facilities of banks and financial institutions.

The above Circular allowed banks and financial institutions who expressed difficulty in preparing financial statements for the year ended 31 December 2017 to follow the regulatory provisioning of the old Prakas. The Company computed the regulatory provision based on the old Prakas for the year ended 31 December 2017. The current year's regulatory provision now calculated based on the new Prakas resulted to an increase in the Company's allowance for losses on loans to customer as at 31 December 2018 amounting to US\$56,883 and reduced the net profit for the year then ended by the same amount.

Further, the new Prakas requires the comparison of the regulatory provision with the impairment provision determined based on CIFRSs if adopted. During the transitional period, the Company will follow the mandatory credit classification and regulatory provision in the new Prakas.

The provision is calculated as a percentage of the loan outstanding at the time the loan is classified, excluding accrued interest, and is charged as an expense. Interest accrued from non-performing loans is recorded as interest in suspense in balance sheet.

Factors considered in evaluating the adequacy of the allowance include the size of the portfolio, previous loss experience, current economic conditions and their effect on clients, the financial situation of clients and the performance of loans in relation to contract terms.

Loans are written off automatically when a client dies and in case where the loans remain unpaid based on the assessment of the management and upon the approval of the Board of Directors. Loans written off are removed from the outstanding loan portfolio and from the provision for bad and doubtful loans. Recoveries on loans previously written off and reversals of previous allowance are disclosed together with the net movement in the allowance for bad and doubtful loans and advances in the income statement.

2.3.7 Impairment of financial assets

Loans to customers

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

Evidence of impairment for loans to customers may include indications that a borrower or group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. There is however a mandatory credit classification and minimum provisioning that the Company has to follow to meet the requirement of the NBC, as disclosed in Note 2.3.6

2.3.8 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

2.3.9 Property and equipment

Property and equipment are stated at cost excluding day-to-day servicing, less accumulated depreciation and provision for impairment in value (if any). Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate and treated as a change in accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in “other operating income” or “expense” in the income statement in the year/period the asset is derecognized.

Subsequent expenditure relating to an item of property and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.

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

Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of these assets, which are as follows:

	<i>Percentages</i>
Leasehold improvement	25% or term of lease, which over is shorter
Furniture and fixtures	25%
Computer equipment	50%
Office equipment	25%
Motor vehicles	25%

2.3.10 Software

Software is stated at cost less accumulated amortization and accumulated impairment losses, if any. It is amortized on a straight-line basis at the rate of 20% per annum. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of the asset, the amortization is revised prospectively to reflect the new expectations.

2.3.11 Other assets

Other assets are carried at anticipated realizable values. An estimate is made for impairment loss based on a review of all outstanding amounts as at the balance sheet date.

2.3.12 Borrowings from shareholders

Borrowings pertain to interest-bearing long-term loans from shareholders and are carried at cost. Fees paid on the establishment of borrowing facilities are recognized outright as expenses in the income statement.

2.3.13 Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.3.14 Other liabilities

Other liabilities are stated at cost which represents the fair value of the consideration expected to be paid in the future for goods and services received.

2.3.15 Recognition of income or expense

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Interest income or expense

Interest income from loans to customers, and balances with the NBC and other banks is recognized on an accrual basis, except for loans to customers that have been classified as substandard, doubtful or loss. Interest accruing to these loans shall instead be credited to an interest in suspense account. Subsequently, interest income from these loans is recognized on a cash basis. Interest in suspense is presented net of accrued interest receivable in 'Other assets'.

Interest expense is recognized on an accrual basis.

(ii) Fee and commission income

The Company earns fee and commission income from a diverse range of services it provides to its customers, mainly from loan processing. Fee and commission income is presented as part of other income.

The Company charges loan administrative fees to its customers. These loan fees are an integral part of the loan and as such, management reassessed the appropriateness of the accounting policy. Loan administrative fee is charged on a monthly basis based on the outstanding loan balance and is recognized as income on a monthly basis.

(iii) Operating expenses

Operating expenses are recognized on an accrual basis

2.3.16 Corporate income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the balance sheet date.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these differences can be utilized, except where the deferred tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

2.3.17 Operating leases

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

2.3.18 Related parties

Related parties, as defined in Article 49 and 50 of the Cambodian Law on Banking and Financial Institutions, include the following:

- (a) Any person holding directly or indirectly at least ten percent (10%) of the capital or voting rights;
- (b) Any company of which the Company directly or indirectly holds at least 10% of the capital or voting rights;
- (c) Any individual who participates in the administration, direction, management or internal control; and
- (d) The external auditors.

Under CAS 24 on Related Party Disclosures, parties are also considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice-versa, or where the Company and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party

3. GOING CONCERN

The Company's financial statements have been prepared on the assumption that the Company will continue as a going concern. As shown in the financial statements, the Company incurred a net loss after tax of US\$22,975 (KHR'000 92,314) for the year ended 31 December 2018 and had accumulated losses of US\$690,654 (KHR'000 2,775,048) as at 31 December 2018. These factors raise substantial doubts about the Company's ability to continue as a going concern.

The going concern assumption fundamentally depends on commitment and financial supports from the shareholders that will allow the Company to meet liabilities as and when they fall due, and to continue operations in the following year. In addition, the shareholder will not demand repayment of borrowings amounting to US\$2,759,500 (KHR'000 11,087,671) whether by installment or in full until such time the Company is sustained. The management believes that the Company will generate profit from next year and maintain its existence as a going concern in foreseeable future.

Accordingly, the financial statements do not include any adjustments relating to recoverability and classification of recorded asset amount or to amounts and classification of liabilities that may be necessary should the Company not continued as a going concern. The assumption is premised on future events, the outcome of which is inherently uncertain.

4. CASH ON HAND

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Head office	5,607	22,529	7,350	29,673
Branches	13,068	52,507	17,151	69,238
	18,675	75,036	24,501	98,911

5. BALANCES WITH THE NBC

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current account	5,956	23,931	5,326	21,501
Capital guarantee deposit	125,000	502,250	62,500	252,313
	130,956	526,181	67,826	273,814

Under NBC Prakas No. B7-00-06 on Licensing of MFIs dated 11 January 2000, the Company is required to maintain a capital guarantee deposit equivalent to 5% of its registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia.

Capital guarantee deposit in US dollar earns interest at 3/8 of the six-month period SIBOR rate and at 1/2 of the six-month period refinancing rate set by the NBC for capital guarantee deposit maintained in KHR. Current account is non-interest bearing.

6. BALANCES WITH OTHER BANKS

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Current account	2,016	8,100	16,533	66,744
Savings accounts	315,870	1,269,166	639,842	2,583,042
	317,886	1,277,266	656,375	2,649,786

Current account is non-interest bearing. Savings account earns annual interest rate of 0.25% per annum (2017: 0.25%).

7. LOANS TO CUSTOMERS - net

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Individual loans	4,358,794	17,513,634	2,105,920	8,501,599
Provision for impairment losses on loans	(300,723)	(1,208,305)	(405,658)	(1,637,641)
Loans to customers – net	4,058,071	16,305,329	1,700,262	6,863,958

Movements of provision for impairment losses:

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
At the beginning of year	405,658	1,637,641	198,345	800,718
Charge for the year	123,808	497,461	207,313	836,923
Written off during the year	(228,743)	(919,089)	-	-
Foreign exchange difference	-	(7,708)	-	-
At the end of year	300,723	1,208,305	405,658	1,637,641

Further analyses of loans as at 31 December 2018 and 2017 are as follows:

(a) *Grading of loans:*

Loans classified following Note 2.3.6, are as follows:

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
<i>Standard loans</i>				
Secured	3,988,001	16,023,786	1,407,865	5,683,551
Unsecured	-	-	126,670	511,367
<i>Special mention loans</i>				
Secured	14,220	57,136	-	-
Unsecured	-	-	-	-
<i>Substandard loans</i>				
Secured	88,520	355,675	115,510	466,314
Unsecured	-	-	23,193	93,630
<i>Doubtful loans</i>				
Secured	50,704	203,729	79,820	322,233
Unsecured	-	-	10,483	42,320
<i>Loss loans</i>				
Secured	208,952	839,569	105,533	426,037
Unsecured	8,397	33,739	236,846	956,147
Total gross loans	4,358,794	17,513,634	2,105,920	8,501,599

(b) *Residency:*

All loans are granted solely to residents.

(c) *By economic sector:*

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Household/family	178,543	717,384	566,573	2,287,255
Services	121,267	487,252	22,651	91,442
Construction	16,518	66,370	168,514	680,291
Trade and commerce	7,340	29,492	4,831	19,503
Agriculture	2,175	8,739	67,031	270,604
Transportation	-	-	553,134	2,233,002
Other categories	4,032,950	16,204,397	723,186	2,919,502
	4,358,794	17,513,634	2,105,920	8,501,599

(d) *By maturity:*

For analysis of loan portfolio by maturity, refer to Note 24.3 on Liquidity risk.

(e) *By Currency:*

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
US Dollar	4,147,025	16,662,746	2,105,425	8,499,601
Khmer Riel	211,769	850,888	495	1,998
	4,358,794	17,513,634	2,105,920	8,501,599

(c) *By relationship*

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
External customers	4,254,777	17,095,694	2,059,374	8,313,693
Staff loans	104,017	417,940	46,546	187,906
	4,358,794	17,513,634	2,105,920	8,501,599

(d) Annual interest rate:

	2018	2017
KHR	16.80% to 18.00%	-
US\$	15.00% to 18.00%	14.40% to 100.00%

8. OTHER ASSETS

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Interest receivables – gross	81,368	326,937	83,986	339,051
Interest in suspense	<u>(44,454)</u>	<u>(178,616)</u>	<u>(69,550)</u>	<u>(280,773)</u>
Interest receivable - net	36,914	148,321	14,436	58,278
Loan fee receivables	15,770	63,364	3,546	14,315
Prepayments	7,340	29,492	10,126	40,879
Foreclosed property (*)	4,900	19,688	-	-
Other assets	<u>69,153</u>	<u>277,856</u>	<u>50,516</u>	<u>203,933</u>
	<u>134,077</u>	<u>538,721</u>	<u>78,624</u>	<u>317,405</u>

(*) Foreclosed property pertains to a parcel of farm land acquired during the year through foreclosure of collateral from a defaulting loan that was devolved to the Company as part of settlement of debts. The asset is not held for operational purposes but to be disposed of in order to recover the outstanding amount within the maximum allowable period of 12 months based on the Prakas No. B-7-01-186 on Fixed Assets issued by the NBC

9. PROPERTY AND EQUIPMENT

	Leasehold improvements US\$	Furniture and fixtures US\$	Computer equipment US\$	Office equipment US\$	Motor vehicles US\$	Total US\$
Cost						
As at 1 January 2018	11,624	16,837	20,560	3,211	2,800	55,032
Additions	170	1,109	1,705	1,692	-	4,676
Write-off	-	(2,049)	(4,455)	(1,594)	-	(8,098)
As at 31 December 2018	11,794	15,897	17,810	3,309	2,800	51,610
Less: accumulated depreciation						
As at 1 January 2018	1,395	4,967	15,516	1,637	696	24,211
Charge for the year	2,930	4,238	4,682	1,012	704	13,566
Write-off	-	(1,006)	(4,309)	(1,051)	-	(6,366)
As at 31 December 2018	4,325	8,199	15,889	1,598	1,400	31,411
Net book value						
As at 31 December 2018	7,469	7,698	1,921	1,711	1,400	20,199
<i>KHR'000 equivalent (Note 2.1)</i>	30,010	30,931	7,720	6,875	5,624	81,160

	Leasehold improvements US\$	Furniture and fixtures US\$	Computer equipment US\$	Office equipment US\$	Motor vehicles US\$	Total US\$
Cost						
As at 1 January 2017	-	8,255	17,400	7,142	850	33,647
Additions	11,624	9,375	3,442	-	1,950	26,391
Reclassification	-	1,432	450	(1,882)	-	-
Write-off	-	(2,225)	(732)	(2,049)	-	(5,006)
As at 31 December 2017	11,624	16,837	20,560	3,211	2,800	55,032
Less: accumulated depreciation						
As at 1 January 2017	-	1,874	6,804	1,540	195	10,413
Charge for the year	1,395	3,616	9,038	403	501	14,953
Write-off	-	(523)	(326)	(306)	-	(1,155)
As at 31 December 2017	1,395	4,967	15,516	1,637	696	24,211
Net book value						
As at 31 December 2017	10,229	11,870	5,044	1,574	2,104	30,821
<i>KHR'000 equivalent (Note 2.1)</i>	41,294	47,919	20,363	6,354	8,494	124,424

10. SOFTWARE

	2018 US\$	2017 US\$
Cost		
At 1 January	13,100	-
Addition	1,500	13,100
At 31 December	14,600	13,100
Less: accumulated depreciation		
At 1 January	186	-
Charge for the year	1,408	186
Foreign exchange difference	-	-
At 31 December	1,594	186
Net book value 31 December	13,006	12,914
<i>KHR'000 equivalent (Note 2.1)</i>	52,258	52,134

11. INCOME TAX

The Company's tax returns are subject to examination by the GDT. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the GDT.

Applicable tax rate

In accordance with Cambodian tax regulations, current income tax is calculated at the higher of the taxable income for the year multiplied by the tax rate of 20% at the reporting date and 1% of turnover.

11.1 Current tax expense

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

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Loss before income tax	(15,782)	(63,413)	(463,122)	(1,869,623)
Income tax benefit at applicable rate of 20%	(3,156)	(12,683)	(92,624)	(373,923)
Non-deductible expenses	2,287	9,189	31,674	127,868
Unrecognized temporary difference	7,863	31,591	63,531	256,474
Excess of minimum tax over income tax at 20%	199	804	1,630	6,581
Income tax expense	7,193	28,901	4,211	17,000

Details of income tax payable are as follows:

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
As at 1 January	301	1,215	248	1,001
Current income tax	7,193	28,901	4,211	17,000
Income tax paid	(6,666)	(26,784)	(4,158)	(16,786)
Foreign exchange difference	-	(5)	-	-
As at 31 December	828	3,327	301	1,215

11.2 Tax losses carried forward

Tax losses can be carried forward and available for offset against taxable profit subsequent years for up to five (5) years from the originating year.

In accordance with the Prakas on Tax on Profit, in order for the tax losses to be carried forward for a period of five (5) consecutive years and utilized against taxable profit in subsequent years, the following conditions should be met:

- Continuity of the business activity of the Company;
- Continuity of the ownership of the Company; and
- No tax unilateral reassessment on the tax losses made by the GDT.

Tax loss is subject to assessment by the GDT and may not be utilized if one of the criteria mentioned above will not be met.

Details of tax loss carry-forward are as follows:

Originating year	Can be utilized up to	Tax loss amount US\$	Utilized up to 31 December 2018 US\$	Unutilized tax loss as of 31 December 2018 US\$
2016	2021	163,400	-	163,400
2017	2022	317,655	-	317,655
		481,055	-	481,055
Equivalent to KHR'000 (Note 2.1)		1,932,879	-	1,932,879

11.3 Deferred taxes

The following deferred tax asset items were not recognized since there is no reasonable certainty of realization as at reporting date.

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Property and equipment	570	2,289	1,391	5,615
Provision on impairment losses of loans	11,604	46,625	2,920	11,788
Unused tax losses	96,211	386,576	96,211	388,404
Deferred tax assets	108,385	435,490	100,522	405,807

12. BORROWINGS FROM SHAREHOLDERS

These are borrowings from Laksmi Prime Investment (“LPI”) and Hikari Power Hong Kong Limited (“HPHKL”) as follows:

	LPI US\$	HPHKL US\$	Total US\$
As at 1 January 2018	1,290,000	-	1,290,000
Additional borrowing from LPI	1,280,000	-	1,280,000
Repayment of borrowing to LPI	(2,570,000)		(2,570,000)
Borrowings from HPHKL	-	2,759,500	2,759,500
As at 31 December 2018	-	2,759,500	2,759,500
KHR'000 equivalent	-	11,087,671	11,087,671

Borrowings from LPI

- In 2015, the Company obtained a credit facility amounting to US\$50,000 from LPI with 168-month term to maturity. The facility bears interest at a rate of 14% per annum with quarterly interest payment and single principal repayment at maturity date.
- In 2016, the Company obtained additional a credit facility amounting to US\$1,000,000 LPI with 168-month term to maturity. The facility bears interest at a rate of 14% per annum with quarterly interest payment and single principal repayment at maturity date.
- In 2017, the Company obtained additional credit facility amounting to US\$1,000,000 from LPI with 168-month term to maturity, of this amount, US\$240,000 was utilized in 2017 and the rest was fully utilized in 2018. The credit facility bears interest at a rate of 14% per annum with quarterly interest payment and single principal repayment at maturity date.

Borrowings from LPI were fully settled during the year.

Borrowing from HPHKL

- On 5 September 2018, the Company entered into a credit facility agreement with HPHKL for the repayment of outstanding loans with LPI amounting to US\$1,959,500. The principal amount of the loan is payable at maturity on 5 September 2020 with interest rate of 10% per annum payable annually.
- The Company obtained additional loans from HPHKL in September and November 2018 for a total amount of US\$800,000 for repayment of remaining outstanding loans with LPI. The loans are payable on 15 August 2032 with interest rate of 10% per annum payable on a quarterly basis.

13. OTHER LIABILITIES

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Accrued expenses	21,921	88,078	15,903	64,200
Interest payable	39,171	157,389	25,211	101,777
Withholding tax payable	3,573	14,356	6,189	24,985
Other payable	58,531	235,178	651,398	2,629,695
	123,196	495,001	698,701	2,820,657

14. SHARE CAPITAL

Number of ordinary shares are as follows:

	2018	2017
As at 1 January	12,500	10,000
Additional share issued	12,500	2,500
As at 31 December	25,000	12,500

All ordinary shares are registered, issued, and paid up with par value of US\$100 each:

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
As at 1 January	1,250,000	5,022,500	1,000,000	4,037,000
Issued during the year	1,250,000	5,022,500	250,000	1,009,250
As at 31 December	2,500,000	10,045,000	1,250,000	5,046,250

Details of shareholdings as at 31 December 2018 are as follows:

	%	Number of shares	US\$
LPI	50%	12,500	1,250,000
HPHKL	50%	12,500	1,250,000
	100%	25,000	2,500,000

15. INTEREST INCOME

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
<i>Interest income from:</i>				
Loans to customers	518,915	2,085,000	374,070	1,510,121
Balances with the NBC and other banks	676	2,717	353	1,425
	519,591	2,087,717	374,423	1,511,546

16. INTEREST EXPENSE

This represents interest expenses on borrowings from shareholders (Note 22).

17. OTHER INCOME

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Fees and commission income	174,749	702,141	26,196	105,753
Penalty income	10,636	42,735	18,318	73,950
Foreign exchange gain - net	1,807	7,261	300	1,211
Other (expenses) income – net	(3,654)	(14,681)	1,704	6,879
	183,538	737,456	46,518	187,793

18. PERSONNEL EXPENSES

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2)
Salaries and wages	218,307	877,158	285,451	1,152,366
Other short-term benefits	25,692	103,230	40,444	163,272
	243,999	980,388	325,895	1,315,638

19. DEPRECIATION AND AMORTIZATION EXPENSES

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Property and equipment (Note 9)	13,566	54,508	14,953	60,365
Software (Note 10)	1,408	5,658	186	751
	14,974	60,166	15,139	61,116

20. OTHER OPERATING EXPENSES

	2018		2017	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.1)		(Note 2.1)
Rental expenses	25,506	102,483	26,416	106,641
Commission expenses	18,993	76,314	51,462	207,752
Office supplies	10,028	40,293	11,125	44,912
Transportation and travelling expenses	10,001	40,184	18,657	75,318
Professional fees	9,217	37,034	7,355	29,692
Communications expenses	8,643	34,728	11,293	45,590
Taxes and licenses	7,994	32,120	5,495	22,183
Provision on impairment losses on other assets	7,379	29,649	-	-
Repairs and maintenance expenses	7,050	28,327	4,831	19,503
Membership and service fees	6,704	26,937	3,534	14,267
Utilities expenses	6,473	26,009	5,287	21,344
Advertising and marketing expenses	6,241	25,076	668	2,697
Bank charges	703	2,825	520	2,099
Other expenses	17,541	70,478	21,710	87,643
	142,473	572,457	168,353	679,641

21. LEASE COMMITMENT

The Company has commitments in respect of the lease of buildings under an operating lease arrangement, with future minimum rental amounts as follows:

	2018		2017	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.1)		(Note 2.1)
Not later than one year	30,795	123,734	29,206	117,905
Later than one year but less than five years	67,260	270,251	100,610	406,163
Later than five years	98,096	394,151	122,144	493,095
	196,151	788,136	251,960	1,017,163

22. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions and balances with related parties during the year and as at 31 December 2018 and 2017 were as follows:

Related party	Transaction	2018		2017	
		US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
<i>Income statement:</i>					
LPI	Interest expense	113,307	455,268	167,363	675,644
HPHKL	Interest expense	80,350	322,846	-	-
<i>Balance sheet:</i>					
LPI	Long-term borrowings	-	-	1,290,000	5,207,730
HPHKL	Long-term borrowings	2,759,500	11,087,671	-	-

Compensation of key management personnel

The Company considers as key management personnel all employees holding managerial positions up to Chairman. The short-term and long-term benefits of key management personnel of the Company amounted to US\$79,957 (KHR'000 323,325) and US\$75,525 (KHR'000 305,346) in 2018 and 2017, respectively.

23. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk), and liquidity risk. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business.

In the absence of a derivative market in Cambodia, the Company does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to manage its risk exposure.

The Company intends to comply with the NBC's regulations for financial risk management purposes. The Company however recognizes that international best practices on risk management are yet to be fully implemented. The Board of Directors has established an asset and liability management committee and risk management committee to formulate broad parameters of acceptable risk for the Company and monitor the activities against these parameters

The Company holds the following financial assets and liabilities:

	2018		2017	
	US\$	KHR'000	US\$	KHR'000
	<i>(Note 2.1)</i>		<i>(Note 2.1)</i>	
Financial assets				
Cash on hand	18,675	75,036	24,501	98,911
Balances with the NBC	5,956	23,931	5,326	21,501
Balances with banks	317,886	1,277,266	656,375	2,649,786
Loans to customers	4,058,071	16,305,329	1,700,262	6,863,958
Other assets	121,837	489,541	68,498	276,526
Total financial assets	4,522,425	18,171,103	2,454,962	9,910,682
Financial liabilities				
Borrowings from shareholders	2,759,500	11,087,671	1,290,000	5,207,730
Other liabilities	119,623	480,645	692,512	2,795,672
Total financial liabilities	2,879,123	11,568,316	1,982,512	8,003,402

23.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Company by failing to discharge an obligation. Credit risk is the most important risk for the Company's business. Credit exposure arises principally in lending activities. The credit risk management is carried out by credit committee before approving loans to customers.

(a) Credit risk measurement

The Company assesses the probability of default of individual counterparties by focusing on a borrower's forecast profit and cash flows. The credit committee is responsible for approving loans to customers.

(b) Concentration of credit risk: risk limit control and mitigation policies

The Company operates and provides loans to individuals within Cambodia. The Company manages limits and controls the concentration of credit risk whenever it is identified. Loan commitment aggregate to an individual borrower or to a group of borrowers constituting a single beneficiary because of connections among themselves shall not exceeding 10% of the Company's net worth in accordance with Prakas No. B7-00-06 dated 11 January 2000.

(c) Impairment and provisioning policy

The Company is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas, as disclosed in Note 2.3.6.

(d) Loans to customers

Loans to customers are summarized as follows:

	2018		2017	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
Loans to customers neither past due nor impaired (i)	4,029,381	16,190,053	1,534,535	6,194,918
Loans to customers past due but not impaired (ii)	61,360	246,544	364,072	1,469,758
Loans to customers individually impaired (iii)	268,053	1,077,037	207,313	836,923
Loans to customers, gross	4,358,794	17,513,634	2,105,920	8,501,599

Based on NBC's requirement, expected recovery from collateral (except cash) is not taken into consideration for purposes of loan provisioning.

(i) Loans to customers neither past due or impaired

Loans to customers not past due are not considered impaired, unless other information is available to indicate the contrary.

(ii) Loans to customers past due but not impaired

Loans to customers less than 15 days past due (short-term loans) and less than 30 days past due (long-term loans) are not considered impaired, unless other information is available to indicate the contrary, based on loan classifications prescribed in NBC Prakas No. B7-017-344 on Credit Risk Grading and Impairment Provisioning.

(iii) Loans to customers individually impaired

In accordance with NBC Prakas No. B7-017-344 on Credit Risk Grading and Impairment Provisioning, loans and advances that are classified as substandard, doubtful and loss are considered non-performing and impaired. As such, a specific minimum level of provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

(e) The Company's maximum exposure to credit risk before collateral held or other credit enhancements is as disclosed under financial assets, excluding cash on hand.

23.2 Operational risk

The operational risk losses which would result from inadequate or failed internal processes, people and systems or from external factors is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the management.

The operational risk management entails the establishment of clear organisational structure, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation. These are reviewed continually to address the operational risks of its business.

23.3 Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

In the absence of a derivative market, the Company does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

(i) Foreign exchange risk

The Company operates in the Kingdom of Cambodia and transacts in US\$ and KHR. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency.

As at balance sheet date, exposure to foreign exchange risk is deemed to be minimal.

(ii) Price risk

The Company is not exposed to price risk of securities because it does not hold any investments that are quoted in active market.

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes and may reduce losses in the event that unexpected movements arise. The management of the Company at this stage does not have a policy to set limits on the level of mismatch of interest rate re-pricing that may be undertaken; however, management regularly monitors the mismatch.

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. The Company manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

The Company has no financial assets and liabilities with floating interest rates. Capital guarantee deposit and balances with other banks have fixed interest rates for the respective period of the deposit and placement. Loans to customers and borrowings have fixed interest rates based on outstanding balance over the agreed terms.

	demand US\$	Up to 1 month US\$	>1 to 3 months US\$	>3 to 12 months US\$	>1 to 5 years US\$	> 5 years US\$	Non-interest On sensitive US\$	Total US\$	Weighted average interest %
As at 31 December 2018									
Financial assets									
Cash on hand	-	-	-	-	-	-	18,675	18,675	-
Balances with the NBC	-	-	-	-	-	-	5,956	5,956	-
Balances with other banks	315,870	-	-	-	-	-	2,016	317,886	0.25%
Loans to customers	-	69,472	44,152	339,946	3,502,204	102,297	-	4,058,071	15%-18%
Other assets	-	-	-	-	-	-	121,837	121,837	-
	315,870	69,472	44,152	339,946	3,502,204	102,297	148,484	4,522,425	
Financial liabilities									
Borrowings from shareholders	-	-	-	-	1,959,500	800,000	-	2,759,500	10%
Other liabilities	-	-	-	-	-	-	119,823	119,823	-
	-	-	-	-	1,959,500	800,000	119,823	2,879,123	
Total interest repricing gap	315,870	69,472	44,152	339,946	1,542,704	(697,703)	28,861	1,643,302	
KHR '000 equivalent (Note 2.1)	1,269,166	279,138	177,403	1,365,903	6,198,585	(2,803,371)	115,963	6,602,787	

	On demand	Up to 1 month	>1 to 3 months	>3 to 12 months	>1 to 5 years	> 5 years	Non-interest sensitive	Total	Weighted average
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	interest %
As at 31 December 2017									
Financial assets									
Cash on hand	-	-	-	-	-	-	24,501	24,501	-
Balances with the NBC	-	-	-	-	-	-	5,326	5,326	-
Balances with other banks	639,842	-	-	-	-	-	16,533	656,375	0.25%
Loans to customers	-	-	541,193	1,038,362	120,707	-	-	1,700,262	28.90%
Other assets	-	-	-	-	-	-	68,498	68,498	-
	639,842	-	541,193	1,038,362	120,707	-	114,858	2,454,962	
Financial liabilities									
Borrowings from shareholders	-	-	610,500	679,500	-	-	-	1,290,000	14%
Other liabilities	-	-	-	-	-	-	692,512	692,512	-
	-	-	610,500	679,500	-	-	692,512	1,982,512	
Total interest repricing gap	639,842	-	(69,307)	358,862	120,707	(577,654)		472,450	
KHR/000 equivalent (Note 2.1)	2,583,042	-	(279,792)	1,448,726	487,294	(2,331,989)		1,907,281	

(iv) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay creditors and fulfill commitments to lend.

Management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and projection for the next day, week and month respectively, as these are key periods for liquidity management. Management monitors the movements of the main creditors and projection of repayment.

The following tables present an analysis of the assets and liabilities of the Company by relevant maturity based on the remaining period at the balance sheet date to the contractual or estimated maturity dates.

	On demand US\$	Up to 1 month US\$	>1 to 3 months US\$	>3 to 12 months US\$	>1 to 5 years US\$	> 5 years US\$	No fixed maturity date US\$	Total KHR'000
As at 31 December 2018								
Financial assets								
Cash on hand	18,675	-	-	-	-	-	-	18,675
Balances with the NBC	5,956	-	-	-	-	-	-	5,956
Balances with other banks	317,886	-	-	-	-	-	-	317,886
Loans to customers	-	69,472	44,152	339,946	3,502,204	102,297	-	4,058,071
Other assets	121,837	-	-	-	-	-	-	121,837
	464,354	69,472	44,152	339,946	3,502,204	102,297	-	4,522,425
Financial liabilities								
Borrowings from shareholders	-	-	-	-	1,959,500	800,000	-	2,759,500
Other liabilities	119,623	-	-	-	-	-	-	119,623
	119,623	-	-	-	1,959,500	800,000	-	2,879,123
Net liquidity surplus (gap)	344,731	69,472	44,152	339,946	1,542,704	(697,703)	-	1,643,302
KHR'000 equivalent (Note 2.1)	1,385,129	279,138	177,403	1,365,903	6,198,585	(2,803,371)	-	6,602,787

On demand	Up to 1 month	>1 to 3 months	>3 to 12 months	>1 to 5 years	> 5 years	No fixed maturity date	Total
US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000

As at 31 December 2017
Financial assets

Cash on hand	24,501	-	-	-	-	-	24,501
Balances with the NBC	5,326	-	-	-	-	-	5,326
Balances with other banks	656,375	-	-	-	-	-	656,375
Loans to customers	-	-	541,193	1,038,362	120,707	-	1,700,262
Other assets	68,498	-	-	-	-	-	68,498
	754,700	-	541,193	1,038,362	120,707	-	2,454,962

Financial liabilities

Borrowings from shareholders	-	-	610,500	679,500	-	-	1,290,000
Other liabilities	692,512	-	-	-	-	-	692,512
	692,512	-	610,500	679,500	-	-	1,982,512
Net liquidity surplus (gap)	62,188	-	(69,307)	358,862	120,707	-	472,450
KHR'000 equivalent (Note 2.1)	251,053	-	(279,792)	1,448,726	487,294	-	1,907,281

23.4 Fair value of financial assets and liabilities

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms' length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Company's financial assets and liabilities. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the balance sheet are a reasonable estimation of their fair values. In making this assessment, management assumes that loans to customers are mainly held to maturity with fair values equal to the book value of loans adjusted for provisions for impairment losses on loans to customers, if any.

24. TAX CONTINGENCY

The taxation system in Cambodia is relatively new and is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. 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.

Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Company could be significant.

25. SUBSEQUENT EVENTS

As at the date of this report, there were no events which occurred subsequent to 31 December 2018 that had significant impact on the financial position and performance of the Company as at 31 December 2018, other than those disclosed in the financial statements.



អគារលេខ ៧១-៧៣ ផ្លូវលេខ២ ឃុំពិតពង្រីវងស្រង

Office # 71-73, Street No.2, Borey Piphup Thmey (Veng Sreng)

ផ្លូវវងស្រង សង្កាត់ចាមចៅ ខណ្ឌពោធិ៍សែនជ័យ រាជធានីភ្នំពេញ

Veng Sreng Blvd, Sangkat Chom Chao, Khan Porsenchey, Phnom Penh

ទូរស័ព្ទ (Telephone): 023 231 779 / 070 732 070

www.bamboofinance.com