

**CHAMROEUN MICROFINANCE LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**CHAMROEUN MICROFINANCE LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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**STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors (BOD) submits its report and the audited financial statements of Chamroeun Microfinance Limited ("the Company") for the year ended 31 December 2009.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is to provide micro-finance services and non financial services to the urban population of Cambodia, through its head office in Phnom Penh and its various branch offices. Its corporate objective is to provide needed financial services to low-income households, particularly women in urban areas, in a manner that is viable and sustainable for the economic development of Cambodia.

**FINANCIAL PERFORMANCE**

The financial performance for the year ended 31 December 2009 is set out in the income statement on page 7.

**SHARE CAPITAL**

During the year ended 31 December 2009, there have been no changes in the registered and paid up share capital of the Company as set out in the statement of changes in shareholders' equity on page 8.

**RESERVES AND PROVISIONS**

There were no material movements to or from reserves and provisions during the year under review.

**BAD AND DOUBTFUL LOANS**

Before the financial statements of the Company were drawn up, the BOD took reasonable steps to ascertain that appropriate action had been taken in relation to the writing off of bad loans and the provision for bad and doubtful loans. The BOD has 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 BOD is not aware of any circumstances which would render the amount of the provision for bad and doubtful loans in the financial statements of the Company inadequate to any material extent.

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## **ASSETS**

Before the financial statements of the Company were drawn up, the BOD took reasonable steps to ensure that any assets, other than loans which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company, had been written down to an amount which they might be expected to realise.

At the date of this report, the BOD is not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Company misleading in any material respect.

## **VALUATION METHODS**

At the date of this report, the BOD is 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 does not exist:

- i) any charge on the assets of the Company which has arisen since the end of the 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 year other than in the ordinary course of its business operations.

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

## **CHANGE OF CIRCUMSTANCES**

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

## **ITEMS OF AN UNUSUAL NATURE**

The financial performance of the Company for the year ended 31 December 2009 were not, in the opinion of the BOD, materially affected by any items, transactions or events of a material and unusual nature.

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

## **SIGNIFICANT EVENTS**

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

## THE BOARD OF DIRECTORS

The members of the BOD holding office during the year and as at the date of this report are:

- |                                  |          |
|----------------------------------|----------|
| • Mr. Grégoire Héaulme           | Chairman |
| • Mr. Humbert Garreau de Labarre | Director |
| • Mr. SUON Sophea                | Director |
| • Ms. Rapytha Bonamy             | Director |
| • Mr. Christophe Forsinetti      | Director |

## DIRECTORS' BENEFITS

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

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 of which the director is a member, or with a company in which the director has a material financial interest.

## RESPONSIBILITIES OF THE BOARD OF DIRECTOR IN RESPECT OF THE FINANCIAL STATEMENTS

The BOD is responsible to ensure that the financial statements are properly drawn up, so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2009, and of its financial performance for the year then ended. In preparing these financial statements, the BOD is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of Cambodian Accounting Standards or, if there has been any departures in the interests of true and fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future;
- v) set overall policies for the Company, ratify all decisions and actions by the BOD that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.

The BOD confirms that the Company has complied with these requirements in preparing the financial statements.

On behalf of the Board of Directors,



GREGOIRE HEAULME  
Chairman of the BOD  
Date: 30 April 2010

## Independent auditors' report

To the Shareholders of Chamroeun Microfinance Limited

We have audited the accompanying financial statements of Chamroeun Microfinance Limited ("the Company") which comprise the balance sheet as at 31 December 2009 and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes on pages 10 to 43.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chamroeun Microfinance Limited as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards.

*Other matter*

The financial statements as at and for the year ended 31 December 2008 of the Company which were presented for comparative purposes were not audited by other auditors.

For PricewaterhouseCoopers (Cambodia) Limited

 

By Senaka Fernando  
Director

Phnom Penh, Kingdom of Cambodia  
Date: 30 April 2010

**CHAMROEUN MICROFINANCE LIMITED****BALANCE SHEET  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>Notes</b>	<b>2009 Riel'000</b>	<b>2008 Riel '000</b>
(Unaudited)			
<b>ASSETS</b>			
Cash on hand	4	10,293	62,109
Balances with banks	5	73,984	72,850
Loans and advances to customers	6	2,800,080	1,518,121
Other assets	7	191,610	61,131
Property and equipment	8	34,228	38,441
Intangible assets	9	21,645	37,632
<b>TOTAL ASSETS</b>		<b><u>3,131,840</u></b>	<b><u>1,790,284</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Customer deposits	10	829,821	472,102
Borrowings	11	1,162,364	596,638
Deferred grant income	12	55,873	208,069
Accruals and other liabilities	13	25,812	7,225
<b>TOTAL LIABILITIES</b>		<b><u>2,073,870</u></b>	<b><u>1,284,034</u></b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	14	1,057,970	-
Donated loan fund		-	506,250
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>1,057,970</u></b>	<b><u>506,250</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>3,131,840</u></b>	<b><u>1,790,284</u></b>

The accompanying notes on pages 10 to 43 form an integral part of these financial statements.



**CHAMROEUN MICROFINANCE LIMITED****INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>Notes</b>	<b>2009 Riel'000</b>	<b>2008 Riel '000 (Unaudited)</b>
Interest income	15	944,993	412,590
Interest expense	16	<u>(30,864)</u>	<u>(13,197)</u>
<b>NET INTEREST INCOME</b>		<b>914,129</b>	<b>399,393</b>
Grant income	17	208,296	332,490
Other operating income	18	<u>162,488</u>	<u>135,091</u>
<b>OTHER INCOME</b>		<b>370,784</b>	<b>467,581</b>
Commission expenses		1,033	2,699
Operating and other expenses	19	1,264,277	862,095
Provision for bad and doubtful loans		<u>19,603</u>	<u>2,180</u>
		1,284,913	866,974
Operating profit before income tax		-	-
Income tax		<u>-</u>	<u>-</u>
Net profit for the year		<u>-</u>	<u>-</u>

The accompanying notes on pages 10 to 43 form an integral part of these financial statements.

**CHAMROEUN MICROFINANCE LIMITED**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<u>Note</u>	<u>Share Capital Riel '000</u>	<u>Donated loan fund Riel '000</u>	<u>Total Riel '000</u>
<b>For the year ended 31 December 2008</b>				
As at 1 January 2008		-	191,403	191,403
Issuance of share capital		-	-	-
Additional of grant during the year		-	314,847	314,847
Net profit for the year		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
<b>As at 31 December 2008 (unaudited)</b>		<u>-</u>	<u>506,250</u>	<u>506,250</u>
<b>For the year ended 31 December 2009</b>				
As at 1 January 2009		-	506,250	506,250
Addition capital		551,720	-	551,720
Transfer from donated loan fund	14	506,250	(506,250)	-
Net profit for the year		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
<b>As at 31 December 2009</b>		<u>1,057,970</u>	<u>-</u>	<u>1,057,970</u>

The accompanying notes on pages 10 to 43 form an integral part of these financial statements.

**CHAMROEUN MICROFINANCE LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>Notes</b>	<b>2009 Riel '000</b>	<b>2008 Riel '000</b> (Unaudited)
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	20	<u>(1,139,674)</u>	<u>(894,924)</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	8	(29,112)	(34,506)
Purchase of intangible assets	9	-	(14,357)
Proceeds from disposal of property and equipment		<u>658</u>	<u>2,430</u>
Net cash used in investing activities		<u>(28,454)</u>	<u>(46,433)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		606,755	510,373
Repayments of borrowings		(41,029)	-
Proceeds from issuance of share capital		1,057,970	-
Donated loan fund		<u>(506,250)</u>	<u>314,847</u>
Net cash generated from financing activities		<u>1,117,446</u>	<u>825,220</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(50,682)</b>	<b>(116,137)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b><u>134,959</u></b>	<b><u>251,096</u></b>
<b>Cash and cash equivalents at end of the year</b>	4, 5	<b><u><u>84,277</u></u></b>	<b><u><u>134,959</u></u></b>

The accompanying notes on pages 10 to 43 form an integral part of these financial statements.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 1 BACKGROUND INFORMATION

On 03 July 2006, Entrepreneurs du Monde (“EdM”), an international French NGO, signed a Memorandum of Understanding with Ministry of Foreign Affairs of Cambodia to establish a programme called “Chamroeun Microfinance Service “(the Programme”) to play a vital role in providing financial and non financial services supporting families in urban depressed areas in Phnom Penh city. On 25 June 2007, EdM obtained a cooperation letter from Phnom Penh Municipality to allow the Programme to operate its activities in Phnom Penh city.

The Programme obtained a certificate from the Ministry of Commerce as a limited liability company hereunder referred to as Chamroeun Microfinance Limited (“the Company”) under registration number Co. 5613/09E dated 02 February 2009. In March 2009, the Company received a Certificate for Registration as Rural Credit Operator from National Bank of Cambodia.

The Company as a micro-finance institution will continue to be primarily an urban-based credit and savings institution with nine branches and a head office in Phnom Penh. The Company’s corporate focus is to provide reliable and affordable access to financial services to poor women micro-entrepreneurs in urban areas and in the vicinity of Phnom Penh city and other provinces.

The Company’s head office is at No. 42D, Street 320, Boeung Keng Kang III, Chamkar Morn, Phnom Penh, Cambodia.

As at 31 December 2009, the Company had 62 employees (2008: 47 employees).

The financial statements were approved for issue by the Board of Directors on 30 April 2010.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1 *Basis of preparation*

The accompanying financial statements have been prepared in accordance with Cambodian Accounting Standards (“CAS”). In applying CAS, the company also applies CFRS 4: *Insurance Contracts* and CFRS 7: *Financial Instruments: Disclosures*. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position, financial performance and cash flows in accordance with jurisdictions other than the Kingdom of Cambodia. Consequently, these financial statements are only addressed to those who are informed about Cambodian accounting principles, procedures and practices.

The financial statements have been prepared under historical cost convention.

The preparation of financial statements in accordance with Cambodian Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 *Basis of preparation (continued)*

Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### 2.2 *New accounting standards and interpretations*

In accordance with Prakas No. 068BK MEF dated 08 January 2009 of the Ministry of Economy and Finance and Announcement No. 097/09 MEF dated 28 August 2009 of the National Accounting Council for the Cambodian International Financial Reporting Standards for Small and Medium Entities ("CIFRS for SMEs") have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods. The Company has not early adopted them.

Adoption of CIFRS for SMEs will result on the following:

Section 1 – *Small and medium sized entities*. The CIFRS for SMEs is intended for use by small and medium-sized entities (SMEs). This section describes the characteristics of SMEs that: (a) do not have public accountability, and (b) publish general purpose financial statements for external users. The Company is considered as an SME and will adopt CIFRS for SMEs effective from 1 January 2010.

Adoption of the following sections is not expected to have an impact on the financial performance or position of the Company.

#### Accounting framework and first time adoption

Section 2 – *Concepts of pervasive principles*. This section describes the objective of financial statements of small and medium-sized entities (SMEs) and the qualities that make the information in the financial statements of SMEs useful. It also sets out the concepts and basic principles underlying the financial statements of SMEs. This does not have an impact to the Company's financial statements as its financial statements have similar objectives and qualities.

Section 3 – *Financial statement presentation*. This section explains fair presentation of financial statements, what compliance with the CIFRS for SMEs requires and, what constitutes a complete set of financial statements. The current accounting framework, Cambodian Accounting Standards ("CAS") the Company is using, specifically CAS 1 has similar requirements for the fair presentation and components of the financial statements.

Section 35 – *Transition to the CIFRS for SMEs*. This section applies to a first-time adopter of the CIFRS for SMEs, regardless of whether its previous accounting framework was full IFRSs or another set of generally accepted accounting principles (GAAP) such as Cambodian Accounting Standards, or another framework such as the local income tax basis. An entity can be a first-time adopter of the CIFRS for SMEs only once. The Company will apply this section in the preparation of its financial statements for the year ending 31 December 2010.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.2 *New accounting standards and interpretations (continued)*

###### Financial Statements

Section nos. 3, 4, 5, 6, 7, 8 and 10 set the requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. These sections are based on CAS 1, *Presentation of financial statements* and CAS 8 *Accounting policies, changes in accounting estimates and errors* published in 2008 and therefore does not have impact on the Company's financial statements.

Section 4 – *Statement of financial position.*

Section 5 – *Statement of comprehensive income and income statement*

Section 6 – *Statement of changes in equity and statement of income and retained earnings*

Section 7 – *Statement of cash flows*

Section 8 – *Notes to the financial statements*

Section 10 – *Accounting policies, estimates and errors*

###### Financial assets and liabilities

Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments Issues* together deal with recognising, derecognising, measuring and disclosing financial instruments (financial assets and financial liabilities). Section 11 applies to basic financial instruments and is relevant to all entities. Section 12 applies to other, more complex financial instruments and transactions. If an entity enters into only basic financial instrument transactions then Section 12 is not applicable. However, even entities with only basic financial instruments shall consider the scope of Section 12 to ensure they are exempt. The Company has only basic financial instruments as defined in section 11. Except for revisions to accounting policy, these sections will not have an impact on the financial statements. Revision in accounting policy will be on initial measurement of basic financial instruments only. Under the current accounting policies of the Company, the basic financial instruments are initially measured at fair value. Section 11 requires basic financial instruments to be measured at transaction price. However there is no impact in the Company's financial statements as fair value on initial measurement is normally the transaction price. There is no change in the subsequent measurement of basic financial statements as current policies of the Company comply with Section 11.

In addition, adoption of section nos. 11 and 12 will also result in the reduction of disclosures on the Company's risk management with respect to its financial activities which is currently required under CFRS 7: *Financial Instruments: Disclosures*.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.2 *New accounting standards and interpretations* (continued)

###### Non-financial assets

Section 13 – *Inventories*. It is not applicable as the Company does not have inventories.

Section 16 – *Investment property*. This section applies to accounting for investments in land or buildings that meet the definition of investment property and some property interests held by a lessee under an operating lease that are treated like investment property. Only investment property whose fair value can be measured reliably without undue cost or effort on an ongoing basis is accounted for in accordance with this section at fair value through profit or loss. All other investment property is accounted for as property, plant and equipment using the cost-depreciation-impairment model in Section 17 *Property, Plant and Equipment*. This section does not have an impact on the Company's financial statements as the Company does not have investment property.

Section 17 – *Property, plant and equipment*. The Company's accounting policies on property, plant and equipment comply with section 17.

Section 18 – *Intangible assets other than goodwill*. The Company's accounting policies on Intangible assets other than goodwill comply with section 18.

Section 27 – *Impairment of assets*. The Company's accounting policies on impairment of assets comply with section 27.

###### Business combinations, consolidated financial statements, and investment in association and joint ventures

Section 9 – *Consolidated and separate financial statements*. This section defines the circumstances in which an entity presents consolidated financial statements and the procedures for preparing those statements. It also includes guidance on separate financial statements and combined financial statements. This section does not have an impact on Company's financial statements.

Section 14 – *Investments in associates*. This section applies to accounting for associates in consolidated financial statements and in the financial statements of an investor that is not a parent but that has an investment in one or more associates. An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. This section does not have an impact in the Company's financial statements as the Company does not have any investment in associates.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.2 *New accounting standards and interpretations (continued)*

Section 15 – *Investments in joint ventures*. This section applies to accounting for joint ventures in consolidated financial statements and in the financial statements of an investor that is not a parent but that has a venturer's interest in one or more joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint ventures can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. This section does not have an impact in the Company's financial statements as the Company does not have any investment in joint ventures.

Section 19 – *Business combinations and goodwill*. This section applies to accounting for business combinations. It provides guidance on identifying the acquirer, measuring the cost of the business combination, and allocating that cost to the assets acquired and liabilities and provisions for contingent liabilities assumed. It also addresses accounting for goodwill both at the time of a business combination and subsequently. A business combination is the bringing together of separate entities or businesses into one reporting entity. The result of nearly all business combinations is that one entity, the acquirer, obtains control of one or more other businesses, the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. This section does not have an impact in the Company's financial statements as the Company does not have business combinations and goodwill.

##### Income and expenses

Section 23 – *Revenue*. This section addresses the various categories of revenue recognition (sale of goods, rendering of services, interest, royalties and dividends, construction contracts and barter transactions). The Company's accounting policies on revenue comply with section 23.

Section 24 – *Government grants*. This section specifies the accounting for all government grants. A government grant is assistance by government in the form of a transfer of resources to an entity in return for past or future compliance with specified conditions relating to the operating activities of the entity. The Company's accounting policies on Government grants comply with section 24.

Section 25 – *Borrowing costs*. This section specifies the accounting for borrowing costs. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. This section does not have impact on the Company's financial statements as the Company charged borrowing costs to the income statement which comply with this section.

Section 26 – *Share-based payment*. Share-based payment transactions include equity-settled and cash-settled share-based payments. Programmes established by law by which equity instruments are awarded for apparently nil or inadequate consideration are equity-settled share-based payments. This section is not applicable to the Company as the Company does not use shares for payments.



## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.2 *New accounting standards and interpretations* (continued)

Section 28 – *Employee benefits*. Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees, including directors and management. This section does not have an impact to the Company's financial statements as they do not provide post-employment benefits.

##### Non-financial liabilities and equity

Section 21 – *Provisions and contingencies*. This section applies to all provisions (i.e. liabilities of uncertain timing or amount), contingent liabilities and contingent assets. The Company's policies on provisions and contingencies comply with this section.

Section 22 – *Liabilities and equities*. This section establishes principles for classifying financial instruments as either liabilities or equity and addresses accounting for equity instruments issued to individuals or other parties acting in their capacity as investors in equity instruments (i.e. in their capacity as owners). It is not expected to have a material impact on the financial statements of the Company.

Section 29 – *Income tax*. This section covers accounting for income tax. It requires an entity to recognise the current and future tax consequences of transactions and other events that have been recognised in the financial statements. These recognised tax amounts comprise current tax and deferred tax. Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past periods. Deferred tax is tax payable or recoverable in future periods, generally as a result of the entity recovering or settling its assets and liabilities for their current carrying amount, and the tax effect of the carry forward of currently unused tax losses and tax credits. The Company's accounting policies on income tax comply with section 29.

##### Others

Section nos. 20, 30, 31, 32, 33 and 34 is not expected to have a material impact on the financial statements of the Company.

Section 20 – *Leases*. This section applies to agreements that transfer the right to use assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets.

Section 30 – *Foreign currency translation*. This section prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency.

Section 31 – *Hyperinflation*. This section applies to an entity whose functional currency is the currency of a hyperinflationary economy. It requires such an entity to prepare financial statements that have been adjusted for the effects of hyperinflation. Cambodia is not a hyperinflationary economy, therefore this section is not applicable to the Company.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 *New accounting standards and interpretations (continued)*

Section 32 – *Events after the end of the reporting period*. This section defines events after the end of the reporting period and sets out principles for recognising, measuring and disclosing those events.

Section 33 – *Related party disclosures*. This section requires an entity to include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Section 34 – *Specialised activities*. This section provides guidance on financial reporting by SMEs involved in three types of specialised activities – agriculture, extractive activities, and service concessions. This section is not applicable to the Company as they are not involved in specialised activities.

### 2.3 *Basis of aggregation*

The financial statements include the financial statements of the Company's head office and its provincial branches within Cambodia. On aggregation of balances, all significant inter-branch balances and transactions are eliminated in full.

### 2.4 *Foreign currency translation*

#### (i) *Functional and presentation currency*

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 Riel, the Company's functional currency. The functional currency is Riel because of the significant influence of the Riel on its operations. The financial statements are presented in Riel, which is the Company's functional and presentation currency.

#### (ii) *Transactions and balances*

Transactions in currencies other than Riel, the functional and presentation currency are translated into Riel at the exchange rate prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary and liabilities denominated in currencies other than Riel, are recognised in the income statement.

### 2.5 *Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and Company balances; demand deposits; and short-term highly liquid investments with maturities of 90 days or less from the date of acquisition that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 *Loans to customers*

Loans to customers are stated in the balance sheet at the amount of principal outstanding less any amounts written off and any impairment allowance for bad and doubtful loans, including specific and general provisions, to reflect the estimated recoverable amount.

### 2.7 *Provision for bad and doubtful loans*

The adequacy of the provision for bad and doubtful loans is evaluated monthly by management and based on its ageing analysis. Factors considered in evaluating the adequacy of the provision include the size of the portfolio, previous loss experience, current economic conditions and their effect on clients, the financial and economic situation of clients, and the performance of loans in relation to contract terms.

Loans are written off when they are considered uncollectible. Loans written off are taken out of the outstanding loan portfolio and deducted from the allowance for loan loss.

### 2.8 *Overdue loans*

Overdue loans are defined as the total outstanding principal where principal or interest is past due.

### 2.9 *Deposits with banks*

Deposits and placements with banks are carried at cost.

### 2.10 *Other receivables*

Other receivables are carried at estimated realisable value.

### 2.11 *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Motor vehicles	25% - straight line
Office furniture and equipment	25% - straight line
Computers	50% - straight line

Expenditure for maintenance and repairs that do not extend the useful lives of assets is expensed to the income statement in the year in which it was incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains or losses on the sale of property and equipment are recognised upon the disposal of such assets.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.11 *Property and equipment* (continued)

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

##### 2.12 *Intangible assets*

Intangible assets (mainly MB Win software for loan and deposit modules) are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a declining basis at the rate of 25% per annum.

##### 2.13 *Customer deposits*

Deposits from customers are stated at cost and adjusted for accrued interest.

##### 2.14 *Borrowings*

Borrowings are recognised at costs.

##### 2.15 *Provisions*

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

##### 2.16 *Interest income and expense recognition*

Interest income earned on loans is recognised on an accrual basis taking into consideration the principal amount of loans outstanding. Interest on loans is calculated on monthly basis based on the outstanding principal amount. When a loan becomes non-performing, the recording of interest as income is suspended until it is realised on a cash basis.

Commission and fee income and expenses are recognised in the income statement on an accrual basis.

##### 2.17 *Grants*

Revenue grants received to subsidise the Company's operating expenses are released to the income statement on a systematic and rational basis, matching the related costs which they are intended to compensate.

Grants received for the purchase of property and equipment are amortised to the income statement on a systematic and rational basis over the useful life of the asset. The unamortised grants are shown as deferred grant income.

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.18 *Operating leases*

Operating leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

### 2.19 *Related party transactions*

Parties are considered to be related to the Company if one party 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 where the Company and the other 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 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

### *a) Taxation*

Taxes are calculated on the basis of 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 tax authorities.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**4 CASH ON HAND**

	<b>2009</b> <b>Riel '000</b>	<b>2008</b> <b>Riel '000</b> (Unaudited)
Impress account	5,812	23,329
Cash for operation	4,481	38,780
	<b><u>10,293</u></b>	<b><u>62,109</u></b>

**5 BALANCES WITH BANKS**

	<b>2009</b> <b>Riel '000</b>	<b>2008</b> <b>Riel '000</b> (Unaudited)
Current accounts, without interest Acleda Bank Plc.	1,653	11,089
Savings deposits Acleda Bank Plc.	(i) <u>72,331</u>	<u>61,761</u>
	<b><u>73,984</u></b>	<b><u>72,850</u></b>
(i) Interest rates (per annum): Acleda Bank Plc.	<b>1.25%</b>	<b>4.00%</b>

**6 LOANS AND ADVANCES TO CUSTOMERS**

	<b>2009</b> <b>Riel '000</b>	<b>2008</b> <b>Riel '000</b> (Unaudited)
Fixed term:		
Chamroeun loans	1,835,210	949,877
Entrepreneur loans	956,215	551,471
Staff loans	17,165	17,905
Social emergency loans	5,534	-
Developing loans	2,443	-
Business loans	-	1,683
	<u>2,816,567</u>	<u>1,520,936</u>
Provision for bad and doubtful loans		
Specific provision	16,487	2,815
General provision	-	-
	<u>16,487</u>	<u>2,815</u>
	<b><u>2,800,080</u></b>	<b><u>1,518,121</u></b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**6 LOANS AND ADVANCES TO CUSTOMERS (continued)**

*The loans (gross) to customers are analysed as follows:*

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
(a) By maturity:		
Within one month	74,891	71,416
2 to 3 months	462,956	412,244
4 to 12 months	2,270,920	1,033,776
More than 12 months	7,800	3,500
	<b><u>2,816,567</u></b>	<b><u>1,520,936</u></b>
(b) By currency:		
Khmer Riel	2,799,402	1,503,031
US Dollar	17,165	17,905
	<b><u>2,816,567</u></b>	<b><u>1,520,936</u></b>
(c) By economic sector:		
Trade and commerce	1,840,050	285,354
Other categories	522,641	616,995
Services	250,797	134,062
Transportation	147,366	116,839
Agriculture	37,806	127,788
Construction	12,652	164,622
Household/family	5,255	75,276
	<b><u>2,816,567</u></b>	<b><u>1,520,936</u></b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**6 LOANS AND ADVANCES TO CUSTOMERS (continued)**

*The loans to customers are analysed as follows (continued):*

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
(d) By relationship:		
External customers	2,799,402	1,503,031
Staff loans	<u>17,165</u>	<u>17,905</u>
	<b><u>2,816,567</u></b>	<b><u>1,520,936</u></b>
(e) By locations:		
Phnom Penh	1,793,411	1,230,537
Kandal	685,447	272,494
Siem Reap	176,098	-
Battambang	144,445	-
Head Office (staff loan)	<u>17,166</u>	<u>17,905</u>
	<b><u>2,816,567</u></b>	<b><u>1,520,936</u></b>
(f) By performance:		
Secured loan	-	-
Unsecured loan		
Standard loans:	2,796,634	1,511,257
Sub-standard loans:	3,234	5,923
Doubtful loans:	765	2,191
Loans loss:	<u>15,934</u>	<u>1,565</u>
	<b><u>2,816,567</u></b>	<b><u>1,520,936</u></b>
(h) Interest rate (per annum):		
External customers		
Business loans	n/a	42.00%
Entrepreneur loans	42.00%	39.00%
Chamroeun loans	48.00%	48.00%
Social Emergency loans	24.00%	n/a
Developing loans	48.00%	n/a
Staff loans	18.00%	15.00%



**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**7 OTHER ASSETS**

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Prepayments and deposits	76,996	61,131
Accrued interest receivable	74,802	-
Receivable from EdM (Note 14) (*)	31,055	-
Prepayment of tax on profit (**)	8,757	-
	<b><u>191,610</u></b>	<b><u>61,131</u></b>

(\*) EdM confirmed in its letter dated 31 December 2009 to inject additional capital of Khmer Riel 31,055,000, however, as at this report date, this amount has not been paid up.

(\*\*) As required under the Taxation laws, the Company has made prepayment of tax on profit to the General Department of Taxation monthly. Such prepayment of tax on profit mainly represents tax on profit for 2009.

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**8 PROPERTY AND EQUIPMENT**

	<b>Motor vehicles Riel '000</b>	<b>Office furniture and equipment Riel '000</b>	<b>Computers Riel '000</b>	<b>Total Riel '000</b>
<b>As at 01 January 2008</b>				
Cost	13,579	6,850	34,211	54,640
Accumulated depreciation	(3,315)	(1,902)	(18,309)	(23,526)
<b>Net book amount (unaudited)</b>	<b><u>10,264</u></b>	<b><u>4,948</u></b>	<b><u>15,902</u></b>	<b><u>31,114</u></b>
<b>Year ended 31 December 2008</b>				
Opening net book amount	10,264	4,948	15,902	31,114
Exchange differences	(920)	(505)	(1,469)	(2,894)
Additions	9,886	3,938	20,682	34,506
Disposals –net	(1,735)	-	-	(1,735)
Depreciation charge	(3,647)	(1,608)	(17,295)	(22,550)
<b>Closing net book amount (unaudited)</b>	<b><u>13,848</u></b>	<b><u>6,773</u></b>	<b><u>17,820</u></b>	<b><u>38,441</u></b>
<b>As at 31 December 2008</b>				
Cost	20,595	10,788	54,893	86,276
Accumulated depreciation	(6,747)	(4,015)	(37,073)	(47,835)
<b>Net book amount (unaudited)</b>	<b><u>13,848</u></b>	<b><u>6,773</u></b>	<b><u>17,820</u></b>	<b><u>38,441</u></b>
<b>Year ended 31 December 2009</b>				
Opening net book amount	13,848	6,773	17,820	38,441
Additions	-	6,216	22,896	29,112
Disposals – net	(1,289)	-	-	(1,289)
Depreciation charge	(4,746)	(3,736)	(23,554)	(32,036)
<b>Closing net book amount</b>	<b><u>7,813</u></b>	<b><u>9,253</u></b>	<b><u>17,162</u></b>	<b><u>34,228</u></b>
<b>As at 31 December 2009</b>				
Cost	18,462	17,004	77,789	113,255
Accumulated depreciation	(10,649)	(7,751)	(60,627)	(79,027)
<b>Net book amount</b>	<b><u>7,813</u></b>	<b><u>9,253</u></b>	<b><u>17,162</u></b>	<b><u>34,228</u></b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**9 INTANGIBLE ASSETS**

	<b>Software license Riel '000</b>	<b>Total Riel '000</b>
<b>As at 01 January 2008</b>		
Cost	49,582	49,582
Accumulated Amortisation	(11,863)	(11,863)
<b>Net book amount (unaudited)</b>	<b><u>37,719</u></b>	<b><u>37,719</u></b>
<b>Year ended 31 December 2008</b>		
Opening net book amount	37,719	37,719
Exchange differences	(1,990)	(1,990)
Additions	14,357	14,357
Disposals –net	-	-
Amortisation charge	(12,454)	(12,454)
<b>Closing net book amount (unaudited)</b>	<b><u>37,632</u></b>	<b><u>37,632</u></b>
<b>As at 31 December 2008</b>		
Cost	63,939	63,939
Accumulated Amortisation	(26,307)	(26,307)
<b>Net book amount (unaudited)</b>	<b><u>37,632</u></b>	<b><u>37,632</u></b>
<b>Year ended 31 December 2009</b>		
Opening net book amount	37,632	37,632
Additions	-	-
Disposals – net	-	-
Amortisation charge	(15,987)	(15,987)
<b>Closing net book amount</b>	<b><u>21,645</u></b>	<b><u>21,645</u></b>
<b>As at 31 December 2009</b>		
Cost	63,939	63,939
Accumulated Amortisation	(42,294)	(42,294)
<b>Net book amount</b>	<b><u>21,645</u></b>	<b><u>21,645</u></b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**10 CUSTOMER DEPOSITS**

		<b>2009</b>	<b>2008</b>
		<b>Riel '000</b>	<b>Riel '000</b>
			(Unaudited)
Compulsory deposits - Loan Capital Build Up ("LCBU")	a	264,733	151,534
Compulsory deposits - Capital Build Up ("CBU")	b	<u>565,088</u>	<u>320,568</u>
		<b><u>829,821</u></b>	<b><u>472,102</u></b>

- a) This account is for compulsory deposits from initial customers which represent 15% of their loan principal upon disbursement of loans. It carries no interest.
- b) After the first cycle of loan, LCBU is transferred into CBU only for the existing customers but CBU carries interest rates ranged from 2% to 4.5% per annum ("pa").

Customer deposit details by location are as follows:

		<b>2009</b>	<b>2008</b>
		<b>Riel '000</b>	<b>Riel '000</b>
			(Unaudited)
Phnom Penh		670,577	406,699
Kandal		113,053	65,403
Siem Reap		39,270	-
Battambang		6,921	-
Head office		-	-
		<b><u>829,821</u></b>	<b><u>472,102</u></b>

**11 BORROWINGS**

		<b>2009</b>	<b>2008</b>
		<b>Riel '000</b>	<b>Riel '000</b>
			(Unaudited)
Entrepreneurs Du Monde	(i)	543,618	523,984
PlaNet Finance	(ii)	300,400	-
Baby Loan	(iii)	258,266	72,654
Microfinance for Mother	(iv)	<u>60,080</u>	<u>-</u>
		<b><u>1,162,364</u></b>	<b><u>596,638</u></b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**11 BORROWINGS** (continued)

**(i) Entrepreneur Du Monde**

Loan duration has been extended automatically as there is no maturity date has been confirmed by the lender. The Company continues to pay the interest at each December.

<u>Started date</u>	<u>Maturity date</u>	<u>Principal amount EURO</u>	<u>Principal amount Riel '000</u>	<u>Interest rate (pa)</u>
01 May 2008	30 April 2009	50,000	300,400	3% pa
02 July 2008	01 July 2009	8,269	49,686	3% pa
24 July 2008	23 July 2009	9,798	58,865	3% pa
08 August 2008	07 August 2009	15,542	93,376	3% pa
28 August 2008	27 August 2009	6873	41,291	3% pa
		<b>90,482</b>	<b>543,618</b>	

**(ii) PlaNet Finance**

<u>Started date</u>	<u>Maturity date</u>	<u>Principal amount EURO</u>	<u>Principal amount Riel '000</u>	<u>Interest rate (pa)</u>
28 October 2009	12 November 2010	50,000	300,400	6.00%

**(iii) Baby Loan**

It is an interest free loan and no maturity date is set by the lender. However, the management fee is charged by Baby Loan based on the agreed outstanding loan schedule.

<u>Started date</u>	<u>Maturity date</u>	<u>Principal amount EURO</u>	<u>Principal amount Riel '000</u>	<u>Interest rate (pa)</u>
16 January 2009	N/A	10,457	58,122	0.00%
13 February 2009	N/A	6,960	36,344	0.00%
31 March 2009	N/A	8,847	48,574	0.00%
28 May 2009	N/A	2,542	13,898	0.00%
19 June 2009	N/A	2,309	13,447	0.00%
15 July 2009	N/A	(6,920)	(41,029)	0.00%
25 November 2009	N/A	1,756	10,853	0.00%
23 December 2009	N/A	4,490	27,219	0.00%
		<b>30,441</b>	<b>167,428</b>	

(\*) Net loan received in 2009. The loan carried forward from 2008 is KH Riel 72,654.

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**11 BORROWINGS** (continued)

**(iii) Baby Loan** (continued)

Loan movement	<b>Principal amount Riel '000</b>
Balance carried forward from 2008	72,654
Loan received in 2009	208,458
Loan repaid in 2009	(41,029)
Currency difference	<u>18,183</u>
Balance as at 31 December 2009	<b><u>258,266</u></b>

**(iv) Microfinance for Mother**

<u>Started date</u>	<u>Maturity date</u>	<b>Principal amount EURO</b>	<b>Principal amount Riel '000</b>	<b>Interest rate (pa)</b>
28 August 2009	21 December 2010	10,000	60,080	0.00%

**12 DEFERRED GRANT INCOME**

This account represents a grant received from EdM on monthly basis which covering only for the purchases of asset and operating expenditure.

	<b>2009 Riel '000</b>	<b>2008 Riel '000</b>
		(Unaudited)
Deferred grant income	(i) -	131,995
Deferred grant income for investment	(ii) <u>55,873</u>	<u>76,074</u>
	<b><u>55,873</u></b>	<b><u>208,069</u></b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**12 DEFERRED GRANT INCOME** (continued)

(i) Movement of deferred grant

	<b>2009</b>	<b>2008</b>
<b>Note</b>	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
At the beginning of the year	131,995	290,659
Additional of grant income during the year	22 573,771	723,400
Amortisation of grant income during the year	17 (208,296)	(332,490)
Transfer to capital	14 (473,415)	-
Purchase of non-current assets	8, 9 (29,112)	(48,863)
Transfer to grant for loan fund	-	(506,250)
Exchange different	5,057	5,539
	<b>-</b>	<b>131,995</b>

(ii) Deferred grant income for investment

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Grants for investments (*)	177,192	150,214
Grant income recovery for Investment	(121,319)	(74,140)
	<b>55,873</b>	<b>76,074</b>

(\*) Grant for investment represents grants received from EdM for the purpose of the purchases of fixed assets. It is recovered on a systematic basis in accordance with its depreciation charges.

**13 ACCRUALS AND OTHER LIABILITIES**

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Provision for 13th month bonus	12,594	6,440
Withholding tax payable	10,623	776
Interest payable	2,466	-
Others	129	9
	<b>25,812</b>	<b>7,225</b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**14 SHARE CAPITAL**

The details of shareholding are as follows:

	<b>Entrepreneurs Du Monde Riel '000</b>	<b>Humbert Garreau de Labarre Riel '000</b>	<b>Total Riel '000</b>
As at 1 January 2009	-	-	-
Capital paid-up	-	41,000	41,000
Transfer from donated loan fund	506,250	-	506,250
Exchange difference	6,250	-	6,250
Registered capital	<u>512,500</u>	<u>41,000</u>	<u>553,500</u>
Transfer from deferred grant (*)	473,415	-	473,415
Capital receivable (Note 7)	<u>31,055</u>	<u>-</u>	<u>31,055</u>
			-
<b>Total share capital</b>	<b><u>1,016,970</u></b>	<b><u>41,000</u></b>	<b><u>1,057,970</u></b>
Amount of registered paid-up share capital	512,500	41,000	553,500
Number of registered share capital (shares)	1,025	82	1,107
Percentage	93%	7%	100%

Based on the memorandum of articles and association dated 26 February 2009, the Company's total registered share capital is Khmer Riel 553,500,000 which is fully paid up with par value of Khmer Riel 500,000 per share. Donated loan fund of KHR 512,500,000 was agreed to transfer into the capital being paid-up based on a resolution letter of Entrepreneurs du Monde dated 20 November 2008.

(\*) In a letter dated 31 December 2009, Entrepreneurs du Monde resolved to inject additional capital by way of transfer deferred grant and its pledge contribution.

**15 INTEREST INCOMES**

	<b>2009 Riel '000</b>	<b>2008 Riel '000</b>
		(Unaudited)
Loans and advance to customers	942,063	409,658
Balances with banks	2,841	2,932
Other	<u>89</u>	<u>-</u>
	<b><u>944,993</u></b>	<b><u>412,590</u></b>



**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**16 INTEREST EXPENSES**

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Borrowings	19,442	7,934
Customers' deposits	11,422	5,263
	<b><u>30,864</u></b>	<b><u>13,197</u></b>

**17 GRANT INCOME**

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Grant income for operating expenses (A)	160,273	297,486
Grant income for investments (B)	48,023	35,004
	<b><u>208,296</u></b>	<b><u>332,490</u></b>

(A) Grant income for operating expenses is the balance which transfers from deferred grant account and it is used to balance off the expenses and incomes during the year.

(B) Grant income for investments is the depreciation and amortisation expenses during the year.

	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>Riel '000</b>	<b>Riel '000</b>
			(Unaudited)
Depreciation expenses	8	32,036	22,550
Amortisation expenses	9	15,987	12,454
		<b><u>48,023</u></b>	<b><u>35,004</u></b>

**18 OTHER OPERATING INCOME**

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Non-interest income (*)	153,052	101,741
Foreign exchange gain	4,337	30,568
Other income	5,099	352
Gain on disposal of property	-	2,430
	<b><u>162,488</u></b>	<b><u>135,091</u></b>

(\*) Non-interest income includes sales of pass books, loan processing fees and fees from training courses and others.

CHAMROEUN MICROFINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009

19 OPERATING AND OTHER EXPENSES

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Salary expenses	730,886	497,632
Office expenses	137,293	114,143
Occupancy expenses	219,168	147,172
Travel expenses/ transportation	95,596	54,017
Insurance expense	2,404	1,774
Depreciation and amortisation	48,023	35,003
Other general and admin expenses	12,147	7,634
Banking charge	4,948	3,943
Other expenses	13,812	777
	<b><u>1,264,277</u></b>	<b><u>862,095</u></b>

20 NET CASH USED IN OPERATING ACTIVITIES

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
<i>Profit before income tax</i>	-	-
Adjustments for:		
Depreciation and amortisation	8 32,036	25,444
Amortisation of grant income	9 15,987	14,444
Exchange gain	(6,908)	(5,212)
Provision for doubtful loans	19,603	2,180
Loss/(gain) on disposal of property and equipment	631	(716)
	<b><u>61,349</u></b>	<b><u>36,140</u></b>
<b><i>Operating profit before changes in working capital</i></b>	<b><u>61,349</u></b>	<b><u>36,140</u></b>
Decrease/(increase) in:		
Loans and advance to customers	(1,294,654)	(1,076,400)
Other assets	(130,479)	(34,020)
Increase/(decrease) in:		
Deposits from customers	357,719	328,558
Deferred grant	(152,196)	(150,550)
Other liabilities	18,587	1,348
<b>Cash used in operations</b>	<b><u>(1,201,023)</u></b>	<b><u>(931,064)</u></b>
Income tax paid	-	-
<b>Net cash used in operating activities</b>	<b><u>(1,139,674)</u></b>	<b><u>(894,924)</u></b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**21 LEASE COMMITMENT**

The Company leases various offices (usually one year period) under cancellable operating lease agreements. The Company is required to give one month's notice for the nullification of these agreements. The lease expenses are charged to office rentals in the income statement during the year.

**22 RELATED PARTY TRANSACTIONS**

a) Key management compensation

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Salaries and other short-term benefits	<b>194,348</b>	<b>128,992</b>

b) Loans and advances to key management

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Loans and advance outstanding balance	<b>10,029</b>	<b>6,983</b>

Loans and advances to directors and key management carry interest rate of 18% per annum (2008: 12% to 15%).

c) Transactions with related parties

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Donation from EdM (Note 12)	573,771	723,400
Rental income from EdM	4,554	-
Interest earned from loan and advance to key management	1,889	1,031
	<b>580,214</b>	<b>724,431</b>

d) Balance with related parties

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Loan outstanding with EdM (Note 11)	543,618	523,984
Receivable from EdM (Note 7)	31,055	-
	<b>574,673</b>	<b>523,984</b>

## **CHAMROEUN MICROFINANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **23 CONTINGENT LIABILITIES**

The Company may expose to certain taxes (ie. withholding tax and salary tax) prior to its incorporation as a limited liability company in February 2009. There has been no tax audit conducted by the Tax Authorities yet in respect of its Programme (Chamroeun Microfinance Service). However, the management believe that the tax exposures would be insignificant and remote provided that its Programme was approved by the Ministry of Foreign Affairs as an international NGO.

#### **24 FINANCIAL RISK MANAGEMENT**

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

##### **24.1 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 exposures arise principally in lending activities that lead to loans to customers. Credit risks are managed and studied by the credit assessment team before loans are disbursed to customers.

###### **(a) Credit risk measurement**

The Company is exposed to credit risk primarily with respect to loans. Such risks are monitored on a revolving basis and subject to annual follow-up visits. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

###### **(b) Risk limit control and mitigation policies**

The Company operates and provides loans to individual customers or group loans within the Kingdom of Cambodia. The Company manages, limits and controls concentration of credit risk whenever they are identified.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans to individual customers and with group loans for the group to secure each other, which is common practice.

Management believes that the Company's maximum exposure to credit risk is limited to the carrying amount of loans less provisions for doubtful loans. Loans are also provided to those borrowers that are deemed profitable.

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**24 FINANCIAL RISK MANAGEMENT** (continue)

**24.1 Credit risk** (continue)

(c) Maximum exposure to credit risk before collateral held or other credit enhancements

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Credit risks exposures relating to on-balance sheet assets:		
Balances with other banks	73,984	72,850
Loans and advances:		
Term loans	2,799,402	1,503,031
Staff loan	17,165	17,905
Provision for bad and doubtful loans	(16,487)	(2,815)
Net loans and advances	<u>2,800,080</u>	<u>1,518,121</u>
Other assets	105,857	-
<b>As at 31 December</b>	<b><u>2,979,921</u></b>	<b><u>1,590,971</u></b>

(d) Loans and advance to customers are summarised as follows:

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Loans and advances neither past due nor impaired	2,795,475	1,509,516
Loans and advances past due but not impaired	1,159	4,682
Loans and advances individually impaired	19,933	6,738
Gross amount	<u>2,816,567</u>	<u>1,520,936</u>
Less:		
Specific and general provision	(16,487)	(2,815)
<b>Net amount</b>	<b><u>2,800,080</u></b>	<b><u>1,518,121</u></b>

Specific provision is provided in accordance with its accounting policies and general provision is also provided to ensure that the loss will cover all doubtful loans. Loan ageing analysis is the basis for the loan provisioning.

(i) *Loans and advance to customers neither past due nor impaired*

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

(ii) *Loans and advance to customers past due but not impaired*

Loans to customers less than 30 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount loans to customers that were past due but not impaired were as follows:

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**24 FINANCIAL RISK MANAGEMENT** (continue)

**24.1 Credit risk** (continue)

(d) Loans and advance to customers are summarised as follows: (continued)

(ii) *Loans and advance to customers past due but not impaired (continued)*

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Past due up to 30 days	<b>1,159</b>	<b>4,682</b>

(iii) *Loans and advance to customers individually impaired*

The classification and provisioning for bad and doubtful debts, loans to customers of 30 days or more past due are considered impaired and the minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

	<b>2009</b>	<b>2008</b>
	<b>Riel '000</b>	<b>Riel '000</b>
		(Unaudited)
Past due 30-59 days	3,234	3,413
Past due 60-89 days	765	1,950
Past due 90 days and more	15,934	1,375
	<b>19,933</b>	<b>6,738</b>

(iv) *Loans and advance to customers renegotiated*

There was no loan restructuring activity for the years ended 31 December 2009 and 2008.

(e) Concentration of financial assets with credit risk exposure

(i) *Geographical sector*

There is no risk regarding the geographical sector as all loans provided and all other assets are located in Cambodia only.

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**24 FINANCIAL RISK MANAGEMENT** (continued)

**24.1 Credit risk** (continued)

(e) Concentration of financial assets with credit risk exposure (continued)

(ii) *Industry sector*

The following table breaks down the Company's main credit exposure at their carrying amounts, as categorised by the industry sectors of the counterparties.

	<b>Trade and commerce Riel '000</b>	<b>Other categories Riel '000</b>	<b>Service Riel '000</b>	<b>Transpor- tation Riel '000</b>	<b>Agricul- ture Riel '000</b>	<b>Construc- tion Riel '000</b>	<b>Household /family Riel '000</b>	<b>Finance institution Riel '000</b>	<b>Total Riel '000</b>
<b>31 December 2009</b>									
Balances with banks	-	-	-	-	-	-	-	73,984	73,984
Loans and advance to customers	1,829,279	519,582	249,329	146,503	37,585	12,578	5,224	-	2,800,080
Other assets	-	105,857	-	-	-	-	-	-	105,857
<b>As at 31 December 2009</b>	<b>1,829,279</b>	<b>625,439</b>	<b>249,329</b>	<b>146,503</b>	<b>37,585</b>	<b>12,578</b>	<b>5,224</b>	<b>73,984</b>	<b>2,979,921</b>
<b>31 December 2008</b>									
Balances with banks	-	-	-	-	-	-	-	72,850	72,850
Loans and advance to customers	284,826	615,853	133,814	116,623	127,551	164,317	75,137	-	1,518,121
Other assets	-	-	-	-	-	-	-	-	-
<b>As at 31 December 2008 (unaudited)</b>	<b>284,826</b>	<b>615,853</b>	<b>133,814</b>	<b>116,623</b>	<b>127,551</b>	<b>164,317</b>	<b>75,137</b>	<b>72,850</b>	<b>1,590,971</b>

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 24 FINANCIAL RISK MANAGEMENT (continued)

##### 24.2 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.

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 is exposed to foreign exchange risk mainly arising from borrowings mainly in EURO. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company does not employ foreign currency risk protection.

##### (ii) Price risk

The Company is not exposed to securities price risk because it does not hold any investments classified on the balance sheet either as available for sale or at fair value through profit or loss. The Company currently does not have a policy to manage its price risk.

##### (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 changes but 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 reprising that may be undertaken; however, the management regularly monitors the mismatch.

The table in Note 26 summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.



## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 24 FINANCIAL RISK MANAGEMENT (continued)

##### 24.3 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 may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

###### (a) Liquidity risk management process

The management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting takes the form of the daily cash position and projections for the next day, week and month, as these are key periods for liquidity management. The management monitors the amount of cash collected and the projection of its disbursement.

###### (b) Non-derivative cash flows

The table in Note 27 presents the cash flows payable of the Company under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash flows.

##### 24.4 Fair value of financial assets and liabilities

###### (a) Financial instruments measured at fair value

The Company did not have financial instruments measured at fair value.

###### (b) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair value of those financial assets and liabilities not presented on the Company's balance sheet at their fair value.

	Carrying value		Fair value	
	Riel '000 2009	Riel '000 2008	Riel '000 2009	Riel '000 2008
		(Unaudited)		(Unaudited)
<b>Financial assets</b>				
Balances with banks	73,984	72,850	73,984	72,850
Loans and advance to customers	2,800,080	1,518,121	2,800,080	1,518,121
Other assets	105,857	-	105,857	-
	<b>2,979,921</b>	<b>1,590,971</b>	<b>2,979,921</b>	<b>1,590,971</b>
<b>Financial liabilities</b>				
Customer deposits	829,821	472,101	829,821	472,101
Borrowings	1,162,364	596,637	1,162,364	596,637
Other liabilities	13,217	785	13,217	785
	<b>2,005,402</b>	<b>1,069,523</b>	<b>2,005,402</b>	<b>1,069,523</b>

## CHAMROEUN MICROFINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### 24 FINANCIAL RISK MANAGEMENT (continued)

##### 24.4 Fair value of financial assets and liabilities (continued)

(b) Financial instruments not measured at fair value (continued)

i. Balances with banks

Balances with banks include current accounts which are non-interest bearing, saving deposits and short-term deposits. The fair value of balances with other banks approximates the carrying amount.

ii. Loans and advance to customers

Loans to customers are net of provision for loan losses and its carrying value approximates fair value.

iii. Customer deposits and borrowings

The fair value of amounts due to customers approximates the carrying amount. The fair value of due to customers with no stated maturities which include non-interest bearing deposits is the amount repayable on demand.

The fair value of fixed interest-bearing deposits and borrowings not quoted in an active market is based on discounted cash flows using the interest rates of such deposits and borrowings.

##### 24.5 Capital risk management

The Company has no policy on capital risk management.

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**25 CURRENCY ANALYSIS**

Below is an analysis of Chamroeun's financial assets and liabilities by currency (in Riel '000):

	<u>KHR</u>	<u>EURO</u>	<u>USD</u>	<u>TOTAL</u>
<b>As at 31 December 2009</b>				
<b>ASSETS</b>				
Cash on hand	10,293	-	-	10,293
Balances with banks	73,400	-	584	73,984
Loans and advance to customers	2,782,915	-	17,165	2,800,080
Other assets	105,857	-	-	105,857
<b>Total Financial Assets</b>	<b><u>2,972,465</u></b>	<b><u>-</u></b>	<b><u>17,749</u></b>	<b><u>2,990,214</u></b>
<b>LIABILITIES</b>				
Customers' deposits	829,821	-	-	829,821
Borrowing	-	1,162,364	-	1,162,364
Accruals and other liabilities	23,345	2,466	-	25,811
<b>Total Financial Liabilities</b>	<b><u>853,166</u></b>	<b><u>1,164,830</u></b>	<b><u>-</u></b>	<b><u>2,017,996</u></b>
<b>Net (liability)/asset position</b>	<b><u>2,119,299</u></b>	<b><u>(1,164,830)</u></b>	<b><u>17,749</u></b>	<b><u>972,218</u></b>
<b>As at 31 December 2008 (Unaudited)</b>				
Total Financial Assets	1,624,086	-	90,125	1,714,211
Total Financial Liabilities	478,541	596,637	782	1,075,960
<b>Net (liability)/asset position</b>	<b><u>1,145,545</u></b>	<b><u>(596,637)</u></b>	<b><u>89,343</u></b>	<b><u>638,251</u></b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**26 INTEREST RATE RISK**

The interest rate risk exposure of financial assets and financial liabilities (in Riel' 000) are as follows:

	<b>Less than 1 month</b>	<b>From 1 month to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 year to 5 years</b>	<b>Over 5 years</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>As at 31 December 2009</b>							
<b>ASSETS</b>							
Cash on hand	-	-	-	-	-	10,293	10,293
Balances with banks	-	-	-	-	-	73,984	73,984
Loans and advance to customers	74,891	462,956	2,270,920	7,800	-	-	2,816,567
Other assets	-	-	-	-	-	105,857	105,857
<b>Total Financial Assets</b>	<b>74,891</b>	<b>462,956</b>	<b>2,270,920</b>	<b>7,800</b>	<b>-</b>	<b>190,134</b>	<b>3,006,701</b>
<b>LIABILITIES</b>							
Customer deposits	17,402	44,048	766,462	1,909	-	-	829,821
Borrowings	801,884	-	360,480	-	-	-	1,162,364
Accruals and other liabilities	-	-	-	-	-	25,811	25,811
<b>Total Financial Liabilities</b>	<b>819,286</b>	<b>44,048</b>	<b>1,126,942</b>	<b>1,909</b>	<b>-</b>	<b>25,811</b>	<b>2,017,996</b>
<b>Total interest repricing gap</b>	<b>(744,365)</b>	<b>418,908</b>	<b>1,143,978</b>	<b>5,891</b>	<b>-</b>	<b>164,323</b>	<b>988,705</b>
<b>As at 31 December 2008 (Unaudited)</b>							
Total Financial Assets	71,416	412,244	1,033,776	3,500	-	196,090	1,717,026
Total Financial Liabilities	15,894	35,981	752,956	284,584	-	782	1,090,197
<b>Total interest re-pricing gap</b>	<b>55,522</b>	<b>376,263</b>	<b>280,820</b>	<b>(281,084)</b>	<b>-</b>	<b>195,308</b>	<b>626,829</b>

**CHAMROEUN MICROFINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**27 LIQUIDITY ANALYSIS**

Below is a liquidity analysis of Chamroeun's financial assets and liabilities by currency (in Riel '000):

	<b>Up to 1 month Riel</b>	<b>1 – 3 months Riel</b>	<b>3 – 12 months Riel</b>	<b>1 – 5 years Riel</b>	<b>Over 5 years Riel</b>	<b>No fixed maturity Riel</b>	<b>Total Riel</b>
<b>As at 31 December 2009</b>							
<b>LIABILITIES</b>							
Customer deposit	17,402	44,048	766,462	1,909	-	-	829,821
Borrowings	801,884	-	360,480	-	-	-	1,162,364
Accruals and other liabilities	10,751	-	15,060	-	-	-	25,811
<b>Total financial liabilities (contractual maturity dates)</b>	<b>830,037</b>	<b>44,048</b>	<b>1,142,002</b>	<b>1,909</b>	<b>-</b>	<b>-</b>	<b>2,017,996</b>
<b>Total financial assets (expected maturity dates)</b>	<b>74,891</b>	<b>462,956</b>	<b>2,270,920</b>	<b>7,800</b>	<b>-</b>	<b>84,277</b>	<b>2,900,844</b>
<b>As at 31 December 2008 (Unaudited)</b>							
<b>LIABILITIES</b>							
Customers' deposit	15,894	35,981	420,160	67	-	-	472,102
Borrowings	72,654	-	523,984	-	-	-	596,638
Accruals and other liabilities	785	-	-	-	-	-	785
<b>Total financial liabilities (contractual maturity dates)</b>	<b>89,333</b>	<b>35,981</b>	<b>944,144</b>	<b>67</b>	<b>-</b>	<b>73,439</b>	<b>1,069,525</b>
<b>Total financial assets (expected maturity dates)</b>	<b>71,416</b>	<b>412,244</b>	<b>1,033,776</b>	<b>3,500</b>	<b>-</b>	<b>196,090</b>	<b>1,717,026</b>