



**READY FOR
GROWTH**

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CHAIRMAN'S MESSAGE

First Finance was created to expand and improve home ownership for Cambodia's growing urban population. In our third year of operations we've continued to learn, improve and grow around this core social objective with maintaining a financially sustainable and fully collateralized portfolio.

As a start-up, finding capital beyond the founding shareholders was difficult. Working in a new space as a specialized micro-mortgage lender for affordable housing added to the perceptions of risk. (Mortgage lenders were seen as the culprit and not the solution to the Global Economic Crisis). Ironically it was commercial banks that were our first lenders. In 2011 this changed with more social investors and lenders interested in our story and growth plan. Oikocredit was the first microfinance lender to start working with First Finance. Also a convertible loan agreement was reached with Emerging Markets Investments. 2011 was a turning point for First Finance in attracting new capital on improving terms.

Cambodia's property market picked up in 2011 as more lenders are entering mortgage market for mid to high end buyers. We anticipate competition where we have not seen it before and will implement a business model review in 2012 to ensure our products remain relevant and to enhance our brand positioning.

Another key challenge to this market is availability of homes below USD 15,000. First Finance continues to build partnerships developers like Urban Village to encourage more investment in affordable housing. Despite this challenge we continued to see improved social performance with a decline in the average loan size, average home value and house hold income of new clients.

2012 will be about growth as new capital allows us to expand in Phnom Penh and enter new cities. To support this growth we are also focused on improving our governance with fresh talent, new committee structures and an enhanced audit program.

The board is grateful to Kevin and his team. Launching a business is hard, complex and fraught with risk. We are now at a turning point as we've proven what can work socially and financially and are now able to access capital for growth. We look forward to bringing first time home ownership to more low and middle income Cambodian families.



TALMAGE MARK PAYNE
Chairman

CEO'S MESSAGE

WE TAKE PRIDE IN OUR ACHIEVEMENTS AND ARE NOW READY FOR THE NEXT GROWTH PHASE!

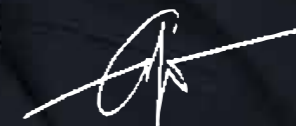
2011 marks a year of sustainability and solid business foundation for sustainable and quality growth in year 2012 and beyond. First Finance has successfully overcome business challenges through phases of its business journeys and has built its remarkable milestone-- from licensing and business startup phase in 2009, to breakeven and profitability in 2010, and to strong business foundation and higher profitability in 2011.

The smooth journey was made possible by increasing trust and support from local business communities, clients, and investor communities at local and regional levels, the industry regulators, competent and dedicated staff, and our ethical business practice. This is largely evidenced in the constant growth in loan portfolio and asset, expanding operating areas, and the additional investments made to First Finance by regional investors including Oikocredit, Hwang DBS Commercial Bank, and Cambodia Lao Development Funds (CLDF).

In 2011, First Finance has made significant progress in achieving its financial and social objectives. Financially, its net profit increased by 100% from 2010 while its operating cost has been significantly reduced. The shareholder capital has increased by USD1,989,370 through conversion of convertible loans of POEMS Pte. Ltd, Insitor Funds, and First Home Plc.

With the geographic expansion in operation, First Finance, through its housing finance products and services, has positively impacted the lives of over one thousand low-income Cambodians, from different social backgrounds and living situations, who have been dreaming of their first home ownership.

On behalf of the management of First Finance, I like to take this opportunity to thank all stakeholders including shareholders, board of directors, staff, clients, regulators, and partners for their continuing supports of First Finance. With these supports, I am very optimistic that First Finance will continue to grow financially, socially, and geographically in the years to come despite its challenges ahead.



LIM HAK KHOUN (KEVIN)
Chief Executive Officer

SENIOR ADVISOR'S MESSAGE

I was very excited to be invited back to First Finance for the period November 2011-February 2012, and eager to see how the institution was faring.

First Finance is doing very well! Activity has increased, staff has been reinforced with some key personnel joining us, and existing personnel has had further training and it shows. But the single most important event for me was the opening of the branch in Siem Reap on 28 January 2012. I had been invited by our CEO Kevin Lim to accompany him and Heng Sakada to look for appropriate properties, and we saw many. The final choice saw a combination of luck and genius: located directly opposite Psar Leu (the main market in Siem Reap) in a very visible location. Loan applications were made at the opening, an impressive result. I really appreciated the staff's enthusiasm and excitement doing direct marketing in the street. We had a celebratory party on the evening, which was probably the most effective team-building event I have ever attended.

The staff is First Finance's best asset. Young, dynamic, committed you can feel the energy whenever you are around them. They have reached a high level of professionalism, and we are lucky to have them.

During my stay we had visits from shareholders and lenders, and I was able to meet and discuss their objectives during those meetings. I was also privileged to participate in the definition of new products, budget and outlook discussions, and attended the Board meetings as a guest. All in all I have a good vision of the strengths and objectives of all the stakeholders, I am pleased to report that there is an impressive solidarity of purpose and commitment, which bodes well for the development of First Finance.

While I want to thank each and everyone of the people who I worked with during my stay, I particularly want to single out my friend our CEO Kevin Lim who makes all the parts work together seamlessly, Chun Sothany our CFO who has one of the most amazing financial minds I have ever encountered, and Heng Sakada, our Credit Manager who creates the enthusiasm and commitment in his credit group which contributes to making First Finance such a great workplace.

A lot of exciting developments are in the pipeline; I hope to continue to participate in 2012-2013!



STEPHEN B. PIECE
Senior Advisor

WE TAKE PRIDE IN OUR ACHIEVEMENTS AND ARE NOW READY FOR THE NEXT GROWTH PHASE!



INVESTORS' MESSAGE

MESSAGE FROM JOSHUA MORRIS, MANAGING DIRECTOR OF EMERGING MARKETS INVESTMENTS

In 2011, the Cambodia-Laos Development Fund ("CLDF") provided First Finance a long-term convertible loan which will be used to build the Company's loan portfolio, expand its operations into key geographic markets and strength its operations through investment in advanced MIS systems and management infrastructure.

Managed by Emerging Markets Investments, CLDF invests in transparent, innovative and professionally-managed SMEs in Cambodia and Lao PDR. With funding from the Development Finance Institutions of Finland, the Netherlands, Norway and Switzerland as well as the International Finance Corporation, CLDF seeks to provide a compelling financial return to its investors while also contributing positively to the economic development of both countries.

Our investment into First Finance fits perfectly with the Fund's investment mandate and objective of supporting leading, transparent businesses which contribute positively to the economic development of Cambodia. First Finance's deep commitment to supporting and understanding the financing needs of low income families in Cambodia – coupled with its excellent management team, prudent lending policies and product innovation for the segment make it an ideal company for our investment portfolio.

We look forward to working with the Company's management and shareholders to build First Finance into the leading specialty finance company in Cambodia.



Joshua Morris,
Managing Director, EMI

MESSAGE FROM KOK KAO, COUNTRY MANAGER, OIKOCREDIT CAMBODIA

Oikocredit is an international development financing institution which provides loans or investment capital to MFIs, cooperatives, fair trade organizations and other types of social enterprises in developing countries. Today, Oikocredit is one of the world's largest sources of private funding to the microfinance sector. As of end 2011, Oikocredit is present in almost 70 countries with almost 900 partners-organizations. The partners in Cambodia include 11 MFIs and 3 social enterprises.

Oikocredit's mission is to promote global justice by challenging people, churches and other groups to share their resources through socially responsible investments and by empowering disadvantaged people with credit. Partner MFIs offer loans to the poor, who have limited or no access to conventional banks and other commercial financial sources. Fair trade organizations and social enterprises create livelihood and other economic opportunities in the areas where they operate.

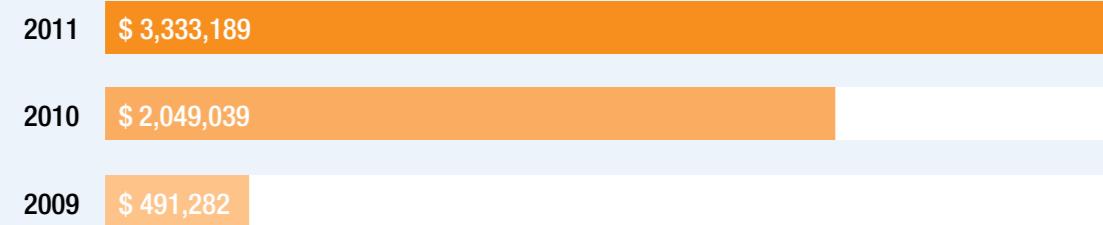
Following a comprehensive due diligence about First Finance's social and financial performance, Oikocredit in 2011 has decided to enter into partnership with First Finance by providing debt funding. This partnership was due largely to strong recognition of First Finance's social objective in helping the low-income Cambodian households achieve their first time home ownership dream through its housing finance products.



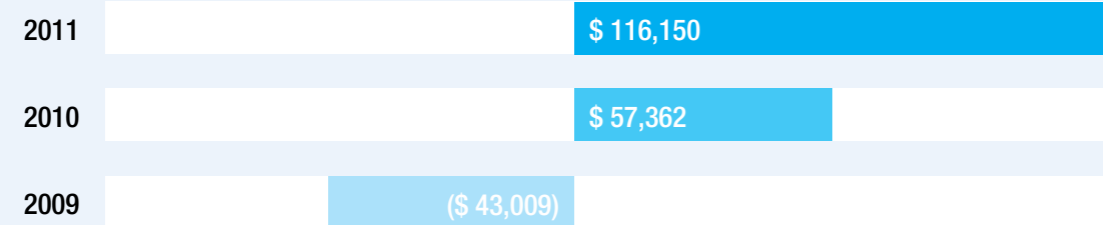
Kok Kao
Country Manager, Oikocredit Cambodia

FINANCIAL HIGHLIGHTS

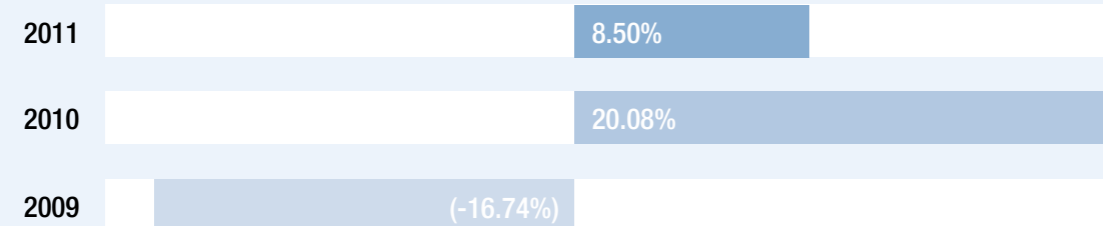
LOAN PORTFOLIO



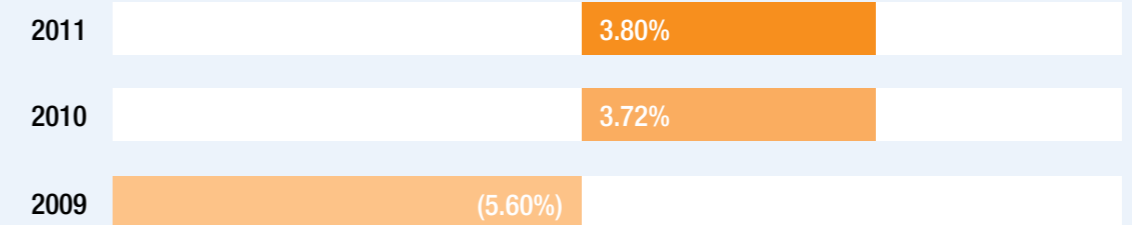
NET PROFIT AFTER TAX



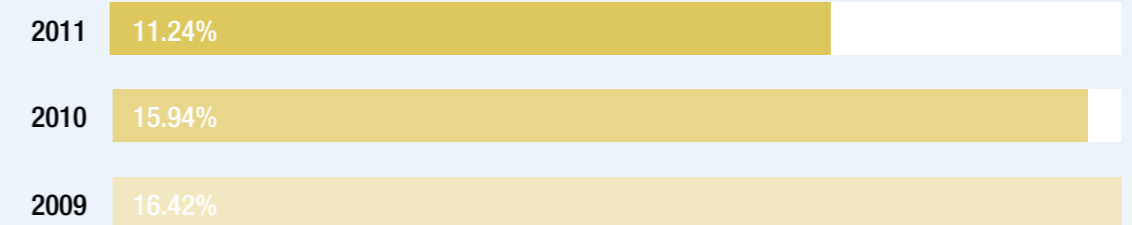
RETURN ON EQUITY



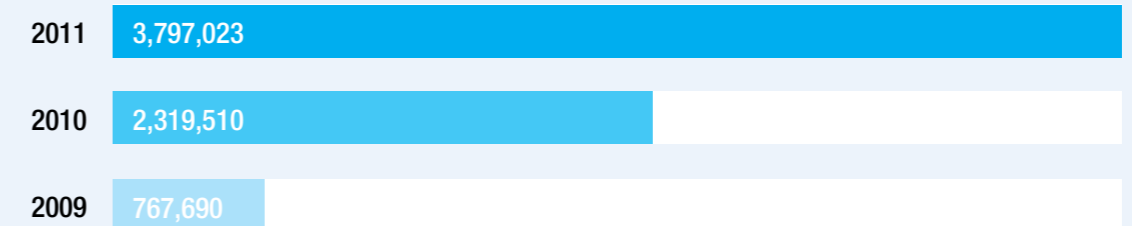
RETURN ON ASSETS



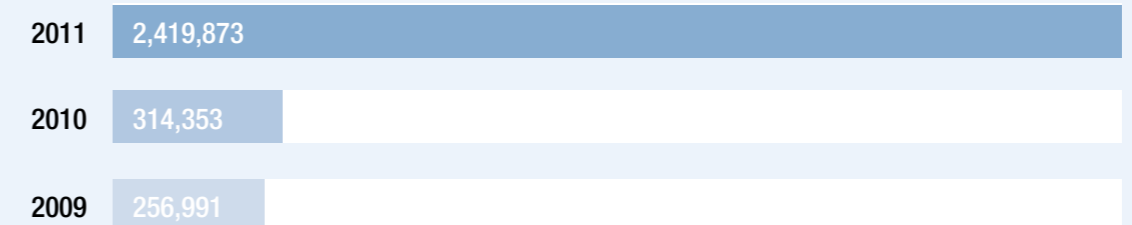
OPERATING COST RATIO



ASSETS



EQUITY



OPERATION HIGHLIGHTS

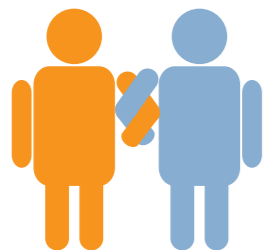
FIRST FINANCE'S 10 CREDIT PRINCIPLES

10

From its inception, First Finance has been ethically and transparently practicing its 10 Credit Principles written in its board approved credit policy to ensure that its clients are well protected when the credit assessment is made. The ten credit principles are described as below:

1. Assess the Customer's Character for Integrity and Willingness to Repay
2. Only Lend What the Customer Has the Capacity and Ability to Repay
3. Plan for the Possibility of Default
4. Only Extend Credit If We Can Sufficiently Understand and Manage the Risk
5. Ensure Independent Participation in the Credit Process
6. Behave Ethically in all Activities
7. Be Proactive in Identifying, Managing and Communicating Credit Risk
8. Be Diligent in Ensuring that Credit Exposures and Activities Comply with First Finance Requirements
9. Optimize Risk and Reward
10. Build and Maintain a Diversified Credit Risk Portfolio

PARTNERSHIP WITH KEY PLAYERS



First Finance established partnership with diversified organizations as outlined below to achieve its corporate mission and vision:

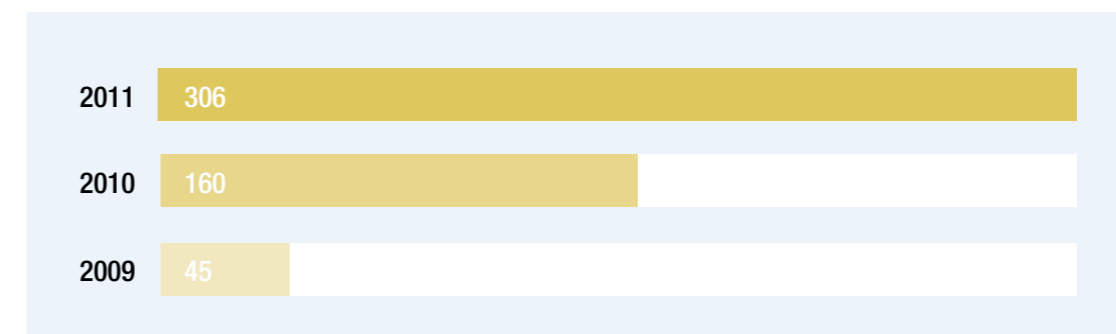
- Affordable housing developers and real-estate firms
- Construction and interior design companies
- Local and international Non-governmental Organization with mandate on providing housing to low income Cambodian households
- Socially driven organizations
- Financial institutions (MFIs, Insurance companies, Banks)
- Educational institutions (schools, universities)

NEW PRODUCT LAUNCH

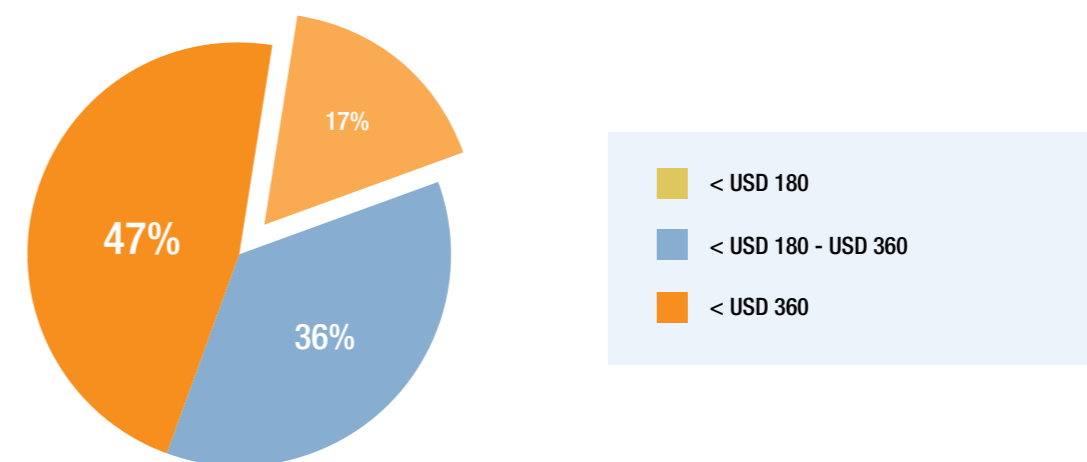


A new product, Home Equipment Loan, was added to the existing housing finance product lines to help First Finance's existing and potential clients buy some necessity household items with which clients will become more economically and socially productive.

NUMBER OF ACTIVE LOANS



CLIENT BREAK DOWN BY LEVEL OF MONTHLY INCOME



INVESTOR/ SHAREHOLDER PROFILE



POEMS PTE LTD IS AN INVESTMENT HOLDING COMPANY OF THE PHILLIPCAPITAL GROUP.

Established in Singapore in 1975, PhillipCapital is now an integrated Asian financial house offering a full range of quality and innovative financial services to retail, corporate and institutional customers. Its comprehensive financial services include Fund Management, Private Equity/Venture Capital, Debt/Structured Financing, Corporate and Institutional Sales, Wealth Management Platform services, Corporate Advisory and Financing, Information Technology solutions, unit trusts, hedge funds, insurance planning, investment research and broking in bonds, securities, futures, foreign exchange, precious metals and commodities, and Real-Estate.

Currently, PhillipCapital has more than 2800 staff in Asia and Europe and total shareholders' funds in excess of US\$700 million. It operates in the financial hubs of 10 countries, with offices in Singapore, United Kingdom, France, China, Hong Kong, Thailand, Japan, Australia, Malaysia and Indonesia. In Singapore, its members include Phillip Securities, Phillip Securities Research, Phillip Futures, Phillip Financial, Phillip Capital Management, CyberQuote, Phillip Private Equity, Phillip Trading, IFS Capital Limited and ECICS Limited.



Insitor Fund SCA is a social venture capital fund that provides equity and equity-like funds to talented social entrepreneurs proposing market solutions to critical development issues and promoting a responsible and sustainable economy. Insitor focuses on enterprises that offer credible and scalable solutions to increase the accessibility to basic products and services for the lowest income people; target sectors include, but are not limited to: Housing, Water, Education and Health.

Insitor invests with the rigor and discipline of for-profit venture capital funds, with the expectation of maximizing social impact, while providing patient and responsible financial returns. Investments are made through Insitor Fund S.C.A, incorporated in Luxembourg as a limited partnership. Fund target

size is 10/12 M Euro to be reached by the end of 2010. Insitor Fund's general partner is Luxembourg-based private limited company Insitor S.a.r.l. Operations are based in Phnom Penh, Cambodia. During the initial stage, Insitor will primarily target its investments within the Mekong Region of Southeast Asia, where the fund has developed an established local presence. Insitor believes that in-depth understanding of the social, political, business and regulatory context of its investees is critical to ensuring that all technical input is realistic, constructive and actionable.



FIRST HOME PLC

First Home Plc was incorporated in 2006 as a one-stop housing solution company with a social mission of increasing first time home ownership. It was started by professional and socially-minded individuals who wish to help low-middle income Cambodian households to access to their first time home ownership. The concept of Home Loan and Home Improvement loan products was then initiated and successfully tested. The success experience has led to formation of First Finance Plc. As a result of efforts and commitment of First Home's Board of Directors, First Finance Plc was granted its operating license on 23rd April 2009 by the National Bank of Cambodia.

First Home has deep local market knowledge. It understands the local market needs and trend, regulatory requirements, social needs and expectations; and has strong local networking and connection.



The Cambodia-Laos Development Fund S.C.A., SICAV-SIF is a Luxembourg-registered specialised investment fund that seeks to provide competitive financial returns to its investors through investments in innovative, transparent businesses in Cambodia and Laos. By providing investment capital to this critical, yet under-financed segment of each country's economy, the Fund also aspires to have a positive impact on the development of the private sector in the region.

CORPORATE PROFILE

OUR VISION

We believe that everyone deserves a chance to live a decent life. At the centre of that life there should be a safe and happy home. Our long-term vision is to help families from every socioeconomic status in Cambodia to live in dignity, security, happiness, and stability through home ownership.

OUR MISSION

Our mission is to build the economic stability of low-income Cambodian families by increasing access to home ownership.

PRODUCTS/SERVICES

First Finance offers the following housing finance products:

1. **Home Loan:** For Purchase of a new Home
 - Competitive interest rate
 - Fixed monthly payments for the term of the loan
 - Loan term up to 15 years
 - Property title taken as collateral (both hard and soft title)

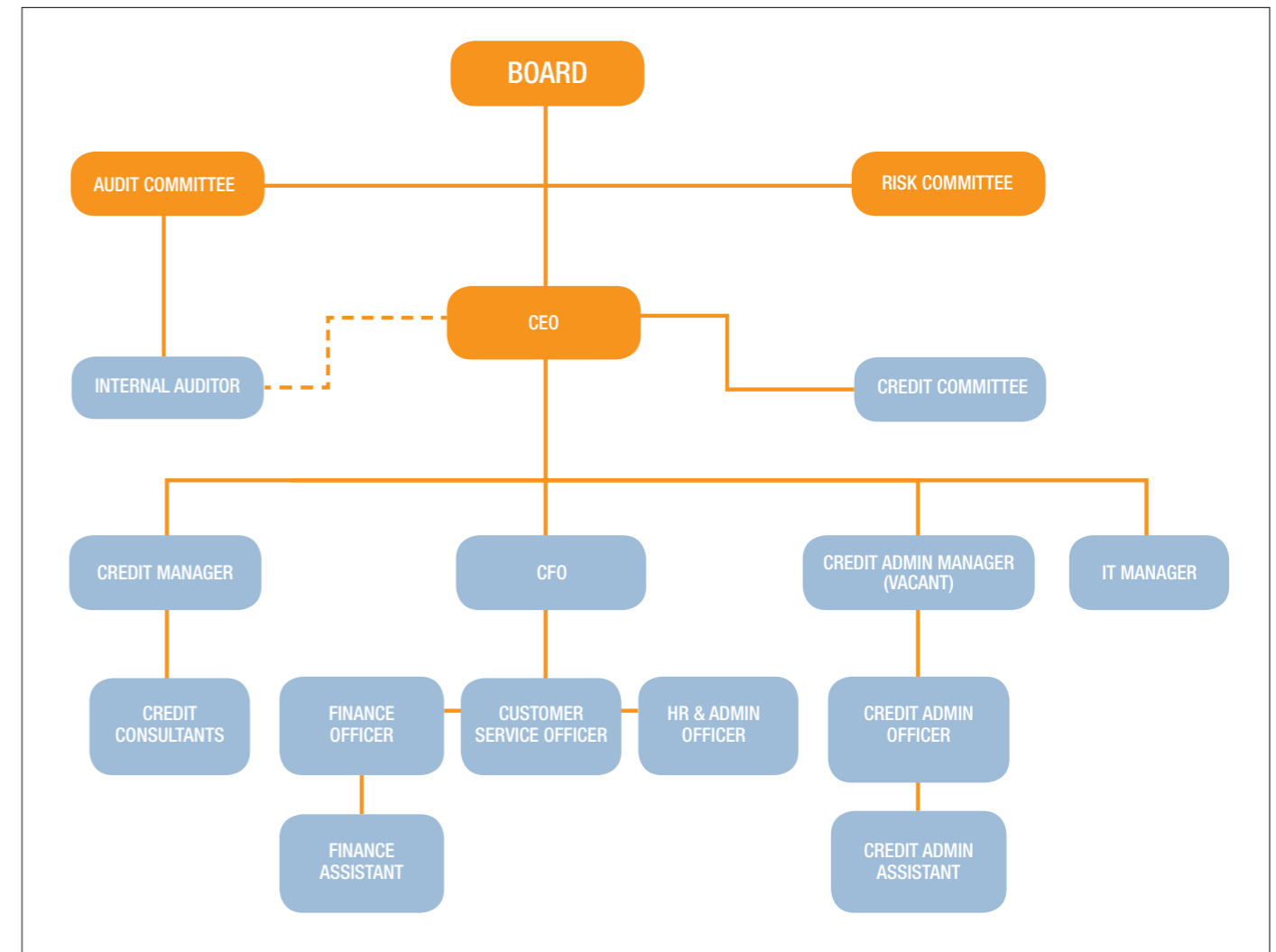
2. **Home Improvement Loan:** For Construction, Renovation, or Expansion
 - Competitive interest rate
 - Fixed monthly payments for the term of the loan
 - Loan term up to 10 years
 - Property title taken as collateral (both hard and soft title)
3. **Home Equipment Loan:**
 - Designed specifically for purchase of household equipment in conjunction with other housing loan products (i.e Home Loan and Home Improvement Loan)
 - Competitive interest rate
 - Loan term up to 5 years
 - Common collateral with home loan or home improvement loan products

CORPORATE PHILOSOPHY

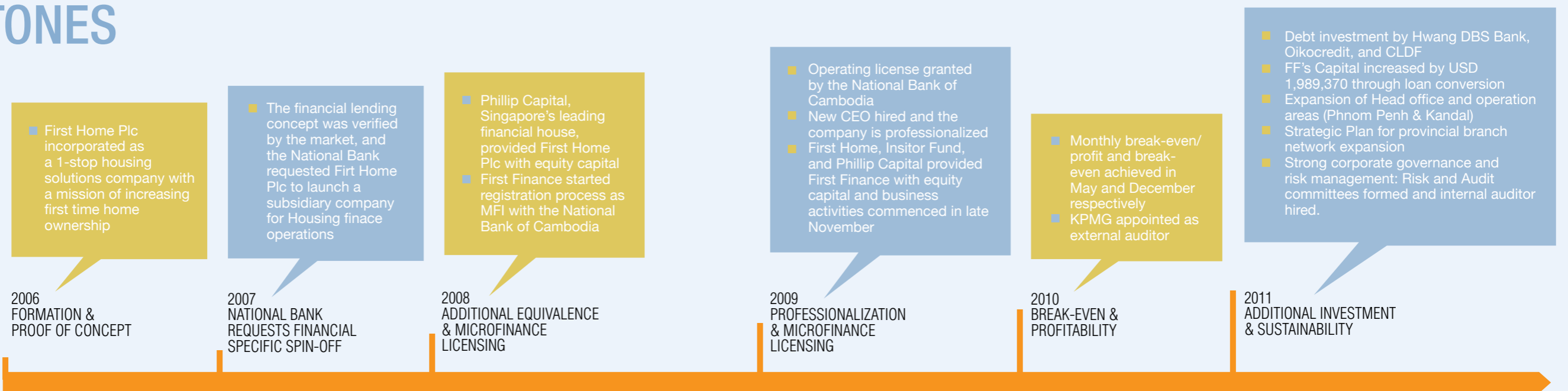
Our corporate philosophy is very simple, “We think like a customer, and act like an owner”, and our approaches are even simpler:

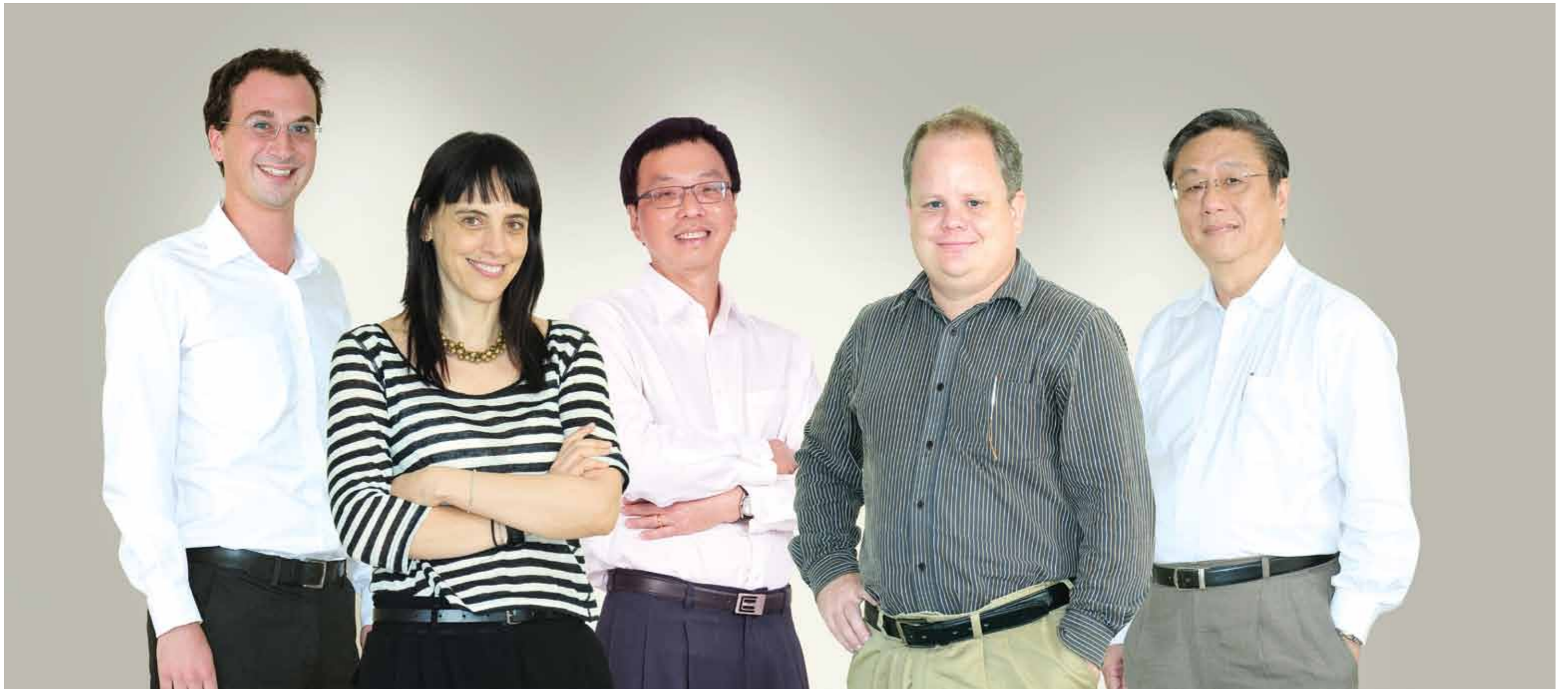
- Market driven products and services
- Simplified procedures and quick processing
- Flexibility and transparency in operations
- Integrity and ethics in all business practices

ORGANIZATIONAL CHART



MILESTONES





PROFILE OF BOARD OF DIRECTORS

1. TALMAGE MARK PAYNE, CHAIRPERSON

- CEO, Hagar Cambodia
- Leading Founder of First Home PLC
- Chairperson of VisionFund Cambodia
- National Director of World Vision Cambodia
- 15 years experience in Cambodia, primarily in social sector

2. MICAELA RATINI, DIRECTOR

- Founder of Italy's first international social venture capital fund
- 7 years consulting experience as Senior Manager with Bain & Co., focused on bank M&A
- Senior professional with more than ten years of experience in the financial industry
- Wide experience in developing countries

3. NICHOLAS JOHN LAZOS, DIRECTOR

- Investment Manager at Insitor Fund SCA
- Prior experience in MFI Consulting including managing the startup of First Home Plc

4. MICHAEL TAN TECK KOEUNG, DIRECTOR

- Board member of KREDIT MFI, Cambodia
- A technical advisor CBIRD MFI, Cambodia
- A director, Corporate Development, at Phillip Securities Pte. Ltd in Singapore since 2008
- Over 20 years of combined experience in industry and academia including Assistant Professor at University of Nevada United states, Lecturer at National University of Singapore, and various IT management and consultancy position in Singapore.

5. ONG TEONG HOON, DIRECTOR

- Senior Executive of one of Asia's leading financial house, Phillip Capital
- Over 25 years of banking experience with Standard Chartered Bank
- Founding Chairman for Hagar Design Pte. Ltd.
- Director of Prison Fellowship Singapore
- Vice-president in the Boys Brigade in Singapore



PROFILE OF KEY MANAGEMENT

1. LIM HAK KHOUN (KEVIN), CHIEF EXECUTIVE OFFICER

- Cambodian-born Chinese Canadian educated in Cambodia and Canada
- Graduated with Business Degree from York University, Toronto, Canada
- Linguistic skills: Khmer, English, French, Chinese (Mandarin, Cantonese, and Teochew dialects), Vietnamese, and basic Thai.
- Over 16 years of professional experiences including 11 years in Banking with well-established local and international banks: Regional Manager of ANZ Royal Bank Head of Sales of Maruhan Japan Bank Head of Credit of Vattanac Bank Corporate Banking Manager of Standard

Chartered Bank
Underwriting Manager of Forte Insurance
Lecturer and Administrator of Regent College
Project Coordinator of Canadian Cambodian Association of Ontario

2. SOTHANY CHUN, CHIEF FINANCE OFFICER

- Master Degree in Micro finance Management
- Over 8 years of management experience
- Operation Manager of Wing Cambodia
- Business Development Manager of Vision Fund Cambodia
- Resource Manager and Internal Auditor at World Vision Cambodia

3. SAKADA HENG, CREDIT ADMIN MANAGER

- Bachelor Degree in Accounting/Finance
- Bachelor of Art in French Language
- Over 6 years work experiences
- Former Operation Coordinator of First Home Plc

4. CHHOUR SAMBO, SENIOR INTERNAL AUDITOR

- Pursuing ACCA/CPA (Certified Public Accountant) program
- Bachelor degree in Finance and Banking from Pannasastra University
- Audit Supervisor of Lim Heng Group
- Senior Auditor of PriceWaterhouseCooper (PWC)

5. NGY MAKARA, IT MANAGER

- Master Degree of Computer Science & Engineering
- Bachelor Degree of Arts in English
- Over 6 years of Management Experience
- IT Manager of Booyoung Khmer Bank
- IT Supervisor of Cambodia Asia Bank

BOARD COMMITTEES

A) AUDIT COMMITTEE

The Audit and Compliance Committee (ACC) was formed to assist the board in discharge its corporate governance responsibilities to exercise due care, diligence in:

- Reporting financial information to users of financial reports
- Applying accounting policies
- Maintaining the independence of the company's auditors
- Financial management
- Internal control systems
- Risk management
- Overseeing serious allegations of fraud
- Complying with applicable laws and regulations.

The Audit Committee consists of 3 members:

1. ONG TEONG HOON, CHAIRMAN

- Senior Executive of one of Asia's leading financial house, Phillip Capital
- Over 25 years of banking experience with Standard Chartered Bank
- Founding Chairman for Hagar Design Pte. Ltd.
- Director of Prison Fellowship Singapore
- Vice-president in the Boys Brigade in Singapore

2. RANNY CHUNG, MEMBER

- Partner of Fides Services Cambodia, Phnom Penh (2003-present)
- Cambodian returnee educated in New Zealand
- Chartered Accountant and Certified Public Accountant
- Former Country Manager of KPMG Cambodia
- Former Supervising Senior of KPMG, Wellington, New Zealand

3. KAY LOT, MEMBER

- Chief Operating Officer, CamGSM
- Over 13 years of professional experience in financial management
- Former Head of Service Delivery at

Standard Chartered Bank Cambodia.

- BSc from Warren National University, Idaho USA.

B) RISK COMMITTEE

The Board Risk Committee (BRC) was formed to assist the board in discharge its corporate governance responsibilities to exercise due care, diligence in:

- Long term capital management and forecasting
- Interest rate policies
- Operational and country risks (non-financial risks)
- Establishing risk principles and procedures for the management
- Credit Policies
- Asset – Liability Policies
- Risk Management Policy

The Risk Committee consists of two members:

1. NICHOLAS JOHN LAZOS, CHAIRMAN

- Investment Manager at Insitor Fund SCA
- Prior experience in MFI Consulting including managing the startup of First Home Plc

2. MICHAEL TAN TECK KEONG, MEMBER

- Board member of KREDIT MFI, Cambodia
- A technical advisor CBIRD MFI, Cambodia
- A director, Corporate Development, at Phillip Securities Pte. Ltd in Singapore since 2008
- Over 20 years of combined experience in industry and academia including Assistant Professor at University of Nevada United states, Lecturer at National University of Singapore, and various IT management and consultancy position in Singapore.

STAFF DEVELOPMENT & TRAINING

- ⇒ External trainings on HR, accounting/finance, management, and leadership
- ⇒ Workshops on taxation, corporate governance, securities, foreign exchanges
- ⇒ In-house trainings on:
 - Client protection
 - Sales and marketing
 - Customer services
 - Code of conduct/ethical business practice
 - Property Valuation

CUSTOMER SERVICE

When it comes to customer service, "Customer First" is our main philosophy. At First Finance, customers from all walks of life are equally welcomed by our well trained and hospitable staff without discrimination.

As soon as you walk in to our premise, you will get the immediate acknowledgement with **natural smile** from our Customer Service Officer.





SOCIAL IMPACT

Mr. Loem Dara and his wife, Yon Vanny, with 2 children, were living in Beung Kak, the potential evicted area. Mr. Dara works as a driver for a private company in PP and his wife is a self-employed seamstress. With First Finance's home improvement loan, they have built their first home at Sahakkum Nokor Thmey in Posenchey District. Their lives have changed as they are now living happily in their new home. They no longer worry about eviction or moving.



Mr. Men Van and his wife, Sok Toe, with 3 children were originally from Svay Rieng province. In pursuit of better living, they have 3 years ago moved to Phnom Penh where they have been living in a rental house located in the Chom Chao area. Mr. Men Van is constructor and his wife is a factory worker (sewer). In February 2012, they decided to borrow Home Loan from First Finance to purchase a house in Borey Sensok (Chom Chao). With their first home ownership, they have converted their monthly rental expense into to their long-term investment.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors have pleasure in submitting their report together with the audited financial statements of First Finance Plc (“the Company”) for the year ended 31 December 2011.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide micro-finance services to advance first time home ownership for middle and low income families in Cambodia.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31 December 2011 were as follows:

	US\$
Profit before income tax	148,226
Income tax expense	(32,076)
Net profit for the year	116,150

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS

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

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

CURRENT ASSETS

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

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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

SHARE CAPITAL

On 25 March 2011, the Company increased its share capital from US\$300,000 to US\$2,289,370 by converting US\$1,989,370 from the borrowings.

The share capital structure and the details of authorised and registered shareholding are as follows:

	2011			2010		
	% of Ownership	Number of shares	Amount US\$	% of Ownership	Number of shares	Amount US\$
Insitor Fund SCA	42.63	976,000	976,000	-	-	-
Poems Pte Ltd	42.63	976,000	976,000	-	-	-
First Home Plc	14.74	337,370	337,370	100	300,000	300,000
	100	2,289,370	2,289,370	100	300,000	300,000

The amendment on the Memorandum & Articles of Association of the Company was approved by the Ministry of Commerce and the National Bank of Cambodia on 4 July 2011 and 18 June 2011 respectively.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person;
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect 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 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 year ended 31 December 2011 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.

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS FIRST FINANCE PLC

We have audited the accompanying financial statements of First Finance Plc ("the Company"), which comprise the balance sheet as at 31 December 2011, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 7 to 39.

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 and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider internal control 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 control. 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 financial statements present fairly, in all material respects, the financial position of First Finance Plc as at 31 December 2011, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements.

For KPMG Cambodia Ltd



Craig McDonald
Audit Partner

Phnom Penh

30 March 2012

THE BOARD OF DIRECTORS

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

- **Mr. Talmage Mark Payne**, Chairman
- **Ms. Micaela Ratini**, Director
- **Mr. Ong Teong Hoon**, Director
- **Mr. Michael Tan Teck Keong**, Director (resigned on 27 June 2011)
- **Mr. Nicholas John Lazos**, Director

EVENTS SINCE THE REPORTING DATE

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

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements existed, to which the Company was a party with the object of enabling 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.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2011, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors 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 and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
 - 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
 - control and direct effectively the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.
- The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

On behalf of the Board of Directors,



Talmage Mark Payne
Chairman

Lim Hak Khoun
Chief Executive Officer

30 MAR 2012

30 MAR 2012

BALANCE SHEET

AS AT 31 DEC 2011

	US\$	2011 KHR'000 (Note 4)	2010 US\$
ASSETS			
Cash on hand	819	3,308	730
Deposits and placements with banks	268,329	1,083,781	209,546
Statutory deposits	114,469	462,340	15,000
Loans to customers	3,299,857	13,328,122	2,049,039
Other receivables	59,832	241,661	23,292
Property and equipment	53,717	216,963	21,903
TOTAL ASSETS	3,797,023	15,336,175	2,319,510
LIABILITIES AND EQUITY			
Liabilities			
Other payables	49,287	199,069	11,472
Current income tax liability	27,863	112,539	4,315
Borrowings	1,300,000	5,250,700	1,989,370
Total liabilities	1,377,150	5,562,308	2,005,157
Equity			
Share capital	2,289,370	9,246,765	300,000
Retained earnings	130,503	527,102	14,353
Total equity	2,419,873	9,773,867	314,353
TOTAL LIABILITIES AND EQUITY	3,797,023	15,336,175	2,319,510

INCOME STATEMENT

FOR THE YEAR ENDED 31 DEC. 2011

	US\$	2011 KHR'000 (Note 4)	2010 US\$
Interest income	466,365	1,883,648	214,656
Interest expenses	(54,161)	(218,756)	-
Net interest income	412,204	1,664,892	214,656
Other operating income	71,849	290,198	51,660
Operating income	484,053	1,955,090	266,316
Allowance for bad and doubtful loans	(33,332)	(134,628)	-
Operating and other expenses	(302,495)	(1,221,777)	(202,472)
Profit before income tax	148,226	598,685	63,844
Income tax expense	(32,076)	(129,555)	(6,482)
Net profit	116,150	469,130	57,362

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DEC. 2011

	Share capital US\$	Retained earnings /(accumulated losses) US\$	Total US\$
Balance as at 1 January 2010	300,000	(43,009)	256,991
Net profit for the year	-	57,362	57,362
Balance as at 31 December 2011	300,000	14,353	314,353
Conversion from borrowings to share capital	1,989,370	-	1,989,370
Net profit for the year	-	116,150	116,150
Balance as at 31 December 2011	2,289,370	130,503	2,419,873
(KHR'000 equivalents) (Note 4)	9,246,765	527,102	9,773,867

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DEC. 2011

	US\$	2011 KHR'000 (Note 4)	2010 US\$
Cash flows from operating activities			
Net cash used in operating activities	(1,201,935)	(4,854,615)	(1,510,437)
Cash flows from investing activities			
Purchase of property and equipment	(39,193)	(158,301)	(24,048)
Net cash used in investing activities	(39,193)	(158,301)	(24,048)
Cash flows from financing activities			
Proceeds from borrowings	1,450,000	5,856,550	1,489,370
Repayment during the year	(150,000)	(605,850)	-
Net cash generated from financing activities	1,300,000	5,250,700	1,489,370
Net increase/(decrease) in cash and cash equivalents	58,872	237,784	(45,115)
Cash and cash equivalents at beginning of year	210,276	849,305	255,391
Cash and cash equivalents at end of year	269,148	1,087,089	210,276
During the year, there were the following significant non-cash transactions:			
Conversion of borrowings to share capital	1,989,370	8,035,065	-



READY FOR GROWTH

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