



WE HOLD THE KEY TO YOUR FIRST HOME





First Finance received its operating license from the National Bank of Cambodia during the inauguration held at Sunway Hotel on 8th June 2009, under the presidency of Her Excellency Tal Nay Im, Director General of the National Bank of Cambodia.



Ribbon Cutting



Handover of First Finance's License
by the National Bank of Cambodia



Board of Directors and Staff of First Finance



Board of Directors and Staff of First Finance

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CHAIRMAN'S MESSAGE

One of the most important investments any family can make is in home ownership. The homeowner builds stable wealth, enjoys social security, improves physical health and contributes more to their local community than their socio-economic peers. Yet for the majority of low to middle income families in Cambodia's rapidly developing towns and cities home ownership is well beyond their reach. This is particularly true of the nation's largest demographic - young families whose parents were part of the post Khmer Rouge baby boom of the 1980s. This is the generation that is reshaping the nation but remains shut out of home ownership.

Our mission in First Finance is to build a strong financial institution in support of expanding home ownership in Cambodia. First Finance reduces home ownership barriers with accessible mortgages and support in navigating the legal requirements of secure title ownership. Our clients are hard working families living in crowded substandard rental housing, occupying slums with the threat of eviction and young families ready to leave their parents home for their own. There are few things more exciting than watching a hard working couple take possession of their first home. And the social benefits are significant not just for the new home-owner but for any country that expands home ownership for the hard working majority of its citizens.

The founding shareholder of First Finance is the Cambodian firm First Home which is committed to financially sustainable solutions to affordable housing in Cambodia. After two years of pilot testing and research First Finance was launched in 2009 with a license from the National Bank of Cambodia.

Phillip Capital, through one of its companies, Poems Pte Ltd, is now a long-term investor with First Finance. Phillip Capital is an integrated Asian financial house with presence in most countries throughout Asia, as well as with offices in United Kingdom and Australia.

The third investor, Insitor Fund, is a social enterprise investment fund that contributes both equity and technical support to First Finance as a start up business. Together the three shareholders of First Finance provide a diverse set of expertise and financial resources with a long-term focus on building a strong financial institution in support of affordable housing for Cambodian families.



Talmage Payne

CEO'S MESSAGE



First Finance is the first and only company that specializes in housing finance for low to middle income first time homeowners in Cambodia. This is a product that has a life changing impact on our clients as their families become more secure, wealthy and happy as home owners.

First Finance combines commercial mortgage banking practices with micro-finance social approaches as it opens this untapped market in Cambodia. Our products are more flexible and accessible to lower income levels and our staff focus on educating our clients and not just selling. The company has seen strong demand and good portfolio quality since it launched in April 2009 and expects to show a profit in 2010.

First Finance establishes and monitors specific social and financial goals such as financial sustainability, portfolio quality, household income of the client mix and economic impact on our clients. Our social goal is to help the urban poor families to achieve their first home ownership dream through our affordable long-term financing products and services.

Currently First Finance does not have access to savings for a lower cost of funds but remains competitive with a very efficient operating model. As demand for the product remains strong, the company continues to seek new loans and the current investors continue to increase the company's equity base. This allows First Finance to expand while remaining financially sustainable with affordable products to low to middle income Cambodians.

Our short-term strategic direction is to stay focused on our core business, i.e. housing finance for low-middle income Cambodian households, enhance our service quality and build staff capacity. We are planning to expand our branch networks to the provinces and will strengthen IT systems. First Finance also remains compliant with all regulatory requirements especially those of the National Bank of Cambodia.

With strong support of our Board of Directors and shareholders as well as staff and customers, I have no doubt that First Finance will continue to grow despite challenges ahead.

Lim Hak Khoun (Kevin)

PROFILES OF SHARHOLDERS AND BOARD OF DIRECTORS

Shareholders:

1. POEMS Pte. Ltd*
2. Insitor Fund SCA*
3. First Home Plc.

**Pending approval by National Bank of Cambodia*

Board of Directors

1. Talmage Payne, Chairperson
2. Ong Teong Hoon, Director, representing POEMS Ptd. Ltd
3. Micaela Ratini, Director, representing Insitor Fund SCA
4. Kim Yoeum, Director, representing First Home Plc
5. Tea Chansotheary, Director, representing First Home Plc

Profile of Shareholders



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. 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 connections.

Profiles of the Board of Directors and the Executive Management

1) Talmage Payne, Chairperson (United States)

- Leading Founder of First Home PLC
- CEO, Hagar International
- Founding Chair of Vision Fund Cambodia
- National Director of World Vision Cambodia
- 17 years experience in Cambodia, primarily in social sector

2) Ong Teong Hoon, Director (Singapore)

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

3) Micaela Ratini, Director (Italy)

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

4) Kim Yoeum, Director (Cambodia)

- Human Resource Manager, Hagar Cambodia
- Over 20 years of work experience including 17 years with well-established international NGOs
- Master Degree

5) Tea Chansotheary, Director (Cambodia)

- Freelance Consultant
- 18 years experience with local and international NGOs
- Business Admin and Science Degrees
- Former GM and current Director of CREDIT MFI

6) Lim Hak Khoun (Kevin), CEO (Cambodia)

- Over 14 years work experience in financial industry including 10 years of banking in Cambodia
- Obtained a Degree in Business Admin from York University, Canada
- Strong linguistic and people skills

CORPORATE PROFILE

First Finance PLC is a joint venture company established between Cambodia-based First Home Plc, Singapore-based Phillip Capital, and Luxembourg-based Insitor Fund. The company was granted its license on 23rd April 2009 by the National Bank of Cambodia, and became the first financial institution specialized in housing finance in Cambodia. The company is focused on providing a long-term Home Loan and medium-term Home Improvement Loans to underserved low-middle income Cambodian households who do not have access to formal commercial lending.

As the founding company of First Finance, First Home PLC, has tested and refined its initial housing finance concept and has conducted studies on the market needs for housing loans and thus provided First Finance a foundation for growth and expansion.

Our Mission

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

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.

Target

Our target customers are low and middle income Cambodian households that seek to invest in their first home. While First Finance currently only operates in Phnom Penh, in the near future branches will be opened in the major urban centers of Cambodia.

Products/Services

First Finance offers two housing finance products:

- 1. Home Loan:** For Purchase of Customer's First Home
 - Competitive annual interest rate
 - Fixed monthly payments for the term of the loan
 - Loan term up to 15 years
 - Property title taken as collateral

2. Home Improvement Loan: For Construction, Renovation, or Expansion

- Competitive annual interest rate
- Fixed monthly payments for the term of the loan
- Loan term up to 5 years
- Property title taken as collateral

Value Proposition

The vast majority of Cambodian households have no access to formal housing finance. While commercial banks have begun to offer home loan products, they are more focused on wealthier Cambodians.

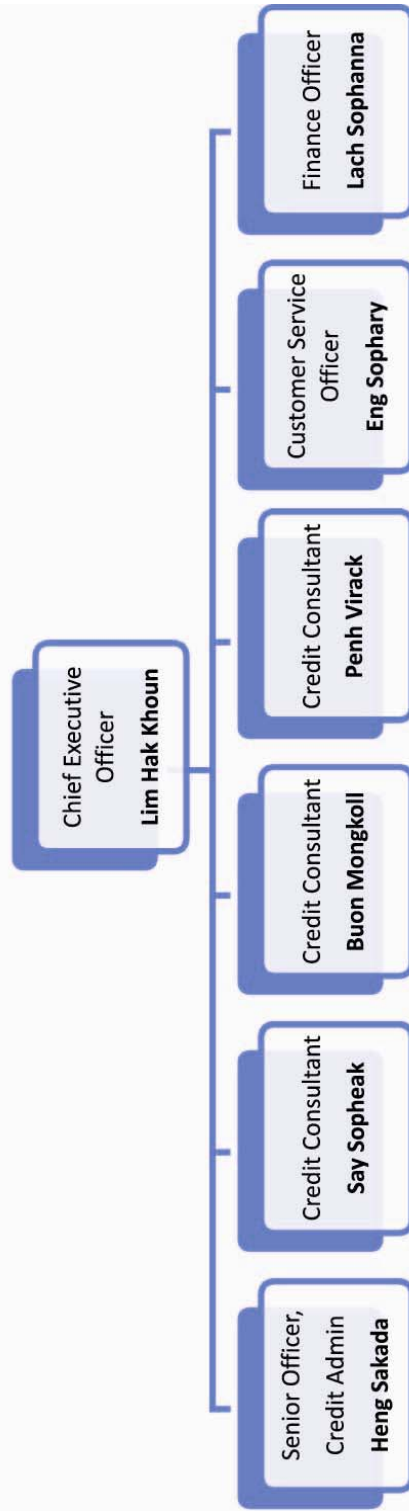
First Finance provides customers with loan products/services specific to their needs, and with requirements that are in line with the realities of Cambodia. Further, customers can meet directly with our credit consultants in order to fully understand our products, as well as to assist with the legal processes associated with purchasing their first home.

Corporate Philosophy

Our corporate philosophy is very simple, **“We think like a customer, and act like an owner”**, and our below 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

Organization Chart



CLIENTS



“Why should my money go to rent payment for someone else when it can go toward my own home? ”

Since moving to Phnom Penh from Takeo seven years ago, Mey has worked as a cook for an expatriate family. Vithou, her older brother, works for a local development agency and part-time as a radio host. Together, they earn a combined household income of USD255 per month. Through First Finance, Vithou and Mey secured a USD5,000 loan to purchase a home in the Pochentong area. “ My friends and relatives are very surprised that I was able to borrow and purchase my own home,” beams Mey.



“ I never dreamed I’d have the chance to own a home again”

Sam An has been in the military for 17 years. His wife, Chanthorn, worked for many years selling rice in the market but is now a child care worker at an NGO. They live with their three children, the oldest of whom has a job at a garment factory. “After the Pol Pot regime, we owned a small house,” Sam An explains, “but when we had financial difficulty we sold the house and started renting.” With a combined family income of about \$370 per month, they were approved for a \$7,500 loan from First Finance that used to purchase their new home

DIRECTORS' REPORT

The directors hereby submit their report along with the audited financial statements of First Finance Plc (the "Company") for the period from 1 May 2009 (being the Company's first day of operations) to 31 December 2009.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of operations for the reporting period ended 31 December 2009 are set out in the statement of income on page 9.

DIVIDENDS

There were no dividends declared or paid during the reporting period.

SHARE CAPITAL

There were no changes in the issued and paid-up capital of the Company during the reporting period.

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the reporting period.

BAD AND DOUBTFUL LOANS

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

At the date of this report, the directors are not aware of any circumstances which would render the amount carried as bad debts, or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any material amount.

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances 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.

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 reporting period which secures the liabilities of any other person, or
- (b) any contingent liability in respect of the Company that has arisen since the end of the reporting period other than in the ordinary course of business and disclosed in the financial statements.

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 reporting period which, in the opinion of the directors, will or may have a material effect on the ability of the Company to meet its obligation as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are 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 AN UNUSUAL NATURE

The results of the operations of the Company for the reporting period were not, in the opinion of the directors, materially affected by any items, transaction or event of a material and unusual nature.

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

DIRECTORS

The initial directors were as follows:

Mr. Talmage Mark Payne	Chairman (appointed in the Articles of Association)
Mr. Kim Yoeum	Director (appointed in the Articles of Association)
Ms. Tea Chansotheary	Director (appointed in the Articles of Association)
Ms. Micaela Ratini	Director (appointed 1 st October 2009)
Mr. Ong Teong Hoon	Director (appointed 1 st October 2009)

DIRECTORS' INTERESTS

The directors who held office at the end of the reporting period and have a direct interest in the shares of the Company are as follows:

-- Number of shares of KHR 4,000 each --

	Balance at 01-01-09	Bought	Sold	Balance at 31-12-09
First Home Plc				
<i>(Represented by: Mr. Talmage Mark Payne, Mr. Kim Yoeum, Ms. Tea Chansotheary)</i>	-	300,000	-	300,000

DIRECTORS' BENEFITS

During and at the end of the reporting period, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the beginning of the reporting period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate

amount of emoluments received or due and receivable by directors) by reason of a contract made by the Company with the directors or 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.


STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of directors is responsible to ensure that the financial statements for each reporting period are properly drawn up so as to give a true and fair view of the state of affairs of the Company and of its results of operations and cash flows for the reporting period then ended. In preparing those financial statements, the Board of directors 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 and the guidelines issued by the Ministry of Finance of the Kingdom of Cambodia or, if there has been any departures in the interests of true and fair presentation, 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; and
- v) effectively control and direct 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 the Company has complied with the above requirements in preparing the financial statements.

On behalf of the Board of directors



Talmage Mark Payne

Chairman

Date: 29 April 2010



Lim Hak Khoun

Chief Executive Officer

Date: 29 April 2010

STATEMENT BY DIRECTORS

We, being the Chairman and CEO of First Finance Plc (the "Company") do hereby state that in our opinion:

- i) The results of the operations of the Company for the period from 1 May 2009 to 31 December 2009 have not been materially affected by any item, transaction and event of any material and unusual nature nor has any such item, transaction and event occurred in the interval between the end of the reporting period and the date of this report other than as disclosed in the financial statements, and
- ii) The accompanying financial statements of the Company have been drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2009 and of the results of its operations and cash flows for the reporting period ended on that date, in accordance with the guidelines of the National Bank of Cambodia and Cambodian Accounting Standards.

On behalf of the Board of directors



Talmage Mark Payne

Chairman

Date: 29 April 2010



Lim Hak Khoun

Chief Executive Officer

Date: 29 April 2010

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF FIRST FINANCE PLC

We have audited the accompanying financial statements of First Finance Plc (the “Company”) for the period from 1 May 2009 to 31 December 2009 which comprise the balance sheet as at 31 December 2009 and the related statements of income, changes in equity, and cash flows for the reporting period then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards and the guidelines issued by the National Bank of Cambodia. This responsibility includes: designing, implementing and maintaining internal control 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.

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 Standards on Auditing and International Standards on Auditing and the requirements of the National Bank of Cambodia (“NBC”). Those principles require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 auditors’ 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 auditors consider internal control relevant to the Company’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 Company’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.

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF FIRST FINANCE PLC (continued)

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2009 and of the results of its operations and its cash flows for the reporting period from 1 May 2009 to 31 December 2009, in accordance with the NBC's guidelines and Cambodian Accounting Standards.

The accompanying financial statements are prepared for jurisdiction of Cambodia and the guidelines issued by the National Bank of Cambodia. It is not intended to present the financial position and results to operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdiction other than Cambodia.

On behalf of Morison Kak & Associés


Saksom Meas
Managing Partner



Morison Kak & Associés
Certified Public Accountants
Registered Auditors

Date: 29 April 2010

BALANCE SHEET AS AT 31 DECEMBER 2009

		2009	
	Note	USD	KHR'000
ASSETS			
Cash in hand		250	1,042
Deposits and placements with banks	4	255,141	1,063,683
Statutory deposit with central bank	5	14,599	60,863
Loans and advances to customers	6	491,282	2,048,155
Property and equipment	7	2,258	9,414
Preliminary expenses	8	9,586	39,964
Other assets	9	4,160	17,343
TOTAL ASSETS		777,276	3,240,464
LIABILITIES			
Other liabilities	10	10,603	44,204
Provision for income tax	11	96	400
Convertible loans	12	500,000	2,084,500
TOTAL LIABILITIES		510,699	2,129,104
CAPITAL AND RESERVES			
Share capital	13	300,000	1,250,700
Accumulated losses		(33,423)	(139,340)
TOTAL CAPITAL AND RESERVES		266,577	1,111,360
TOTAL LIABILITIES AND CAPITAL		777,276	3,240,464

Signed and authorised for release on behalf of the Board



Talmage Mark Payne

Chairman

Date: 29 April 2010



Lim Hak Khoun

Chief Executive Officer

Date: 29 April 2010

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

**STATEMENT OF INCOME
FOR THE PERIOD FROM 1 MAY 2009 TO 31 DECEMBER 2009**

	Note	2009	
		USD	KHR'000
Interest income	14	35,211	146,795
Interest expense		-	-
Net interest income		35,211	146,795
Non-interest income		2,820	11,757
Payroll and other staff costs		(25,771)	(107,439)
Depreciation and amortisation expenses		(6,193)	(25,819)
Other operating expenses	15	(39,110)	(163,050)
Operating loss before provision for impairment		(33,043)	(137,756)
Provision for impairment losses		-	-
Loss before income tax		(33,043)	(137,756)
Income tax expense	11	(380)	(1,584)
Net loss after income tax		(33,423)	(139,340)

Signed and authorised for release on behalf of the Board



Talmage Mark Payne

Chairman

Date: 29 April 2010



Lim Hak Khoun

Chief Executive Officer

Date: 29 April 2010

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 MAY 2009 TO 31 DECEMBER 2009**

	Share capital USD	Retained earnings USD	Total USD
Opening balance as at 1 May 2009	300,000	-	300,000
Net loss for the year	-	(33,423)	(33,423)
Balance as at 31 December 2009	300,000	(33,423)	266,577
<i>Balance as at 31 December 2009</i> <i>(KHR'000 equivalents)</i>	<i>1,250,700</i>	<i>(139,340)</i>	<i>1,111,360</i>

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

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 MAY 2009 TO 31 DECEMBER 2009**

	2009	
	USD	KHR'000
Cash flows from operating activities		
Profit/(loss) before income tax	(33,043)	(137,756)
<i>Adjustments for:</i>		
Depreciation expense	1,400	5,837
Amortisation expense	4,793	19,982
Operating profit/(loss) before working capital changes	(26,850)	(111,937)
<i>Increase/(decrease) in cash attributable to changes in working assets and liabilities:</i>		
Loans and advances	(218,473)	(910,814)
Statutory deposit with NBC	195	813
Other assets	(4,117)	(17,164)
Preliminary expenses	(3,529)	(14,712)
Other liabilities	10,603	44,204
Cash used in operating activities	(242,171)	(1,009,610)
Income tax paid	(284)	(1,184)
Net cash used in operating activities	(242,455)	(1,010,794)
Cash flows from investing activities		
Purchases of property and equipment	(2,225)	(9,276)
Net cash used in investing activities	(2,225)	(9,276)
Cash flows from financing activities		

Proceeds from convertible loans	500,000	2,084,500
Net cash generated from financing activities	500,000	2,084,500
Net changes in cash and cash equivalents	255,320	1,064,430
Cash and cash equivalents, beginning of reporting period	71	295
Cash and cash equivalents, end of reporting period	255,391	1,064,725
<i>Represented by:</i>		
Cash in hand	250	1,042
Deposits and placements with banks	255,141	1,063,683
	255,391	1,064,725

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

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

1. General

First Finance Plc (the “Company”) is a private limited company established in line with the laws of the Kingdom of Cambodia and the regulations of the National Bank of Cambodia (“NBC”). The Company was incorporated with the Ministry of Commerce on 1 July 2008 and obtained its licence from the NBC to operate as a micro finance institution on 23 April 2009. Under the micro finance licence, the Company is authorised to grant credit and saving services to poor and low-income households and small enterprises operating in the Kingdom of Cambodia.

The Company is wholly owned by First Home Plc, a company incorporated in the Kingdom of Cambodia.

The Company operates in one single office located in Phnom Penh at No. A-15, Street 271, Sangkat Tomnup Tek, Chamkarmon and as at 31 December 2009, the Company had 6 employees.

2. Basis of preparation

The financial statements of the Company are prepared under the historical cost convention in accordance with the guidelines issued by the NBC, Cambodian Accounting Standards and practice within the micro-finance industry. Those principles require that financial instruments be carried at cost less provision for impairment. This practice differs from the International Financial Reporting Standards which require that loans and receivables be carried at amortised cost using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

The presentation of financial statements in conformity with Cambodian Accounting Standards as modified by NBC guidelines requires Management to make estimates and assumptions that affect the amount reported in financial statements and accompanying notes. The estimates have been made based on existing available information and Management’s judgment. Due to the fact that an active market does not exist for a significant portion of the Company’s assets and liabilities, it is possible that actual results could differ from those estimates.

The accompanying financial statements are prepared for jurisdiction of Cambodia and are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practice in other countries and those who are not informed about Cambodia’s procedures and practices.

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts essentially in US Dollar (“USD”) and maintains its books of accounts primarily in USD, Management has determined the USD to be the Company’s measurement and functional currency as it reflects the economic substance of the underlying events and circumstances of the Company.

In compliance with the requirements of the NBC, all assets, liabilities, profit and loss statement items in foreign currencies at the end of the year are converted into thousand Khmer Riel

("KHR'000") using the official exchange rate announced by the NBC at the balance sheet date, of 1 USD = 4,169 KHR. The purposes of such conversions are to comply with NBC's financial statements presentation guidelines only and should not be construed as representations that the KHR amounts have been, could be, or could in the future be, converted into USD at this or any other rate of exchange.

3. Significant accounting policies

(a) Translation of foreign currencies

Assets and liabilities expressed in currencies other than USD are translated into USD at the rate of exchange quoted by the NBC at the date of the balance sheet. Income and expenses arising in foreign currencies are converted at the rate of exchange prevailing on the transaction dates. Exchange differences arising from conversion are reported on a net basis in the statement of income.

(b) Financial instruments

(b.1) Financial assets

The Company classifies its financial assets in the following categories: (i) financial assets at fair value through profit or loss; (ii) loans and receivables; (iii) held-to-maturity investments; and (iv) available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss:

This category includes financial assets held for trading.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading.

As at 31 December 2009, the Company did not purchase any financial assets at fair value through profit or loss.

(ii) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All loans and advances are recognised at cost less allowances for impairment losses.

(iii) Held-to-maturity financial assets:

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

As at 31 December 2009, the Company did not purchase any held-to-maturity financial assets.

(iv) Financial assets available for sale:

Available-for-sale financial assets comprise equity and debt securities. These instruments are initially recognised at cost and are subsequently stated at fair value if assets are traded on an active market.

As at 31 December 2009, the Company did not purchase any financial assets available for sale.

(b) Financial instruments (continued)

(b.2) Financial liabilities

The Company classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value); (ii) financial liabilities at cost.

(i) Financial liabilities at fair value through profit or loss:

This category comprises financial liabilities classified as held for trading and financial liabilities designated as fair value through profit or loss upon initial recognition.

As at 31 December 2009, the Company did not have any financial liabilities at fair value through profit or loss.

(ii) Financial liabilities at cost:

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at cost. Financial liabilities measured at cost are deposits from banks or customers, convertible bonds, borrowing and subordinated debts.

(b.3) Derivative financial instruments and hedge accounting

Derivatives are financial instruments: (i) whose value is changed in response to the change in specified interest rate, financial instrument price, foreign exchange rate, index of prices and rates, credit rates or credit index or other variable; (ii) that requires no initial net investment or an initial net investment is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; (iii) that is settled at a future date.

As at 31 December 2009, the Company did not purchase any derivative financial instruments and did not have hedging transactions.

(b.4) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risk and rewards or ownership of the assets are also transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(c) Segment information

The Company operates within one business segment which is micro finance institution, and within one geographical segment, the Kingdom of Cambodia

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term funds which is convertible in cash within one month.

(e) Statutory deposits with central bank

Statutory deposits represent mandatory reserve deposits and cash maintained with the NBC in compliance with the Law on Banking and Financial Institutions (“LBFI”) and are not available to finance the Company’s day-to-day operations and hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Loans and advances to customers

Loans originated by the Company by providing money directly to the borrowers at draw down are categorised as loans and advances and are carried at cost, less allowances for impairment. Interest in suspense represents interest accrued on loan receivables that are doubtful or bad.

(g) Allowances for loan impairment

Allowances for loan impairment are based on the latest NBC guidelines and are made with regard to specific risks on loans individually reviewed and classified as normal, special mention, substandard, doubtful and loss regardless of the assets (except cash) lodged as collateral.

NBC guidelines require the following loan classification and minimum level of allowances:

Classification	Overdue	Rate of provision
Substandard	- More than thirty days	10%
Doubtful	- 60 days and more (original term of up to one year)	30%
	- 180 days or more (original term of more than one year)	
Loss	- 90 days and more (original term of up to one year)	100%
	- 360 days or more (original term of more than one year)	

Exception on the above provision rate may be considered but this is conditional on the actual market value of the collateral having been deemed acceptable by the NBC on a case-by-case basis.

In accordance with NBC guidelines, overdue loans are defined as the total outstanding principal where the principal or interest is past due.

(h) Recognition of interest income

Interest earned on loans and advances to customers are recognised on a cash basis.

(i) Recognition of fees and other income

Loan arrangement fee and commissions are recognised in the statement of income when all the conditions precedent are fulfilled.

Service charges and processing fees are recognised when received.

(j) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a

separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred.

Depreciation is calculated over the estimated useful lives of the assets at the following rates per annum:

Category	Method	Percentage
Furniture and fixtures	Declining method	25%
Computer and IT equipment	Declining method	20% - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of income.

(k) Preliminary expenses

Preliminary expenses are those expenses incurred before the Company's start-up in May 2009. They are amortised over two financial years.

(l) Other provisions

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

(m) Income tax

Income tax expense on the profit or loss for the period comprises current and deferred tax. Income tax is calculated on the basis of taxable profit, which is calculated by adjusting the financial results for certain expense items (such as costs of representation, over/under depreciation, etc.) in accordance with Cambodian regulations. Taxes other than on income are recorded within operating expenses.

(m.1) Current income tax

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

(m.2) Deferred income tax

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rate enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Operating leases

Payments made under operating leases are charged against income in equal instalments over the period of the lease.

(o) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Under the LBF1, the definition of related parties includes parties who hold, directly or indirectly, at least 10 percent of the capital or voting rights and includes any individual who participates in the administration, direction, management or internal control of the Company.

3. Deposits and placements with Banks

	2009	
	USD	KHR'000
Current account with Central Bank	536	2,235
Current account with ANZ Royal Bank	772	3,218
Cash management account with ANZ Royal Bank	253,833	1,058,230
	255,141	1,063,683

The above amounts are in US Dollars and will mature within one month. Cash management account with ANZ Royal Bank bears interest at 0.75% per annum.

4. Statutory deposit with central bank

Statutory deposit with central bank represents a five percent interest-bearing statutory deposit on capital to comply with NBC's *Prakas* No.B 7-00-06 dated 11 January 2000 amended by *Prakas* No. B 7-06-209 dated 13 September 2006. The deposit is refundable when the Company voluntarily liquidate its activities and has no deposit liabilities.

This statutory deposit is interest bearing at $\frac{1}{2}$ of the six-month period refinancing rate set by the NBC for statutory deposit maintained in Khmer Riel and $\frac{3}{8}$ of the six-month period SIBOR rate for statutory deposit maintained in US Dollar.

5. Loans and advances to customers

	2009	
	USD	KHR'000
Housing loans	491,282	2,048,155
Provisions for impairment losses	-	-
	491,282	2,048,155

	2009	
	USD	KHR'000
Standard loans:		
- Secured	491,282	2,048,155
- Unsecured	-	-
	<u>491,282</u>	<u>2,048,155</u>
Further analysis of the above loans and advances is provided below:		
	USD	KHR'000
(a) By maturity period:		
Within one month	6,558	27,340
One to three months	6,902	28,774
From three to six months	-	-
From six to twelve months	-	-
Over one year but within five years	77,230	321,972
More than five years	400,592	1,670,068
	<u>491,282</u>	<u>2,048,155</u>
(b) By currency denomination:		
US Dollar	491,282	2,048,155
	<u>491,282</u>	<u>2,048,155</u>
(c) By status of residence:		
Residents	491,282	2,048,155
	<u>491,282</u>	<u>2,048,155</u>
(d) By relationship:		
Non-related parties	491,282	2,048,155
	<u>491,282</u>	<u>2,048,155</u>
(e) By large exposures:		
Non-large exposures	491,282	2,048,155
	<u>491,282</u>	<u>2,048,155</u>
(f) By interest rates (per annum):		(%)
Housing loans		15.00 - 18.00

7. Property and equipment

	Furniture & fixtures	Computer & IT equipment	Total
Cost	USD	USD	USD
At 1 May 2009	523	3,424	3,947
Additions	-	2,225	2,225
At 31 December 2009	523	5,649	6,172
Accumulated depreciation			
At 1 May 2009	164	2,350	2,514
Charge for the year	65	1,335	1,400
At 31 December 2009	229	3,685	3,914
Net book value			
At 31 December 2009	295	1,964	2,258

	Furniture & fixtures	Computer & IT equipment	Total
Equivalent in KHR'000			
Cost			
At 1 May 2009	2,180	14,275	16,455
Additions	-	9,276	9,276

At 31 December 2009	2,180	23,551	25,731
Accumulated depreciation			
At 1 May 2009	680	9,796	10,476
Charge for the year	271	5,566	5,837
At 31 December 2009	951	15,363	16,313
Net book value			
At 31 December 2009	1,230	8,188	9,418

8. Preliminary expenses

Cost	2009	
	USD	KHR'000
Balance brought forward	-	-
Addition	14,379	59,946
Balance carried forward	14,379	59,946
Less: accumulated amortisation		
Balance brought forward	-	-
Charge for the year	4,793	19,982
Balance carried forward	4,793	19,982
Net book value	9,586	39,964

9. Other assets

	2009	
	USD	KHR'000
Deposits and prepayments	2,840	11,840
Prepaid insurance	750	3,127
Amount due from the Board of directors	570	2,376
	4,160	17,343

10. Other liabilities

	2009	
	USD	KHR'000
Board meeting fees payable	2,450	10,214
Withholding tax payable	1,649	6,875
Accounts payable	5,569	23,217
Provident fund	811	3,381
Others	124	517
	10,603	44,204

11. Provision for income tax

	2009	
	USD	KHR'000
Balance at beginning of year	-	-
Charge during the year	380	1,584
Taxation paid during the year	(284)	(1,184)
Balance at end of year	96	400

12. Convertible loans

	2009	
	USD	KHR'000
Loans from Insitor Fund SCA ^(a)	250,000	1,042,250
Loans from Poems Pte Ltd ^(b)	250,000	1,042,250
	<u>500,000</u>	<u>2,084,500</u>

(a) On 27 August 2009, the Company entered into a Convertible Loan Agreement with Insitor Fund, - a company incorporated in Luxembourg - to borrow the sums of USD 150,000 and USD 100,000. The loans are unsecured, interest free, and will be convertible to capital of the Company upon approval of the National Bank of Cambodia.

(b) On 17th September 2009, the Company entered into a Convertible Loan Agreement with Poems Pte Ltd, - a company incorporated in Singapore - to borrow the sums of USD 150,000 and USD 100,000. The loans are unsecured, interest free, and will be convertible to capital of the Company upon approval of the National Bank of Cambodia.

13. Share capital

	2009	
	USD	KHR'000
Ordinary shares of KHR 4,000 each:		
Balance at beginning of year	-	-
Capital contribution	300,000	1,250,700
Balance at end of year	<u>300,000</u>	<u>1,250,700</u>

On 10 June 2008, First Home Plc (the only shareholder of the Company) requested the National Bank of Cambodia to formally approve the creation of a micro finance institution called First Finance Plc. On 6 January 2009, the National Bank of Cambodia provided its approval under certain conditions, such as requiring the Company to open a bank account at the National Bank of Cambodia to receive the proceeds of the capital contribution of KHR 1.2 billion (equivalent to approximately USD 300,000).

On 8 June 2009, the First Home Plc Board of Directors resolved to transfer to the Company: (i) loans receivable amounting to USD 272,719; (ii) accounts receivable amounting to USD 25,644; (iii) fixed assets amounting to USD 1,433; (iv) advances to staff amounting to USD 90; (v) cash on hand amounting to USD 71 and (vi) prepaid insurance for staff amounting to USD 43, the total of which represented USD 300,000 in-kind contribution to the share capital of the Company.

14. Interest income

Interest income is earned from:	2009	
	USD	KHR'000
Loans and advances	33,092	8,834
Deposits and placements with banks	2,119	137,961
	35,211	146,795

Other operating expenses

	2009	
	USD	KHR'000
Board of directors fees	6,950	28,975
Professional fees	9,779	40,769
Utilities	881	3,673
Rental expenses	2,340	9,755
Repair and maintenance expenses	907	3,781
Public relations, marketing and advertising expenses	1,979	8,250
Travelling and entertainment expenses	1,799	7,500
Communication expenses	2,113	8,809
License fees	3,401	14,179
Other tax expenses	896	3,735
Office supplies and small office equipment	4,775	19,907
Others	3,290	13,717
	39,110	163,050

15. Financial risk management

The following are policies and guidelines adopted by the Company to manage risks related to its business activities.

16.1 Operational risk

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

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

16.2 Market risk

16.2.1 Foreign currency exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Company has no material exposures to currency risk as it transacts essentially in US Dollar. Significant presence of US Dollar is a normal practice of Company operating in Cambodia as this is a currency widely in use in Cambodia.

16.2.2 Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavourable interest rate movement is monitored against the risk tolerance limits set.

The Management is satisfied that the Company's position is such that exposure to movements in interest rates is minimised.

The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

**As at 31 December
2009**

ASSETS	Up to	1-3	3-6	6-12	1 to 5	Over 5	Non-	Total	Intere
	month	mont	mont	mont	years	years	interest		st
	USD	USD	USD	USD	USD	USD	USD	USD	%
Cash on hand	-	-	-	-	-	-	250	250	-
Deposits and placements with banks	253,833	-	-	-	-	-	1,308	255,141	0.75
Statutory deposit with central bank	-	-	-	-	-	14,599	-	14,599	0.28%
Loans and advances to customers:	-	-	-	-	-	-	-	-	-
					77,230	400,592		491,282	15.0 - 18.0
- Performing	6,558	6,902	-	-	-	-	-	2	
- Non-performing	-	-	-	-	-	-	-	-	-
- Specific provisions	-	-	-	-	-	-	-	-	-
- General provisions	-	-	-	-	-	-	-	-	-
- Interests receivable	-	-	-	-	-	-	-	-	-
- Interests in suspense	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	4,160	4,160	-
TOTAL ASSETS	260,391	6,902	-	-	77,230	415,191	5,718	765,432	
LIABILITIES									

Other liabilities	-	-	-	-	-	-	10,603	10,603	-	
Provision for income tax	-	-	-	-	-	-	96	96	-	
Convertible loans	-	-	-	-	-	-	500,000	500,000	-	
TOTAL LIABILITIES	-	-	-	-	-	-	510,699	510,699	9	
Interest sensitivity gap 2009 (USD)	260,391	6,902	-	-	0	1	77,231	415,191	(504,981)	254,733

As at the year end, the Company does not have any fixed rate liabilities at fair value through profit or loss and does not have derivatives. Therefore, a change in interest rates at end of year would not affect profit or loss. Similarly, the Company does not have significant variable rate instruments. Therefore, no cash flow sensitivity analysis was presented.

16.2.3 Liquidity risk

The table below analyses assets and liabilities of the Company into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual or estimated maturity dates.

As at 31 December 2009

ASSETS	Up to 1 month	1-3 months	4-6 months	7-12 months	1 to 5 years	Over 5 years	No fixed maturity date	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cash in hand	250	-	-	-	-	-	-	250
Deposits and placements with banks	255,141	-	-	-	-	-	-	255,141
Statutory deposit with central bank	-	-	-	-	-	-	14,599	14,599

Loans and advances to customers:	6,558	6,902	-	-	77,230	400,592	-	491,282
- Performing	-	-	-	-	-	-	-	-
- Non-performing	-	-	-	-	-	-	-	-
- Specific provisions	-	-	-	-	-	-	-	-
- General provisions	-	-	-	-	-	-	-	-
- Interests receivable	-	-	-	-	-	-	-	-
- Interests in suspense	-	-	-	-	-	-	-	-
Other assets	-	570	-	750	2,840	-	-	4,160
	261,949	7,472	-	750	80,070	400,592	14,599	765,432
TOTAL ASSETS								
LIABILITIES								
Other liabilities	1,773	2,450	5,569	-	-	-	811	10,603
Provision for income tax	96	-	-	-	-	-	-	96
Convertible loans	-	-	-	-	-	-	500,000	500,000
	1,869	2,450	5,569	-	-	-	500,811	510,699
TOTAL LIABILITIES								
	260,080	5,022	(5,569)	750	80,070	400,592	(486,212)	254,733
Net position 2009 (USD)								

16.3 Credit risk

The Company assumes exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and the geographical and industry segments. Procedures of risk limit setting, monitoring, usage, and control are governed by internal regulations. Such risks are monitored on a regular basis.

Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet interest and capital repayment obligations and reviewing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate or personal guarantees as well as by providing for loan losses.

16.4 Capital management

The Company considers the need to balance efficiency, flexibility and adequacy when determining sufficiency of capital and when developing capital management plans. The Company details these considerations through an internal capital adequacy assessment process and the key features of which include (a) consideration of both economic and regulatory of minimum capital requirements set by the National Bank of Cambodia, (b) safeguarding the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, (c) maintaining a strong capital base to support the development of business.

16. Commitments and contingencies

17.1 Tax interpretation

The Cambodian General Department of Taxation has two separate offices that are authorised to conduct tax audits of entities undertaking activities and doing business in Cambodia. The application of tax laws and regulations on many types of transactions is susceptible to varying interpretations when reviewed by these two tax offices. The Company's judgement of its business activities may not coincide with the interpretation of the same activities by those tax offices.

If a particular treatment was to be challenged by those various tax authorities, the Company may be assessed additional taxes, penalties and interest, which can be significant. Tax years remain open to review by the tax authorities for three years with a possible extension of up to ten years.

17.2 Credit related commitments

The Company has no commitments and contingent liabilities as a micro finance institution is not in the position to provide guarantees or contingent assurances.

17. Significant related party transactions

	2009	
	USD	KHR'000
Board of directors fees	6,950	28,975

18. Lease commitments

The Company has lease commitments in respect of the lease of the Company's premises as follows:

	2009	
	USD	KHR'000
Not later than one year	9,360	39,022
More than one year but less than three years	7,020	29,266
	16,380	68,288

19. Fair value of financial assets and liabilities

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

Since market prices for the major part of Company's financial assets and liabilities are not available, the fair value of these items is based on the estimates of the Management according to the type of assets and liabilities. According to the estimation of the Management, the market value is not materially different from the book value of all categories of assets and liabilities.

20. Comparative figures

There are no comparative figures as this is the first set of financial statements prepared since the Company's inception.

FOR THE NATIONAL BANK OF CAMBODIA USE ONLY

**SUPPLEMENTARY FINANCIAL INFORMATION
AND OTHER DISCLOSURES REQUIRED
BY THE NATIONAL BANK OF CAMBODIA**

**Ratio and information contained in this section have been extracted from data contained
in the audited financial statements for the year ended 31 December 2009.**

STATEMENT BY DIRECTORS

We, the undersigned, being the chairman and CEO of First Finance Plc do hereby state that in our opinion, the accompanying supplementary financial information consisting in disclosures requirements set by *Prakas* of the National Bank of Cambodia are properly drawn up so as to reflect fairly the required financial information of the Company as at 31 December 2009. Information and data contained herein is the responsibility of the Company's management.

On behalf of the Board of directors



Talmage Mark Payne

Chairman

Date: 29 April 2010



Lim Hak Khoun

Chief Executive Officer

Date: 29 April 2010

NET WORTH AS AT 31 DECEMBER 2009

In accordance with the NBC's *Prakas* No. B 7-00-47 dated 16 February 2000 amended by *Prakas* No. B 7-07-132 dated 27 August 2007; the Company should maintain a permanent net worth value to at least equal to its paid-up share capital. The Company's net worth as at 31 December 2009 was calculated as follows:

	2009	
	USD	KHR'000
CATEGORY A ITEMS		
Paid-up capital	300,000	1,250,700
Reserves other than re-evaluation reserves	-	-
Share premiums	-	-
Provision for general banking risks	-	-
Retained earnings	-	-
Current year earnings	-	-
Other items approved by NBC	-	-
SUB-TOTAL A	300,000	1,250,700
CATEGORY B ITEMS		
Holding of own shares	-	-
Accumulated losses	33,423	139,340
Intangible assets	9,586	39,964
Loss determined on dates other than year-end	-	-
SUB-TOTAL B	43,009	179,304
C. BASE NET WORTH (A-B)	256,991	1,071,396

CATEGORY D ITEMS

Revaluation reserve	-	-
Subordinated debts	-	-
Other items approved by the NBC	-	-
SUB-TOTAL D	-	-

CATEGORY E ITEMS

Equity participation in banking or financial institutions	-	-
Other items	-	-
SUB-TOTAL E	-	-
F. TOTAL NET WORTH (C+D-E)	256,991	1,071,396

LIQUIDITY RATIO AS AT 31 DECEMBER 2009

In accordance with the NBC's *Prakas* No. B 7-00-38 dated 9 February 2000 amended by *Prakas* No. B 7-02-48 dated 25 February 2002; micro-finance institutions are required to calculate a liquidity ratio which should be at least 100%. Details of calculations are shown below.

	2009	
	USD	KHR'000
A. NUMERATOR		
<i>Debit items:</i>		
Cash	250	1,042
Deposits with the NBC excluding statutory deposits	536	2,235
Deposits with banks	254,605	1,061,448
Portion of lending to banks and fin. institutions with maturity up to 1 mth	-	-

Portion of lending to customers up to 1 month to run	6,558	27,340
Treasury bill with maturity up to one month	-	-
Total debit items	261,949	1,092,065
Credit items:		
Sight accounts with NBC, banks and financial institutions	-	-
Borrowings from NBC and banks less than one month to run	-	-
Total credit items	-	-
TOTAL A. Lender / (Borrower) position	261,949	1,092,065
B. DENOMINATOR		
Voluntary saving deposits at 25%	-	-
TOTAL B	-	-
Liquidity ratio (A/B)	N/A	

CAPITAL ADEQUACY RATIO AS AT 31 DECEMBER 2009

In accordance with the NBC's *Prakas* No. B 7-00-06 dated 11 January 2000 amended by *Prakas* No. B 7-07-133 dated 27 August 2007; all micro-finance institutions shall observe a solvency ratio which is the ratio of their net worth to their aggregate credit risk exposure. The result found shall not be less than 15 per cent.

	Weightings	2009	
		USD	KHR'000
NUMERATOR			
A. Net worth as at 31 December		256,991	1,071,396
DENOMINATOR			
Cash in hand	0%	-	-
Deposits with the NBC	0%	-	-
Claims on banks rated AAA to AA-	20%	-	-
Claim on banks rated A+ to A-	50%	-	-
Other assets	100%	761,891	3,176,324
Off-balance sheet items	100%	-	-
B. Total risk-weighted assets		761,891	3,176,324
CAPITAL ADEQUACY RATIO (A/B)		34%	

Portion of lending to customers up to 1 month to run	6,558	27,340
Treasury bill with maturity up to one month	-	-
Total debit items	261,949	1,092,065
Credit items:		
Sight accounts with NBC, banks and financial institutions	-	-
Borrowings from NBC and banks less than one month to run	-	-
Total credit items	-	-
TOTAL A. Lender / (Borrower) position	261,949	1,092,065
B. DENOMINATOR		
Voluntary saving deposits at 25%	-	-
TOTAL B	-	-
Liquidity ratio (A/B)	N/A	

FOREIGN CURRENCY TRANSACTIONS

In accordance with the NBC's *Prakas* B7-00-50 dated 9 February 2000, micro-finance institutions are required to disclose a summary of assets and liabilities at the balance sheet date in their sources currencies which was as follows:

	2009	
	USD or Equivalents	KHR'000 or Equivalents
Assets:		
US Dollar	777,276	3,240,464
Khmer Riel	-	-
	777,276	3,240,464
Liabilities:		
US Dollar	510,699	2,129,104
Khmer Riel	-	-
	510,699	2,129,104

No hedging was recognized in the above balances.

OTHER INFORMATION AND PRUDENTIAL REGULATIONS REQUIRED BY THE LAW ON BANKING AND FINANCIAL INSTITUTIONS

- **Minimum capital** (*Prakas* B7-00-06 dated 11 January 2000)

The Company's paid-up capital at the balance sheet date is USD 300,000 (equivalent to approximately KHR 1.251 billion).

▪ **Large exposures** (*Prakas* B7-00-06 dated 11 January 2000)

Under the provisions of *Prakas* No. B7-00-06 dated 11 January 2000, all micro-finance institutions are required to maintain at all times a maximum ratio of 10% between their overall exposure resulting from their operations with each individual beneficiary and their net worth.

The Company has no large exposures at the balance sheet date.

1 HOME LOAN



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