



# BAMBOO Finance Plc.

121 Shoppe Co., Ltd

BAMBOO Finance Plc.

Laksmi Prime Investment Co., Ltd

## Annual Report

# 2017

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គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ

**ប៊ែមប៊ូ ហ្វាយនែន ភីអិលស៊ី**

**BAMBOO FINANCE PLC.**

ទូរស័ព្ទលេខ: 023 231 231 / 070 732 070

អគារលេខ ៣៤ មហាវិថីវង់ស្រែង សង្កាត់ស្ទឹងមានជ័យ ខណ្ឌមានជ័យ រាជធានីភ្នំពេញ

**ការិយាល័យកណ្តាល**

**គ្រឹះស្ថានឯកជន**

សូមស្វាគមន៍

WELCOME



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



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



## MESSAGE FROM CHIEF EXECUTIVE OFFICER

Mr. Keo Sokha, *CEO*

Being a responsible Financial Institution means weighing the impact of every decision, everywhere we do business. It means always thinking about what further contribution we can help driving social and economic well-being. Because this is the only way to achieve sustainable growth. Every new initiative at BAMBOO's starts with a basic question: What do our stakeholders expect? Not just our customers and shareholders, but also our employees.

In 2017, we formalized a set of sustainability principles focused on social change, financial resilience, community building and environmental impact to a Cambodian people. They are clear statements of purpose that reinforce our promise to customers while fulfilling our larger responsibilities—and here we have established a clear perspective in a deeper sense of responsibility. Finally, it was about maintaining the conviction to direct all dimensions of our business – our talent, capabilities, capital and reputation—toward the ultimate goal of helping customer's succeed. Moreover, how we drive long-term growth.

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

committed to improving the service we provide to our customers.

Loan outstanding grew to 16% from \$1.8 million (in 2016) to \$2.1 million (in 2017). And according to the 3 years BAMBOO's financial projection the portfolio will be grown to 90%, to \$4 million in 2018. We are deeply committed to continuing and building upon our support of the local clients. I am happy to report we are continuing to move forward, investing up to \$1.25 million (to 2.5 million in 2018).

We have started this year with a comprehensive strategic plan that involves all employees in leading our BAMBOO on the journey of quality from good to great.

Would like to express my great thank to Board of Directors, Directors, managers and staff who support BAMBOO to make this business since starting point of our operation.

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Keo Sokha  
Chief Executive Officer,  
BAMBOO FINANCE PLC.



## OUR PRODUCTIONS



### Consumer Loan





# CUSTOMER ACTIVITIES IN THE KINGDOM



## Motorcycle Loan





## Business Loan

USD & KHR



## STAFF ACTIVITIES AND TRAINING



THE TRAINING CLASS AT HEADQUARTER



THE TRAINING HOW TO IMPROVE STAFF



STAFF  
ACTIVITIES &  
GAMES  
IN KOH TONSAY,  
KEP PROVINCE



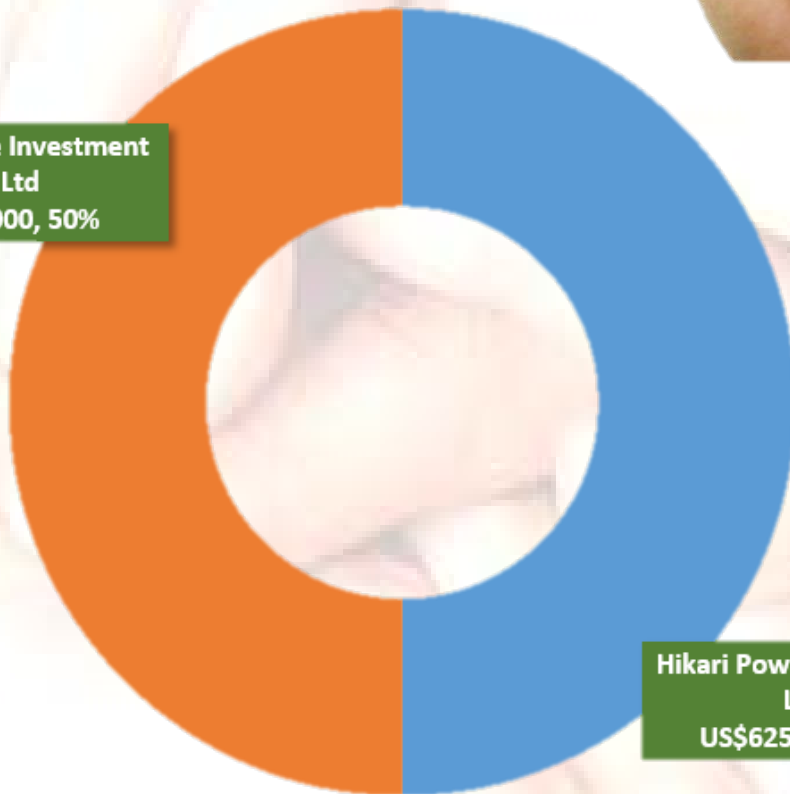
## THE STAFF ACTIVITIES ON TRIP TO KAMPOT & KEP PROVINCE



# SHAREHOLDER

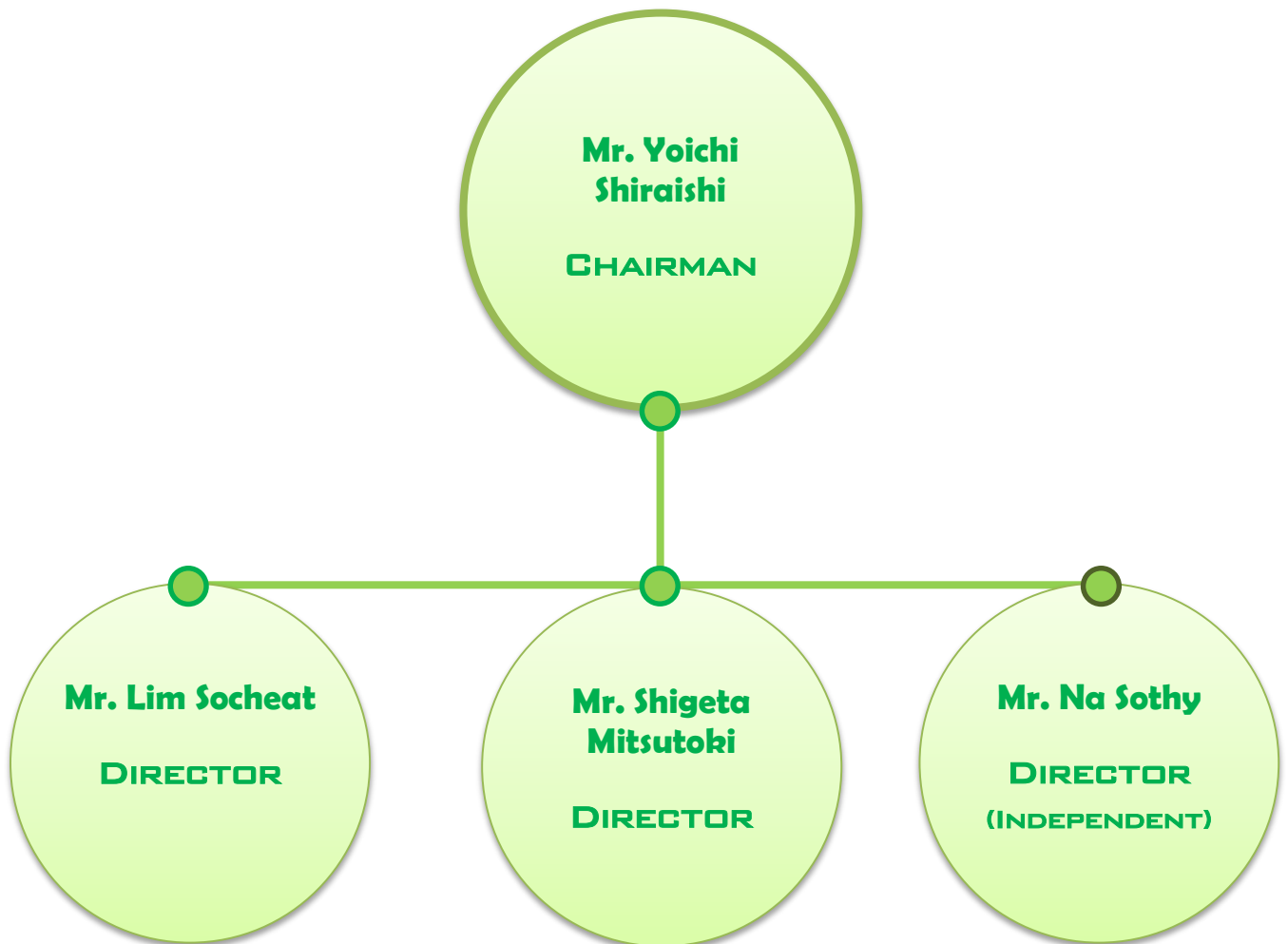


Laksmi Prime Investment  
Co., Ltd  
US\$625,000, 50%



Hikari Power Hong Kong  
Ltd,  
US\$625,000, 50%

# BOARD OF DIRECTORS





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

*Socheat was a CEO of PCG & Partners, one of Cambodia's financial consulting firms, at the same time he was the Managing Partner for NAS Co., Ltd. Prior to joining PCG & Partners and NAS Co., Ltd, he has dedicated over 10 years as the Assistant Manager in Morision Kak & Associates, whom is a member of Morision International. Finally, he has*

*spent over 2 years as the Financial Controller at Leopard Capital (Cambodia) Ltd. Socheat holds a Bachelor Degree in Economics from Royal University of Law and Economic (Cambodia). In addition, Socheat holds CPA Qualification from CPA Australia Ltd, ACCA Qualification from The Association of Chartered Accountants, England, and Master of Science from University of London, England.*

# Executive Committee

## **KEO SOKHA, CHIEF EXECUTIVE OFFICER**



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

*Sokha holds a Master Degree major in Finance Management in 2008, Bachelor Degree in Economics Major Banking and Finance in 2003, and Diploma in Accounting in 2000 from Royal University of Law and Economics.*

*Sokha spent over 13 years working experience in banking sector with some major positions related to accounting, financial management and budgeting. He worked for ACLEDA Bank Plc. Since 2003, with several positions such as Accountant, Chief of Accountant, Head of Budgeting & Control unit, Head of International Financial Accounting unit, and Assistant Head of Finance Division. He also has attended many training courses and workshops which related to financial management, Cambodia Accounting Standards and Cambodia International Accounting Standards.*

## **CHUON CHANDARA, OPERATIONS DIRECTOR**

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



## **PHENG CHAN SARIM, ADMINISTRATION & HUMAN RESOURCE DIRECTOR**



*Sarim was a Chief Operating Officer of CCS BUSINESS GROUP, in Hotel and Retail business in Cambodia during 2014-2016. In 2007-2011 Sarim was a Director of Product Development and Training of Nautisco Seafood manufacturing LTD, in Cambodia. Prior to joining Nautisco, Sarim spent over 12 years in multi-billion dollars public listed international telecom corporations in Canada and USA at Newbridge Networks Corporation, and Alcatel-Lucent Technology Corporation. During the course of his employment in 1995-2007 at these firms, Sarim held various management positions with roles and responsibilities ranging from QAA (Quality Assurance Auditor, System Automating Testing. In 1992-1994 Sarim held a position as a Programmer Analysis at CIDA (Canadian International Development Agency) in Canada. At 1980-1984 Sarim held a position as a Manager at UNHCR (United Nations High*

*Commissioner for Refugees) in Thailand. Sarim holds a Bachelor Degree of Business Administration from Canada University, Diploma of Accounting, and Programmer and System Analysis.*

## **OEURN SILEN, HEAD OF INTERNAL AUDIT**

*Mr. Oeurn Silen started working for Bamboo Finance Plc, in September, 2016 in the title of Internal Audit Department Manager. He had experiences with the ACLEDA Bank Plc, for more than 13 years in various positions related to Accounting, Risk Management and internal audit function.*

*He holds Diploma of Accounting, Bachelor Degree in Enterprise Management, and Master Degree in Financial Management from Royal University of Laws and Economics.*

*He completed many courses related to Accounting, Administration, Law, Marketing, Management, Credit, Information Technology (IT), English Language, and Teacher.*



## **SANG HONG MOV, PRODUCT DEVELOPMENT MANAGER**

*Mr. Sang Hongmov was born in 1981, Kompong Cham province, Hold Master Degree of Finance and Banking from Build Bright University in 2009. He obtained Bachelor Degree of computer science and engineering from Royal University of Phnom Penh in 2003. After graduation from university he join ACLEDA Bank Plc from 2007, more than 9 years experiences as Credit-Officer, Chief Credit Officer and Staff of Trade Finance.*

*He joined Bamboo Finance Plc. as Product Development Manager since January 2017. He is a member of the Bamboo's executive committee which is responsible for the overall strategies planning and running the day-to-day business as well as implementation of marketing strategies and credit controlling.*



## **KAN KANIKA, FINANCE MANAGER**



*Ms. Kan Kanika brings over 9 years relevant of experiences. During the course of her employment at ALEDA Bank Plc., Kanika has work various position, as Accountant, Finance Officer and Senior Finance Officer.*

*Kanika is a graduate of Asia Euro University in Phnom Penh with a Bachelor of Accounting and obtained her Master degree of Finance from National University of Management in 2011.*

*She joined Bamboo Finance Plc., as Chief of Accountant in March 2017. As Finance Manager, she is a member of the Bamboo's executive committee which is responsible for the overall strategies planning and running the day-to-day financial Accounting and treasury of the business as well as implementation of finance policies.*

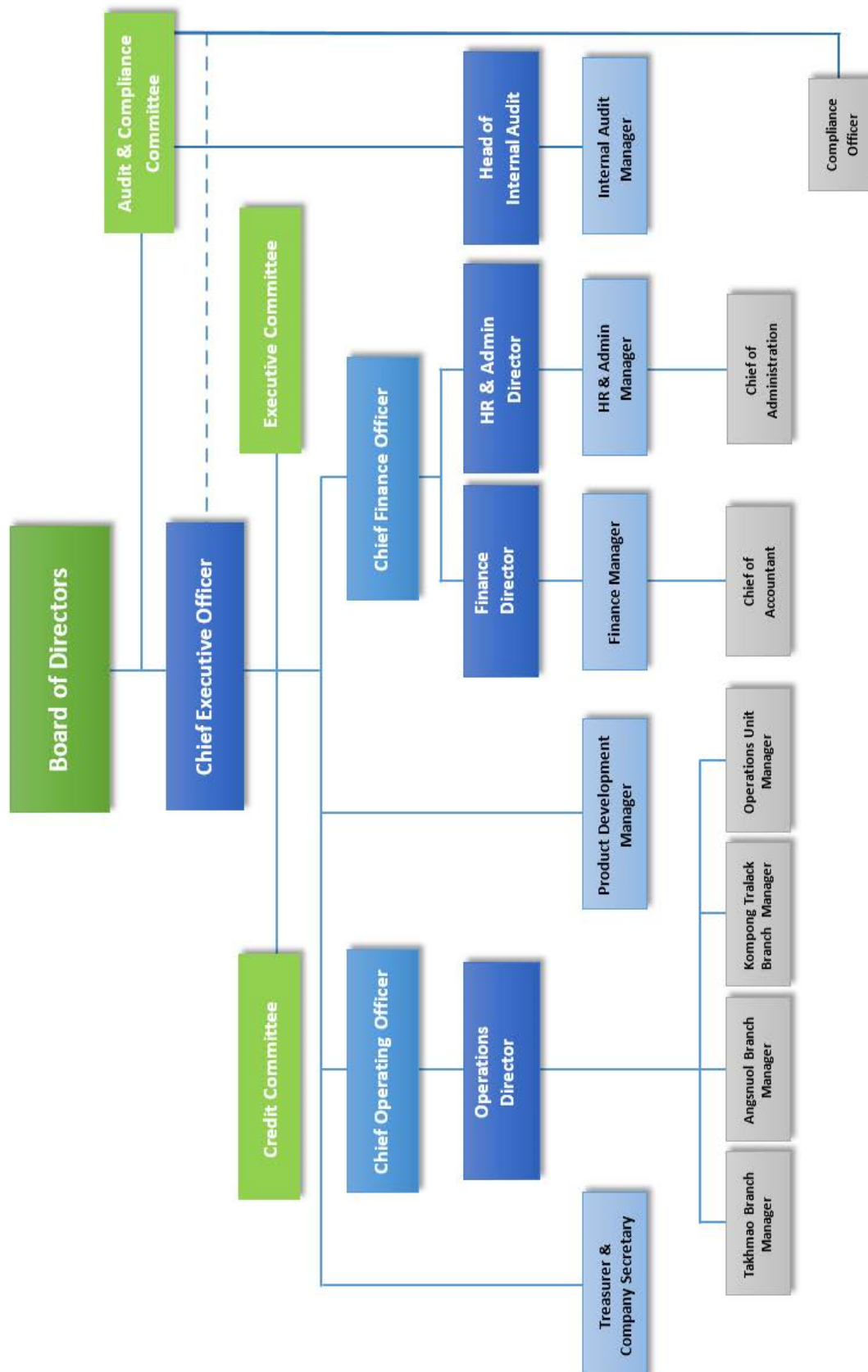




Left to Right:

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

# ORGANIZATION CHART



# DIRECTORS' REPORT

**The Directors hereby submit the report and the audited financial statements of Bamboo Finance Plc. (“the Company”) for the financial year ended 31 December 2017.**

## **Principal activity**

The principal activity of the Company is in microfinance operation. There have been no significant changes in the nature of this activity during the financial year.

## **Results of operations**

	US\$	KHR'000
Loss for the financial year	<u>467,333</u>	<u>1,886,623</u>

## **Dividends**

The Directors do not recommend the payment of any dividend for the current financial year.

## **Reserves and provisions**

There were no material transfers to or from reserves or provisions during the current financial year.

## **Bad and doubtful loans**

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any material extent.

## **Current assets**

Before the income statement and balance sheet were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount expected if realised.

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, which have arisen and which may render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

## **Contingent and other liabilities**

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

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 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 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 in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.

## **Items of an unusual nature**

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

## **Share capital**

During the financial year, the registered and paid-up capital of the Company was increased from US\$1,000,000 to US\$1,250,000 by way of issuance of 2,500 new ordinary share of US\$100 each for cash for working capital purposes. There were no other issues of shares during the financial year.

No option to take up unissued shares in the Company was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the Company.

## **Directors**

The Directors who have held for office since the date of the last report are:

Yoichi Shiraishi	Chairman
Lim Soheat	Director and Chief of Executive Officer
Shigeta Mitsutoki	Director

## **Directors' benefits**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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 corporate body.

Since the end of previous financial period, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## Directors' responsibility in respect of the financial statements


The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- (a) adopt appropriate accounting policies which are supported by reasonable judgments and estimates and then apply them consistently;
- (b) comply with the disclosure requirements of the Cambodian Accounting Standards ("CASs") and the guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of 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;
- (c) maintain adequate accounting records and an effective system of internal controls;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- (e) control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

In the opinion of the Directors, the financial statements set out on pages 8 to 34 have been drawn up in accordance with Cambodian Accounting Standards and the guidelines issued by the National Bank of Cambodia so as to give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board,



**Lim Socheat**  
Director

Phnom Penh, Cambodia  
Date: 4 April 2018

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF BAMBOO FINANCE PLC.

### Opinion

We have audited the financial statements of Bamboo Finance Plc., (“the Company”), which comprise balance sheet as at 31 December 2017, and income statement, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2017, and a summary of significant accounting policies, as set out on pages 8 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian Accounting Standards and the guidelines issued by the National Bank of Cambodia.

### Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Information Other than the Financial Statements and Auditors’ Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors’ Report but does not include the financial statements of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Company does not cover the Directors’ Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors’ Report and, in doing so, consider whether the Directors’ Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors’ Report, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are 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. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





# *Financial REPORT*

## **BALANCE SHEET**

	Note	2017		2016
		US\$	KHR'000	US\$
<b>ASSETS</b>				
Cash on hand	7	24,501	98,911	48,413
Balances with National Bank of Cambodia	8	67,826	273,814	55,126
Balances with other banks	9	656,375	2,649,786	97,082
Loans to customers	10	1,700,262	6,863,958	1,617,590
Other receivables	11	78,624	317,405	67,831
Intangible asset	12	12,914	52,134	-
Property, plant and equipment	13	30,821	124,424	23,234
<b>TOTAL ASSETS</b>		<b>2,571,323</b>	<b>10,380,432</b>	<b>1,909,276</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Other payables	14	698,701	2,820,657	59,374
Amount owing to shareholder	15	1,290,000	5,207,730	1,050,000
Current tax liabilities		301	1,215	248
<b>TOTAL LIABILITIES</b>		<b>1,989,002</b>	<b>8,029,602</b>	<b>1,109,622</b>
<b>EQUITY</b>				
Share capital	16	1,250,000	5,046,250	1,000,000
Accumulated losses		(667,679)	(2,695,420)	(200,346)
<b>TOTAL EQUITY</b>		<b>582,321</b>	<b>2,350,830</b>	<b>799,654</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,571,323</b>	<b>10,380,432</b>	<b>1,909,276</b>

## **INCOME STATEMENT**

	Note	2017		2016
		US\$	KHR'000	US\$
Interest income	17	374,423	1,511,546	447,363
Interest expense	18	(167,363)	(675,644)	(94,013)
Net interest income		207,060	835,902	353,350
Allowance for doubtful loans	10	(207,313)	(836,923)	(194,405)
Other operating income	19	46,518	187,793	9,695
Personnel expenses	20	(325,895)	(1,315,638)	(201,700)
Depreciation and amortization expenses	21	(15,139)	(61,116)	(8,317)
General and administrative expenses	22	(168,353)	(679,641)	(145,149)
Loss before tax		(463,122)	(1,869,623)	(186,526)
Tax expense	23	(4,211)	(17,000)	(6,231)
Loss for the financial year		(467,333)	(1,886,623)	(192,757)

## STATEMENT OF CHANGES IN EQUITY

		Share capital US\$	Accumulated losses US\$	Total US\$
<b>Balance as at 1 January 2016</b>		1,000,000	(7,589)	992,411
Loss for the financial year		-	(192,757)	(192,757)
<b>Balance as at 31 December 2016/1 January 2017</b>		<b>1,000,000</b>	<b>(200,346)</b>	<b>799,654</b>
Loss for the financial year		-	(467,333)	(467,333)
<b>Transaction with owners</b>				
Share issue	16	250,000	-	250,000
<b>Balance as at 31 December 2017</b>		<b>1,250,000</b>	<b>(667,679)</b>	<b>582,321</b>
<i>(KHR'000 equivalent)</i>		<i>5,046,250</i>	<i>(2,695,420)</i>	<i>2,350,830</i>

## STATEMENT OF CASH FLOWS

	Note	2017 US\$	KHR'000	2016 US\$
<b>Cash flows from operating activities</b>				
Loss before tax		(463,122)	(1,869,623)	(186,526)
Adjustments for:				
Allowance for doubtful loans	10	207,313	836,923	194,405
Amortisation of intangible asset	12	186	751	-
Depreciation of property, plant and equipment	13	14,953	60,365	8,317
Interest expense		167,363	675,644	94,013
Property, plant and equipment written off		3,851	15,546	1,608
<b>Operating (loss)/profit before working capital changes</b>		(69,456)	(280,394)	111,817
Changes in working capital				
Loans to customers		(289,985)	(1,170,669)	(926,446)
Other receivables		(10,793)	(43,571)	(88,240)
Other payables		14,327	57,838	94,124
Cash used in operations		(355,907)	(1,436,796)	(808,745)
Placement of statutory deposit		(12,500)	(50,463)	-
Interest paid		(167,363)	(675,644)	(94,013)
Income tax paid		(4,158)	(16,786)	(8,329)
<b>Net cash used in operating activities</b>		(539,928)	(2,179,689)	(911,087)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	13	(26,391)	(106,540)	(23,386)
Purchase of intangible asset	12	(13,100)	(52,885)	-
Net advances from shareholders		865,000	3,492,005	1,000,000
<b>Net cash from investing activities</b>		825,509	3,332,580	976,614
<b>Cash flows from financing activity</b>				
<b>Proceeds from issuance of ordinary shares, representing net cash from financing activity</b>	16	250,000	1,009,250	-
<b>Net increase in cash and cash equivalents</b>		535,581	2,162,141	65,527
<b>Cash and cash equivalents at beginning of financial year</b>		150,621	608,057	85,094
<b>Cash and cash equivalents at end of financial year</b>		686,202	2,770,198	150,621

Cash and cash equivalents comprise the following:

	Note	2017 US\$	KHR'000	2016 US\$
Cash on hand	7	24,501	98,911	48,413
Balances with National Bank of Cambodia (excluding statutory deposit)	8	5,326	21,501	5,126
Balances with other banks	9	656,375	2,649,786	97,082
		686,202	2,770,198	150,621

# **NOTES TO THE FINANCIAL STATEMENTS**

## **1. CORPORATE INFORMATION**

Bamboo Finance Plc. (“the Company”) is a private limited company incorporated in Cambodia under registration number Co. 0419 E/2015 dated 29 January 2015, issued by the Ministry of Commerce.

The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a microfinance institution on 7 May 2015.

The registered office of the Company is located at Parkway Square, 1<sup>st</sup> Floor, Room 1-21, #113, Mao Tse Toung Blvd, Sangkat Toul Svay Prey 1, Khan Chamkarmorn, Phnom Penh, Kingdom of Cambodia.

The principal place of business of the Company is located at #71BEo, Street 02 (Borey Piphup Thmey Veng Sreng), Sangkat Chorm Chao, Khan Por Sen Chey, Phnom Penh, Kingdom of Cambodia.

The financial statements are presented in United States Dollar (“US\$”), which is also the Company’s functional currency.

The financial statements were authorised for issue by the Board of the Directors on 4 April 2018.

## **2. PRINCIPAL ACTIVITY**

The principal activity of the Company is in microfinance operation. There have been no significant changes in the nature of this activity during the financial year.

## **3. BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with Cambodian Accounting Standards (“CASs”) as issued by the National Accounting Council of the Ministry of Economy and Finance and the guidelines issued by the NBC relating to the preparation and presentation of financial statements.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

### **4.1 Basis of accounting**

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with CASs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors’ best knowledge of events and actions, actual results could differ from those estimates.

In compliance with the requirements of the NBC, all assets, liabilities, profit and loss items in foreign currencies at the end of the reporting year are converted into thousand Khmer Riel (“KHR’000”) using the official exchange rate announced by the NBC at the end of the reporting year, US\$1 = KHR4,037 (2016: US\$1 = KHR4,037). Such conversions should not be construed as representations that the KHR amounts have been, could be, or could in the future be, converted into US\$ at this or any other rate of exchange.

#### **4.2 Balances with National Bank of Cambodia**

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

#### **4.3 Balances with other banks**

Balances with other banks are carried at placement value.

#### **4.4 Loans to customers**

All loans to customers are stated in the balance sheet as the amount of principal, less any amounts written off and allowances for impairment.

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

#### **4.5 Allowance for bad and doubtful loans**

The Company records the mandatory credit classification and provisioning as required by Prakas B7-02-186 Pro Kor dated 13 September 2002. The Prakas requires microfinance institutions to classify their loan portfolio into the following four classes and ensure that the minimum mandatory level of specific provisioning is provided:

Classification	Number of days past due	Allowance
Short-term loans (less than one year):		
Standard	0 - 29 days	0%
Sub-standard	30 - 59 days	10%
Doubtful	60 - 89 days	30%
Loss	90 days or more	100%
Long-term loans (more than one year):		
Standard	0 - 29 days	0%
Sub-standard	30 - 179 days	10%
Doubtful	180 - 359 days	30%
Loss	360 days or more	100%

\* 1% of general provision has been provided as compared to 0% as required in the Prakas B7-02-186 Pro Kor.

#### **4.5 Allowance for bad and doubtful loans (continued)**

The specific provision is calculated as a percentage of the loans outstanding at the time the loan is classified and is charged as expense in the income statement.

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

Recoveries on loans previously written off and reversal of previous provisions are disclosed as other operating income in the income statement.

#### **4.6 Property, plant and equipment**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Building improvement	25%
Furniture and fixtures	25%
Computer equipment	50%
Office equipment	25%
Motor vehicles	25%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on 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 carrying amount is included in the income statement.

## 4.7 Intangible assets

Intangible assets, which comprise acquired computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment loss. Amortisation is recognised on a straight-line over one year or longer based on contract period.

Costs associated with maintaining computer software are recognised as expenses when incurred.

## 4.8 Impairment of assets

### (a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimate future cash flows of that asset.

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

### (b) Non-financial assets

The carrying amount of assets, except for financial assets, is reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in the income statement immediately.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in the income statement.

## 4.9 Provisions

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

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

## 4.10 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the income statement comprise current tax and deferred tax.

### (a) Current tax

Current tax expenses are determined according to the tax laws and include all taxes based upon the taxable profits.

### (b) Deferred tax

A deferred tax asset or liability is recognised for tax recoverable or payable in future periods as a result of past transactions or events. Deferred tax arises from differences (known as temporary differences) between the carrying amounts of assets and liabilities in the consolidated balance sheet and their corresponding tax bases. The tax bases of assets are determined by the consequences of sale of the assets.

Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future, except those associated with goodwill. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses.

Deferred tax assets are measured at the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profit. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in the income statement.

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

#### **4.11 Interest income recognition**

Interest earned on loans to customers, deposits with National Bank of Cambodia and other banks are recognised on the accrual basis, except when loans become doubtful of collection, in which case, no interest is recognised as income.

Where an account is classified as non-performing, recognition of interest income is suspended until it is realised on a cash basis. Customers' loan accounts are classified as non-performing where repayments are in arrears for 30 days and more.

#### **4.12 Fee and commission income recognition**

The Company earns fee and commission income mainly from loan processing and early settlements or late payments of loans. They are recognised in the income statement on an accrual basis.

#### **4.13 Related parties**

Parties 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 LBFI, 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.

#### **4.14 Employee benefits**

##### **(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

Bonuses are recognised as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

##### **(b) Termination benefits**

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

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

#### **4.15 Operating leases**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

#### **4.16 Foreign currencies**

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

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The national currency of Cambodia is Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollar (“US\$”), management have determined US\$ to be the Company’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

##### **(b) Foreign currency translations and balances**

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rate of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

#### **4.17 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **5. STATEMENT OF COMPLIANCE WITH CASs AND ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

#### **5.1 Statement of compliance with CASs and basis of preparation**

The financial statements of the Company have been prepared in accordance with CASs as issued by the National Accounting Council (“NAC”) and the guidelines issued by the NBC relating to the preparation and presentation of financial statements.

Accordingly, the financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and

practices in countries or jurisdictions other than the Kingdom of Cambodia and furthermore their use is not designed for those who are not informed about Cambodia's principles, procedures and practices.

## **5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Company.

The NAC, as mandated by Prakas (Circular) No. 068 MoEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance ("MoEF") and following the announcement No. 097/09 MoEF-NAC dated 28 August 2009 by the NAC on the adoption of International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") effective for financial statements with years beginning on or after 1 January 2012. The new standard is being referred to as "Cambodian International Financial Reporting Standards" ("CIFRSs").

In accordance with the Circular No. 058 MoEF-NAC dated 24 March 2016 issued by the NAC of MoEF, all banking and financial institutions are required to adopt CIFRSs effective from 1 January 2019.

## **6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

### **6.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period end and as at the end of the reporting period.

### **6.2 Critical judgements made in applying accounting policies**

There are no critical judgments made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amount recognised in these financial statements apart from those involving estimates, which are dealt with below.

### **6.3 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **(a) Depreciation of property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in market demands or service output of the assets. Changes in these factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### **(b) Impairment on loans to customers**

The Company records the mandatory credit classification and provisioning as required by Prakas B7-02-186 Pro Kor dated 13 September 2002. The Prakas requires microfinance institutions to classify their loan portfolio into four classes and ensure that the minimum mandatory level of specific provisioning is provided depending on the classification and regardless of collateral (except for cash). For the purpose of loan classification, the

Company is required to take into account the borrowers' historical payment experience and financial condition.

(c) Tax expense

Significant judgement is involved in determining the Company's provision for taxes. The Company will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through management's interpretation of the various tax legislations. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

**7. CASH ON HAND**

	2017		2016
	US\$	KHR'000	US\$
US Dollar	22,399	90,425	48,413
Khmer Riel	2,102	8,486	-
	<u>24,501</u>	<u>98,911</u>	<u>48,413</u>

**8. BALANCES WITH NATIONAL BANK OF CAMBODIA**

	2017		2016
	US\$	KHR'000	US\$
Statutory deposit	62,500	252,313	50,000
Current account	5,326	21,501	5,126
	<u>67,826</u>	<u>273,814</u>	<u>55,126</u>

Statutory deposit

In compliance with Prakas B7-00-006 Pro Kor dated 11 January 2000 and B7-06-209 Pro Kor dated 13 September 2006 on the Licensing of Microfinance Institutions, the Company is required to maintain a statutory capital deposit with the NBC of 5% of registered capital. This deposit is refundable should the Company voluntarily liquidate. The statutory deposit does not earn interest.

**9. BALANCES WITH OTHER BANKS**

	2017		2016
	US\$	KHR'000	US\$
ACLEDA Bank Plc.	655,666	2,646,924	86,440
Advanced Bank of Asia Ltd.	709	2,862	10,642
	<u>656,375</u>	<u>2,649,786</u>	<u>97,082</u>

The Company has saving accounts at ACLEDA Bank Plc. and Advanced Bank of Asia Ltd. The saving accounts earn interest at the annual rate from 0.50% to 0.75% during the period of this report.

**10. LOANS TO CUSTOMERS**

	2017		2016
	US\$	KHR'000	US\$
Individual loans	2,105,920	8,501,599	1,815,935
Allowance for doubtful loans	(405,658)	(1,637,641)	(198,345)
	<u>1,700,262</u>	<u>6,863,958</u>	<u>1,617,590</u>

(a) **Allowance for doubtful loans**

	2017		2016
	US\$	KHR'000	US\$
Balance at beginning of year	198,345	800,718	5,338
Allowance for the year	207,313	836,923	194,405
Written-off	-	-	(1,398)
Balance at end of year	405,658	1,637,641	198,345

(b) **By maturity**

	2017		2016
	US\$	KHR'000	US\$
Within one year	541,193	2,184,796	645,188
From one to five years	1,444,020	5,829,509	1,170,747
Over five years	120,707	487,294	-
	2,105,920	8,501,599	1,815,935

(c) **By currency**

	2017		2016
	US\$	KHR'000	US\$
US Dollar	2,105,425	8,499,601	1,815,935
Khmer Riel	495	1,998	-
	2,105,920	8,501,599	1,815,935

(d) **By economic sector**

	2017		2016
	US\$	KHR'000	US\$
Agriculture	67,031	270,604	117,332
Construction	168,514	680,291	12,950
Household/Family	566,573	2,287,255	480,135
Services	22,651	91,442	381,655
Trade and commerce	4,831	19,503	213,892
Transportation	553,134	2,233,002	36,557
Other categories	723,186	2,919,502	573,414
	2,105,920	8,501,599	1,815,935

(e) **By relationship**

	2017		2016
	US\$	KHR'000	US\$
External customers	2,059,374	8,313,693	1,424,442
Staff loans	46,546	187,906	391,493
	2,105,920	8,501,599	1,815,935

(f) Analysis by security on performing and non-performing loans

	2017		2016
	US\$	KHR'000	US\$
Standard loans:			
Secured	1,407,865	5,683,551	1,330,596
Unsecured	126,670	511,367	69,927
Sub-standard loans:			
Secured	115,510	466,314	121,228
Unsecured	23,193	93,630	41,597
Doubtful loans:			
Secured	79,820	322,233	56,736
Unsecured	10,483	42,320	44,013
Loss loans:			
Secured	105,533	426,037	44,055
Unsecured	236,846	956,147	107,783
	<u>2,105,920</u>	<u>8,501,599</u>	<u>1,815,935</u>

11. OTHER RECEIVABLES

	2017		2016
	US\$	KHR'000	US\$
Interest receivables	14,436	58,278	21,575
Other receivables	54,062	218,248	29,894
Advances	-	-	13,803
Prepayments	10,126	40,879	2,559
	<u>78,624</u>	<u>317,405</u>	<u>67,831</u>

12. INTANGIBLE ASSET

	Computer software US\$
<i>Cost</i>	
Balance as at 31.12.2016/1.1.2017	-
Additions	<u>13,100</u>
Balance as at 31.12.2017	<u>13,100</u>
<i>Accumulated amortisation</i>	
Balance as at 31.12.2016/1.1.2017	-
Amortisation for the financial year	<u>186</u>
Balance as at 31.12.2017	<u>186</u>
<i>Carrying amounts</i>	
Balance as at 31.12.2017	<u><u>12,914</u></u>
(KHR'000 equivalent)	<u>52,134</u>
Balance as at 31.12.2016	<u><u>-</u></u>

### 13. PROPERTY, PLANT AND EQUIPMENT

	Building improvement US\$	Furniture and fixtures US\$	Computer equipment US\$	Office equipment US\$	Motor vehicles US\$
<b>Cost</b>					
<b>Balance as at 1.1.2016</b>	-	4,179	4,425	3,553	-
Additions	-	5,404	12,975	4,157	850
Written-off	-	(1,328)	-	(568)	-
<b>Balance as at 31.12.2016</b>	-	8,255	17,400	7,142	850
Additions	11,624	9,375	3,442	-	1,950
Transfer	-	1,432	450	(1,882)	-
Written-off	-	(2,225)	(732)	(2,049)	-
<b>Balance as at 31.12.2017</b>	11,624	16,837	20,560	3,211	2,800
<b>Accumulated depreciation</b>					
<b>Balance as at 1.1.2016</b>	-	587	1,276	521	-
Depreciation for the financial year	-	1,523	5,528	1,071	195
Written-off	-	(236)	-	(52)	-
<b>Balance as at 31.12.2016</b>	-	1,874	6,804	1,540	195
Depreciation for the financial year	1,395	3,616	9,038	403	501
Written-off	-	(523)	(326)	(306)	-
<b>Balance as at 31.12.2017</b>	1,395	4,967	15,516	1,637	696
<b>Carrying amounts</b>					
<b>Balance as at 31.12.2017</b>	<b>10,229</b>	<b>11,870</b>	<b>5,044</b>	<b>1,574</b>	<b>2,104</b>
<i>(KHR'000 equivalent)</i>	<i>41,294</i>	<i>47,919</i>	<i>20,363</i>	<i>6,354</i>	<i>8,494</i>
<b>Balance as at 31.12.2016</b>	-	6,381	10,596	5,602	655

### 14. OTHER PAYABLES

	2017 US\$	KHR'000	2016 US\$
Shareholder	625,000	2,523,125	-
Interest payables	25,211	101,777	23,275
Other payables	39,269	158,530	21,891
Withholding tax payable	6,189	24,985	12,145
Accruals	3,032	12,240	2,063
	<u>698,701</u>	<u>2,820,657</u>	<u>59,374</u>

### 15. AMOUNT OWING TO SHAREHOLDER

	2017 US\$	KHR'000	2016 US\$
Laksmi Prime Investment Co., Ltd.	<u>1,290,000</u>	<u>5,207,730</u>	<u>1,050,000</u>

- During the year 2015, the Company obtained credit facility amounting to US\$50,000 from Laksmi Prime Investment Co., Ltd. with 168 months term to maturity. The facilities bear interest at a rate of 14% per annum with quarterly interest payment and single principal repayment at maturity date.

- During the year 2016, the Company obtained credit facility amounting to US\$1,000,000 from Laksmi Prime Investment Co., Ltd. with 168 months term to maturity. The facilities bear interest at a rate of 14% per annum with quarterly interest payment and single principal repayment at maturity date.
- During the year 2017, the Company obtained credit facility amounting to US\$1,000,000 from Laksmi Prime Investment Co., Ltd. with 168 months term to maturity. The facilities bear interest at a rate of 14% per annum with quarterly interest payment and single principal repayment at maturity date. As at 31 December 2017, an amount of US\$240,000 has been utilized.

## 16. SHARE CAPITAL

	2017			2016	
	Number	US\$	KHR'000	Number	US\$
Ordinary shares of US\$100 each					
Registered	12,500	1,250,000	5,046,250	10,000	1,000,000
Registered and fully paid:					
At 1 January	10,000	1,000,000	4,037,000	10,000	1,000,000
Issued pursuant to:					
- new issue	2,500	250,000	1,009,250	-	-
At 31 December	12,500	1,250,000	5,046,250	10,000	1,000,000

During the financial year, the registered and fully paid-up ordinary share capital of the Company was increased from US\$1,000,000 to US\$1,250,000 by way of issuance of 2,500 new ordinary shares of US\$100 each for cash for working capital purposes.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

## 17. INTEREST INCOME

	2017		2016
	US\$	KHR'000	US\$
Loans to customers	374,070	1,510,121	447,097
Deposits and placements with banks	353	1,425	266
	374,423	1,511,546	447,363

## 18. INTEREST EXPENSE

	2017		2016
	US\$	KHR'000	US\$
Interest expense on amount owing to shareholder	167,363	675,644	94,013

## 19. OTHER OPERATING INCOME

	2017		2016
	US\$	KHR'000	US\$
Penalty income	18,318	73,950	6,437
Commission income	26,196	105,753	371
Foreign exchange gain	300	1,211	259
Others	1,704	6,879	2,628
	46,518	187,793	9,695

**20. PERSONNEL EXPENSES**

	2017		2016
	US\$	KHR'000	US\$
Salaries and benefits	325,052	1,312,235	195,745
Others	843	3,403	5,955
	<u>325,895</u>	<u>1,315,638</u>	<u>201,700</u>

**21. DEPRECIATION AND AMORTISATION EXPENSES**

	2017		2016
	US\$	KHR'000	US\$
Depreciation of property, plant and equipment	14,953	60,365	8,317
Amortisation of intangible asset	186	751	-
	<u>15,139</u>	<u>61,116</u>	<u>8,317</u>

**22. GENERAL AND ADMINISTRATIVE EXPENSES**

	2017		2016
	US\$	KHR'000	US\$
Advertising expenses	668	2,697	388
Commission expenses	51,462	207,752	40,503
Communication expenses	9,793	39,534	5,679
Membership and service fees	1,019	4,114	563
Office supplies	7,113	28,715	9,329
Professional fees	12,542	50,632	8,669
Rental expenses	26,416	106,641	24,562
Transportation	18,657	75,318	9,347
Utilities expenses	5,287	21,344	5,406
Miscellaneous expenses	35,396	142,894	40,703
	<u>168,353</u>	<u>679,641</u>	<u>145,149</u>

**23. TAX EXPENSE**

	2017		2016
	US\$	KHR'000	US\$
Income tax expense:			
Current year	4,211	17,000	4,533
Under provision in prior year	-	-	1,698
Total tax expense	<u>4,211</u>	<u>17,000</u>	<u>6,231</u>

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2016: 20%) of the taxable profit or a minimum tax at 1% (2016: 1%) of total revenue, whichever is higher. The numerical reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate of the Company is as follows:

	2017	2016
--	------	------

	US\$	KHR'000	US\$
Loss before tax	(463,122)	(1,869,623)	(186,527)
Tax at Cambodian statutory tax rate of 20% (2016: 20%)	(92,624)	(373,923)	(37,305)
Tax effects in respect of:			
Non-allowable expenses	31,674	127,868	7,083
Deferred tax asset not recognised during the year	63,531	256,474	32,680
Tax allowance	(2,581)	(10,419)	(2,458)
Statutory minimum tax	4,211	17,000	4,533
	4,211	17,000	4,533
Under provision of income tax in prior year	-	-	1,698
Total tax expense	4,211	17,000	6,231

The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position is as follows:

	2017 US\$	KHR'000	2016 US\$
Unused tax loss			
- Expire by 31 December 2022	317,655	1,282,373	-
- Expire by 31 December 2021	163,400	659,646	163,400
	481,055	1,942,019	163,400

Deferred tax asset has not been recognised in respect of this item as it is not probable that taxable profits of the Company would be available against which the deductible temporary differences could be utilised.

The unused tax losses are subject to review and agreement by the General Department of Taxation.

## 24. OPERATING LEASE COMMITMENTS

### The Company as lessee

The Company had entered into non-cancellable lease agreements for office space, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates. At period-end, the Company has outstanding commitments under non-cancellable operating leases that fall due, as follows:

	2017 US\$	KHR'000	2016 US\$
Not later than one year	29,206	117,905	12,540
Later than one year and not later than five years	100,610	406,163	25,640
Later than five years	122,144	493,095	-
	251,960	1,017,163	38,180

## 25. RELATED PARTY DISCLOSURES

The Company had the following transactions with related parties during the financial year.

	2017		2016
	US\$	KHR'000	US\$
<u>Shareholder</u>			
Laksmi Prime Investment Co., Ltd			
Advances to the Company	240,000	968,880	1,000,000
Interest expense	167,363	675,644	94,013
 Hikari Power Hong Kong Ltd.			
Advances to the Company	625,000	2,523,125	-

Balances with related parties at the end of the reporting period are disclosed in Note 15 to the financial statements.

The related party transactions described above were carried out on negotiated commercial terms.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management objective is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

### (i) Credit risk

The Company assumes exposure to credit risk which is the risk that a counterparty will be unable to pay the amounts in full when due. The Company structures the levels of credit risk undertaken by placing limits on the amount of risk accepted in relation to one borrower, or Company of borrowers, and the geographical and industry segments. Procedures of risk limit setting, monitoring, usage, 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 the 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.

Information on the management of the related exposures is detailed below.

#### a. Risk limit control and mitigation policies

The Company operates and provides loans to individuals or small-medium enterprises within the Kingdom of Cambodia. The Company manages limits and controls the concentration of credit risk whenever it is identified. The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans to customers, which is common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types secured for loans to customers are collateral pledges over properties (land, building and other properties).

b. Maximum exposure to credit risk before collateral held or other credit enhancements

	Note	2017		2016
		US\$	KHR'000	US\$
<b>Credit exposure relating to assets on the balance sheet:</b>				
Balances with other banks	9	656,375	2,649,786	97,082
Loans to customers	10	2,105,920	8,501,599	1,815,935
Other receivables	11	78,624	317,405	67,831
		<u>2,840,919</u>	<u>11,468,790</u>	<u>1,980,848</u>

The above table represents a worst case scenario for credit risk exposure to the Company as at 31 December 2017, without taking into account any collateral held or other credit enhancements. For assets in the balance sheet, the exposure set out above is based on net carrying amounts.

c. Loans to customers

Loans to customers are summarised as follows:

	2017		2016
	US\$	KHR'000	US\$
Loans to customers neither past due nor impaired	1,534,535	6,194,918	1,400,523
Loans to customers past due but not impaired	364,072	1,469,758	217,067
Loans to customers individually impaired	<u>207,313</u>	<u>836,923</u>	<u>198,345</u>
Gross loans	2,105,920	8,501,599	1,815,935
Allowance for doubtful loans	<u>(405,658)</u>	<u>(1,637,641)</u>	<u>(198,345)</u>
Net loans to customers	<u>1,700,262</u>	<u>6,863,958</u>	<u>1,617,590</u>

For the purpose of loan provisioning, the expected recovery from collateral (except cash) is not taken into consideration in accordance with the National Bank of Cambodia's requirements. The total allowance for doubtful loans is US\$405,658 (2016: US\$198,345), which represents the mandatory provision required by the National Bank of Cambodia and additional provision for the loan losses.

(i) Loans to customers neither past due nor impaired

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

(ii) Loans to customers past due but not impaired

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

(iii) Loans to customers individually impaired

In accordance with Prakas B7-02-186 Pro Kor dated 13 September 2002 on loan classification and provisioning, loans past due more than 30 days are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

(iv) Loans to customers renegotiated

There were no renegotiated loans to customers as at 31 December 2017.

(v) Loans to customers renegotiated

There were no renegotiated loans to customers as at 31 December 2016.

d. Repossessed collateral

During the financial year ended 31 December 2017, the Company did not obtain any assets by taking possession of collateral held as security.

(ii) 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, and cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance limits set. An analysis of the interest rate risk pertaining to the Company's assets and liabilities is disclosed below.

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

	Weighted average effective interest rate %	Within one year US\$	One to five years US\$	Over five years US\$	Non-interest bearing US\$	Total US\$
<b>As at 31 December 2017</b>						
<b>Financial assets</b>						
Cash on hand	-	-	-	-	24,501	24,501
Balances with National Bank of Cambodia:						
Current account	-	-	-	-	5,326	5,326
Statutory deposit	0.2	-	62,500	-	-	62,500
Balances with other banks	0.5	656,375	-	-	-	656,375
Loans to customers	28.9	541,193	1,444,020	120,707	-	2,105,920
Other receivables	-	-	-	-	78,624	78,624
<b>Financial assets</b>						
		1,197,568	1,506,520	120,707	108,451	2,933,246
<i>(KHR '000 equivalent)</i>		<i>4,834,582</i>	<i>6,081,821</i>	<i>487,294</i>	<i>437,817</i>	<i>11,841,514</i>
<b>Financial liabilities</b>						
Other payables	-	-	-	-	698,701	698,701
Amount owing to shareholder	14.0	-	-	1,290,000	-	1,290,000
		-	-	1,290,000	698,701	1,988,701
<i>(KHR '000 equivalent)</i>		<i>-</i>	<i>-</i>	<i>5,207,730</i>	<i>2,820,657</i>	<i>8,028,387</i>

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

As at 31 December 2016	Weighted average effective interest rate %	Within one year US\$	One to five years US\$	Over five years US\$	Non-interest bearing US\$	Total US\$
<b>Financial assets</b>						
Cash on hand	-	-	-	-	48,413	48,413
Balances with National Bank of Cambodia:						
Current account	-	-	-	-	5,126	5,126
Statutory deposit	0.2	-	50,000	-	-	50,000
Balances with other banks	0.2	97,082	-	-	-	97,082
Loans to customers	38.6	645,188	1,170,747	-	-	1,815,935
Other receivables	-	-	-	-	67,831	67,831
		742,270	1,220,747	-	121,370	2,084,387
<b>Financial liabilities</b>						
Other payables	-	-	-	-	59,374	59,374
Amount owing to shareholder	14	-	-	1,050,000	-	1,050,000
		-	-	1,050,000	59,374	1,109,374

(iii) Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost. In addition to full compliance of all liquidity requirements, the management of the Company closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provides an analysis of the financial liabilities of the Company into relevant maturity groupings based on the remaining periods to repayment.

	On demand or within one year US\$	One to five years US\$	Over five years US\$	Total US\$
<b>31 December 2017</b>				
Amount owing to shareholder	-	-	1,290,000	1,290,000
Other payables	698,701	-	-	698,701
	698,701	-	1,290,000	1,988,701
<i>(KHR'000 equivalent)</i>	2,820,657	-	5,207,730	8,028,387
<b>31 December 2016</b>				
Amount owing to shareholder	-	-	1,050,000	1,050,000
Other payables	59,374	-	-	59,374
	59,374	-	1,050,000	1,109,374

(iv) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates.

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

(v) Capital management

The objectives of the Company on managing of capital are to meet the NBC's requirement, continue as a going concern and support the development of the business by maintain strong capital.

The table below summarises the composition of regulatory capital:

	2017		2016
	US\$	KHR'000	US\$
Share capital	1,250,000	5,046,250	1,000,000
Accumulated losses	(667,679)	(2,695,420)	(200,346)
	582,321	2,350,830	799,654

## 27. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

## 28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

	As restated US\$	As Previously stated US\$
<b>Balance sheet</b>		
<b>Assets</b>		
Other receivables	67,831	116,394
<b>Liabilities</b>		
Other payables	<u>59,374</u>	<u>107,937</u>
<b>Income statement</b>		
Interest expense	(94,013)	-
Finance costs	-	(94,013)
Allowance for doubtful loans	(194,405)	-
Personnel expenses	(201,700)	-
Depreciation and amortization expenses	(8,317)	-
General and administrative expenses	(145,149)	-
Other operating expenses	<u>-</u>	<u>(549,571)</u>



Picture of BAMBOO Head Office  
Year-2018



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