THANEAKEA PHUM (CAMBODIA), LTD.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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CONTENTS

	Pages
STATEMENT OF THE BOARD OF DIRECTORS	1 – 4
INDEPENDENT AUDITORS' REPORT	5 – 6
FINANCIAL STATEMENTS	
Balance sheet	7
Statement of changes in shareholders' equity	8
Income statement	9
Cash flow statement	10
Notes to the financial statements	11 – 47
* Appendix I – Notes on compliance with the Central Bank's Prakas	1 – 8

*** This Appendix does not form part of these financial statements**

TPC

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors (BOD) submits its report and the audited financial statements of Thaneakea Phum (Cambodia), Ltd. (TPC) for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

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

FINANCIAL PERFORMANCE

The financial performance for the year ended 31 December 2008 is set out in the income statement on page 9.

SHARE CAPITAL

During the year ended 31 December 2008, there have been no changes in the registered and paid up share capital of TPC as set out in the statement of changes in shareholders' equity on page 8.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS

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

At the date of this report, the BOD is not aware of any circumstances which would render the amount of the provision for bad and doubtful loans in the financial statements of TPC inadequate to any material extent.

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ASSETS

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

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

VALUATION METHODS

At the date of this report, the BOD is not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of TPC misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

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

i) any charge on the assets of TPC which has arisen since the end of the year which secures the liabilities of any other person; or

ii) any contingent liability in respect of TPC that has arisen since the end of the year other than in the ordinary course of its business operations.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the BOD is not aware of any circumstances, not otherwise dealt with in this report or the financial statements of TPC, which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

The financial performance of TPC for the year ended 31 December 2008 were not, in the opinion of the BOD, materially affected by any items, transactions or events of a material and unusual nature.

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

SIGNIFICANT EVENTS

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

THE BOARD OF DIRECTORS

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

▪ Richard Jean Balmadier	Chairman
▪ Mark David Palmer	Director
▪ Tun Korng	Director
▪ Silveus Mary Susan	Director

All members are non-executive board members, except Mr. Tun Korng, who holds the position of Branch Manager/Employees' Representative.

DIRECTORS' INTERESTS

The interests of directors in shares of TPC during the year and as at the date of this report are as follows:

Shareholder	Holding %	Number of shares of Riel 100,000 each
Richard Jean Balmadier	1%	400

DIRECTORS' BENEFITS

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

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

RESPONSIBILITIES OF THE BOD IN RESPECT OF THE FINANCIAL STATEMENTS

The BOD is responsible to ensure that the financial statements are properly drawn up, so as to present fairly, in all material respects, the financial position of TPC as at 31 December 2008, and of its financial performance for the year then ended. In preparing these financial statements, the BOD is required to:

i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;

ii) comply with the disclosure requirements of guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there has been any departures in the interests of true and fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;

iii) maintain adequate accounting records and an effective system of internal controls;

iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that TPC will continue operations in the foreseeable future;

v) set overall policies for TPC, ratify all decisions and actions by the BOD that have a material effect on the operations and performance of TPC, and ensure they have been properly reflected in the financial statements.

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

On behalf of the Board of Directors,

THANEAKEA PHUM (CAMBODIA) LTD.

Silveus Mary Susan
Vice Chairman
Date: 27 April 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers (Cambodia) Ltd
124 Norodom Boulevard, Chamkarmon
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Kingdom of Cambodia.
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Independent auditors' report

To the Shareholders of Thaneakea Phum (Cambodia), Ltd.

We have audited the accompanying financial statements of Thaneakea Phum (Cambodia), Ltd. (TPC) which comprise the balance sheet as at 31 December 2008 and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes on pages 7 to 47.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TPC as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

For PricewaterhouseCoopers (Cambodia) Limited

PricewaterhouseCoopers (Cambodia) Ltd.

By Senaka Fernando
Director

Phnom Penh, Kingdom of Cambodia
Date: 27 April 2009

THANEAKEA PHUM (CAMBODIA), LTD.

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	2008 Riel '000	2007 Riel '000
ASSETS			
Cash on hand	4	188,613	158,429
Balances with the Central Bank	5	16,109,682	3,812,788
Balances with banks	6	20,123,736	8,186,823
Loans to customers	7	74,691,325	48,179,638
Other assets	8	1,864,275	1,040,847
Deferred tax assets	9	228,691	198,685
Property and equipment	10	1,322,183	966,289
Intangible assets	11	59,276	32,779
TOTAL ASSETS		**114,587,781**	**62,576,278**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Customers' deposits	12	327,511	460,858
Borrowings	13	91,633,354	43,895,235
Deferred grant income	14	28,975	38,633
Accruals and other liabilities	15	1,998,727	1,726,871
Current income tax liabilities	16	965,619	1,013,880
Total Liabilities		**94,954,186**	**47,135,477**
SHAREHOLDERS' EQUITY			
Share capital	17	4,000,000	4,000,000
Reserves		788,740	788,740
Retained earnings		14,844,855	10,652,061
Total Shareholders' Equity		**19,633,595**	**15,440,801**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**114,587,781**	**62,576,278**

The accompanying notes on pages 11 to 47 form an integral part of these financial statements.

THANEAKEA PHUM (CAMBODIA), LTD.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Share Capital Riel '000	Reserves Riel '000	Hybrid capital Riel '000	Retained earnings Riel '000	Total Riel '000
Balance as at 1 January 2007		4,000,000	788,740	3,966,092	6,952,477	15,707,309
Net profit for the year		-	-	-	3,699,584	3,699,584
Transfer to borrowings		-	-	(3,966,092)	-	(3,966,092)
Balance as at 31 December 2007		**4,000,000**	**788,740**	**-**	**10,652,061**	**15,440,801**
Balance as at 1 January 2008		4,000,000	788,740	-	10,652,061	15,440,801
Dividends paid to company's shareholders		-	-	-	(320,000)	(320,000)
Net profit for the year		-	-	-	4,512,794	4,512,794
Balance as at 31 December 2008		**4,000,000**	**788,740**	**-**	**14,844,855**	**19,633,595**

The accompanying notes on pages 11 to 47 form an integral part of these financial statements.

THANEAKEA PHUM (CAMBODIA), LTD.

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 Riel '000	2007 Riel '000
Interest income	18	23,408,650	14,507,310
Interest expense	19	(7,656,464)	(3,256,538)
Net interest income		**15,752,186**	**11,250,772**
Grant income	20	114,155	108,256
Other operating loss	21	(139,341)	(261,921)
Operating income		**15,727,000**	**11,097,107**
Commission expenses	22	(642,140)	(515,232)
Operating and other expenses	23	(8,805,247)	(5,831,446)
Provision for bad and doubtful loans	7	(628,319)	(111,167)
Operating profit before income tax		**5,651,294**	**4,639,262**
Income tax	24	(1,138,500)	(939,678)
Net profit for the year		**4,512,794**	**3,699,584**

The accompanying notes on pages 11 to 47 form an integral part of these financial statements.

THANEAKEA PHUM (CAMBODIA), LTD.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 Riel '000	2007 Riel '000
Cash flows from operating activities			
Net cash used in operating activities	25	(22,143,890)	(14,269,756)
Cash flows from investing activities			
Purchase of property and equipment		(954,464)	(799,010)
Purchase of intangible assets		(85,773)	(58,383)
Proceeds from disposal of property and equipment		29,999	10,221
Net cash used in investing activities		(1,010,238)	(847,172)
Cash flows from financing activities			
Dividends paid to company's shareholders		(320,000)	-
Proceeds from borrowings		70,287,874	33,424,542
Repayments on borrowings during the year		(22,549,755)	(6,996,163)
Net cash generated from financing activities		47,418,119	26,428,379
Net increase in cash and cash equivalents		**24,263,991**	**11,311,451**
Cash and cash equivalents at the beginning of the year		**11,952,840**	**641,389**
Cash and cash equivalents at the end of the year	26	**36,216,831**	**11,952,840**

The accompanying notes on pages 11 to 47 form an integral part of these financial statements.

1 BACKGROUND INFORMATION

Thaneakea Phum (Cambodia), Ltd. (TPC or the Company), a licensed micro-finance institution, was incorporated in Cambodia and registered with the Ministry of Commerce as a limited liability company under register number Co. 1413/02E dated 27 June 2002. Its activities are an offshoot of the Thaneakea Phum Program (the Program) which Catholic Relief Services (CRS) launched in December 1994 as part of CRS Cambodia's strategy for rural reconstruction and poverty alleviation. TPC is the result of the operational merger and transformation of CRS branches and two of its non-governmental organisation partners who spun off their micro-finance operations to become a branch of a licensed micro-finance institution. The transferred assets and liabilities of TPC were established based on the asset transfer document dated 19 September 2002.

TPC as a micro-finance institution will continue to be primarily a rural-based credit and savings institution with eleven branches and a head office in Phnom Penh. TPC's corporate focus is to provide reliable and affordable access to financial services to poor women micro-entrepreneurs in rural areas and in the vicinity of Phnom Penh. Out of a total of 24 provinces and cities in Cambodia, TPC operates in 14 provinces, namely Takeo, Kampot, Battambang, Svay Rieng, Banteay Meanchey, Siem Reap, Kampong Cham, Kandal, Kratie, Kampong Chhanang, Kampong Thom, Kampong Speu, Prey Veng and Oddar Meanchey and three cities in Pailin, Kep City and Phnom Penh. Financial services are provided either through village banks made up of solidarity groups of five members each, or to solidarity groups themselves as well as to individuals comprising eight percent of TPC clients.

The National Bank of Cambodia (the Central Bank) granted TPC a licence to conduct business as a micro-finance institution for a three-year period commencing from 12 February 2003 to 12 February 2006. On 20 January 2006, the Central Bank granted TPC the extension of this licence for another three-year period commencing from 12 February 2006 to 12 February 2009. On 13 September 2006, the Central Bank issued Prakas, No. B7-06-209, in which the licence is valid indefinitely. TPC was then granted a licence for indefinite period on 25 February 2009.

TPC's head office is at No. 94, Street 360, Boeung Keng Kang III, Chamkar Morn, Phnom Penh, Cambodia.

As at 31 December 2008, TPC had 322 employees (2007: 264 employees).

The financial statements were approved for issue by the Board of Directors on 27 April 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a Basis of preparation

The financial statements of the Company, which are expressed in Cambodian Riel (Riel), are prepared under the historical cost convention and drawn up in accordance with the guidelines issued by the Central Bank and Cambodian Accounting Standards (CAS). In applying CAS, the Company also applies CFRS 4: *Insurance Contracts* and CFRS 7: *Financial Instruments: Disclosures*. The Company maintains its accounting records in Riel, the functional currency in Cambodia.

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position, financial performance and cash flows in accordance with jurisdictions other than the Kingdom of Cambodia. Consequently, these financial statements are only addressed to those who are informed about Cambodian accounting principles, procedures and practices.

The preparation of financial statements in accordance with the guidelines issued by the Central Bank and CAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

b New accounting standards and interpretations

(i) New standards and amendments effective in 2008

CAS 1 (Revised), Presentation of Financial Statements (effective 01 January 2008). The Standard (i) provides a framework within which an entity assesses how to present fairly the effects of transactions and other events, and assesses whether the result of complying with a requirement in a Standard would be so misleading that it would not give a fair presentation; (ii) base the criteria for classifying liabilities as current or non-current solely on the conditions existing at the balance sheet date; (iii) prohibits the presentation of items of income and expense as 'extraordinary items'; (iv) specifies disclosures about the judgments management has made in the process of applying the entity's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements; and (v) to specify disclosures about key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. It also requires additional disclosures on the entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. Management applies the amendment to CAS 1 and has made those disclosures from annual periods beginning 01 January 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b ***New accounting standards and interpretations*** *(continued)*

(i) New standards and amendments effective in 2008 (continued)

CFRS 7, Financial Instruments: Disclosures, and a complementary amendment to CAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 01 January 2008). CFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces CAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions. It is applicable to all entities that report under CAS and CFRS. The amendment to CAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. Management assessed the impact of CFRS 7 and the amendment to CAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of CAS 1. Management applies CFRS 7 and the amendment to CAS 1 from annual periods beginning 01 January 2008.

The following standards and revision to existing standards (which are effective from 01 January 2008) do not result in substantial changes to the Company's accounting policies. In summary:

CAS 7: *Cash Flow Statements*, CAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*, CAS 10: *Events After Balance Sheet Date*, CAS 12: *Income Taxes*, CAS 16: *Property, Plant and Equipment*, CAS 17: *Leases*, CAS 18: *Revenue*, CAS 23: *Borrowing Costs*, CAS 24: *Related Part Disclosures*, CAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, and CAS 38: *Intangible Assets* had no material effect on the Company's policies.

CAS 21 (revised 2008) has no material effect on the Company's policy. The functional currency of the Company has been re-evaluated based on the guidance of the revised standards. The Company has the same functional currency as its measurement currency.

(ii) Standards and amendments effective in 2008 but not relevant

The following standards and amendments are mandatory for accounting periods beginning on or after 01 January 2008 but are not relevant to the Company's operations:

CAS 2 - *Inventories*,
CAS 11 - Construction contracts
CAS 27 - Consolidated and separate financial statements
CAS 40 - Investment property
CAS 41- Agriculture
CFRS 4 - Insurance

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies adopted in the preparation of the financial statements are set out below.

c Basis of aggregation

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

d Financial instruments

TPC's financial assets and liabilities include cash and cash equivalents, originated loans and receivables, deposits, and other receivables and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

e Segment information

TPC operates within one business segment, commercially oriented micro-finance services, and within one geographical segment, the Kingdom of Cambodia.

f Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company maintains its accounting records and its financial statements in Riel, the Company's functional currency. The functional currency is Riel because of the significant influence of the Riel on its operations. The financial statements are presented in Riel, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

The principal rates used to translate monetary assets and liabilities at the balance sheet date are:

	31 December 2008	**31 December 2007**
Riel/US$	4,081	4,003
Riel/Thai Baht	118	131

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g *Cash and cash equivalents*

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

h *Loans to customers*

Loans to customers are stated in the balance sheet at the amount of principal outstanding less any amounts written off and any impairment allowance for bad and doubtful loans, including specific and general provisions, to reflect the estimated recoverable amount. The principal is calculated using the effective interest rate method, which is based on expected future cash flows of contractual instalment payments discounted at prevailing market rates offered for similar loans with similar risk profiles.

i *Provision for bad and doubtful loans*

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

The mandatory level of specific provision is provided, which is consistent with the Central Bank's guidelines on the amount necessary to maintain the provision at a level adequate to absorb losses. Presently, the amount of specific provision is determined by applying defined percentages to the respective category to which each of the loans belong, as set out below.

	Percentage applied (%)
Loan status/classification	
Loans of one year or less	
Standard	0
Sub-standard loans (where repayments are more than 30 days overdue)	10
Doubtful loans (where repayments are more than 60 days overdue)	30
Loss (where repayments are more than 90 days overdue)	100
Loans of more than one year	
Standard	0
Sub-standard loans (where repayments are more than 30 days overdue)	10
Doubtful loans (where repayments are more than 180 days overdue)	30
Loss (where repayments are more than 360 days overdue)	100

The Company provides for a 100% provision for loans in its portfolio that are overdue 30 days or more. The amount of provision in excess of the defined percentages required by the Central Bank is shown as the general provision.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i ***Provision for bad and doubtful loans*** *(continued)*

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.

j ***Overdue loans***

In accordance with Prakas No. B7-02-186 issued by the Central Bank on 13 September 2002, overdue loans are defined as the total outstanding principal where principal or interest are past due unless the payment terms on interest or principal have been adjusted.

The provision is calculated as a percentage of the loan amount outstanding at the time the loan is classified as overdue, excluding accrued interest. The provision is recorded in the Company's accounts and charged to the income statement for the month during which the corresponding loan has been classified below standard. The analysis of overdue loans is set out in Note 7.

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

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of the collateral, if any, according to the judgment of the management with the approval of the Board of Directors.

k ***Deposits with banks***

Deposits and placements with banks are carried at cost.

l ***Other receivables***

Other receivables are carried at estimated realisable value.

m ***Property and equipment***

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

Motor vehicles	25% - declining balance
Computers	50% - declining balance
Office furniture and equipment	25% - declining balance

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m ***Property and equipment*** *(continued)*

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

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

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

n ***Impairment of assets***

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

o ***Intangible assets***

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a declining basis at the rate of 50% per annum.

p ***Customer deposits***

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

q ***Borrowings***

Borrowings are recognised at costs.

r ***Provisions***

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income taxes are calculated using a principal tax rate of 20%.

t Interest income and expense recognition

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

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

u Grants

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

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

v Operating leases

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

w Related party transactions

Parties are considered to be related to TPC if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where TPC and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w Related party transactions (continued)

In accordance with the Law on Banking and Financial Institutions, related parties are defined as parties who hold, directly or indirectly, at least 10% of the capital of TPC or voting rights and include any individual who participates in the administration, direction, management or internal control of TPC.

x Reserves

This account represents profits from the previous program under CRS. After deduction of previous losses, 5% of the net profits shall be transferred into the legal reserve fund. Such transfer will cease when the reserve fund reaches 10% of the registered capital of the Company.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans to customers
The Company is required to follow the mandatory credit classification and provisioning in accordance with Prakas No. B7-02-186 dated 13 September 2002 of the Central Bank. The Central Bank requires micro-finance institution to classify their loan portfolio into four classes and a minimum mandatory level of specific provision is made depending on the classification concerned. For the purpose of loan classification, the Company is required to take into account the borrower’s historical payment experience and financial condition.

Income tax
Taxes are calculated on the basis of current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expense will be made following inspection by the tax authorities.

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

4 CASH ON HAND

	2008 Riel '000	2007 Riel '000
Head office	2,000	2,000
Provincial branches:		
Kampong Cham	69,304	10,240
Battambang	19,302	9,387
Tramkok	18,362	9,169
Chhouk	16,911	13,182
Kandal	14,810	10,552
Svay Rieng	12,843	9,165
Banteay Meanchey	10,392	9,787
Siem Reap	10,281	28,893
Phnom Penh	7,141	13,609
Samroung Bati	5,651	11,902
Poipet	1,616	30,543
	188,613	158,429

5 BALANCES WITH THE CENTRAL BANK

		2008 Riel '000	2007 Riel '000
Fixed deposits	(i)	13,793,780	3,602,700
Current account, without interest		2,110,702	4,888
Capital guarantee deposit	(ii)	200,000	200,000
Reserve requirement	(iii)	5,200	5,200
		16,109,682	3,812,788

(i) Fixed deposits for the following periods: (a) 22 August 2008 to 20 February 2009; (b) 22 October 2008 to 22 April 2009; (c) 30 October 2008 to 30 April 2009; (d) 18 September 2008 to 18 March 2009; and (e) 18 November 2008 to 18 May 2009, earn annual interest rates ranging from 2.34% to 3%.

(ii) Following the Central Bank's Prakas No. B700-006 on the licensing of Micro-Finance Institutions, TPC maintains a minimum amount equal to 5% of its share capital of Riel 4000,000,000 as at 31 December 2008 in an interest earning account with the Central Bank (3% per annum following the Central Bank's Prakas No. 06.210).

(iii) Prakas B702-45 Article 1 requires that licensed Micro-Finance Institutions shall deposit 5% of their deposits into an account maintained with the Central Bank. The reserve requirement does not earn any interest.

6 BALANCES WITH BANKS

		2008 Riel '000	2007 Riel '000
Current accounts, without interest			
Acleda Bank Plc.		320,840	1,488,563
Foreign Trade Bank of Cambodia		18,260	587
Savings deposits	(i)		
Acleda Bank Plc.		1,195,022	1,893,430
Rural Development Bank of Cambodia		659	643
Fixed deposits	(i)		
Foreign Trade Bank of Cambodia		18,588,955	4,803,600
		20,123,736	8,186,823

(i) Interest rates (per annum):

Acleda Bank Plc.	1,195,022	2.00% - 4.00%
Rural Development Bank of Cambodia	659	1.00% - 1.50%
Foreign Trade Bank of Cambodia	18,588,955	4.00%

7 LOANS TO CUSTOMERS

	2008 Riel '000	2007 Riel '000
Thaneakea Phum loans:		
Fixed term	6,819,873	4,758,874
End of cycle	41,020,784	27,434,892
Solidarity group loans:		
Fixed term	11,503,654	8,789,696
Market loans:		
Fixed term	4,210	10,465
Individual loans:		
Fixed term	14,620,733	6,661,518
End of cycle	599,000	196,124
Staff loans	747,233	423,201
	75,315,487	48,274,770
Provision for bad and doubtful loans		
Specific provision	(321,961)	(95,132)
General provision	(302,201)	-
	(624,162)	(95,132)
	74,691,325	48,179,638
Total number of loans	97,239	73,930

7 LOANS TO CUSTOMERS (Continued)

The movements in the provision for bad and doubtful loans to customers were as follows:

	2008 Riel '000	2007 Riel '000
At the beginning of the year	95,132	62,676
Provision during the year	628,319	111,167
Bad debts written off during the year	(95,778)	(80,374)
Currency revaluation	(3,511)	1,663
At the end of the year	624,162	95,132

The loans to customers are analysed as follows:

	2008 Riel '000	2007 Riel '000
(a) By maturity:		
Within 1 month	7,690,361	4,733,621
2 to 3 months	15,759,416	9,956,627
4 to 12 months	51,759,180	33,584,522
> 12 months	106,530	-
	75,315,487	48,274,770
(b) By currency:		
Khmer Riel	60,851,879	38,404,826
Thai Baht	9,077,891	9,069,105
US Dollar	5,385,717	800,839
	75,315,487	48,274,770
(c) By economic sector:		
Agriculture	49,689,921	30,479,877
Trade and commerce	18,455,337	13,469,377
Services	2,531,580	1,737,545
Transportation	786,043	225,930
Household/family	675,079	198,404
Construction	648,104	397,828
Other categories	2,529,423	1,765,809
	75,315,487	48,274,770
(d) By residency status:		
Residents	75,315,487	48,274,770

7 LOANS TO CUSTOMERS (Continued)

	2008 Riel '000	2007 Riel '000
(e) By relationship:		
External customers	74,568,254	47,851,569
Staff loans	747,233	423,201
	75,315,487	48,274,770
(f) By locations:		
Head Office	151,550	-
Samroung Bati	9,458,215	6,288,964
Tramkok	9,007,544	5,831,440
Kampong Cham	8,667,754	4,356,450
Siem Reap	7,928,653	4,975,744
Battambang	7,372,770	3,812,572
Svay Rieng	7,324,670	4,355,581
Banteay Meanchey	7,026,193	4,710,884
Chhouk	5,870,021	3,931,250
Kandal	5,308,932	3,475,989
Poipet	4,225,615	4,358,221
Phnom Penh	2,973,570	2,177,675
	75,315,487	48,274,770
(g) By performance:		
Standard loans:		
Secured	15,677,539	7,061,080
Unsecured	59,013,787	41,076,740
Sub-standard loans:		
Secured	90,854	6,189
Unsecured	156,119	27,151
Doubtful loans:		
Secured	71,525	3,773
Unsecured	42,653	13,102
Loans loss:		
Secured	126,048	13,677
Unsecured	136,962	73,058
	75,315,487	48,274,770
(h) By interest rate (per annum):		
External customers	74,568,254	24% - 42%
Staff loans	747,233	18%
	75,315,487	

8 OTHER ASSETS

	2008 Riel '000	2007 Riel '000
Interest receivable	1,776,650	767,633
Prepayments and deposits	84,133	270,817
Others	3,492	2,397
	1,864,275	1,040,847

9 DEFERRED TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2008 Riel '000	2007 Riel '000
Deferred tax assets	230,619	199,077
Deferred tax liabilities	(1,928)	(392)
Deferred tax assets (net)	228,691	198,685

The gross movement on the deferred income tax account is as follows:

	2008 Riel '000	2007 Riel '000
As at 1 January	198,685	-
Credited to the income statement (Note 24)	30,006	198,685
As at 31 December	228,691	198,685

Deferred tax assets	Provision for 13th month Riel '000	Provision for staff incentive Riel '000	Unrealised loss on exchange Riel '000	Total Riel '000
As at 1 January 2007	-	-	-	-
Credited to the income statement	40,336	93,368	65,373	199,077
As at 31 December 2007	40,336	93,368	65,373	199,077
As at 1 January 2008	40,336	93,368	65,373	199,077
Credited/(debited) to the income statement	20,931	(13,305)	23,916	31,542
As at 31 December 2008	61,267	80,063	89,289	230,619

9 DEFERRED TAX ASSETS (Continued)

Deferred tax liabilities	Accelerated depreciation Riel '000	Total Riel '000
As at 1 January 2007	-	-
Credited to the income statement	(392)	(392)
As at 31 December 2007	(392)	(392)
As at 1 January 2008	(392)	(392)
Credited to the income statement	(1,536)	(1,536)
As at 31 December 2008	(1,928)	(1,928)

10 PROPERTY AND EQUIPMENT

	Office equipment Riel '000	Motor vehicles Riel '000	Computers Riel '000	Total Riel '000
As at 1 January 2007				
Cost	91,916	1,339,624	562,506	1,994,046
Accumulated depreciation	(63,832)	(879,978)	(468,027)	(1,411,837)
Net book amount	28,084	459,646	94,479	582,209
Year ended 31 December 2007				
Opening net book amount	28,084	459,646	94,479	582,209
Additions	26,030	625,896	147,084	799,010
Disposals - net	(4,341)	(3,091)	(2,172)	(9,604)
Depreciation charged	(13,413)	(271,299)	(120,614)	(405,326)
Closing net book amount	36,360	811,152	118,777	966,289
As at 31 December 2007				
Cost	98,793	1,732,165	595,416	2,426,374
Accumulated depreciation	(62,433)	(921,013)	(476,639)	(1,460,085)
Net book amount	36,360	811,152	118,777	966,289
Year ended 31 December 2008				
Opening net book amount	36,360	811,152	118,777	966,289
Additions	41,911	617,417	295,136	954,464
Disposals - net	(524)	(11,970)	(2,976)	(15,470)
Depreciation charged	(19,554)	(356,818)	(206,728)	(583,100)
Closing net book amount	58,193	1,059,781	204,209	1,322,183
As at 31 December 2008				
Cost	137,670	2,251,177	732,891	3,121,738
Accumulated depreciation	(79,477)	(1,191,396)	(528,682)	(1,799,555)
Net book amount	58,193	1,059,781	204,209	1,322,183

11 INTANGIBLE ASSETS

	2008 Riel ’000	2007 Riel ’000
Cost		
As at 1 January	74,794	16,411
Additions	85,773	58,383
As at 31 December	160,567	74,794
Less: accumulated amortisation		
As at 1 January	42,015	9,236
Charge for the year	59,276	32,779
As at 31 December	101,291	42,015
Net book value as at 31 December	59,276	32,779

12 CUSTOMERS’ DEPOSITS

	2008 Riel ’000	2007 Riel ’000
Compulsory deposits	297,856	389,387
Voluntary deposits	29,655	71,471
	327,511	460,858

This account is for compulsory deposits from customers which represent 5% to 10% of their loan principal. Customers receive interest of 1% per month on compulsory deposits to be paid at the maturity date. For voluntary deposits, interest of 0.42% per month for US$ and 0.67% per month for Riel is to be paid upon the customer’s request.

Customer deposit details by location are as follows:

	2008 Riel ’000	2007 Riel ’000
Banteay Meanchey	134,358	164,587
Phnom Penh	53,575	91,912
Kampong Cham	53,036	83,306
Svay Rieng	27,270	48,436
Kandal	13,060	18,100
Battambang	12,530	11,214
Chhouk	9,604	9,132
Poipet	9,210	10,137
Tramkok	5,342	8,774
Siem Reap	4,951	6,114
Samrong Bati	4,575	9,146
	327,511	460,858

12 CUSTOMERS' DEPOSITS (Continued)

In accordance with the Central Bank's Prakas No. B07-163 dated 13 December 2007 on *Licensing of Micro-Finance Deposit Taking Institutions*, TPC decided to immediately stop receiving customer deposits and issued an internal memorandum to all branches for customers to withdraw their deposits. On 25 March 2008, the management submitted a letter to the Central Bank about their intention and the process of transferring customer deposits. However, as at this report date, there has been no response from the Central Bank.

13 BORROWINGS

	Note	2008 Riel '000	2007 Riel '000
Foreign Trade Bank of Cambodia	(i)	17,667,000	4,825,000
National Bank of Cambodia	(ii)	13,520,000	3,600,000
PlaNet Finance	(iii)	12,243,000	8,555,250
Symbiotics SA Information, Consulting & Services	(iv)	12,243,000	4,003,000
ASN-NOVIB FONDS	(v)	9,353,000	5,266,000
Hivos-Triodos Fonds	(vi)	6,371,900	8,853,550
DEXIA MICRO-CREDIT FUND (BlueOrchard)	(vii)	6,121,500	-
I&P Etudes et Conseils	(viii)	5,101,250	-
Catholic Relief Services Cambodia	(ix)	4,374,192	4,366,392
Calvert Foundation	(x)	2,856,700	1,000,750
Nederlandse Financierings-Masstschappij voor Ontwikkelingslanden N.V.	(xi)	1,593,490	3,293,127
Other individuals		188,322	132,166
		91,633,354	43,895,235

(i) Foreign Trade Bank of Cambodia

Start date	Maturity date	Principal amount ('000)	Interest
08-Aug-08	08-Feb-09	Riel 1,902,000	10%
11-Aug-08	11-Feb-09	Riel 1,400,000	10%
14-Aug-08	14-Feb-09	Riel 2,600,000	10%
15-Sep-08	15-Mar-09	Riel 2,950,000	10%
18-Oct-08	18-Apr-09	Riel 3,990,000	10%
12-Nov-08	12-May-09	Riel 2,800,000	10%
14-Aug-08	14-Aug-09	Riel 2,025,000	10%

13 BORROWINGS (Continued)

(ii) National Bank of Cambodia

Start date	Maturity date	Principal amount ('000)	Interest
22-Aug-08	19-Feb-09	Riel 1,200,000	6%
18-Sep-08	17-Mar-09	Riel 2,400,000	6%
30-Oct-08	29-Apr-09	Riel 2,000,000	6%
27-Oct-08	21-Apr-09	Riel 920,000	6%
26-Nov-08	17-May-09	Riel 7,000,000	6%

(iii) PlaNet Finance

Start date	Maturity date	Principal amount ('000)	Interest
07-Sep-07	07-Sep-09	US$ 500	10%
07-Dec-07	07-Dec-09	US$ 500	10%
06-Feb-08	06-Feb-10	US$ 500	10%
13-Nov-08	13-Nov-10	US$ 1,500	10%

(iv) Symbiotics SA Information, Consulting & Services

Start date	Maturity date	Principal amount ('000)	Interest
09-Aug-07	09-Aug-09	US$ 500	9.00%
15-Oct-07	15-Oct-09	US$ 500	9.00%
04-Feb-08	04-Feb-10	US$ 500	9.00%
28-Apr-08	28-Apr-10	US$ 500	8.75%
12-Aug-08	12-Aug-10	US$ 500	8.85%
12-Nov-08	12-May-10	US$ 500	9.00%

(v) ASN-NOVIB FONDS

Start date	Maturity date	Principal amount ('000)	Interest
16-May-07	31-May-10	US$ 500	9%
16-May-07	31-May-09	Riel 2,039,000	13%
09-Aug-07	31-Aug-09	Riel 1,225,500	13%
19-May-08	30-May-12	US$ 500	9%
19-May-08	30-May-10	Riel 2,007,500	12%

(vi) Hivos-Triodos Fonds

Start date	Maturity date	Principal amount ('000)	Interest
8-Feb-07	1-Apr-10	Riel 2,000,000	11.50%
06-Apr-06	1-Apr-10	THB 19,550	11.50%
09-Feb-07	1-Apr-10	THB 17,500	11.50%

13 BORROWINGS (Continued)

(vii) DEXIA MICRO-CREDIT FUND (BlueOrchard)

Start date	Maturity date	Principal amount ('000)	Interest
11-Apr-08	12-Apr-10	US$ 1,500	9.00%

(viii) I&P Etudes et Conseils

Start date	Maturity date	Principal amount ('000)	Interest
18-Feb-08	31-Mar-10	US$ 1,250	9.50%

(ix) Catholic Relief Services Cambodia

CRS, Cambodia Program, a minority shareholder, entered into a loan agreement with the Company on 17 February 2005 to provide an interest free loan of US$100,000 for a period of one year subject to annual renewal with 30 days advance notice for termination and full withdrawal.

On 6 September 2007, the Company entered into a loan agreement with CRS for a loan of Riel 3,966,091,798. The loan was converted from TPC's hybrid capital and is for a period of forty-four months, payable at maturity. Interest is set at the previous year's Central Bank average fixed deposit rate for 12 months plus one percent, exclusive of withholding tax of 15%, and is paid semi-annually.

(x) Calvert Social Investment Foundation

Start date	Maturity date	Principal amount ('000)	Interest
18-Sep-07	21-Sep-10	US$ 250	8.75%
17-Dec-07	21-Sep-10	US$ 250	8.75%
01-Apr-08	01-Apr-11	US$ 200	8.75%

(xi) Nederlandse Financierings-Masstschappij voor Ontwikkelingslanden N.V.

A loan agreement with Nederlandse Financierings-Masstschappij voor Ontwikkelingslanden N.V (FMO) was finalised and signed on 13 September 2005 for an aggregate amount of US$ 750,000 and is denominated in three currencies, US dollars, Thai Baht and Khmer Riel not exceeding the equivalent of US$250,000 each. The loan is unsecured, matures in three years with an 18-month grace period on the principal with a final maturity date of 15 July 2009. The interest rate is 10.08%, 12.65% and 12.86% per annum for US dollars, Thai Baht and Khmer Riel, respectively, exclusive of withholding tax of 14% on the declining balance. Repayments are on a semi-annual basis for both interest and principal.

14 DEFERRED GRANT INCOME

This account represents a grant received from CRS for three motor vehicles that were originally valued at a total of Riel 231,958,000.

	2008 Riel '000	2007 Riel '000
At the beginning of the year	38,633	51,511
Amortisation of grant income during the year	(9,658)	(12,878)
	28,975	38,633

15 ACCRUALS AND OTHER LIABILITIES

	2008 Riel '000	2007 Riel '000
Interest payable	1,097,709	899,521
Staff incentive	400,317	466,839
Staff bonus	306,333	201,681
Withholding tax payable	110,091	74,684
Others	84,277	84,146
	1,998,727	1,726,871

16 CURRENT INCOME TAX LIABILITIES

	2008 Riel '000	2007 Riel '000
Balance at the beginning of the year	1,013,880	640,786
Current tax (Note 24)	1,168,506	1,138,363
Income tax paid	(1,216,767)	(765,269)
	965,619	1,013,880

17 SHARE CAPITAL

The details of shareholding are as follows:

	2008 Riel '000	2007 Riel '000
40,000 shares of Riel 100,000 each:		
Catholic Relief Services	3,433,400	3,920,000
TPC ESOP	486,600	-
Ms. Elizabeth Obed Abrera	40,000	40,000
Mr. Richard Jean Balmadier	40,000	40,000
	4,000,000	4,000,000

Based on the articles of incorporation, the Company's registered, issued and fully paid capital amounted to Riel 4,000,000,000 represented by 40,000 ordinary shares, each having an issue price of Riel 100,000. Each share will have one vote and will participate equally in all dividends and other distributions of the Company.

18 INTEREST INCOME

	2008 Riel '000	2007 Riel '000
Loans to customers	22,539,405	14,331,848
Balances with banks	869,245	175,462
	23,408,650	14,507,310

19 INTEREST EXPENSE

	2008 Riel '000	2007 Riel '000
Borrowings	7,623,314	3,203,043
Customers' deposits	33,150	53,495
	7,656,464	3,256,538

20 GRANT INCOME

During the year, the Company receives grant income in-kind or subsidies as follows:

	2008 Riel '000	2007 Riel '000
CGAP for rating evaluation	60,000	24,288
ADB grant for technical fees	44,497	26,528
Amortisation of grant income from CRS	9,658	12,878
Triodos Fund grant for general training	-	33,849
URCI grant for training	-	8,701
Microfinance SHA Fund grant for training	-	2,012
	114,155	108,256

21 OTHER OPERATING LOSS

	2008 Riel '000	2007 Riel '000
Foreign exchange gain/(loss) – net	(230,807)	(339,917)
Recovery from loans written off	58,122	65,028
Penalty income	16,769	9,688
Gain on disposal of fixed assets	14,529	616
Other income	2,046	2,664
	(139,341)	(261,921)

22 COMMISSION EXPENSES

Commission expenses represent payments to the Group Leaders (GLs), the Village Leaders (VLs) and key persons (including commune leaders, district leaders and other influential persons). The basis of the incentive is calculated at a maximum rate of 2%, 3% and 5% of the interest amount collected for GLs, VLs and key persons, respectively.

23 OPERATING AND OTHER EXPENSES

	2008 Riel '000	2007 Riel '000
Staff costs	5,502,588	3,558,846
Depreciation and amortisation	642,376	438,105
Travel expenses	615,136	436,259
Office rentals	390,825	242,946
Bank and service charges and other fees	347,062	256,385
Professional services	329,586	209,856
Office supplies and equipment	214,395	153,761
Utilities	161,367	102,597
Photocopy and printing	147,978	79,267
Communication	142,852	80,681
Other expenses	311,082	272,743
	8,805,247	5,831,446

24 INCOME TAX

a) Tax on profit expenses

	2008 Riel '000	2007 Riel '000
Current tax	1,168,506	1,138,363
Deferred tax assets (Note 9)	(30,006)	(198,685)
	1,138,500	939,678

b) Accounting profit reconciliation

	2008 Riel '000	2007 Riel '000
Income before income tax	5,651,294	4,639,262
Profit tax at 20%	1,130,259	927,852
Expenses not deductible for tax purposes	8,241	11,826
	1,138,500	939,678

c) Other tax matters

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

25 NET CASH USED IN OPERATING ACTIVITIES

	2008 Riel '000	2007 Riel '000
Profit before income tax	5,651,294	4,639,262
Adjustments for:		
Depreciation and amortisation	642,376	438,105
Amortisation of grant income	(9,658)	(12,878)
Provision for bad and doubtful loans	624,808	112,830
Gain on disposal of fixed assets	(14,529)	(616)
Operating profit before changes in operating assets and liabilities	6,894,291	5,176,703
Decrease/(increase) in:		
Statutory deposits	-	(2,500)
Loans to customers	(27,136,495)	(19,169,246)
Other receivables	(823,428)	(457,416)
Increase/(decrease) in:		
Deposits from customers	(133,347)	(100,172)
Other liabilities	271,856	1,048,144
Cash used in operations	(20,927,123)	(13,504,487)
Income tax paid	(1,216,767)	(765,269)
Net cash used in operating activities	(22,143,890)	(14,269,756)

26 CASH AND CASH EQUIVALENTS

	2008 Riel '000	2007 Riel '000
Cash on hand (Note 4)	188,613	158,429
Current account and fixed deposit with the Central Bank (Note 5)	15,904,482	3,607,588
Balance with banks (Note 6)	20,123,736	8,186,823
	36,216,831	11,952,840

27 LEASE COMMITMENT

The Company leases various offices under cancellable operating lease agreements. The Company is required to give one to two month's notice for the termination of these agreements. The lease expenditure charged to office rentals in the income statement during the year is disclosed in Note 23.

28 RELATED PARTY TRANSACTIONS

The Company had significant related party transactions during the year as follows:

	2008 Riel '000	2007 Riel '000
Key management		
Salary and other benefits	814,725	660,558
Interest expense		
Catholic Relief Services Cambodia	367,641	116,520
Interest income		
Key management loans	14,873	10,174

Year end balances arising from related party transactions are as follows:

	2008 Riel '000	2007 Riel '000
Key management loans	131,239	70,935
Borrowings		
Catholic Relief Services Cambodia	4,374,192	4,366,392
	4,505,431	4,437,327

29 FINANCIAL RISK MANAGEMENT

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

TPC does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage its risk exposures.

29.1 Credit risk

TPC takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to TPC by failing to discharge an obligation. Credit risk is the most important risk for TPC's business. Credit exposures arise principally in lending activities that lead to loans to customers. Credit risks are managed and studied by the credit assessment team before loans are disbursed to customers.

(a) Credit risk measurement

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

(b) Risk limit control and mitigation policies

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

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

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

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Credit risk (continued)

(c) Impairment and provisioning policies

TPC is required to follow the mandatory credit classification and provisioning in accordance with Prakas No. B7-02-186 dated 13 September 2002 on the classification and provisioning for bad and doubtful debts of the Central Bank. The Central Bank requires micro-finance institutions to classify their loan portfolio into four classes and a minimum mandatory level of specific provision is made depending on the classification concerned, as follows:

	2008	2007
Standard	0%	0%
Sub-standard	10%	10%
Doubtful	30%	30%
Loss	100%	100%

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

	2008 Riel' 000	2007 Riel' 000
Credit risks exposures relating to on-balance sheet assets:		
Balances with banks	20,123,736	8,186,823
Loans to customers:		
Term loans	74,568,254	47,851,569
Staff loans	747,233	423,201
Provision for bad and doubtful loans	(624,162)	(95,132)
Net loans to customers	74,691,325	48,179,638
Other assets	1,864,275	1,040,847
As at 31 December	96,679,336	57,407,308

The above table represents a worse case scenario of credit risk exposure to the Company at 31 December 2008 and 2007, without taking account of any collateral held or other credit enhancement attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

As shown above, 77% of total maximum exposure is derived from loans to customers (2007: 84%).

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Credit risk (continued)

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

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Company resulting from its loans to customers on the followings:

- 99% of the loans to customers portfolio are considered to be neither past due nor impaired (2007: 99%) and
- The Company has introduced a stricter selection process for granting loans to customers.

(e) Loans to customers are summarised as follows:

	2008 Riel' 000	2007 Riel' 000
Loans to customers neither past due nor impaired	74,377,553	48,077,574
Loans to customers past due but not impaired	674,924	110,461
Loans to customers individually impaired	263,010	86,735
Gross	75,315,487	48,274,770
Less:		
Specific and general provision	(624,162)	(95,132)
Net	74,691,325	48,179,638

Specific provision is provided in accordance with the Central Bank's requirement and general provision is also provided to ensure that the loss will cover all doubtful loans. The total provision of Riel 624 million represents provision for 100% of the portfolio at risk of 30 days or more past due.

(i) Loans to customers neither past due nor impaired

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

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Credit risk (continued)

(ii) Loans to customers past due but not impaired

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

	2008 Riel' 000	2007 Riel' 000
Past due up to 30 days	313,772	60,246
Fair value of collateral	-	-

(iii) Loans to customers individually impaired

In accordance with Prakas No. B7-02-186 dated 13 September 2002 on the classification and provisioning for bad and doubtful debts, loans to customers of 90 days or more past due are considered impaired and the minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

	2008 Riel' 000	2007 Riel' 000
Trade and commerce	155,244	53,682
Agriculture	75,472	22,980
Household/family	22,473	7,626
Services	9,821	2,447
	263,010	86,735

(iv) Loans to customers renegotiated

There was no loan restructuring activity for the years ended 31 December 2008 and 2007.

(f) Concentration of financial assets with credit risk exposure

(i) Geographical sector

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

29 FINANCIAL RISK MANAGEMENT (Continued)

29.1 Credit risk (continued)

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

(ii) Industry sector

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

	Financial institutions Riel '000	Services Riel '000	Commercial trading Riel '000	Other industries Riel '000	Total Riel '000
31 December 2008					
Balances with banks	20,123,736	-	-	-	20,123,736
Loans to customers	-	2,531,580	18,455,337	54,328,570	75,315,487
Other assets	-	-	-	1,864,275	1,864,275
As at 31 December 2008	20,123,736	2,531,580	18,455,337	56,192,845	97,303,498
31 December 2007					
Balances with banks	8,186,823	-	-	-	8,186,823
Loans to customers	-	1,737,545	13,469,377	33,067,848	48,274,770
Other assets	-	-	-	1,040,847	1,040,847
As at 31 December 2007	8,186,823	1,737,545	13,469,377	34,108,695	57,502,440

29 FINANCIAL RISK MANAGEMENT (Continued)

29.2 Market risk

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

The Company does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

(i) Foreign exchange risk

TPC is exposed to foreign exchange risk mainly arising from borrowings in various currency exposures, primarily with respect to Thai Bath and US dollars. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

In accordance with the Central Bank's guidelines, TPC is limited in foreign currency exposure to a ratio not to exceed 20% per individual currency and 20% of its aggregate net worth. There is no reserve for currency risk on unhedged borrowings which are denominated in US dollars. In order to mitigate currency risk, TPC uses the cash from borrowings in US dollars to provide loans in US dollars.

The table in Note 30 summarises the Company's exposure to foreign currency exchange rate risk at 31 December 2008 and 2007.

(ii) Price risk

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

(iii) Interest rate risk

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

The table in Note 31 summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.3 Liquidity risk

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

(a) Liquidity risk management process

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

(b) Non-derivative cash flows

The table in Note 32 presents the cash flows payable of TPC under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas TPC manages the inherent liquidity risk based on expected undiscounted cash flows.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.4 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

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

(b) Financial instruments not measured at fair value

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

	Carrying value		**Fair value**	
	Riel '000 2008	**Riel '000 2007**	**Riel '000 2008**	**Riel '000 2007**
Financial assets				
Balances with banks	20,123,736	8,186,823	20,123,736	8,186,823
Loans to customers	74,691,325	48,179,638	74,691,325	48,179,638
Other assets	1,864,275	1,040,847	1,864,275	1,040,847
	96,679,336	57,407,308	96,679,336	57,407,308
Financial liabilities				
Customers' deposits	327,511	460,858	327,511	460,858
Borrowings	91,633,354	43,895,235	91,633,354	43,895,235
	91,960,865	44,356,093	91,960,865	44,356,093

i. Balances with banks

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

ii. Loans to customers

Loans to customers are net of provision for loan losses and its carrying value approximates fair value. The provision of loan losses is made under the requirements of Central Bank's Prakas.

29 FINANCIAL RISK MANAGEMENT (Continued)

29.4 Fair value of financial assets and liabilities (continued)

iii. Customers' deposits and borrowings

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

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

29.5 Capital management

TPC's objectives when managing capital, which is a broader concept than the 'equity' on the face of the balance sheet, are:

- To comply with the capital requirement set by the Central Bank;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of the business.

The Central Bank requires all commercial banks and financial institutions to: i) adhere to the minimum capital requirement; ii) maintain net worth at least equal to the minimum capital amount; and iii) comply with solvency and liquidity ratios.

The table below summarises the composition of regulatory capital:

	2008 Riel '000	2007 Riel '000
Tier 1 capital		
Statutory capital	4,000,000	4,000,000
Reserves	788,740	788,740
Retained earnings	14,844,855	10,652,061
Less: Loans to related parties	(131,239)	(70,935)
	19,502,356	15,369,866

30 CURRENCY ANALYSIS

Below is an analysis of TPC's assets and liabilities by currency (the Riel and the Total columns are in Riel '000):

	US$	Thai Baht	Riel	Total
ASSETS				
Cash on hand	34,697	7,787	146,129	188,613
Balance with the Central Bank	15,899,098	-	210,584	16,109,682
Balances with banks	19,957,745	27,552	138,439	20,123,736
Loans to customers	5,335,366	8,978,620	60,377,339	74,691,325
Other assets	403,646	167,872	1,292,757	1,864,275
Total financial assets	41,630,552	9,181,831	62,165,248	112,977,631
LIABILITIES				
Customers' deposits	239	143,564	183,708	327,511
Borrowings	43,752,997	4,942,140	42,938,217	91,633,354
Accruals and other liabilities	865,724	135,072	997,931	1,998,727
Total financial liabilities	44,618,960	5,220,776	44,119,856	93,959,592
Net on balance sheet position	(2,988,408)	3,961,055	18,045,392	19,018,039
As at 31 December 2007				
Total financial assets	10,945,997	10,655,501	39,777,027	61,378,525
Total financial liabilities	12,875,742	11,754,941	21,452,281	46,082,964
Net on balance sheet position	(1,929,745)	(1,099,440)	18,324,746	15,295,561

31 INTEREST RATE RISK

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

	Up to 1 month Riel	1 – 3 months Riel	3 – 12 months Riel	1 – 5 years Riel	Over 5 years Riel	non-interest bearing Riel	Total Riel
ASSETS							
Cash on hand	-	-	-	-	-	188,613	188,613
Deposits with the Central Bank	-	3,672,900	10,120,880	-	200,000	2,115,902	16,109,682
Balances with banks	1,195,681	9,284,275	9,304,680	-	-	339,100	20,123,736
Loans to customers	7,690,361	15,759,416	51,135,018	106,530	-	-	74,691,325
Other assets	-	-	-	-	-	1,864,275	1,864,275
Total financial assets	8,886,042	28,716,591	70,560,578	106,530	200,000	4,507,890	112,977,631
LIABILITIES							
Customers' deposits	230,037	9,542	35,398	527		52,007	327,511
Borrowings	796,745	13,472,250	31,978,495	44,977,764	-	408,100	91,633,354
Accruals and other liabilities	-	-	-	-	-	1,998,727	1,998,727
Total financial liabilities	1,026,782	13,481,792	32,013,893	44,978,291	0	2,458,834	93,959,592
Total interest repricing gap	7,859,260	15,234,799	38,546,685	(44,871,761)	200,000	2,049,056	19,018,039
As at 31 December 2007							
Total financial assets	6,627,693	13,559,327	38,292,990	-	200,000	2,698,515	61,378,525
Total financial liabilities	1,416,306	3,656,250	12,144,282	27,139,255	-	1,726,871	46,082,964
Total interest repricing gap	5,211,387	9,903,077	26,148,708	(27,139,255)	200,000	971,644	15,295,561

32 LIQUIDITY ANALYSIS

As at 31 December 2008	Up to 1 month Riel '000	1 – 3 months Riel '000	3 – 12 months Riel '000	1 – 5 years Riel '000	Over 5 years Riel '000	No fixed date Riel '000	Total Riel '000
LIABILITIES							
Customers' deposits	3,476	9,733	37,979	624	0	278,572	330,384
Borrowings	965,906	14,135,627	36,278,912	51,538,928	-	616,803	103,536,176
Accruals and other liabilities	445,224	804,104	749,399	0			1,998,727
Total financial liabilities (contractual maturity dates)	1,414,606	14,949,464	37,066,290	51,539,552	0	895,375	105,865,287
Total financial assets (expected maturity dates)	8,886,042	28,716,591	70,560,578	106,530	200,000	4,507,890	112,977,632
As at 31 December 2007							
LIABILITIES							
Customers' deposits	7,117	28,435	83,200	1,600	0	346,393	466,745
Borrowings	774,611	6,555,305	12,405,415	32,479,647	0	546,770	52,761,748
Accruals and other liabilities	393,327	903,855	429,689	-			1,726,871
Total financial liabilities (contractual maturity dates)	1,175,055	7,487,595	12,918,304	32,481,247	0	893,163	54,955,364
Total financial assets (expected maturity dates)	6,627,693	13,559,327	38,292,990	0	200,000	2,698,515	61,378,525

APPENDIX I: NOTES ON COMPLIANCE WITH THE CENTRAL BANK'S PRAKAS

APPENDIX 1: NOTES ON COMPLIANCE WITH THE CENTRAL PRAKAS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. CAPITAL ADEQUACY RATIO (SOLVENCY RATIO), Prakas No. B7-07-133

A licensed micro-finance institution shall at all times maintain a capital adequacy ratio of more than 15%. As at 31 December 2008, the capital adequacy ratio of the Company is **19.84%**.

The capital adequacy ratio calculation is detailed in Schedule 1.

2. LIQUIDITY RATIO, Prakas No. B7-02-48

A licensed micro-finance institution shall at all times maintain a liquidity ratio of more than 100%. As at 31 December 2008, the liquidity ratio of the Company is **584,241%**.

The liquidity ratio calculation is detailed in Schedule 2.

3. NET OPEN POSITION IN FOREIN CURRENCY, Prakas No B 7-07-134

A licensed Microfinance Institution shall at all times maintain net open position in foreign currencies in either any foreign currency or overall net open position in all foreign currencies, whether long or short, shall not exceed 20% of the Company's net worth. As at 31 December 2008, the net open position in Thai Bath is **20.31%** and in US$ is **-15.32%**. The aggregated amount is **4.99%**.

The net open position calculation is detailed in Schedule 3.

4. RESERVE REQUIREMENT, Prakas No. B7-02-45

A licensed micro-finance institution shall deposit 5% of their deposits into an account maintained with the Central Bank. As at 31 December 2008, the reserve requirement is Riel **1,483,000**, the Company has deposited Riel **5,200,000** with the Central Bank.

The reserve requirement calculation is detailed in Schedule 4.

5. LOAN CLASSIFICATION, PROVISIONING, AND DELINQUENCY RATIO, Prakas No. B702-186

Licensed micro-finance institutions shall classify their loan portfolio into the following four classes, depending on the financial situation of the borrower and the timeliness of principal and interest payments.

Loan term of one year or less

- ***Standard***: good financial condition and punctual payment of principal and interest.
- ***Sub-standard***: some payments of principal and/or interest are overdue by 30 days or more.
- ***Doubtful***: some payments of principal and/or interest are overdue by 60 days or more.
- ***Loss***: some payments of principal and/or interest are overdue by 90 days or more.

APPENDIX 1: NOTES ON COMPLIANCE WITH THE CENTRAL PRAKAS
FOR THE YEAR ENDED 31 DECEMBER 2008

5. LOAN CLASSIFICATION, PROVISIONING, AND DELINQUENCY RATIO, Prakas No. B702-186 (Continued)

Loan term more than one year

- ***Standard***: good financial condition and punctual payment of principal and interest.
- ***Sub-standard***: some payments of principal and/or interest are overdue by 30 days or more.
- ***Doubtful***: some payments of principal and/or interest are overdue 180 days or more.
- ***Loss***: some payments of principal and/or interest are overdue 360 days or more.

Specific provisions on the loans classified as follows:

- ***Sub-standard*** : 10% regardless of the collateral value except cash.
- ***Doubtful*** : 30% regardless of the collateral value except cash.
- ***Loss*** : 100%.

As at 31 December 2008, the specific provision provided by the Company is Riel **321,961,000** which is in compliance with the Central Bank's Prakas.

Loan classification, provision and delinquency ratio calculation is detailed in Schedule 5.

SCHEDULE 1
CAPITAL ADEQUACY RATIO CALCULATION AS AT 31 DECEMBER 2008

NUMERATOR: NET WORTH	**Riel '000**
I- Sub-total A: Items to be added	
Capital or endowment	4,000,000
Reserve, other than revaluation reserves	788,740
Premium related to capital (share premiums)	-
Provision for general banking risks	-
Retained earnings	10,332,061
Audited net profit for the last financial year ([1])	4,512,794
Other items ([2])	-
Sub-total A	**19,633,595**
II- Sub-total B: Items to be deducted	
For shareholders, directors, managers and their next of kin	
Unpaid portion of capital	-
Advances, loans, security and the agreement	131,239
of the persons concerned as defined above	-
Holding of own shares at their book value	
Accumulated losses	-
Formation expenses	-
Losses determined on dates	-
Sub-total B	**131,239**
III- Total C: BASE NET WORTH = A - B	**19,502,356**
IV- Sub-total D: Items to be added	
Revaluation reserves	-
Subordinated debt (up to 100% of base net worth)	-
Other items (not more than base net worth [3])	-
Sub-total D	**-**
V- Sub-total E: Items to be deducted	
Equity participation in banking and financial institutions	-
Other items ([4])	-
Sub-total E	**-**
Total F: TOTAL NET WORTH = C + D - E	**19,502,356**

SCHEDULE 1
CAPITAL ADEQUACY RATIO CALCULATION AS AT 31 DECEMBER 2008

DENOMINATOR: RISK-WEIGHTED ASSETS

	Riel ’000	Risk Weighting	Risk Weighted Amount
Zero weighted assets			
Cash	188,613	0%	-
Gold		0%	-
Claims on the Central Bank	16,109,682	0%	-
Assets collateralised by deposits lodged with the Bank		0%	-
Claims on or guaranteed by sovereigns rated AAA to AA-		0%	-
20 percent weighted assets			
Claims on or guaranteed by sovereigns rated A+ to A-		20%	-
Claims on or guaranteed by banks or corporations rated AAA to AA-		20%	-
50 percent weighted assets			
Claims on or guaranteed by sovereigns rated BBB+ to BBB-		50%	-
Claims on or guaranteed by banks or corporations rated A+ to A-		50%	-
100 percent weighted assets			
All other assets	98,289,486	100%	98,289,486
All off balance sheet items	-	100%	-
Total	**114,587,781**		
Total G: TOTAL RISK-WEIGHTED ASSETS			**98,289,486**
SOLVENCY RATIO = Total F/Total G			**19.84%**

SCHEDULE 2
LIQUIDITY RATIO AS AT 31 DECEMBER 2008

			Riel '000
1- Numerator: liquid assets			
- Cash on hand			188,613
- Balance with the Central Bank			16,109,682
- Balances with banks			20,123,736
Sub- Total (A)			36,422,031
Less:			
- Amount owed to the Central Bank			-
- Amount owed to banks (*)			796,745
Sub-total (B)			796,745
Net liquidity (A – B)			35,625,286
Plus:			
- Portion of loans maturing in less than one month			7,690,361
Liquid assets (L)			**43,315,647**
2. Denominator: Adjusted amount of deposits (A)			
Category of deposits	Amount	%	
Voluntary savings	29,655	25%	7,414
Total	**29,655**		**7,414**
LIQUIDITY RATIO (L/A)			**584,241%**

(*) with maturity of one month or less

SCHEDULE 3
CALCULATION OF FOREIGN CURRENCY EXPOSURE AS AT 31 DECEMBER 2008

THANEAKEA PHUM (CAMBODIA) LTD

(Exchange Rate 1US$) = 4,081
(TPC's Net Worth) = 19,502,356

As at December 31, 2008

Riel '000

	Elements after deduction of affected provision				Net Open Position			
Currency	1	2	3	4	5	Net Open Position/ Net Worth (%)	Limit (%)	Excess (1)
	Assets	Liabilities and Capital	Currencies Receivable	Currencies Payable	+(Long) or -(Short)			
	+	-	Off Balance Sheet +	Off Balance Sheet -	(1+2+3+4)			
US$	41,630,552	(44,618,960)			(2,988,408)	-15.32%	20%	
Riel	63,775,398	(64,748,045)			(972,647)	-4.99%	20%	
EUR	-	-			-	-	20%	
SGD	-	-			-	-	20%	
HKD	-	-			-	-	20%	
THB	9,181,831	(5,220,776)			3,961,055	20.31%	20%	0.31%
JPY	-	-			-	-	20%	
VND	-	-			-	-	20%	
Grand Total	**114,587,781**	**(114,587,781)**			-			
	(2)	(3)			(4)			

(1) Where there is an excess, TPC shall submit a written explanation of the origin of each excess, and the measures taken to remedy the situation

(2) Total equal to total assets on the balance sheet

(3) Total equal to total liabilities and capital on the balance sheet

(4) Total = Zero

SCHEDULE 4
RESERVE REQUIREMENT AS AT 31 DECEMBER 2008

	Riel '000
1-Voluntary	
1-1 Demand	-
1-2 Savings (5%-8% per annum)	29,655
1-3 Term	-
1-4 Other	-
1-5 Total Reserve Deposits	**29,655**
2- Compulsory	
2-1 Program (12% per annum)	297,856
2-2 Program	-
2-3 Program	-
2-4 Total Compulsory Savings	**297,856**
3- Total Savings Mobilised	**327,511**
5% Reserve Deposit	**1,483**

SCHEDULE 5
LOAN CLASSIFICATION, PROVISIONING AND DELINGUENCY RATIO
AS AT 31 DECEMBER 2008

Loan classification	Amount Riel '000	Rate %	Specific Provision Riel '000
1- Loans of one year or less			
1-1 Standard	74,290,076	0%	-
1-2 Sub-standard Past Due ≥30 days	246,973	10%	24,697
1-3 Doubtful Past Due ≥60 days	114,178	30%	34,254
1-4 Loss Past Due > 90 days	263,010	100%	263,010
Sub-Total 1	**74,914,237**		**321,961**
2- Loans of more than one year			
2-1 Standard	401,250	0%	-
2-2 Sub-standard Past Due ≥ 30 days	-	10%	-
2-3 Doubtful Past Due ≥ 180 days	-	30%	-
2-4 Loss Past Due ≥ 360 days	-	100%	-
Sub-Total 2	**401,250**		**-**
Grand total 1+2	**75,315,487**		**321,961**
All loans past due > 30 days (A)			**624,161**
Loans outstanding (B)			**75,315,487**
Delinquency Ratio (A/B)			**0.83%**