



ANNUAL  
REPORT | 2020



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## I. OPERATIONAL HIGHLIGHTS

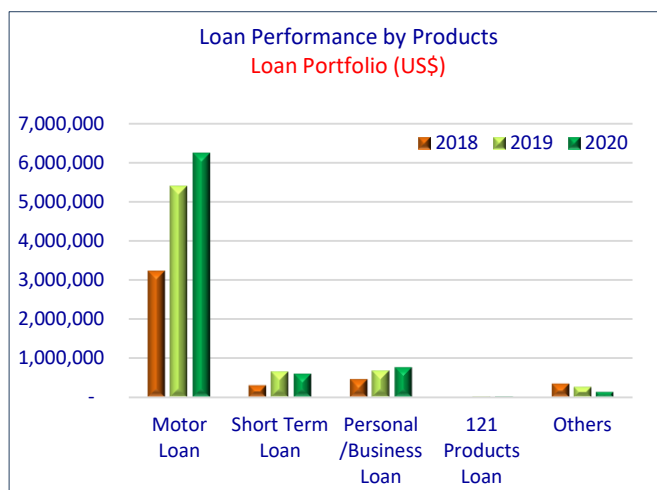
### LOAN PERFORMANCE BY PRODUCTS <sup>(1)</sup>

#### LOAN PORTFOLIO (US\$)

Products	2018	2019	2020
Motor Loan	3,233,915	5,394,184	6,233,445
Short Term Loan	309,117	661,325	601,318
Personal /Business Loan	459,759	686,852	764,565
121 Products Loan	7,755	12,355	9,838
Others	348,247	263,110	133,185
<b>Total</b>	<b>4,358,794</b>	<b>7,017,826</b>	<b>7,742,351</b>

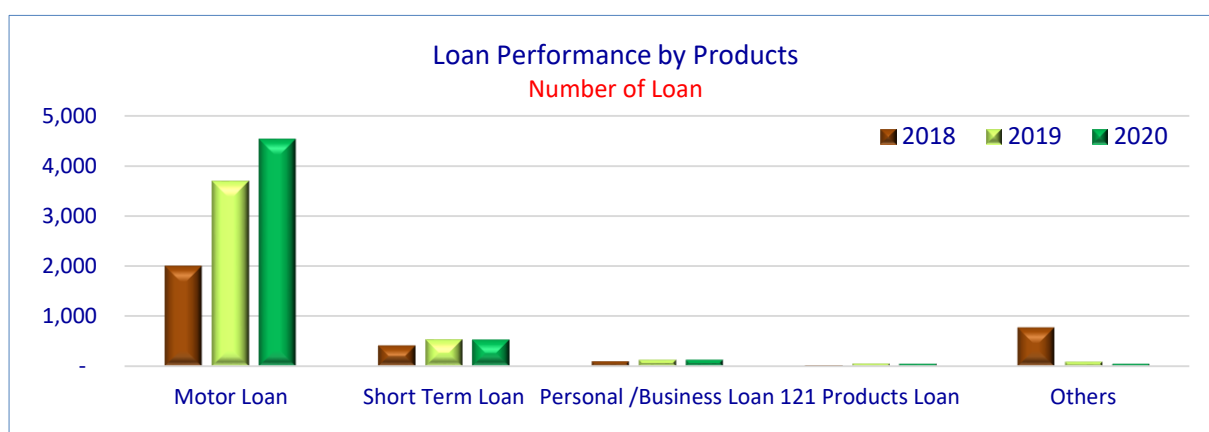
<sup>(1)</sup> Balance per Bamboo Finance Plc.'s Key Performance Indicator (KPI).

Bamboo Finance Plc. has grown its loan portfolio by 10.32% compared to the previous year, reaching US\$7,742,351 by the end of 2020. Motor loan was the biggest portion with roughly around 80.51% of the total loan portfolio, followed by personal/ business loan 9.88%, and short-term loan 7.77% respectively.



#### LOAN PORTFOLIO (NUMBER OF LOAN)

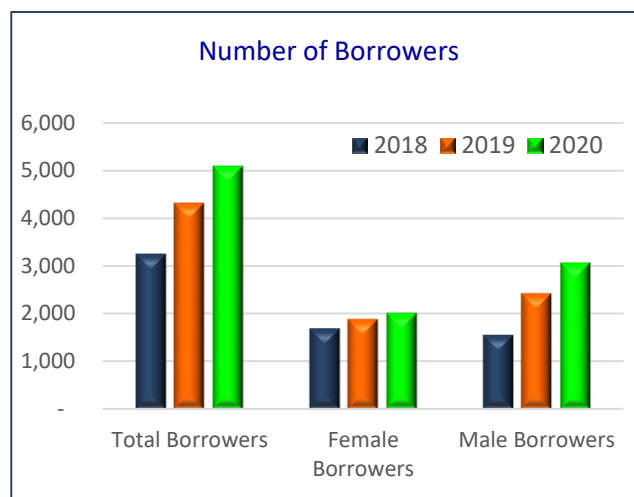
Products	2018	2019	2020
Motor Loan	1,997	3,701	4,543
Short Term Loan	416	542	535
Personal /Business Loan	98	133	133
121 Products Loan	23	58	52
Others	770	95	47
<b>Total</b>	<b>3,304</b>	<b>4,529</b>	<b>5,310</b>



## NUMBER OF BORROWERS

Description	2018	2019	2020
Total Borrowers	3,251	4,315	5,084
Female Borrowers	1,690	1,888	2,018
Male Borrowers	1,561	2,427	3,066

Bamboo Finance Pic. provide loan to all kinds of customers and sectors to use for their own business or personal use. Bamboo focuses on customers in suburban areas with low and medium standards of living as well as micro and small business customers who wish to extend their business activities. At the end of 2020, Bamboo clients increase up to 5,084 (2019: 4,315) which has 2,018 female borrowers and 3,066 male borrowers.



## LOAN DISBURSEMENT

Description	2018	2019	2020
Total Disbursement (US\$)	5,159,153	7,644,321	6,638,814
Number of Loan Disbursed	2,676	3,483	3,136

## LOAN PORTFOLIO QUARLITY

Description	2018	2019	2020
Principal Past Due	329,413	330,111	420,207
PAR (30days)	310,281	283,180	299,607
PAR Ratio (30days)	7.12%	4.04%	3.87%

Non-performing loans (NPL) remained at a controllable rate of 3.87% (2019: 4.04 percent), given the COVID-19 crisis.



## II. FINANCIAL HIGHLIGHTS

(Amounts in US\$)

Financial Highlights (CIFRS for SMEs)	2020	2019	2018	Change (%) <sup>(2)</sup>
	Audited	Audited	Audited	
<b>Selected financial data</b>				
Assets	8,834,515	7,689,065	4,815,496	14.90%
loans to customer – net	7,731,692	6,944,899	4,233,382	11.33%
Liabilities	6,578,551	5,477,846	2,880,928	20.09%
Borrowings from shareholders	6,450,653	5,329,655	2,798,671	21.03%
Share Capital	2,500,000	2,500,000	2,500,000	-
Shareholders' Equity	2,255,964	2,211,219	1,934,568	2.02%
Gross Income	1,882,105	1,410,741	695,753	33.41%
Profit Before Income Tax	63,479	290,905	106,603	(78.18%)
Net Profit After Tax	44,745	276,651	99,410	(83.83%)
Earnings Per Share	1.79	11.07	3.98	(83.83%)
<b>Key Ratio Indicators</b>				
Return on Assets	0.51%	3.60%	2.06%	
Return on Equity	1.98%	12.51%	5.14%	
Capital Adequacy Ratio	24.08%	28.06%	41.15%	
Net Operating Margin	10.25%	10.26%	6.11%	
Operating Cost Ratio	13.31%	11.12%	13.51%	
Cost to Income Ratio	85.87%	65.73%	82.46%	
Employee Productivities Ratio	503	4,256	3,550	
Number of Loan disbursed	5,310	4,529	3,304	
Number of Staff	89	65	28	

<sup>(2)</sup> Change from 2019 to 2020.

### HIGHLIGHTS OF 2020

- Assets rose 14.90% from US\$7,689,065 to US\$8,834,515.
- Loans to customer - net grew 11.33% to US\$7,731,692.
- Borrowings from shareholders increased by 21.03% to US\$6,450,653.
- Shareholders' Equity grew by 2.02% from US\$2,211,219 to US\$2,255,964.
- Net profit after tax was US\$44,745.

### III. OPERATION NETWORKS



Number of Office  
**10**

Number of operating provinces  
**6**

## IV. CORPORATE INFORMATION



### ABOUT US

Bamboo Finance PLC., (“Bamboo”) was established in Cambodia on 22 March 2015. Bamboo aims to become one of the leading microfinance institutions (MFIs) in Cambodia, with offices in three provinces. Bamboo has been officially recognized by the National Bank of Cambodia, which obtained its legally license on 07 May 2015.

Bamboo currently provides its primary service have been designed to contribute Micro, Small, and Medium-sized financial credits sector which has been under served by financial institutions.

We aim at the productivity of the client to enable them achieve their full potential which has hitherto been elusive due to the perceived risky nature of providing financial services to the Micro, Small and Medium-sized financial credits.

We achieve this by emphasizing the immense benefits of empowering the client through a discipline of consistent and deliberate to achieve both short-term and long-term goals.

The products we offer will enable our clients to satisfy their needs and to promote the standard of living with a dignified, flourishing, and an adequate quality of their status in life.

## OUR VISION AND MISSION



### Our Vision



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



### Our Mission

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.

## COMPANY MILESTONES

**2015**

Bamboo Finance Plc. was registered with the Ministry of Commerce as public limited company on January 29, 2015, and owned by Laksmi Prime Investment Co., Ltd and Hikari Power Hong Kong Ltd with paid-up capital of US\$1,000,000.

**2017**

Bamboo Finance Plc. has increased its paid-up capital from US\$1,000,000 to US\$1,250,000 with the National Bank of Cambodia.

**2018**

Bamboo Finance Plc. has increased its paid-up capital from US\$1,250,000 to US\$2,500,000 with the NBC. With the new paid-up capital, Bamboo has the capability to expand its business operations, and during the same year we have received 3 branches license from NBC such as Ang Snoul Branch, Krong Ta Khmau Branch, and Kampong Tralach Branch.

**2020**

Bamboo Finance has received six branches license more from NBC such as Khsach Kandal Branch, Kampong Trabaek Branch, Cheung Prey Branch, Ponhea Lueu Branch, Bati Branch, and Tram Kak Branch.

## MESSAGE FROM THE CEO



**Fiscal 2020 will be remembered as a year like no other.** When we started out of the year, we were looking forward to a great year of disbursing, and with the strong strategy Bamboo has seen over the last four years, we were well on track to achieving all the long-term targets we had set out in our strategy “Creating the New”. Then Covid -19 struck the world with full force. The global pandemic presents a crisis on a scale many of us have never experienced before, suddenly put us in a position where we decreased revenue, while our costs continued to roll in. We reacted quickly. There is no blueprint to deal with a crisis like this, but within just a few weeks we had adjusted our operations to address the situation at hand.

The pandemic has pitched us headfirst into the world of tech-enabled remote working-and it’s changed our perceptions forever. BAMBOO has been slowing down its expansion plan. However, our customers remain our highest priority and we continue to improve the way we interact with them every day. Therefore, I am proud and inspired by the way our company has risen to this challenge with flexibility, resilience, courage, and a caring heart. Thank you for your enormous contributions. Let’s work together across all parts of the business to keep going. Let’s make this one of our finest hours.

Given the Covid-19 crisis, BAMBOO still achieved a profit of US\$44,745, this generated the Return on Equity (ROE) of 1.98% and Return on Assets (ROA) of 0.51%. BAMBOO’s total assets grew by 14.90% to US\$8,834,515 as of 31 December 2020. This was mainly due to its net loan portfolio, which managed a growth rate of 11.33% year on year to US\$7,731,692, while the loan quality was improved to 3.87% (2019: 4.04%).

I am confident our strategic objectives, steeped as they are in our values, will fuel profitable growth in the year to come and another decade of outperformance on our financial objectives as we establish ourselves as microfinance in the market.



Meanwhile, the financial sector in Cambodia signals the contribution in the near future to increase access to the credit service. As a Microfinance Institution, we will continue to build on our success, we look forward to a new era of growth as we develop more projects. Furthermore, we will continue to pursue new investment opportunities that maximize value creation for our stakeholders even in an uncertain economic climate. This is a validation of our commitment to good governance, including our focus on engaging with clients, which is an integral part of ensuring Bamboo's continuing success. It also highlights our strong determination to increase diverse representation both within the financial market level in the year to come, and we will continue to insist on behaviors that lead to high trust. Because it's what we have always done.

First and foremost, I would like to recognize in particular our frontline employees and all staff – your commitment and your discipline are critical at this time to maintain business continuity, we would like to thank you for what you have done already to weather this crisis and to get our company prepared to cope with this situation. Your commitment makes all the difference. It is our priority to support you in this important endeavor. In closing, our people, our strategy, and our values have been foundational to our success over the past 4 years. We will continue to underpin our work today, tomorrow, and for the next decade to come

With best wishes for continued success and fulfilment of the hope of ours company, and would like to express my great thanks to the Board of Directors, Directors, Managers, and staff who support BAMBOO and reaffirm commitment to make this business high-quality since starting point of our operation.

A handwritten signature in blue ink, appearing to read 'K. Sokha', is written above a horizontal line.

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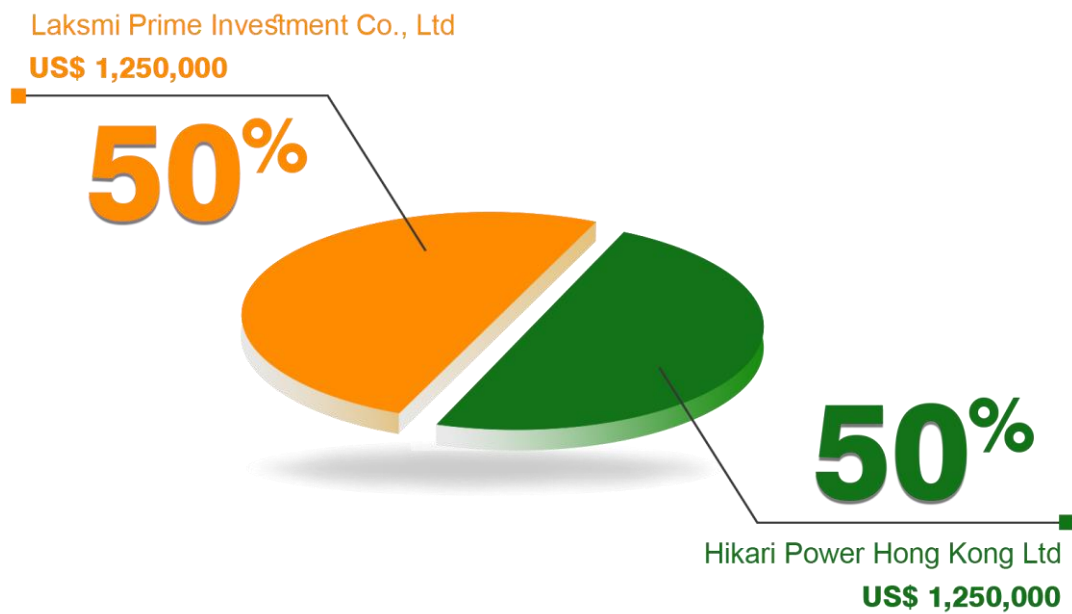
**KEO Sokha**  
Chief Executive Officer  
Bamboo Finance Plc.

## V. BUSINESS REVIEW

### SHAREHOLDER



The paid-up capital of the Bamboo Finance Plc. as at 31 December 2020 is US\$2,500,000 with a par value US\$100 per share, and has the structure as follows:





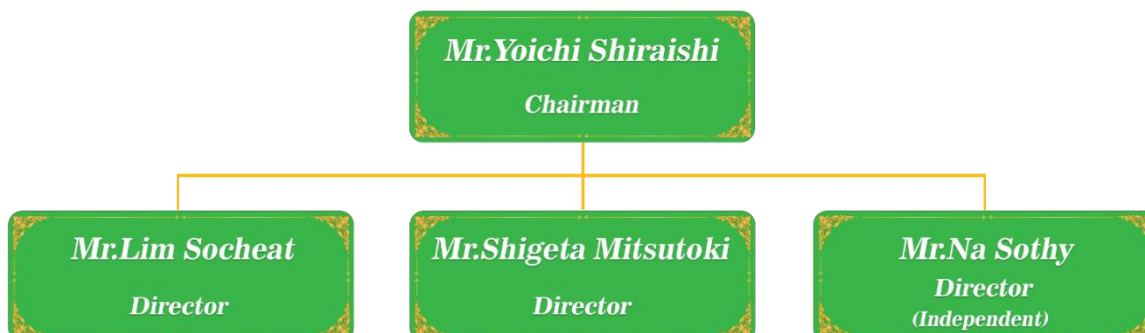
## BOARD OF DIRECTORS



The members of the Board of Directors are:

Mr. Yoichi Shiraishi  
Mr. Lim Socheat  
Mr. Mitsutoki Shigeta  
Mr. Na Sothy

Chairman  
Director  
Director  
Independent Director



## BOARD OF DIRECTORS

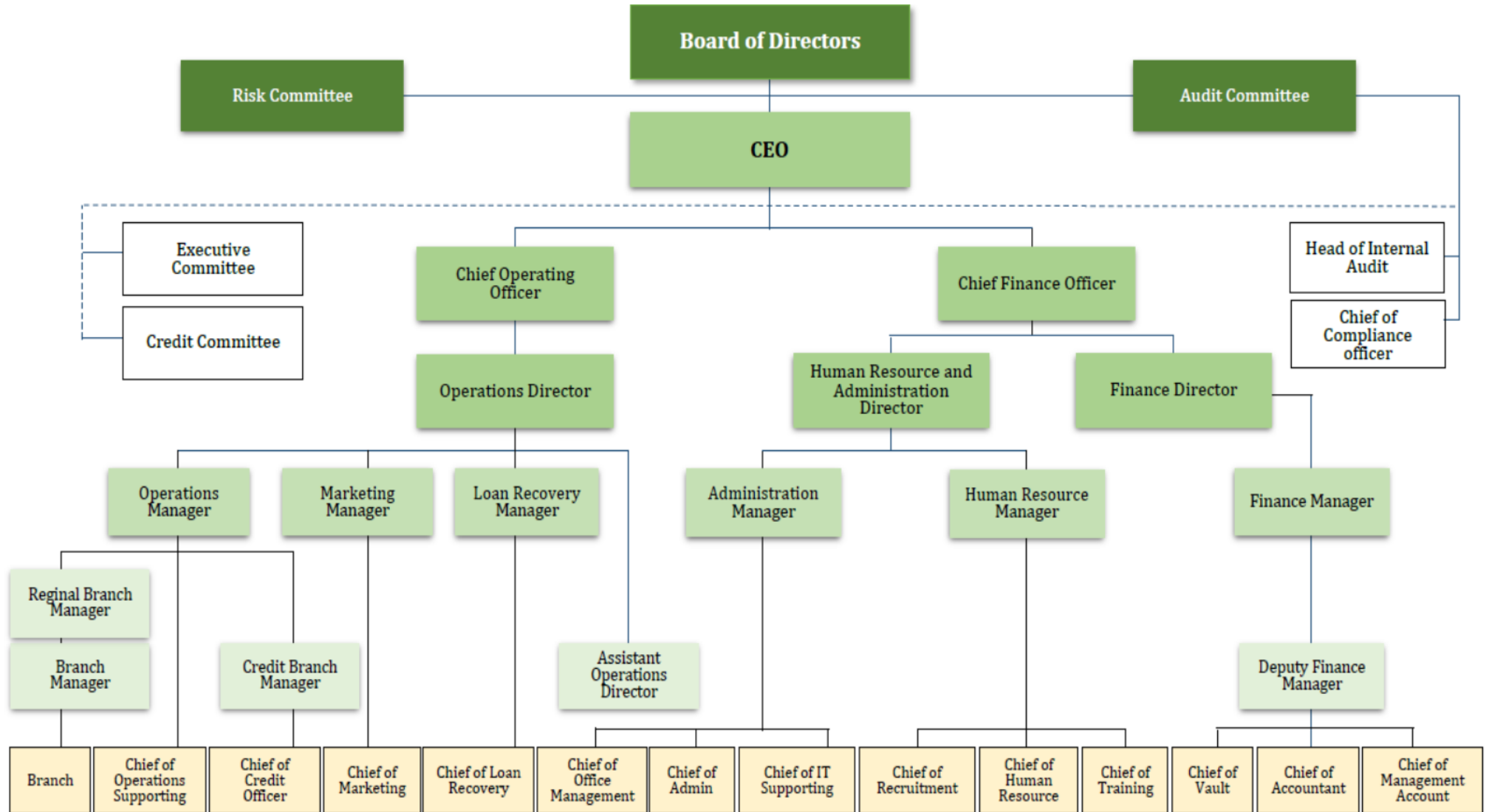


Mr. LIM Socheat is the Board of Directors of Bamboo Finance Plc., the CEO of Laksmi Prime Investment Co., Ltd., and CEO of PCG & Partners, one of Cambodia's financial consulting firms, he also Managing Partner for NAS Co., Ltd. Prior to joining PCG & Partners and NAS Co., Ltd, he has dedicated over 10 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 has elected to be a Members of Cambodian Chamber of Commerce (CCC), Vice President of Young Entrepreneur Association of Cambodia (YEAC), and Board Members of Cambodia Investors Club (CIC), and other multiple companies. Besides managing business entities, he has contributed most of his precious time in social works.

Socheat holds Qualification CPA from CPA Australia Ltd., Qualification ACCA from the Association of Chartered Accountants, England, and Master of Science from University of London, England. He earned a Bachelor Degree in Economics from Royal University of Law and Economic (Cambodia).

## ORGANIZATIONAL STRUCTURE



## EXECUTIVE COMMITTEE MEMBERS



**Mr. KEO Sokha**  
Chief Executive Officer

**Mr. KEO Sokha** is Chief Executive Officer (CEO) of Bamboo Finance Plc., He has begun Bamboo Finance Plc., a career in 2016 as Director of Finance. Under Sokha's leadership, he has developed revolutionary financial strategies and empower the company to grow by restructuring financial operations. Bamboo has expanded year after year, and most importantly, Sokha has been a critical leader in Bamboo's strategy and champion of putting Bamboo's shared values of honesty, integrity, respect, and leadership at the core of every decision powered by a people-driven, customer-focused culture and spirit of innovation.

Prior to his job at Bamboo, Sokha has brought over 13 years of experience in the banking sector, his key role across a number of various major positions and responsibilities ranging from as Accountant, Chief of Accountant, Head of Budgeting & Control unit. In addition, he also served as Head of the International Financial Accounting unit, and ASVP of Finance Division.

Through his academic, Sokha holds a Master's Degree major in Finance Management in 2008, earned Bachelor's Degree in Economics Major Banking and Finance in 2003, and Diploma in Accounting "Diploma Universitaire Du Comptabilité" in 2000 from Royal University of Law and Economics. He has attended many training courses and workshops related to financial management, Cambodia Accounting Standards (CAS), and Cambodia International Accounting Standards (CIAS).

## EXECUTIVE COMMITTEE MEMBERS



**Mr. OEURN Silen**  
Chief of Operation Officer

**Mr. OEURN Silen** has joined Bamboo Finance Plc., as Internal Audit Manager in September 2016. Silen was promoted to Head of Internal Audit in January 2018 to ensure internal audit function is closely aligned with institution best practices in executing the duties across the Bamboo Finance Plc., business and financial operations, works to ensure roles, responsibilities, and results are efficiently coordinated and collectively optimizing the effectiveness of risk management, internal control and governance of the company.

In July 2020, Silen was promoted to Chief of Operation Officer to lead and manage credit operation of Bamboo Finance Plc. following growth and business strategy of the MFI. Prior to joining Bamboo Finance, Silen had experiences with ACLEDA Bank Plc, for more than 13 years in various positions related to accounting, risk management and internal audit function.

Silen obtained Master Degree in Financial Management in 2012, Bachelor Degree in Enterprise Management in 2003, and Diploma of Accounting in 2000 respectively from Royal University of Laws and Economics in 2012. He has completed many training courses related to Accounting, Management, Administration, Law, Marketing, Taxation and Information Technology.



## EXECUTIVE COMMITTEE MEMBERS



Mr. PHENG Chan Sarim  
Director of Administration

**Mr. PHENG Chan Sarim** was a Chief Operating Officer of CCS BUISNESS 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. He joined Bamboo Finance Plc., as Director of Administration & Human Resource since July 2016, presently he was appointed to Director of Administration in January 1st, 2020.

## EXECUTIVE COMMITTEE MEMBERS



**Mr. CHUON Chandara**  
Director of Operations

**Mr. CHUON Chandara** has joined Bamboo Finance Plc, as a Branch Manager since May 15, 2015. He was promoted to Director of Operations in August, 2016 to organize and oversee the daily operations of the company to ensure that the business is well-coordinated and productive by managing its procedures and coaching its people.

Prior to joining Bamboo, Dara has over 15 years of experience in financial services, start as Credit Officer, Chief Credit Officer, Post Service Manager at Thaneakea Phum Cambodia (LOLC) from 2004 to 2012, and a Phnom Penh Branch Manager at Niron Micro-finance from 2013 to 2015.

Dara hold a Bachelor Degree of Management from National University of Management in 2011, and had attended many other training courses such as English Literature, Computer Science, Credit Management, Risk Credit Management, leadership skill and Administration, which related to financial management.



**Mr. SANG Hong Mov**  
Credit Consultant

**Mr. SANG Hong Mov** joined Bamboo Finance Plc., as Product Development Director in January 2017. He was appointed as Credit Consultant in June 2018. He is responsible for overall strategies planning, running the day-to-day business of developing and implementing, marketing and communication plans and strategies, and credit controlling including public relations, media relations, on-line giving, digital communications, key messaging, advertising and brand experience. Hong Mov is a member of Bamboo's Executive Management Committee since December 26th, 2017.

After his graduation from University he joined ACLEDA Bank Plc. He brings over 10 years of experiences related to finance sector. During the course of his employment at ALEDA Bank Plc., Hong Mov has work various position, as Credit-Officer, Chief Credit Officer and Staff of Trade Finance Analysis.

He holds Master Degree of Finance and Banking from Build Bright University in 2009, and obtained Bachelor Degree of Computer Science and Engineering from Royal University of Phnom Penh in 2003.

## EXECUTIVE COMMITTEE MEMBERS



**Ms. KAN Kanika**  
Finance Manager

**Ms. KAN Kanika** joined Bamboo Finance Plc. in March 2017 as Chief of Accountant. She was appointed as Finance Manager in June 2018. Being as Finance Manager, Kanika 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. In addition, Kanika is a member of Bamboo's Executive Management Committee since December 26, 2017.

Kanika brings over 10 years of experiences related to finance sector. During the course of her employment at ALEDA Bank Plc., Kanika had work for various position such as Accountant, Finance Officer and Senior Finance Officer. Kanika is a graduated of Tax Agent from National School of Taxation in 2019, holds Master degree of Finance from National University of Management in 2011, and obtains Bachelor Degree in Accounting Major from Asia Euro University in Phnom Penh in 2008.



**Ms. PROM Chheamantha**  
Human Resource Manager

**Ms. PROM Chheamantha** has joined Bamboo Finance Plc. on February 10, 2020 as Human Resource Manager. As Human Resource Manager, she is responsible for strategic planning in the human resources management, especially in recruiting and training for effectively working with ethical and professional. Moreover, she has been elected as a member of the Executive Committee of Bamboo Finance Plc. on February 10, 2020.

Chheamantha has more than 23 years of experiences related to human resource management while working at ACLEDA Bank Plc. She had been as credit officer for three months, cashier for two years, district team leader for five years and branch manager for more than 16 years.

Chheamantha holds Bachelor Degree of Management from Phnom Penh International University in 2008 and had attended a short course at Gramming Bank, Bangladesh in 1996.



## MANAGEMENT TEAM MEMBERS



The management team members of the Bamboo Finance Plc. are as below.  
Left to Right:

Mr. PEN Boran

Mr. PHENG Chan Sarim

Mr. CHUON Chandara

Mr. TEP Sarith

Ms. KAN Kanika

**Mr. KEO Sokha**

Ms. PROM Chheamantha

Mr. NGOY Mao

Mr. SANG Hong Mov

**Mr. OEURN Silen**

Chief of Compliance Officer

Director of Administration

Director of Operations

Internal Audit Manager

Finance Manager

**Chief Executive Officer**

Human Resource Manager

Operation Manager

Credit Consultant

**Chief of Operation Officer**

## PRODUCTS AND SERVICES



### Short Term Loan

This loan has been arranged to enable small retailers and individual with regular income and have collateral mainly as movable asset to purchase necessities or consumable items and personal spending in short-time period. The product was designed in two types following client's purpose such as need loan to buy motorcycle and other personal use.

### Business Loan

This loan is purposely provided to individual or business partner who has own business and has franchise agreement with parent company of the MFI to expand its business via using the loan to buy products to sell to clients with loan.

### Personal Loan

Personal loan has been arranged to enable individual with regular income and need loan for personal spending. This product mainly provides to retail seller at markets and downtowns or staff of companies, garment/construction worker, Moto taxi driver... and have immovable asset for collateral such as house, land or shop title with hypothec contract.

### 121 Products Loan

This loan has been arranged to provide to individuals who need money to buy electronic commodities at 121 shop such as refrigerator, laundering machine, air conditioner, iron, fan, television...etc.

### Staff Loan

This loan is for staff at all level of the Bamboo Finance Plc, who have full capacity and need the cash to enhance living standard in daily life.

## OUR PARTNERS

We work together, we grow together, and fight together with our partner as listed below:

### OUR PARENT AND RELATED COMPANY



**Laksmi Prime Investment Co., Ltd**  
Parent Company of Bamboo Finance Plc.



### OUR BUSINESS PARTNERS



## OUR PARTNERS

### OUR BUSINESS PARTNERS

Bamboo Finance Plc.'s customers make loan repayments through TrueMoney and Wing network of totally more than 18,000 Cash Xpress outlets across Cambodia, saving time and money through ease of access.

បង់កម្ចី បើមប៊ូ ហ្វាយនែន ភីអិលស៊ី  
យ៉ាងងាយស្រួល និងរហ័ស  
តាម ភ្នាក់ងារទ្រូម៉ាន់នី





អាចបង់កម្ចីបាន នៅគ្រប់ភ្នាក់ងារ  
ច្រើនជាង 10,000កន្លែង ទូទាំងប្រទេស



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បើមប៊ូ ហ្វាយនែន ភីអិលស៊ី

តាមរយៈភ្នាក់ងាររឹងជិត ៨០០០កន្លែង ឬកម្មវិធីស្នាមហ្វូនរឹង

លេខកូដទូទាត់	<b>5565 (KHR)</b>	<b>5564 (USD)</b>
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លេខទំនាក់ទំនង បើមប៊ូ៖  
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## HUMAN RESOURCE DEVELOPMENT



Bamboo Finance's staff were equipped with various kinds of training that enabled them to improve skills and capacity to carry out their tasks. New credit officers/staff receive orientation at the head office, where they were trained in the Bamboo's vision, mission, various policies, practices, and then followed by on-the-job training at branch offices or relevant department where they shadowed existing credit officers/staff, received guidance from Branch Manager/supervisors and got practical lessons from the job. Besides internal training, Bamboo also engages with external trainers to deliver customized training courses to staff.

In addition to classroom training, Bamboo also provides digital learning option to staff through the zoom training where a trainer in one place can connect to participants in different locations. Bamboo's staff also receive regular refresher training by relevant department at head office about policies, procedures, technical skills and soft skills.

Training is one of the most important parts of Bamboo's overall strategy and goal.

## HUMAN RESOURCE DEVELOPMENT



## Bamboo Finance Plc.

### VI. Report of the Board of Directors

The Board of Directors (the “Board” or “Directors”) hereby submit their report together with the audited financial statements of Bamboo Finance Plc. (“the Company”) for the year ended 31 December 2020 (the “financial year” or “year”).

#### Principal activities

The Company’s corporate focus is to provide reliable and affordable access to financial services to micro-entrepreneurs, small, and medium-sized financial credits in the sectors which have been under served by financial institutions. There have been no significant changes in the nature of principal activities during the financial year.

#### Financial performance

The financial performance of the Company was as follows:

	2020		2019	
	US\$	KHR’000 (Note 2.4)	US\$	KHR’000 (Note 2.4)
Profit before income tax	63,479	258,804	290,905	1,178,747
Income tax expense	(18,734)	(76,379)	(14,254)	(57,757)
Net profit for the year	44,745	182,425	276,651	1,120,990

#### Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid during the financial year.

#### Share capital

The paid-up capital of the Company as at 31 December 2020 is US\$2,500,000 (2019: US\$2,500,000) with a par value US\$100 per share. Refer to Note 14 for the detailed Company’s share capital and shareholding structure.

#### Reserves and provisions

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

## **VI. Report of the Board of Directors (continued)**

### **Bad and doubtful debts**

Before the financial statements of the Company were prepared, Directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be 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 to make allowance for doubtful debts in the financial statements of the Company, inadequate to any material extent.

### **Current assets**

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

At the date of this report, the Directors are not aware of any circumstances that have arisen the value attributed to the current assets in the financial statements of the Company misleading.

### **Valuation methods**

At the date of this report, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing methods of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

### **Contingent 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 in respect of the Company that has arisen since the end of the financial period other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the liability of the Company to meet its obligations when they fall due.

### **Changes of circumstances**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in the report or in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.



## **VI. Report of the Board of Directors (continued)**

### **Items of an unusual nature**

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or event of 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 material and unusual nature likely, in the opinion of the Directors, to effect substantially the results of the operations of the Company for the financial year in which this report is made.

### **Events since the reporting date**

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

### **The Board of Directors**

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

Mr. Yoichi Shiraishi	Chairman
Mr. Lim Socheat	Director
Mr. Mitsutoki Shigeta	Director
Mr. Na Sothy	Independent Director

### **Directors' interests**

None of the Directors held or dealt directly in the shares of the Company during the year.

### **Directors' benefits**

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

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

### **Statements of Directors' responsibility in respect of financial statements**

The Board of Directors is responsible to ascertain that the financial statements presented fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs").

## **VI. Report of the Board of Directors (continued)**

### **Statements of Directors' responsibility in respect of financial statements (continued)**

In preparing those financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with CIFRS for SMEs, 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;
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and effective system of internal control;
- (iv) assess 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- (v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such has been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

### **Approval of the financial statements**

The Board of Directors hereby approve the accompanying financial statements as set out on pages 8 to 38 which present fairly, in all material respects, the financial position of Bamboo Finance Plc. as at 31 December 2020, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.

*Signed in accordance with a resolution of the Board of Directors.*



Mr. LIM Socheat  
*Director*

Phnom Penh, Kingdom of Cambodia  
22 April 2021

## **VII. Report of the Independent Auditors**

### **To the shareholders**

#### **Bamboo Finance Plc.**

##### **Opinion**

We have audited the financial statements of Bamboo Finance Plc. (“the “Company”), which comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 38.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

##### **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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other Matter**

The financial statements of the Company as at and for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2020.

##### **Other Information**

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors as set out on pages 1 to 4, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **VII. Report of the Independent Auditors (continued)**

### **To the shareholders**

#### **Bamboo Finance Plc.**

##### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with CIFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's reporting process.

##### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 management.

## VII. Report of the Independent Auditors (continued)

### To the shareholders

### Bamboo Finance Plc.

#### Auditors' Responsibility for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management 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' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or condition may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

For **Fii&Associates Co., Ltd.**



HENG Seida  
*Managing Partner*

Phnom Penh, Kingdom of Cambodia

22 April 2021

## Bamboo Finance Plc.

### Statement of financial position As at 31 December 2020

	Note	2020		2019	
		US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
<b>ASSETS</b>					
Cash on hand	4	69,598	281,524	62,855	256,134
Deposits and placements with the NBC	5	132,058	534,175	131,723	536,771
Deposits and placements with banks	6	575,364	2,327,347	396,885	1,617,306
Loans to customers	7	7,731,692	31,274,694	6,944,899	28,300,463
Other assets	8	260,714	1,054,587	110,472	450,172
Property and equipment	9	48,627	196,696	30,683	125,033
Intangible assets	10	16,462	66,589	11,548	47,058
<b>TOTAL ASSETS</b>		<b>8,834,515</b>	<b>35,735,612</b>	<b>7,689,065</b>	<b>31,332,937</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Other payables	11	126,284	510,819	146,761	598,051
Current income tax liability	12.1	1,614	6,529	1,430	5,827
Borrowings from shareholders	13	6,450,653	26,092,891	5,329,655	21,718,344
<b>Total liabilities</b>		<b>6,578,551</b>	<b>26,610,239</b>	<b>5,477,846</b>	<b>22,322,222</b>
<b>Equity</b>					
Share capital	14	2,500,000	10,000,000	2,500,000	10,000,000
Regulatory reserves	15	72,781	294,399	81,530	328,457
Accumulated losses		(316,817)	(1,260,927)	(370,311)	(1,479,022)
Currency translation differences		-	91,901	-	161,280
<b>Total equity</b>		<b>2,255,964</b>	<b>9,125,373</b>	<b>2,211,219</b>	<b>9,010,715</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8,834,515</b>	<b>35,735,612</b>	<b>7,689,065</b>	<b>31,332,937</b>

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

## Bamboo Finance Plc.

### Statement of comprehensive income for the year ended 31 December 2020

	Note	2020		2019	
		US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Interest income	16	1,832,791	7,472,289	1,393,409	5,646,093
Interest expense	17	(744,449)	(3,035,119)	(465,052)	(1,884,391)
<b>Net interest income</b>		<b>1,088,342</b>	<b>4,437,170</b>	<b>928,357</b>	<b>3,761,702</b>
Other income	18	49,314	201,053	17,332	70,229
<b>Total operating income</b>		<b>1,137,656</b>	<b>4,638,223</b>	<b>945,689</b>	<b>3,831,931</b>
Personnel expenses	19	(667,823)	(2,722,714)	(411,833)	(1,668,747)
Impairment losses on loans to customers	7	(97,264)	(396,545)	(33,198)	(134,518)
Depreciation and amortisation	20	(23,078)	(94,089)	(13,348)	(54,086)
General and administrative expenses	21	(286,012)	(1,166,071)	(196,405)	(795,833)
<b>Profit before income tax</b>		<b>63,479</b>	<b>258,804</b>	<b>290,905</b>	<b>1,178,747</b>
Income tax expense	12.2	(18,734)	(76,379)	(14,254)	(57,757)
<b>Net profit for the year</b>		<b>44,745</b>	<b>182,425</b>	<b>276,651</b>	<b>1,120,990</b>
<b>Other comprehensive (loss)/income</b>					
Currency translation differences		-	(67,767)	-	116,631
<b>Total comprehensive income for the year</b>		<b>44,745</b>	<b>114,658</b>	<b>276,651</b>	<b>1,237,621</b>

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

## Bamboo Finance Plc.

### Statement of changes in equity for the year ended 31 December 2020

	Share capital		Regulatory reserves		Accumulated losses		Currency translation differences		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)	
At 1 January 2019	2,500,000	10,000,000	66,278	266,305	(631,710)	(2,538,211)	-	45,000	1,934,568	7,773,094
<b>Comprehensive income for the year</b>										
Net profit for the year	-	-	-	-	276,651	1,120,990	-	-	276,651	1,120,990
Transfers	-	-	15,252	61,801	(15,252)	(61,801)	-	-	-	-
<b>Other comprehensive income</b>										
Currency translation differences	-	-	-	351	-	-	-	116,280	-	116,631
<b>Total comprehensive income for the year</b>	-	-	15,252	62,152	261,399	1,059,189	-	116,280	276,651	1,237,621
<b>At 31 December 2019</b>	<b>2,500,000</b>	<b>10,000,000</b>	<b>81,530</b>	<b>328,457</b>	<b>(370,311)</b>	<b>(1,479,022)</b>	<b>-</b>	<b>161,280</b>	<b>2,211,219</b>	<b>9,010,715</b>



## Bamboo Finance Plc.

### Statement of changes in equity (continued) for the year ended 31 December 2020

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)	
At 1 January 2020	2,500,000	10,000,000	81,530	328,457	(370,311)	(1,479,022)	-	161,280	2,211,219	9,010,715
<b>Comprehensive income for the year</b>										
Net profit for the year	-	-	-	-	44,745	182,425	-	-	44,745	182,425
Transfers	-	-	(8,749)	(35,670)	8,749	35,670	-	-	-	-
<b>Other comprehensive income</b>										
Currency translation differences	-	-	-	1,612	-	-	-	(69,379)	-	(67,767)
<b>Total comprehensive income for the year</b>	-	-	(8,749)	(34,058)	53,494	218,095	-	(69,379)	44,745	114,658
<b>At 31 December 2020</b>	<b>2,500,000</b>	<b>10,000,000</b>	<b>72,781</b>	<b>294,399</b>	<b>(316,817)</b>	<b>(1,260,927)</b>	<b>-</b>	<b>91,901</b>	<b>2,255,964</b>	<b>9,125,373</b>

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

## Bamboo Finance Plc.

### Statement of cash flows for the year ended 31 December 2020

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
<b>Cash flows from operating activities</b>				
Net profit for the year	44,745	182,425	276,651	1,120,990
<i>Adjustments for:</i>				
Income tax expense	18,734	76,379	14,254	57,757
Impairment losses on loans to customers	97,264	396,545	33,198	134,518
Depreciation and amortisation	23,078	94,089	13,348	54,086
Provision for impairment loss on other assets	-	-	2,273	9,212
Write-off of property and equipment	-	-	1,856	7,521
	<u>183,821</u>	<u>749,438</u>	<u>341,580</u>	<u>1,384,084</u>
Changes in:				
Loans to customers	(884,057)	(3,604,300)	(2,744,715)	(11,121,585)
Other assets	(150,242)	(612,537)	(31,353)	(127,044)
Other payables	(20,477)	(83,485)	65,340	264,757
	<u>(870,955)</u>	<u>(3,550,884)</u>	<u>(2,369,148)</u>	<u>(9,599,788)</u>
Income tax paid	<u>(18,550)</u>	<u>(75,628)</u>	<u>(13,652)</u>	<u>(55,318)</u>
<b>Net cash used in operating activities</b>	<u>(889,505)</u>	<u>(3,626,512)</u>	<u>(2,382,800)</u>	<u>(9,655,106)</u>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(39,812)	(162,314)	(24,238)	(98,212)
Purchase of intangible assets	(6,590)	(26,867)	-	-
Proceeds from disposals of property and equipment	466	1,900	-	-
<b>Net cash used in investing activities</b>	<u>(45,936)</u>	<u>(187,281)</u>	<u>(24,238)</u>	<u>(98,212)</u>
<b>Cash flows from financing activities</b>				
Proceeds of borrowings from shareholders	1,120,998	4,570,309	2,650,000	10,737,800
Repayments of borrowings to shareholders	-	-	(119,016)	(482,254)
<b>Net cash generated from financing activities</b>	<u>1,120,998</u>	<u>4,570,309</u>	<u>2,530,984</u>	<u>10,255,546</u>
<b>Net increase in cash and cash equivalents</b>	185,557	756,516	123,946	502,228
<b>Cash and cash equivalents at 1 January</b>	466,463	1,900,836	342,517	1,395,757
Currency translation differences	-	(19,931)	-	2,851
<b>Cash and cash equivalents at 31 December (Note 22)</b>	<u>652,020</u>	<u>2,637,421</u>	<u>466,463</u>	<u>1,900,836</u>

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

## Bamboo Finance Plc.

### Notes to the financial statements for the year ended 31 December 2020

#### 1. Reporting entity

Bamboo Finance Plc. (“the Company”) is a public limited company incorporated in Cambodia under registration number 00012949 (original number Co. 0419 E/2015) issued by the Ministry of Commerce on 29 January 2015. The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a micro-finance institution on 7 May 2015.

The Company’s corporate focus is on providing reliable and affordable access to financial services to micro-entrepreneurs, Small, and Medium-sized financial credits in the sectors which have been under served by financial institutions.

The Company’s head office is located at No. 34, Veng Sreng Street, (Block-F) Vattanac Industrial Park 1, Trapeang Thloeng 1 Village, Sangkat Chaom Chau 1, Khan PurSen Chey, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2020, the Company had 89 employees (2019: 65 employees)

#### 2. Basis of preparation

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

Details of the Company’s significant accounting policies are included in Note 27.

These financial statements were approved by the Board of Directors and authorised for issue on 22 April 2021.

##### 2.2 Fiscal year and reporting period

The Company’s fiscal year starts on 1 January and ends on 31 December.

##### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

##### 2.4 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records in two currencies, the United States Dollars (“US\$”) and the Khmer Riel (“KHR”), management has determined the 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.

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**2. Basis of preparation (continued)**

**2.4 Functional and presentation currency (continued)**

The financial statements are stated in the United States Dollars (“US\$”), which is the Company’s functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

The translations of United States Dollars amount into Khmer Riel (“KHR”) are included solely for meeting the presentation requirements pursuant to the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date, and the share capital are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as “currency translation difference” in the other comprehensive income. The accumulative currency translation differences are recognised as a separate component of equity. All values in KHR are rounded to the nearest thousand (“KHR’000”), except if otherwise indicated.

The Company uses the following exchange rates:

Reporting date	Closing rate	Average rate
31 December 2020	US\$1=KHR4,045	US\$1=KHR4,077
31 December 2019	US\$1=KHR4,075	US\$1=KHR4,052

These convenience translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

**2.5 Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment during the year ended 31 December 2020 is set out in Note 3 - Critical accounting estimates and judgements.

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**3. Critical accounting estimates and judgements**

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

**3.1 Income and other taxes**

Taxes are calculated on the basis of current interpretation of the tax obligations. However, these regulations are subject to periodic variation and different interpretation following inspection by the tax authorities. These may result in tax increase and other retroactive tax claims. It is difficult to predict the timing and severity of these occurrences or their potential effect.

**3.2 Property and equipment**

Accounting for property and equipment involves the use of estimates for determining the expected useful lives of these assets. The determination of useful lives of the assets is based on Management's judgement.

**3.3 Allowance for doubtful debts**

Management establishes allowance for doubtful debts on a case-by-case basis when they believe collection of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial condition of customer were deteriorating, resulting in impairment of inability to make the required payments, allowance may be required to be made for such receivable.

**4. Cash on hand**

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
US Dollars	54,257	219,470	60,816	247,825
Khmer Riels	15,341	62,054	2,039	8,309
	<b>69,598</b>	<b>281,524</b>	<b>62,855</b>	<b>256,134</b>

**5. Deposits and placements with the NBC**

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Capital guarantee (*)	125,000	505,625	125,000	509,375
Current account	7,058	28,550	6,723	27,396
	<b>132,058</b>	<b>534,175</b>	<b>131,723</b>	<b>536,771</b>

Notes to the financial statements (continued)  
for the year ended 31 December 2020

5. Deposits and placements with the NBC (continued)

(\*) The capital guarantee deposit is maintained with the NBC in compliance with Prakas No. B7-00-006 on the Licensing of Microfinance Institution dated 11 January 2000, the amounts of which are determined at 5% of the Company's registered share capital. The guarantee deposit is refundable when the Company voluntarily liquidates and has no deposit liabilities.

The capital guarantee deposit earns interest at 1/4 of SIBOR six-month rate of 0.06% per annum. Current account is non-interest bearing.

6. Deposits and placements with banks

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Current accounts	370,011	1,496,694	5,407	22,033
Saving accounts	205,353	830,653	391,478	1,595,273
	<b>575,364</b>	<b>2,327,347</b>	<b>396,885</b>	<b>1,617,306</b>

Current and savings accounts are non-interest bearing.

7. Loans to customers

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Loans to customer at amortised costs	7,874,580	31,852,676	7,156,057	29,160,932
Less: impairment loss allowance	(142,888)	(577,982)	(211,158)	(860,469)
	<b>7,731,692</b>	<b>31,274,694</b>	<b>6,944,899</b>	<b>28,300,463</b>

Movements of impairment loss allowance are as follows:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
At 1 January	211,158	860,469	222,674	894,704
Allowance for the year	97,264	396,545	33,198	134,518
Reversals	(3,389)	(13,817)	-	-
Written off during the year	(162,145)	(661,065)	(44,714)	(181,180)
Currency translation difference	-	(4,150)	-	12,427
At 31 December	<b>142,888</b>	<b>577,982</b>	<b>211,158</b>	<b>860,469</b>



## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 7. Loans to customers (continued)

Gross loans to customers are analysed as follows:

##### (a) By collateral:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Secured	7,615,332	30,804,018	7,131,800	29,062,085
Unsecured	259,248	1,048,658	24,257	98,847
	<b>7,874,580</b>	<b>31,852,676</b>	<b>7,156,057</b>	<b>29,160,932</b>

##### (b) By residency:

All loans are granted solely to residents.

##### (c) By economic sector:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Manufacturing	2,248,628	9,095,700	3,449,582	14,057,046
Service	1,751,172	7,083,491	929,223	3,786,586
Trade and Commerce	1,416,631	5,730,272	736,536	3,001,384
Construction	1,338,936	5,415,996	664,186	2,706,556
Transportation	233,865	945,984	149,583	609,552
Agriculture	182,210	737,039	109,630	446,744
Other categories	703,138	2,844,194	1,117,317	4,553,064
	<b>7,874,580</b>	<b>31,852,676</b>	<b>7,156,057</b>	<b>29,160,932</b>

##### (d) By maturity:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Less than 1 year	1,631,735	6,600,368	1,478,436	6,024,625
1 to 5 years	6,206,452	25,105,098	5,615,311	22,882,394
More than 5 years	36,393	147,210	62,310	253,913
	<b>7,874,580</b>	<b>31,852,676</b>	<b>7,156,057</b>	<b>29,160,932</b>

Notes to the financial statements (continued)  
for the year ended 31 December 2020

7. Loans to customers (continued)

Gross loans to customers are analysed as follows:

(e) By currency:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
US Dollars	6,779,658	27,423,717	6,150,792	25,064,477
Khmer Riel	1,094,922	4,428,959	1,005,265	4,096,455
	<b>7,874,580</b>	<b>31,852,676</b>	<b>7,156,057</b>	<b>29,160,932</b>

(f) By relationship:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
External customers	7,741,536	31,314,513	7,036,138	28,672,262
Staff loans	133,044	538,163	119,919	488,670
	<b>7,874,580</b>	<b>31,852,676</b>	<b>7,156,057</b>	<b>29,160,932</b>

(g) By interest rate (per annum):

	2020	2019
Khmer Riels	15.60% - 18.00%	15.60% -18.00%
US Dollars	12.00% - 18.00%	15.00% -16.80%

8. Other assets

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Receivables from payment service provider	56,657	229,178	14,356	58,501
Receivable from employee	51,666	208,989	28,814	117,417
Security deposit	46,651	188,703	35,301	143,852
Prepayments	14,851	60,072	15,752	64,189
Foreclosed property	8,480	34,302	4,900	19,968
Other assets	82,409	333,343	11,349	46,245
	<b>260,714</b>	<b>1,054,587</b>	<b>110,472</b>	<b>450,172</b>

## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 9. Property and equipment

31 December 2020	Leasehold improvements US\$	Furniture and fixtures US\$	Computer equipment US\$	Office equipment US\$	Vehicles US\$	Total US\$	KHR'000 (Note 2.4)
<b>Cost</b>							
At 1 January 2020	14,974	15,500	22,654	9,205	8,150	70,483	287,218
Additions	23,012	4,973	8,727	3,100	-	39,812	162,314
Written off	-	-	-	(500)	-	(500)	(2,039)
Currency translation difference	-	-	-	-	-	-	(3,372)
At 31 December 2020	37,986	20,473	31,381	11,805	8,150	109,795	444,121
<b>Less: Accumulated depreciation</b>							
At 1 January 2020	7,718	9,226	18,718	2,446	1,692	39,800	162,185
Depreciation for the year	6,924	3,942	6,203	2,294	2,039	21,402	87,256
Written off	-	-	-	(43)	-	(43)	(175)
Adjustments	3	1	2	1	2	9	37
Currency translation difference	-	-	-	-	-	-	(1,878)
At 31 December 2020	14,645	13,169	24,923	4,698	3,733	61,168	247,425
<b>Carrying amounts</b>							
At 31 December 2020	23,341	7,304	6,458	7,107	4,417	48,627	196,696

## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 9. Property and equipment (continued)

31 December 2019	Leasehold improvements US\$	Furniture and fixtures US\$	Computer equipment US\$	Office equipment US\$	Vehicles US\$	Total US\$	KHR'000 (Note 2.4)
<b>Cost</b>							
At 1 January 2019	11,794	15,897	17,810	3,309	2,800	51,610	207,369
Additions	3,350	3,547	5,926	5,215	6,200	24,238	98,212
Adjustment	-	(575)	(360)	831	-	(104)	(421)
Written off	(170)	(3,369)	(722)	(150)	(850)	(5,261)	(21,318)
Currency translation difference	-	-	-	-	-	-	3,376
At 31 December 2019	14,974	15,500	22,654	9,205	8,150	70,483	287,218
<b>Less: Accumulated depreciation</b>							
At 1 January 2019	4,325	8,199	15,889	1,598	1,400	31,411	126,209
Charge for the year	3,416	3,180	3,362	973	967	11,898	48,211
Adjustments	(12)	145	(6)	(2)	-	125	507
Written off	(11)	(2,298)	(527)	(123)	(675)	(3,634)	(14,725)
Currency translation difference	-	-	-	-	-	-	1,983
At 31 December 2019	7,718	9,226	18,718	2,446	1,692	39,800	162,185
<b>Carrying amounts</b>							
At 31 December 2019	7,256	6,274	3,936	6,759	6,458	30,683	125,033

## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 10. Intangible assets

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
<b>Cost</b>				
At 1 January	14,600	59,495	14,600	58,663
Addition	6,590	26,867	-	-
Currency translation difference	-	(648)	-	832
<b>At 31 December</b>	<b>21,190</b>	<b>85,714</b>	<b>14,600</b>	<b>59,495</b>
<b>Less: Accumulated amortisation</b>				
At 1 January	3,052	12,437	1,594	6,405
Change for the year	1,676	6,833	1,450	5,875
Currency translation difference	-	(145)	8	157
At 31 December	4,728	19,125	3,052	12,437
<b>Carrying amounts</b>				
At 31 December	<b>16,462</b>	<b>66,589</b>	<b>11,548</b>	<b>47,058</b>

#### 11. Other payables

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Accrued expenses	45,437	183,793	52,252	212,927
Payable to 121 Shoppe	14,860	60,109	53,635	218,563
Withholding tax payable	9,658	39,067	7,942	32,364
Other liabilities	56,329	227,850	32,932	134,197
	<b>126,284</b>	<b>510,819</b>	<b>146,761</b>	<b>598,051</b>

Notes to the financial statements (continued)  
for the year ended 31 December 2020

12. Income tax

12.1 Current income tax liability

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
At 1 January	1,430	5,827	828	3,327
Current income tax expenses	18,734	76,379	14,254	57,757
Income tax paid	(18,550)	(75,628)	(13,652)	(55,318)
Currency translation difference	-	(49)	-	61
At 31 December	1,614	6,529	1,430	5,827

12.2 Income tax expense

In accordance with Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Current income tax	18,734	76,379	14,254	57,757

The reconciliation of income tax expense computed at the statutory tax rate to the income tax expense shown in the statement of comprehensive income is as follows:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Profit before income tax	63,479	258,804	290,905	1,178,747
Income tax using income tax rate at 20%	12,696	51,761	58,181	235,749
Non-deductible expenses	2,447	9,976	7,649	30,994
Temporary differences	239	974	(5,053)	(20,475)
Utilisation of previously unrecognised tax loss	(17,063)	(69,566)	(60,777)	(246,268)
Unrecognised deferred tax	1,370	5,585	-	-
Minimum tax	18,734	76,379	14,254	57,757
Others	311	1,270	-	-
Income tax expense	18,734	76,379	14,254	57,757

The calculation of taxable income is subject to the review and approval of the tax authorities.



## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 13. Borrowings from shareholders

Borrowings from shareholders comprise of:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Principal outstanding	6,359,500	25,724,178	5,259,500	21,432,463
Accrued interest payable	91,153	368,713	70,155	285,881
	<b>6,450,653</b>	<b>26,092,891</b>	<b>5,329,655</b>	<b>21,718,344</b>

Movement of outstanding principal of borrowings from shareholders follows:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
As at 1 January	5,259,500	21,432,463	2,759,500	11,087,671
Additions	1,100,000	4,484,700	2,650,000	10,737,800
Repayment	-	-	(150,000)	(607,800)
Currency translation difference	-	(192,985)	-	214,792
As at 31 December	<b>6,359,500</b>	<b>25,724,178</b>	<b>5,259,500</b>	<b>21,432,463</b>

The above borrowings are analysed as follows:

##### (a) By maturity:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Current	-	-	2,029,655	8,270,844
Non-current	6,450,653	26,092,891	3,300,000	13,447,500
	<b>6,450,653</b>	<b>26,092,891</b>	<b>5,329,655</b>	<b>21,718,344</b>

##### (b) By relationship:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Hikari Power Hong Kong Limited	<b>6,450,653</b>	<b>26,092,891</b>	<b>5,329,655</b>	<b>21,718,344</b>

The repayments of interest are made on a quarterly basis based on the repayment schedule for each of the borrowing agreements. Borrowings from Hikari Power Hong Kong Limited ("HPHKL") have maturity up to 2032 and 2033.

## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 13. Borrowings from shareholders (continued)

(c) By interest rate (per annum):

	2020	2019
Annual interest rate	10%	10%

#### 14. Share capital

	2020			2019		
	Number	US\$	KHR'000 (Note 2.4)	Number	US\$	KHR'000 (Note 2.4)
Registered:						
Ordinary shares of US\$100 each	25,000	2,500,000	10,000,000	25,000	2,500,000	10,000,000
Paid-up:						
Ordinary shares of US\$100 each	25,000	2,500,000	10,000,000	25,000	2,500,000	10,000,000

The paid-up capital of the Company as at 31 December 2020 is US\$2,500,000 (2019: US\$2,500,000) with a par value US\$100 per share.

The Company's share capital and shareholding structure are as follows:

	2020			2019		
	% of Ownership	Number of shares	Amount US\$	% of Ownership	Number of shares	Amount US\$
LPI	50%	12,500	1,250,000	50%	12,500	1,250,000
HPHKL	50%	12,500	1,250,000	50%	12,500	1,250,000
	100%	25,000	2,500,000	100%	25,000	2,500,000

## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 15. Regulatory reserves

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Regulatory reserves(*)	<b>72,781</b>	<b>294,399</b>	<b>81,530</b>	<b>328,457</b>

(\*) Regulatory reserves:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
At 1 January	81,530	328,457	66,278	266,305
Transfers	(8,749)	(35,670)	15,252	61,801
Currency translation difference	-	1,612	-	351
At 31 December	<b>72,781</b>	<b>294,399</b>	<b>81,530</b>	<b>328,457</b>

Transfer from retained earnings to reserve pertaining to impairment during the year when the provision under NBC requirement is higher than CIFRS for SMEs:

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Impairment on credit facilities required by the NBC				
- Deposits and placements with banks	5,754	23,275	-	-
- Loans to customers	209,915	849,106	292,688	1,188,926
Impairment loss on financial assets under the NBC	215,669	872,381	292,688	1,188,926
Impairment loss on financial assets under CIFRS for SMEs (Note 7)	142,888	577,982	211,158	860,469
	<b>72,781</b>	<b>294,399</b>	<b>81,530</b>	<b>328,457</b>

#### 16. Interest income

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Loans to customers	1,829,451	7,458,672	1,392,623	5,642,908
Balances with the NBC and other banks	3,340	13,617	786	3,185
	<b>1,832,791</b>	<b>7,472,289</b>	<b>1,393,409</b>	<b>5,646,093</b>

## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 17. Interest expense

This represents interest expenses on borrowings from shareholders (Note 23).

#### 18. Other income

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Penalty income	9,011	36,738	10,508	42,578
Other income - net	11,726	47,807	10,711	43,401
Foreign exchange gain (loss) - net	28,577	116,508	(3,887)	(15,750)
	<b>49,314</b>	<b>201,053</b>	<b>17,332</b>	<b>70,229</b>

#### 19. Personnel expenses

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Salaries and wages	531,432	2,166,648	321,029	1,300,810
Other short-term benefits	136,391	556,066	90,804	367,937
	<b>667,823</b>	<b>2,722,714</b>	<b>411,833</b>	<b>1,668,747</b>

#### 20. Depreciation and amortisation

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Depreciation (Note 9)	21,402	87,256	11,898	48,211
Amortisation (Note 10)	1,676	6,833	1,450	5,875
	<b>23,078</b>	<b>94,089</b>	<b>13,348</b>	<b>54,086</b>

## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 21. General and administrative expenses

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Rental fees	72,025	293,646	35,163	142,480
Office supplies	27,049	110,279	23,655	95,850
Professional fees	26,030	106,124	31,304	126,844
Transportation and travelling	25,313	103,201	22,514	91,227
Taxes and licenses	13,886	56,613	7,241	29,341
Utilities	12,678	51,688	8,814	35,714
Communication	11,781	48,031	12,944	52,449
Repairs and maintenance	8,587	35,009	6,108	24,750
Membership and service fees	6,906	28,156	7,037	28,514
Advertising and marketing	6,093	24,841	5,402	21,889
Bank charges	2,470	10,070	2,720	11,021
Donation	1,002	4,085	-	-
Commission	327	1,333	4,184	16,954
Provision for impairment loss on other assets	-	-	2,273	9,210
Others	71,865	292,995	27,046	109,590
	<b>286,012</b>	<b>1,166,071</b>	<b>196,405</b>	<b>795,833</b>

#### 22. Cash and cash equivalents

	2020		2019	
	US\$	KHR'000 (Note 2.4)	US\$	KHR'000 (Note 2.4)
Cash on hand (Note 4)	69,598	281,524	62,855	256,134
Deposits and placements with the NBC (Note 5)	7,058	28,550	6,723	27,396
Deposits and placements with banks (with maturities of 3 months or less) (Note 6)	575,364	2,327,347	396,885	1,617,306
	<b>652,020</b>	<b>2,637,421</b>	<b>466,463</b>	<b>1,900,836</b>

## Bamboo Finance Plc.

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 23. Related party balance and transactions

Significant transactions and outstanding balances with related parties during the year and as at 31 December 2020 and 2019 were as follows:

		2020		2019	
		US\$	KHR'000	US\$	KHR'000
			(Note 2.4)		(Note 2.4)
LPI	Interest expense	-	-	3,945	15,985
	Proceeds from borrowings	-	-	150,000	607,800
	Repayment of borrowings	-	-	(150,000)	(607,800)
HPHKL	Interest expense	744,449	3,035,119	461,107	1,868,406
	Long-term borrowings	6,359,500	25,724,178	5,259,500	21,432,463
	Accrued interest payable	91,153	368,713	70,155	285,881

#### *Compensation of key management personnel*

The Company considers as key management personnel all employees holding managerial positions up to Chairman. The short-term and long-term benefits of key management personnel of the Company amounted to US\$294,912 (KHR1,202,356 thousands) and US\$132,037 (KHR535,014 thousands) in 2020 and 2019, respectively.

#### 24. Leases commitments

The Company has commitments in respect of the lease of buildings under an operating lease arrangement, with future minimum rental amounts as follows:

	2020		2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.4)		(Note 2.4)
Not later than 1 year	56,244	227,507	35,110	143,075
Later than 1 year but less than 5 years	137,361	555,625	79,454	323,776
Later than 5 years	107,080	433,138	78,540	320,051
	300,685	1,216,270	193,104	786,902

#### 25. Tax contingencies

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. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

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 different interpretations and the effects could be significant.



**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**26. Significant event**

*Impact of Novel Coronavirus Outbreak to the Company*

Since January 2020, the outbreak of Novel Coronavirus (“COVID-19”) has impact on the global as well as Cambodia business environment. The Company will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Company.

**27. 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.

**27.1 Basis of aggregation**

The Company’s financial statements comprise the financial statements of the head office and its branches. All inter-branch balances and transactions have been eliminated.

**27.2 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits with banks and other highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost using the effective interest method in the statement of financial position.

**27.3 Deposits and placements with banks**

Deposits and placements with banks are carried at amortised cost using the effective interest method in the statement of financial position.

**27.4 Deposits and placements with the NBC**

Deposits and placements with the NBC, including capital guarantee deposit, are carried at amortised cost using the effective interest method in the statement of financial position.

Capital guarantee deposit is maintained in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by defined percentages of minimum share capital as required by the NBC. Capital guarantee is 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.

**27.5 Loan to customers**

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.6 Other assets**

Other assets are carried at amortised cost using the effective interest method in the statement of financial position.

**27.7 Property and equipment**

**(i) Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in profit or loss.

**(ii) Subsequent costs**

The costs of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is charged so as to allocated the cost of assets less their residual value over there estimated useful lives. Depreciation starts when the assets is readily available for use. The annual depreciation method and useful lives for property and equipment are as follows:

Leasehold improvements	25%	Using a straight-line method or term of lease, whichever is shorter
Furniture and fixtures	25%	Using a straight-line method
Computer equipment	50%	Using a straight-line method
Office equipment	25%	Using a straight-line method
Motor vehicles	25%	Using a straight-line method

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.8 Intangible assets**

Intangible assets consist of computer software license and related costs are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight-line basis at the rate of 20% per annum. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

**27.9 Impairment**

**Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date 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 or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

**27.10 Other liabilities**

Other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

**27.11 Provisions**

Provisions are recognised in the statement of financial provision when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.12 Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits, including seniority indemnity obligation, is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

**27.13 Dividends**

Dividends declared and approved by the Company's shareholders before the end of reporting date are recognised as a liability and accounted for as a deduction from the retained earnings in the financial statements.

Dividends declared and approved by the Company's shareholders after the reporting date are not recognised as a liability but disclosed as the subsequent events note in the financial statements.

**27.14 Interest**

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

**27.15 Fees and commission**

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**27.17 Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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 profit or loss, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it 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.

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.18 Financial assets and financial liabilities**

**(i) Recognition**

The Company initially recognises a financial asset or a financial liability when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

**(ii) Classification**

The Company classifies its financial assets and liabilities as basic financial instruments in accordance with Section 11, *Basic Financial Instruments*.

**(iii) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or settled, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(v) Amortised cost measurement**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

**(vi) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.18 Financial assets and financial liabilities (continued)**

**(vi) Fair value measurement (continued)**

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

**(vii) Identification and measurement of impairment**

**Objective evidence of impairment**

At each reporting date, the Company assesses whether there is objective evidence that financial assets that are measured at cost or amortised cost. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.



**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.18 Financial assets and financial liabilities (continued)**

**(vii) Identification and measurement of impairment (continued)**

**Individual and collective assessment**

All individually significant assets are individually assessed for impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the management.

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

**Measurement**

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.18 Financial assets and financial liabilities (continued)**

*(vii) Identification and measurement of impairment (continued)*

**Reversal of impairment and written off**

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the entity shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account.

The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The entity shall recognise the amount of the reversal in profit or loss immediately.

The Company writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the management determines that there is no realistic prospect of recovery.

**27.19 Regulatory reserves**

The NBC issued Prakas No. B7-017-344 dated 1 December 2017 on Credit Risk Grading and Provision on Impairment and Circular No. B7-018-001 dated 16 February 2018 on the Implementation of Prakas on Credit Risk Grading and Provision on Impairment, which require all banks and financial institutions (“Institution”) to measure the impairment and provide sufficient allowance for bad and doubtful loans based on the new credit risk grading and provision as follows:

Facility classification	Number of days past due	Allowance
<b>Short-term loans (less than one year):</b>		
Standard	0 - 14 days	1%
Special mention	15 - 29 days	3%
Sub-standard	30 - 59days	20%
Doubtful	60 - 89 days	50%
Loss	90 - days or more	100%
<b>Long-term loans (more than one year):</b>		
Standard	0 - 29 days	1%
Special mention	30 - 89 days	3%
Sub-standard	90 - 179 days	20%
Doubtful	180 - 359 days	50%
Loss	360 - days or more	100%

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**27. Significant accounting policies (continued)**

**27.19 Regulatory reserves (continued)**

In accordance with Article 73, the entity shall compare the provision calculated in accordance with above requirements, and the Company's record which is under CIFRS for SMEs:

- (i) If the regulatory provision is lower, the entity records the provision calculated in accordance with CIFRS for SMEs; and
- (ii) If the regulatory provision is higher, the entity records the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings into regulatory reserves in equity account.

**27.20 Related parties**

Enterprises and individual that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including the holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including Directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals, also constitute related parties.





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