ELIN Leasing Plc (Financial Leasing)

ANNUAL REPORT

2018

Registration No: Co.
3694 KH/2014

ELIN LEASING PLC.
(Incorporated in Cambodia)

CORPORATE INFORMATION

BOARD OF DIRECTORS:	Ty Chandy Leang Phuong Bunnarath Dao Cambodochine
REGISTERED OFFICE:	No. 186, Street Ekareach Phum 2, Sangkat 2 Krong Preah Sihanouk Preah Sihanouk Province Kingdom of Cambodia
PRINCIPAL BANKERS:	Acleda Bank Plc. Cambodia Asia Bank Plc. Cambodian Public Bank Canadia Bank Plc. CIMB Bank Plc. Foreign Trade Bank of Cambodia National Bank of Cambodia Phillip Bank Plc. Union Commercial Bank Plc.
AUDITORS:	BDO (Cambodia) Limited

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Message from Chairman

Ty Chandy
Chairman of BoD

2016 marks a significant milestone for ELIN Leasing with remarkable achievements including huge increase in the number of customers we served and decent profit for the shareholders after getting started in early 2015. At the beginning, we looked deeply into the market identifying risks and opportunities in the face of increasing competitions in the leasing sector in specific and financial services at large. We asked how we could serve more customers who need the services effectively and efficiently. As exhibited by the result, the strategy we put forward works and pays off nicely. We will continue to implement the same strategy with more focus on in-house human resource developments and refined efficient system in business operation to adapt to market needs.

“ We're hopeful for the future of our business especially after the great achievement this year. ”

Cambodia economic outlook remains in strong growth category with GDP for 2017 projected to be around 6-7%. Growth means more incomes and purchasing powers which could be translated into the business opportunities for ELIN Leasing business.
Going forward, we will continue to improve market positioning and efficiencies to achieve greater results and deliver value for the shareholders.

5. Board of Directors

Ty Chandy

Chairman of Board of Directors

Mr. Chandy is currently the HR Manager at International School of Phnom Penh. He has extensive experience in the field of human resource development and administration. Before joining ISPP he served in various senior positions in different industries including education, microfinance and hotel. He was HR Manger for AEON Microfinance. Before that he held the same position at Cambodia Utilities.

Dao Cambodochine

Independent Director

Mr. Chine is currently Senior Consultant for Asian Synergy Consulting Service Co Ltd. He holds senior consultant positions at various ministries and international organizations. He served as Chief Financial Officer at J-Net Group Inc. in Boston, MA, USA. Other experience includes an Economist at Pru-Bache Security, Bethesda, MD USA and Area Supervisor, McDonald's Corp Fairfax, VA, USA.

Leang Phuong Bunnarath

Non-Executive Director

Mr. Narath is the General Manager of Asian Synergy Consulting Service Co Ltd., a business consulting and research firm. He is also the General Manager at SPL Co., Ltd.
an Import-Export and real estate agent.

He obtained his master degree in Business and Economic in 2013 from University of Greenwich, United Kingdom.

DIRECTORS' REPORT

The Directors hereby submit the report and the audited financial statements of ELIN Leasing Plc. ("the Company") for the financial year ended 31 December 2018.

Principal activities

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

Results of operations

	2018 USD	2018 KHR'000
Loss for the financial year	151,564	608,985

Dividends

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

Reserves and provisions

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

Bad and doubtful debts

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

Current assets

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

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

DIRECTORS' REPORT (continued)

Valuation methods

At the date of this report, the Directors are not aware of any circumstances, which have arisen and which may render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

Contingent and other liabilities

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

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

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

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

Change of circumstances

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

Items of an unusual nature

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

Share capital

The Company did not issue any shares during the current financial year.

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

DIRECTORS' REPORT (continued)

Directors

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

Mr. Ty Chandy
Mr. Leang Phoung Bunnarath
Mr. Dao Cambodochine

Directors' benefits

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

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

Directors' responsibility in respect of the financial statements

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

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

(b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards ("CIFRSs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

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

(d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and

(e) control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

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

DIRECTORS' REPORT (continued)

Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 8 to 26 have been drawn up in accordance with Cambodian International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board,

Mr. Ty Chandy
Chairman

Phnom Penh, Cambodia
Date: 30 April 2018

INDEPENDENT AUDITORS' REPORT

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of ELIN Leasing Plc. ("the Company"), which comprise statement of financial position as at 31 December 2018, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies, as set out on pages 8 to 26.

The financial statements of the Company for the financial year ended at 31 December 2017 were audited by another firm of Certified Public Accountants, whose report dated 30 April 2018 express an unqualified opinion on those statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants and Auditors* of the Kampuchea Institute of Certified Public Accountants and Auditors ("Code of Ethics") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT (continued)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matters

This report is made solely to the shareholders of the Company, as a body. We do not assume responsibility to any other person for the content of this report.

BDO (Cambodia) Limited

Phnom Penh, Cambodia

Date: 30 April 2019

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 US$	2018 KHR'000	2017 US$
ASSETS				
Non-current assets				
Property, plant and equipment	5	11,004	44,214	19,617
Intangible assets	6	4,686	18,828	8,223
Loans and receivables	7	49,833	200,229	454,676
		65,523	263,271	482,516
Current assets				
Loans and receivables	7	-	-	8,603
Other receivables	8	8,324	33,446	63,672
Balances with National Bank of Cambodia	9	29,200	117,326	29,200
Balances with other banks	10	368,490	1,480,593	44,147
		406,014	1,631,365	145,622
TOTAL ASSETS		471,537	1,894,636	628,138
EQUITY AND LIABILITIES				
Equity				
Share capital	11	584,000	2,346,512	584,000
(Accumulated losses)/Retained earnings		(133,295)	(535,579)	18,269
TOTAL EQUITY		450,705	1,810,933	602,269
LIABILITIES				
Non-current liability				
Deferred tax liability		709	2,849	709
Current liabilities				
Other payables	12	20,096	80,746	19,627
Current tax liabilities		27	108	5,533
TOTAL LIABILITIES		20,123	80,854	25,869
TOTAL LIABILITIES AND EQUITY		471,537	1,894,636	628,138

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$	2018 KHR'000	2017 US$
Interest income	14	69,823	280,549	433,642
Interest expense	15	-	-	(22,824)
Net interest income		69,823	280,549	410,818
Other income	16	2,767	11,118	5,261
Administrative expenses	17	(223,428)	(897,735)	(377,251)
(Loss)/Profit before tax		(150,838)	(606,068)	38,828
Tax expense	18	(726)	(2,917)	(10,363)
(Loss)/Profit for the financial year		(151,564)	(608,985)	28,465
Other comprehensive income, net of tax		-	-	-
Total comprehensive (loss)/income for the financial year		(151,564)	(608,985)	28,465

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital US$	(Accumulated losses)/ Retained earnings US$	Total US$
Balance as at 1 January 2017		**584,000**	**(10,196)**	**573,804**
Profit for the financial year, representing total comprehensive incomes		-	33,354	33,354
Balance as at 31 December 2017/ 1 January 2018, as previously reported		**584,000**	**23,158**	**607,158**
Adjustment on initial application of: CIFRS 9	21.1	-	(4,889)	(4,889)
Balance as at 31 December 2017/ 1 January 2018, as restated		**584,000**	**18,269**	**602,269**
Loss for the financial year, representing total comprehensive incomes		-	(151,564)	(151,564)
Balance as at 31 December 2018		**584,000**	**(133,295)**	**450,705**
(KHR'000 equivalent)		*2,346,512*	*(535,579)*	*1,810,933*

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$	2018 KHR'000	2017 US$
Cash flows from operating activities				
(Loss)/Profit before tax Adjustments for:		(150,838)	(606,068)	38,828
Amortisation of intangible assets	6	3,537	14,212	3,593
Depreciation of property, plant and equipment Impairment loss on loans and receivables Interest expense	5	7,548	30,328	8,698
	7(e)	49,204	197,702	21,288
	15	-	-	22,824
Property, plant and equipment written off		1,405	5,645	-
Operating (loss)/profit before working capital changes		(89,144)	(358,181)	95,231
Changes in working capital				
Loans and receivables		364,242	1,463,524	420,298
Other receivables		55,348	222,388	(34,965)
Other payables		469	1,884	(16,628)
Cash generated from operations Income tax paid		330,915	1,329,615	463,936
		(6,232)	(25,040)	(6,033)
Interest paid		-	-	(22,824)
Net cash from operating activities		324,683	1,304,575	435,079
Cash flows from investing activities				
Purchase of property, plant and equipment Purchase of intangible assets	5	(340)	(1,366)	(5,675)
	6	-	-	(1,400)
Net cash used in investing activities		(340)	(1,366)	(7,075)
Cash flows from financing activity				
Repayments of borrowings, representing net cash used in financing activity		-	-	(559,306)
Net increase/(decrease) in cash and cash equivalents		324,343	1,303,210	(131,302)
Cash and cash equivalents at beginning of financial year		44,147	177,383	175,449
Cash and cash equivalents at end of financial year	10	368,490	1,480,593	44,147

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. CORPORATE INFORMATION

ELIN Leasing Plc. ("the Company") is a public limited company incorporated in Cambodia under registration number Co. 3694 KH/2014 dated 8 December 2014, issued by the Ministry of Commerce.

The Company obtained its license from the National Bank of Cambodia ("NBC") to operate as a financial leasing company on 6 December 2016.

The registered office of the Company is located at house No. 186, St. Ekareach, Phum 2, Sangkat 2, Krong Preah Sihanouk, Preah Sihanouk Province, Kingdom of Cambodia.

The financial statements are presented in United States Dollar ("US$"), which is also the Company's functional currency.

The financial statements were authorised for issue by the Board of the Directors on 30 April 2019.

2. PRINCIPAL ACTIVITY

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

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") as issued by the National Accounting Council of the Ministry of Economy and Finance.

4. BASIS OF ACCOUNTING

The accounting policies adopted are consistent with those of the previous financial year except for the effects, if any, of the adoption of new CIFRSs during the financial year. The new CIFRSs adopted during the financial year are disclosed in Note 21 to the financial statements.

The Company applied CIFRS 15 *Revenue from Contracts with Customers* and CIFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

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

Translations to Khmer Riel ("KHR") are presented in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes to the financial statements as at and for the financial year ended 31 December 2018 of the Company using the official rate of exchange regulated by National Bank of Cambodia as at the reporting date, which was US$1 = KHR4,018 (2017: KHR4,037). Such translation amounts should not be construed as representations that the US$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement US$	Office furniture, fixture and equipment US$	Motor vehicles US$	Computer and IT equipment US$	Total US$
Cost					
Balance at 1.1.2017	2,798	4,530	10,250	16,233	33,811
Additions	1,820	900	-	2,955	5,675
Balance at 31.12.2017 / 1.1.2018	4,618	5,430	10,250	19,188	39,486
Additions	-	-	-	340	340
Written-off	(1,820)	-	-	-	(1,820)
Balance at 31.12.2018	2,798	5,430	10,250	19,528	38,006
Accumulated depreciation					
Balance at 1.1.2017	1,048	1,078	2,166	6,879	11,171
Depreciation for the year	831	1,376	2,562	3,929	8,698
Balance at 31.12.2017 /	1,879	2,454	4,728	10,808	19,869
1.1.2018 Depreciation for the	701	1,328	2,562	2,957	7,548
year Written-off	(415)	-	-	-	(415)
Balance at 31.12.2018	2,165	3,782	7,290	13,765	27,002
Carrying amounts					
Balance as at 31.12.2018	**633**	**1,648**	**2,960**	**5,763**	**11,004**
(KHR'000 equivalent)	*2,543*	*6,622*	*11,893*	*23,156*	*44,214*
Balance as at 31.12.2017	2,739	2,976	5,522	8,380	19,617

All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Leasehold improvement	5 years
Office furniture, fixture and	2 - 4 years
equipment Motor vehicles	4 years
Computer and IT equipment	2 years

6. INTANGIBLE ASSETS

	Computer software US$
Cost	
Balance at 1.1.2017	16,300
Additions	1,400
Balance at 31.12.2017 / 1.1.2018	17,700
Additions	-
Balance at 31.12.18	17,700
Accumulated amortisation	
Balance at 1.1.2017	5,884
Amortisation for the year	3,593
Balance at 31.12.2017 / 1.1.2018	9,477
Amortisation for the year	3,537
Balance at 31.12.18	13,014
***Carrying amounts* Balance as at 31.12.2018**	**4,686**
(KHR'000 equivalent)	*18,828*
Balance as at 31.12.2017	8,223

(a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

(b) Computer software comprises accounting software and is amortised over five years.

7. LOANS AND RECEIVABLES

	2018 US$	KHR'000	2017 US$
Hire purchase receivables - gross	126,775	509,382	571,326
Less: Unearned finance income	(19,357)	(77,776)	(84,690)
	107,418	431,606	486,636
Less: Impairment loss	(57,585)	(231,377)	(23,357)
Hire purchase receivables - net	49,833	200,229	463,279
Less: Current portion	-	-	(8,603)
Hire purchase receivables - long term portion	49,833	200,229	454,676

(a) Loans and receivables are classified as financial assets measured at amortised cost.

7. LOANS AND RECEIVABLES (continued)

(b) As at 31 December 2018, a reconciliation between minimum lease payments in the hire purchase contracts together with the present value of future minimum lease payments receivables are as follows:

	2018		2017	
	Minimum lease payments of hire purchase contract US$	Present value of future minimum hire purchase contract US$	Minimum lease payments of hire purchase contract US$	Present value of future minimum hire purchase contract US$
- not later than one year	-	-	559,980	476,869
- later than one year and not later than five years	126,775	107,418	11,346	9,767
	126,775	107,418	571,326	486,636
Less: Unearned finance income	(19,357)		(84,690)	
Total	107,418		486,636	

During the current financial year, the Company entered into hire-purchase arrangements with a weighted average effective interest rate of 58.93% (2017: 48.04%) per annum.

(c) Loans and receivables are denominated in US$.

(d) The Company applies the IFRS 9 simplified approach to measuring expected credit loss using a lifetime credit loss provision for hire purchase receivables. To measure expected credit losses on a collective basis, hire purchase receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Company's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.

Lifetime expected loss provision for hire purchase receivables as at 31 December 2018 are as follows:

	Class A	Class B	Class C	Class D	Loan loss	Total
Performing loans						
Expected loss rate	20.47%	13.57%	11.68%	9.76%	-	
Expected loss rate	7.91%	5.74%	2.61%	3.10%	-	
Gross carrying amount (US$)	35,647	30,989	38,492	10,231	-	115,359
Impairment (US$)	577	241	117	31	-	966
Non-performing loans						
Expected loss rate	20.02%	14.80%	13.44%	11.32%	100%	
Gross carrying amount (US$)	7,849	3,412	8,057	1,308	48,420	69,046
Impairment (US$)	1,572	506	1,083	149	48,420	51,730
Total impairment (US$)	2,149	747	1,200	180	48,420	52,696

During the financial year, the Company did not renegotiate the terms of any loans and receivables.

7. LOANS AND RECEIVABLES (continued)

(e) Movements in the impairment allowance for hire purchase receivables are as follows:

	2018 US$	2018 KHR'000	2017 US$
At 1 January under CIAS 39	18,468	74,204	4,625
Restated through opening retained earnings	4,889	19,643	-
Opening impairment loss of hire purchase receivables in accordance with CIFRS 9	23,357	93,847	4,625
Allowance for the year	49,204	197,702	16,399
Written-off	(14,976)	(60,172)	(2,556)
At 31 December	57,585	231,377	18,468

(f) The fair values of hire purchase receivables are categorised as level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

Valuation techniques used and key inputs to valuation on the hire purchase receivables measured at level 3 are described below:

Financial asset	Valuation technique used	Significant unobservable input	Inter-relationship Between key unobservable inputs and fair value
Hire purchase receivables	Discounted cash flow method	58.93%	The higher the discount rate, the lower the fair value of the financial asset would be

(g) The carrying amounts of hire purchase receivables are reasonable approximation of fair values due to the current rates offered by the Company approximate the market rates for similar instruments of the same remaining maturities.

(h) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the hire purchase receivables of the Company that are exposed to interest rate risk:

	Weighted average effective interest rate %	Within 1 year US$	1 - 5 years US$	Total US$
As at 31 December 2018				
Fixed rates				
Hire purchase receivables	58.93	-	107,418	107,418
As at 31 December 2017				
Fixed rates				
Hire purchase receivables	48.04	476,869	9,767	486,636

8. OTHER RECEIVABLES

	2018 US$	2018 KHR'000	2017 US$
Prepayments	1,647	6,618	1,779
Advances	3,100	12,456	53,150
Others	3,577	14,372	8,743
	8,324	33,446	63,672

(a) Other receivables are classified as financial assets measured at amortised cost.

(b) Other receivables are denominated in US$.

(c) Impairment for other receivables is recognised based on the general approach within IFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

9. BALANCES WITH NATIONAL BANK OF CAMBODIA

	2018 US$	2018 KHR'000	2017 US$
Statutory deposit	29,200	117,326	29,200

(a) In compliance with Prakas B7-011-232 Pro Kor dated 27 December 2011 on the Licensing of Finance Lease Companies, the Company is required to maintain a statutory capital deposit with the NBC of 5% of registered capital. This deposit is refundable should the Company voluntarily liquidate.

(b) Balances with National Bank of Cambodia are classified as financial assets measured at amortised cost.

(c) Balances with National Bank of Cambodia are denominated in US$.

10. BALANCES WITH OTHER BANKS

	2018 US$	2018 KHR'000	2017 US$
Acleda Bank Plc.	1,461	5,870	1,000
Cambodia Asia Bank Plc.	5,441	21,862	4,784
Cambodian Public Bank Canadia	2,038	8,189	5,623
Bank Plc.	440	1,768	500
CIMB Bank Plc.	3,466	13,926	792
Foreign Trade Bank of Cambodia	350,194	1,407,079	25,954
Phillip Bank Plc.	465	1,869	500
Union Commercial Bank Plc.	4,985	20,030	4,994
	368,490	1,480,593	44,147

10. BALANCES WITH OTHER BANKS (continued)

(a) Balances with other banks are classified as financial assets measured at amortised cost.

(b) Balances with other banks are denominated in US$.

11. SHARE CAPITAL

	2018			2017	
	Number	US$	KHR'000	Number	US$
Ordinary shares of US$1 (2017: US$1) each Registered	584,000	584,000	2,346,512	584,000	584,000
Registered and issued: At 1 January/31 December	584,000	584,000	2,346,512	584,000	584,000

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

12. OTHER PAYABLES

	2018		2017
	US$	KHR'000	US$
Accrued expenses	7,717	31,007	10,405
Other taxes	3,630	14,586	2,405
payable Provident	5,746	23,087	3,164
Fund Others	3,003	12,066	3,653
	20,096	80,746	19,627

(a) Other payables are classified as financial liabilities measured at amortised cost.

(b) Other payables are denominated in US$.

(c) Maturity profile of other payables of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

13. OPERATING LEASE COMMITMENTS

The Company as lessee

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

	2018		2017
	US$	KHR'000	US$
Not later than one year	20,000	80,360	20,000
Later than one year and not later than five years	40,000	160,720	53,333
	60,000	241,080	73,333

14. INTEREST INCOME

	2018 US$	2018 KHR'000	2017 US$
Hire purchase interest income	69,823	280,549	433,642

15. INTEREST EXPENSE

	2018 US$	2018 KHR'000	2017 US$
Interest expense on borrowing from shareholder	-	-	22,824

16. OTHER OPERATING INCOME

	2018 US$	2018 KHR'000	2017 US$
Penalty income	30	120	-
Commission income	2,588	10,398	4,359
Foreign exchange gain	149	600	902
	2,767	11,118	5,261

17. ADMINISTRATIVE EXPENSES

	2018 US$	2018 KHR'000	2017 US$
Amortisation of intangible assets	3,537	14,212	3,594
Depreciation of property, plant and equipment	7,548	30,328	8,698
Staff costs	83,360	334,941	166,775
Impairment loss on loans and receivables	49,204	197,702	21,288
Office rental	18,800	75,538	20,676
Dues and membership fees	5,767	23,172	5,744
Communication expenses	5,451	21,902	9,853
Professional fees	5,350	21,496	22,208
Utilities	5,010	20,130	5,207
Penalty expenses	-	-	20,688
Transportation expenses	3,099	12,452	7,341
Office supplies	763	3,067	7,181
Others	35,539	142,795	77,998
	223,428	897,735	377,251

18. TAX EXPENSE

	2018 US$	2018 KHR'000	2017 US$
Income tax expense: Current year	726	2,917	10,363

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2017: 20%) of the taxable profit or a minimum tax at 1% (2017: 1%) of total revenue, whichever is higher.

The numerical reconciliation between the tax expense and the product of accounting loss/profit multiplied by the applicable tax rate of the Company is as follows:

	2018 US$	2018 KHR'000	2017 US$
(Loss)/Profit before tax	(150,838)	(606,068)	38,828
Tax at Cambodian statutory tax rate of 20% (2017: 20%)	(30,168)	(121,215)	7,766
Tax effects in respect of:			
Non-allowable expenses	2,370	9,523	2,597
Deferred tax asset not recognised during the year	29,296	117,711	-
Tax allowance	(1,498)	(6,019)	-
Statutory minimum tax	726	2,917	-
Total tax expense	726	2,917	10,363

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

	2018 US$	2018 KHR'000	2017 US$
Unused tax losses			
- Expire by 31 December 2023	146,479	588,553	-

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

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

19. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Company's capital management is to ensure that the Company would be able to continue as a going concern whilst maximising the return to its shareholders. The overall strategy of the Company remains unchanged since date of incorporation.

The Company manages its capital structure and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2018 and 31 December 2017.

19. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management

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

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

The Company is exposed mainly to interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Company would fluctuate because of changes in market interest rates.

The exposure of the Company to interest rate risk arises primarily from loans and receivables. The Company manages its interest rate exposure by closely monitoring the interest charged on hire purchase arrangements. The Company does not use derivative financial instruments to hedge any debt obligations.

Sensitivity analysis for interest rate risk

Sensitivity analysis of interest rate risk is not presented as it is not material to the Company.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to perform as contracted. The Company controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Company also seeks to invest cash assets safely and profitably with approved financial institutions.

Company determines a financial asset to be in default when contractual payments are past due and when internal or external information indicates that financial asset is not recoverable. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Exposure to credit risk and credit risk concentration profile

The maximum exposure to credit risk for the Company is represented by the carrying amounts of each financial asset.

The Company do not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

19. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations when due.

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the operations of the Company. To mitigate liquidity risk, the Company requires financial support from its associate to finance the operations of the Company and meet its obligations as and when they fall due.

20. TAXATION CONTINGENCIES

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

21. ADOPTION OF NEW CIFRSs

21.1 New CIFRSs adopted during the current financial year

The Company adopted the following amendments, accounting standards and interpretations during the financial year.

	Effective Date
Amendments to CIFRS 1 *Annual Improvements to CIFRS Standards 2014 - 2016 Cycle*	1 January 2018
CIFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to CIFRS 15	1 January 2018
CIFRS 9 *Financial Instruments (issued by IASB in July 2014)*	1 January 2018
Amendments to CIFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to CIAS 28 *Annual Improvements to CIFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to CIAS 40 *Transfers of Investment Property*	1 January 2018
Amendments to CIFRS 4 *Applying CIFRS 9 Financial Instruments with CIFRS 4 Insurance Contracts*	See IFRS 4 Paragraphs 46 and 48

21. ADOPTION OF NEW CIFRSs (continued)

21.1 New CIFRSs adopted during the current financial year (continued)

Adoption of the above amendments, accounting standards and interpretations did not have any material effect on the financial performance or position of the Company except for the adoption of CIFRS 15 and CIFRS 9 described in the following sections.

(a) CIFRS 9 *Financial Instruments*

CIFRS 9 replaces CIAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Company applied CIFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under CIAS 39. Differences arising from the adoption of CIFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Company classify their financial assets into the following measurement categories depending on the business model of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.
- A new financial asset category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

CIFRS 9 largely retains the existing requirements in CIAS 39 for the classification of financial liabilities.

However, under CIAS 39 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under CIFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

21. ADOPTION OF NEW CIFRSs (continued)

21.1 New CIFRSs adopted during the current financial year (continued)

(a) CIFRS 9 *Financial Instruments (continued)*

(ii) Impairment of financial assets

The adoption of CIFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Company by replacing the incurred loss approach of CIAS 39 with a forward-looking expected credit loss approach. CIFRS 9 requires the Company to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for loans and receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within CIFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the loans and receivables are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the loans and receivables. For loans and receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statement of profit or loss and other comprehensive income. On confirmation that the loans and receivables would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables is recognised based on the general approach within CIFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

21. ADOPTION OF NEW CIFRSs (continued)

21.1 New CIFRSs adopted during the current financial year (continued)

(a) CIFRS 9 *Financial Instruments (continued)*

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Company as at 1 January 2018:

	Classification		Carrying amount	
	Existing under CIAS 39 US$	**New under CIFRS 9 US$**	**Existing under CIAS 39 US$**	**New under CIFRS 9 US$**
Financial assets				
Loans and receivables	L&R	AC	463,279	463,279
Other receivables	L&R	AC	63,672	63,672
Balances with National Bank of Cambodia	L&R	AC	29,200	29,200
Balances with other banks	L&R	AC	44,147	44,147
Financial liabilities				
Other payables	OFL	AC	19,627	19,627

The following tables are reconciliations of the carrying amount of the statement of financial position of the Company from CIAS 39 to CIFRS 9 as at 1 January 2018:

	Existing under CIAS 39		New under CIFRS 9
	Carrying amount as at 31 December 2017 US$	**Remeasurement US$**	**Carrying amount as at 1 January 2018 US$**
Hire purchase receivables:			
Opening balance	468,168	-	468,168
Increase in impairment loss	-	(4,889)	(4,889)
Total hire purchase receivables	468,168	(4,889)	463,279
Retained earnings:			
Opening balance	23,158	-	23,158
Increase in impairment loss for Hire purchase receivables	-	(4,889)	(4,889)
Total retained earnings	23,158	(4,889)	18,269

21. ADOPTION OF NEW CIFRSs (continued)

21.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are accounting standards, amendments and interpretations that have been issued but have not been early adopted by the Company.

	Effective Date
CIFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to CIAS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to CIFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to CIFRS 3 *Annual Improvements to CIFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to CIFRS 11 *Annual Improvements to CIFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to CIAS 12 *Annual Improvements to CIFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to CIAS 23 *Annual Improvements to CIFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to CIAS 19 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to *References to the Conceptual Framework in CIFRS Standards*	1 January 2020
CIFRS 17 *Insurance Contracts*	1 January 2021
Amendments to CIFRS 10 and CIAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Company is in the process of making an assessment of the potential impact from the adoption of these accounting standards, amendments and interpretations hence the Directors are not yet in a position to conclude on the potential impact on the results and the financial position of the Company.