

INFORMATIENOTA (AANBIEDING AAN HET PUBLIEK)

INFORMATIENOTA OVER DE AANBIEDING VAN FIRST FINANCE OBLIGATIES DOOR FIRST FINANCE Plc

LET OP: IN VERBAND MET COVID-19 GELDEN ER TIJDELIJK ANDERE VOORWAARDEN VOOR DEZE PARTNER. MEER INFORMATIE VINDT U [HIER](#).

Dit document is opgesteld door Hands-on BV (Lendahand).

DIT DOCUMENT IS GEEN PROSPECTUS EN WERD NIET GECONTROLEERD NOCH GOEDGEKEURD DOOR DE AUTORITEIT VOOR FINANCIËLE DIENSTEN EN MARKTEN

25 augustus 2020

WAARSCHUWING: DE BELEGGER LOOPT HET RISICO ZIJN BELEGGING VOLLEDIG OF GEDEELTELIJK TE VERLIEZEN EN/OF HET VERWACHTE RENDEMENT NIET TE BEHALEN

DE BELEGGINGSINSTRUMENTEN ZIJN NIET GENOTEERD: DE BELEGGER LOOPT HET RISICO GROTE PROBLEMEN TE ONDERVINDEN OM ZIJN POSITIE AAN EEN DERDE TE VERKOPEN INDIEN HIJ DAT ZOU WENSEN.

Deel I - Belangrijkste risico's die inherent zijn aan de uitgevende instelling en de aangeboden beleggingsinstrumenten, en die specifiek zijn voor de betrokken aanbieding

Over het algemeen geldt hoe hoger het aangeboden of verwachte rendement, hoe hoger het risico. Het aangeboden of verwachte rendement op de obligaties is afhankelijk van de winst die de uitgevende instantie maakt. De kans bestaat dat de winst lager is dan verwacht of dat er zelfs sprake is van verlies, waardoor u mogelijk minder rendement krijgt uitgekeerd of zelfs uw inleg of een deel daarvan verliest. De belangrijkste redenen waardoor de uitgevende instelling mogelijk niet in staat is het aangeboden of verwachte rendement of zelfs uw inleg uit te keren, zijn:

Macro-economische, sociale en politieke landenrisico's: er is sprake van het risico dat macro-economische, sociale en politieke factoren leiden tot een lastig zakelijk klimaat voor de uitgevende instelling. Deze risico's zijn aan elkaar gerelateerd en lastig te beheersen. Economische, financiële en sociale instabiliteit, een complex en snel veranderende juridisch systeem, natuurrampen, etc. hebben een grote impact op het zakelijk klimaat via o.a. devaluaties van lokale valuta, hoge inflatie en beperkte capaciteit tot terugbetaling door klanten.

Portefeuille risico: er is sprake van het risico op te veel slechte leningen in de portefeuille van de uitgevende instelling, bijvoorbeeld omdat de kredietbeoordeling en/of klantafhandeling niet op orde is, of door politieke instabiliteit of een natuurramp. Dit betekent dat leningen afgeboekt moeten worden wat een weerslag kan hebben op de kapitalisatie en winstgevendheid van de uitgevende instelling.

Wisselkoersrisico: er is sprake van het risico op verliezen door wisselkoersschommelingen omdat de uitgevende instelling inkomsten genereert die anders zijn dan de valuta waarin de obligaties zijn uitgegeven. Dit betekent dat de liquiditeit en solvabiliteit van de uitgevende instelling in gevaar kan komen bij heftige wisselkoersschommelingen.

De obligaties zijn niet verhandelbaar op een beurs of platform en daardoor beperkt verhandelbaar. Dat betekent dat er mogelijk geen koper is voor uw obligaties als u tussentijds van uw belegging af wilt. U loopt dan dus het risico dat u niet op het door u gewenste moment uw geld terug kan krijgen en uw belegging langer aan moet houden of uw obligaties voor een lagere prijs moet verkopen.

Fraude en corruptierisico's: er is sprake van het risico op fraude en/of corruptie omdat er over het algemeen een grote afstand is tussen de uitgevende instelling en de investeerders in de obligaties. Tevens is het fraude- en corruptieniveau in het land van de uitgevende instelling over het algemeen hoger dan in het land van verblijf van de investeerders in de obligaties. Dit betekent dat de (financiële) situatie bij de uitgevende instelling er beter voor kan lijken te staan dan dat het daadwerkelijk is.

Financieringsrisico: er is sprake van een financieringsrisico omdat de uitgevende instelling continue financiering nodig heeft voor haar activiteiten. Dit betekent dat het kan gebeuren dat de uitgevende instelling haar leenportefeuille moet verkleinen als ze niet meer voldoende financiering kan aantrekken wat een neerwaartse druk geeft op de winstgevendheid.

Vervroegde aflossing: er is sprake van het risico op vervroegde aflossing omdat de uitgevende instelling de obligaties op lagere kosten kan herfinancieren. Dit betekent voor u als belegger dat u eerder de beschikking heeft over uw geld dan verwacht, hetgeen gedeerde (rente)inkomsten als gevolg kan hebben.

Rangorde uitbetaling: uitkering van het rendement gebeurt nadat operationele uitstaande kosten voldaan zijn zoals lonen en facturen van leveranciers. Het risico bestaat dat de uitgevende instelling onvoldoende liquide middelen overhoudt om het rendement uit te keren. Dit betekent voor u als belegger dat het rendement lager kan zijn dan verwacht en eventueel dat u niet uw volledige inleg terugkrijgt.

In geval van faillissement hebben de volgende uitkeringen voorrang op de uitbetaling van het rendement op de obligaties: operationele uitstaande kosten, belastingen, deposito's, vreemd vermogen met onderpand. Let op dat deze lijst niet per se uitputtend is. Dit betekent voor u dat het rendement lager kan zijn dan verwacht en eventueel dat u niet uw volledige inleg terugkrijgt.

Beperkt eigen vermogen: het eigen vermogen van de uitgevende instelling is beperkt ten opzichte van het vreemd vermogen. Dit betekent dat de buffer aan eigen vermogen klein is waardoor bij tegenvallende resultaten de uitgevende instelling relatief snel niet meer aan haar verplichtingen op de obligaties zal kunnen voldoen. Het risicoprofiel van de obligaties lijkt daardoor op het risicoprofiel van aandelen.

Operationeel risico: er is sprake van het risico op operationele tekortkomingen omdat de kosten langdurig te hoog kunnen zijn versus de opbrengsten. Dit betekent dat de uitgevende instelling niet meer aan haar financiële verplichtingen kan voldoen.

Platform risico: er is sprake van het risico op discontinuatie van het platform omdat de aanbieder de exploitatie niet rendabel kan maken. Dit betekent dat het lastiger zal zijn om terugbetalingen te faciliteren voor investeerders in de obligaties.

Deel II - Informatie over de uitgevende instelling en de aanbieder van de beleggingsinstrumenten

A. Identiteit van de uitgevende instelling

1. De uitgevende instelling is een besloten vennootschap, opgericht op 26-06-2008 en gevestigd in Phnom Penh, Cambodja. Het adres van de uitgevende instelling is A15-17, 271, Sangkat Tmnob Tuek, Khan Chamkar Mon, Phnom Penh, Cambodja. De website van de uitgevende instelling is <https://www.firstfinance.biz>
2. Dit zijn de belangrijkste activiteiten van de uitgevende instelling: het financieren van betaalbare woningoplossingen in Cambodja voor lage- en middeninkomen huishoudens.
3. Voor zover die informatie bekend is bij de uitgevende instelling of de aanbieder, identiteit van de personen die meer dan 5% van het kapitaal van de uitgevende instelling in bezit hebben, en omvang (uitgedrukt als percentage van het kapitaal) van de deelnemingen in hun bezit: De aandeelhouders van de uitgevende instelling zijn: First Home (9.15%), Insitor Seed SA (28.87%), Phillip MFIs Pte Ltd (27.41%), Cambodia Laos Development Fund (19.49%), Norfund (15.09%).
4. Het bedrag aan uitstaande leningen is EUR 18.060.474. Dit betreft 18 leningen die de uitgevende instelling op één na in de komende 4 jaar afgelost moet hebben.
5. De uitgevende instelling wordt bestuurd door de volgende natuurlijke personen: Piyachatr CHETNAKARNKUL, Klaas Hanco HALBERTSMA, Paul Jonathan FREER, Nicholas John LAZOS, David John LITTLEJOHN, Talmage Mark PAYNE, Ong TEONG HOON
6. Bezoldiging bestuurders: onbekend bij aanbieder.
7. voor de sub 4° bedoelde personen, vermelding van elke veroordeling als bedoeld in artikel 20 van de wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen, of een passende negatieve verklaring: niet van toepassing
8. beschrijving van de belangenconflicten tussen de uitgevende instelling en de sub 3° tot 5° bedoelde personen, of met andere verbonden partijen, of een passende negatieve verklaring: niet van toepassing
9. in voorkomend geval, identiteit van de commissaris: niet van toepassing

B. Financiële informatie over de uitgevende instelling

Verklaring door de uitgevende instelling dat het werkkapitaal naar haar oordeel toereikend is om aan haar behoeften voor de volgende twaalf manden te voldoen: ja

Het bedrag aan uitstaande leningen is EUR 18.060.474. Dit betreft 18 leningen die de uitgevende instelling op één na in de komende 4 jaar afgelost moet hebben.

Beschrijving van elke wijziging van betekenis in de financiële of handelspositie die zich heeft voorgedaan na het einde van het laatste boekjaar waarop de sub 1° hierboven bedoelde jaarrekening betrekking heeft, of een passende negatieve verklaring: niet van toepassing

C. Uitsluitend wanneer de aanbieder en de uitgevende instelling verschillende personen zijn: identiteit van de aanbieder

De aanbieder is niet de uitgevende instelling van de obligaties. Na uitvoerig onderzoek biedt de aanbieder de uitgevende instelling toegang tot haar website waarmee de uitgevende instelling financiering kan aantrekken ten behoeve van verschillende projecten. Hiervoor krijgt de aanbieder een vergoeding van de uitgevende instelling. Er is dus een financiële relatie tussen de aanbieder en de uitgevende instelling. Meer informatie over de uitgevende instelling is te vinden op de website van de aanbieder.

De aanbieder is opgericht op 17 juli 2012 en gevestigd in Rotterdam onder het KvK-nummer 55711766. Het adres van de aanbieder is Eendrachtsplein 3, Unit 2A, 3015 LA Rotterdam, Nederland. De website van de aanbieder is www.lendahand.com

De aanbieder wordt bestuurd door Le Theta B.V., Wiggerd B.V en Daniel Sebastiaan van Maanen

Contactpersoon: Koen The, koen.the@lendahand.com, +31 10 7171815.

D. Uitsluitend wanneer de aangeboden beleggingsinstrumenten een onderliggend actief hebben: beschrijving van het onderliggende actief

Niet van toepassing.

Deel III - Informatie over de aanbieding van beleggingsinstrumenten

A. Beschrijving van de aanbieding

De totale opbrengst van de aanbieding bedraagt EUR 2.500.000, verdeeld over diverse projecten gedurende de looptijd van de aanbieding.

Dit bedrag kan ook lager zijn als niet op alle obligaties wordt ingeschreven. De minimale opbrengst is EUR 2.500

De aanbiedingsperiode begint op 27-08-2020 en eindigt op 26-08-2021, of zoveel eerder als op de gehele aanbieding is ingeschreven.

Gedurende de aanbiedingsperiode biedt de uitgevende instelling projecten aan op de Lendahand website op basis waarvan obligaties worden uitgegeven.

De uitgiftedatum van de obligaties is doorlopend gedurende de aanbiedingsperiode.

De startdatum van een obligatie is de eerste dag van de maand volgend op de dag dat het onderliggende project volledig gefinancierd is.

Over uw inleg betaalt u geen emissiekosten. Bij verkoop van uw obligaties betaalt u geen kosten.

Van elke euro van uw inleg wordt EUR 0,- gebruikt om kosten af te dekken. EUR 1,- wordt geïnvesteerd in obligaties van de uitgevende instelling. Er is dus geen sprake van kosten voor de belegger.

B. Reden voor de aanbieding

De opbrengst wordt gebruikt voor het financieren van kleine en middelgrote bedrijven in Oeganda. Van de opbrengst wordt 0% gebruikt voor kosten, tenzij er sprake is van een eenmalige vooruitbetaalde platform vergoeding welke over het algemeen niet hoger is dan 4% per jaar.

Deel IV - Informatie over de aangeboden beleggingsinstrumenten

A. Kenmerken van de aangeboden beleggingsinstrumenten

U belegt in een obligatie.

De nominale waarde van de obligaties is EUR 50,00.

De intrinsieke waarde van de obligaties is EUR 50,00.

De prijs van de obligaties is EUR 50,00.

Deelname is mogelijk vanaf EUR 50,00.

De uitgiftedatum van een obligatie is de eerste dag van de maand volgend op de dag dat het onderliggende project volledig gefinancierd is.

De looptijd van de verschillende obligaties varieert tussen de 6 en 48 maanden. De betreffende looptijd wordt per project aangegeven. Terugbetalingen vinden elke 6 maanden plaats, inclusief rente, op de 15^e van de maand.

De rente op de obligaties varieert tussen de 3-6% per jaar. Het betreffende percentage wordt per project aangegeven. De obligaties kennen geen bonusrente.

Rang van de beleggingsinstrumenten in de kapitaalstructuur van de uitgevende instelling bij insolventie: obligaties zijn niet preferent noch achtergesteld.

B. Uitsluitend in het geval waarin door een derde een garantie wordt toegekend in verband met de beleggingsinstrumenten: beschrijving van de garant en van de garantie

Niet van toepassing.

C. In voorkomend geval, bijkomende informatie voorgelegd door de markt waar de beleggingsinstrumenten toegelaten zijn.

Niet van toepassing.

Deel V - Alle andere belangrijke informatie die mondeling of schriftelijk aan één of meer beleggers wordt gericht

Onder verwijzing naar de Wet van 18 december 2016 tot regeling van de erkenning en de afbakening van crowdfunding en houdende diverse bepalingen inzake financiën, wordt de volgende informatie gedeeld:

De volledige identiteit en contactgegevens van de gereguleerde onderneming die de alternatieve-financieringsdiensten verstrekt:

Hands-on B.V. (*een besloten vennootschap met beperkte aansprakelijkheid, opgericht naar Nederlands recht op 17 juli 2012 en gevestigd te Rotterdam*)

Eendrachtsplein 3, Unit 2A

3015 LA Rotterdam, Nederland

www.lendahand.com

Geregistreerd bij de Nederlandse Kamer van Koophandel onder nummer 55711766

De aanbieder wordt bestuurd door Engelcke B.V., Le Theta B.V. en Wiggerd B.V.

Contactpersoon: Koen The, koen.the@lendahand.com, +31 10 7171815.

De naam en het adres van de bevoegde autoriteit die de vergunning heeft verleend aan de gereglementeerde onderneming:

Autoriteit Financiële Markten (AFM)
Vijzelgracht 50
1017 HS Amsterdam, Nederland

De kosten van de alternatieve-financieringsdiensten voor de cliënten: geen.

De in het kader van het verstrekken van de alternatieve-financieringsdiensten in ontvangst genomen vergoedingen: een fee van de uitgevende instellingen.

De gereglementeerde onderneming beschikt over een belangenconflictenbeleid, ten einde zich op loyale, billijke en professionele wijze in te kunnen zetten voor de belangen van haar cliënten.

De gereglementeerde onderneming verwijst naar bovengenoemde Wet van 18 december 2016 voor de geldende (gedrags)regels voor het verstrekken van alternatieve-financieringsdiensten.

De te financieren projecten worden op de volgende wijze geselecteerd:

Lendahand voert een boekenonderzoek uit waarbij onder andere gekeken wordt naar de track record, de sociale missie, het business model en enkele financiële datapunten (zoals de unit economics en marges, winstgevendheid, groeicijfers, de balansgrootte, samenstelling van de bezittingen en schulden). Dit boekenonderzoek wordt ter goedkeuring voorgelegd aan een externe credit committee bestaande uit impact investing professionals.

Het is de gereglementeerde onderneming verboden:

- om gelden die haar cliënten toebehoren in ontvangst te nemen en aan te houden
- om beleggingsdiensten te verlenen, met uitzondering van het in ontvangst nemen en doorgeven van orders
- om een mandaat of volmacht te hebben op de rekeningen van haar cliënten

Voornaamste kenmerken van de beleggingsinstrumenten die de gereglementeerde onderneming commercialiseert: vast rentende obligatieleningen met tussentijdse aflossingen.

FIRST FINANCE PLC.

Financial Statements
for the year ended 31 December 2018
and
Report of the Independent Auditors

Corporate Information

Company	First Finance Pie.	
Registration No.	00016858 (Former Registration Co.12264 KH/2018)	
Registered office	No. A15-17, Street 271 Sangkat Tumnub Tek, Khan Chamkarmorn Phnom Penh, Kingdom of Cambodia	
Shareholders	Insitor Fund SCA Phillip MFI Pte Ltd First Home Pie Cambodia Laos Development Funds SCA ('CLDF') The NoM.egian Investment Fund for Developing Countries ('Norfund')	
Board of Directors	Mr. Klaas Hanco Halbertsma (Appointed on 29 June 2018)	Chairperson
	Mr. Ong Teong Hoon	Director
	Mr. Nicholas John Lazos	Director
	Mr. Talmage Mark Payne	Director
	Mr. Vicheth Vannarath	Director
	Ms. Piyachatr Chetnakarnkul	Director
	Mr. Paul Jonathan Freer	Director
	Mr. David John Littlejohn (Appointed on 19 January 2018)	Director
Management team	Ms. Chun Sothany Mr. Heng Sakada Mr. Chheng Bunhieng Mr. Saing Vandy	Chief Executive Officer Head of Credit Head of Retails Sales Head of Marketing
Auditors	KPMG Cambodia Ltd	

First FinancePie.

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Report of the Board of Directors

The Board of Directors has pleasure in submitting their report together with the audited financial statements of First Finance Plc. ("the Company" or "First Finance") for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is to provide micro-finance services to first time home owner for middle and low-income families in Cambodia. The Company operates in 9 branches of which 4 branches located in Phnom Penh and 5 provinces, namely, Siem Reap, Kampong Cham, Battambang, Banteay Meanchey and Kampot.

Financial results

The financial results of the Company for the year ended 31 December 2018 were as follows:

	2018		2017	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Profit before income tax	175,753	706,174	122,554	494,750
Income tax expense	(77,290)	(310,551)	(67,708)	(273,337)
Net profit for the year	98,463	395,623	54,846	221,413

Share capital

There is no changes in the shareholding structure during the year. Refer to Note 16 for detail.

Reserves and provisions

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

Bad and doubtful loans

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

HEAD OFFICE

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Website: www.firstfinance.bi2

firstfinance

First Finance Pie.

Bad and doubtful loans (continued)

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

Current assets

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ensure that any current assets, other than loans, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realise.

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

Valuation methods

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

Contingent and other liabilities

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year 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 twelve months after the end of the financial year which, in the opinion of the Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

Events since the balance sheet date

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

First Finance Pie.

The Board of Directors

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

- Mr. Klaas Hanco HALBERTSMA Chairperson (Appointed on 29 June 2018)
- Mr. Paul Jonathan Freer Director
- Mr. Ong Teong Hoon Director
- Ms. Piyachatr Chetnakamkul Director
- Mr. Nicholas John Lazos Director
- Mr. Talmage Mark Payne Director
- Mr. Vicheth Vannarath Director
- Mr. David John Littlejohn Director (Appointed on 19 January 2018)

Items of an unusual nature

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

Directors' interests

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

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of share purchase option.

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

First Finance Pie.

Responsibilities of Directors in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies Which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- control and direct the Company effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that First Finance has complied with the above requirements in preparing the financial statements

Approval of the financial statements

We hereby approve the accompanying financial statements as set out on pages 8 to 48 which present fairly, in all material respects the financial position of the Company as at 31 December 2018. and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

On behalf of the Board of Directors.



Mr. Klaas Hanco Halbertsma
Chairman





Ms. Chun Sothany
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: **29 MAR 2019**



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Report of the independent auditors

To the shareholders First Finance Pie.

Opinion

We have audited the financial statements of First Finance Pie. ("the Company"), which comprise of balance sheet as at 31 December 2018, the income statement, the statements of 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 48 (hereafter referred as 'the financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISA"). 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 2017 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 29 March 2018.



Other Information

Management is responsible for the other information. The other information obtained at the date this auditors' report is the Report of the Directors of this auditors' report is 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, 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 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.

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

Auditors' Responsibilities 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CIsAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional scepticism 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 omission, misrepresentation, 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.
- 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 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 auditor's 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, including the disclosures, 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 KPMG Cambodia Private Ltd




Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

29 March 2019

First Finance Pie.

Balance sheet as at 31 December 2018

	Note	2018		2017	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS					
Cash on hand	6	6,025	24,208	4,100	16,552
Deposits with banks - net	7	1,343,493	5,398,155	1,495,185	6,036,062
Statutory deposits	8	180,102	723,650	180,102	727,072
Loans to customers	9	19,896,404	79,943,751	19,617,577	79,196,158
Other assets	10	546,102	2,194,238	731,766	2,954,138
Property and equipment	11	192,058	771,689	256,965	1,037,368
Intangible assets	12	115,592	464,449	66,290	267,613
Deferred tax assets	15(a)	72,609	291,743	84,247	340,105
TOTAL ASSETS		22,352,385	89,811,883	22,436,232	90,575,068
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Borrowings	13	14,977,281	60,178,715	15,178,866	61,277,082
Other liabilities	14	646,970	2,599,524	658,265	2,657,416
Current income tax liability	15(b)	33,528	134,716	2,958	11,941
Total liabilities		15,657,779	62,912,955	15,840,089	63,946,439
Shareholders' equity					
Share capital	16	3,602,033	14,472,969	3,602,033	14,541,407
Share premium		879,482	3,533,759	879,482	3,550,469
Retained earnings		2,213,091	8,892,200	2,114,628	8,536,753
Total shareholders' equity		6,694,606	26,898,928	6,596,143	26,628,629
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,352,385	89,811,883	22,436,232	90,575,068

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

First Finance Plc.

Income statement for the year ended 31 December 2018

	Note	2018		2017	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Operating income					
Interest income	17	3,146,118	12,641,102	3,281,978	13,249,345
Interest expense	18	{1,270,371}	(5,104,351)	{1,537,767}	{6,207,965}
Net interest income		1,875,747	7,536,751	1,744,211	7,041,380
Other operating income	19	310,472	1,247,476	414,547	1,673,526
Net operating income		2,186,219	8,784,227	2,158,758	8,714,906
Provision for loan losses	9	(364,169)	(1,463,231)	(264,503)	{1,067,799}
Regulatory provision	7	(13,531)	(54,368)		
General and administrative expenses	20	{1,632,766}	(6,560,454)	(1,771,701)	(7,152,357)
Profit before income tax		175,753	706,174	122,554	494,750
Income tax expense	15(c)	(77,290)	(310,551)	(67,708)	(273,337)
Net profit for the year		98,463	395,623	54,846	221,413

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

First Finance Pie.

Statement of changes in equity for the year ended 31 December 2018

	Share captal US\$	Share premium US\$	Depostt for future share captal subscription US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2018	3,602,033	879,482	-	2,114,628	6,596,143
Net profit for the year	-	-	-	98,463	98,463
Balance as at 31 December 2018	3,602,033	879,482	-	2,213,091	6,694,606
Equivalent in KHR'000 (Note 5)	14,472,969	3,533,759	-	8,892,200	26,898,927
Balance as at 1 January 2017	2,926,955	312,416	1,242,144	2,059,782	6,541,297
Net profit for the year	-	-	-	54,846	54,846
Issuance of share captal	675,078	567,066	(1,242,144)		
Balance as at 31 December 2017	3,602,033	879,482	-	2,114,628	6,596,143
Equivalent in KHR'000 (Note 5)	14,541,407	3,550,469	-	8,536,753	26,628,629

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

**Statement of cash flows
for the year ended 31 December 2018**

	Note	2018		2017	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note5)
Net cash generated from/ (used in) operating activities	21	120,599	484,566	(865,480)	(3,493,946)
Cash flows from investing activities					
Acquisition of property and equipment		(15,603)	(62,693)	(201,431)	(813,177)
Acquisition of intangible assets		(78,507)	(315,441)	(67,518)	(272,570)
Net decrease in term, deposit				1,000,000	4,037,000
Net cash (used in)/generated from investing activities		(94,110)	(378,134)	731,051	2,951,253
Cash flows from financing activities					
Repayments of borrowings		(6,951,585)	(27,931,469)	(4,577,437)	(18,479,113)
Proceeds from borrowings		6,750,000	27,121,500		
Net cash used in financing activities		(201,585)	(809,969)	(4,577,437)	(18,479,113)
Net decrease in cash and cash equivalents		(175,096)	(703,537)	(4,711,866)	(19,021,806)
Cash and cash equivalents at 1 January		1,369,246	5,527,647	6,081,113	24,549,453
Currency translation difference			(26,015)		
Cash and cash equivalents at 31 December	6	<u>1,194,150</u>	<u>4,798,095</u>	<u>1,369,246</u>	<u>5,527,647</u>

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

First Finance Plc.

Audited financial statements in accordance with Cambodian
Accounting Standards and
Regulations and Guidelines of the National Bank of Cambodia as at 31 December

2017 and for the year then ended

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First Finance Plc.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“BoD”) of First Finance Plc (“the Company”) presents its report together with the financial statements of the Company as at 31 December 2017 and for the year then ended.

THE COMPANY

The Company is a private limited company incorporated in Cambodia and registered with the Ministry of Commerce under Registration Number Co.12264 KH/2008, dated 1 July 2008, and renewed on 1 July 2011. The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a microfinance institution on 23 April 2009.

The shareholders of the Company are Insitor Fund SCA, Phillip MFIs Pte. Ltd, Cambodia Laos Development Funds SCA (“CLDF”), Norwegian Investment Fund for Developing Countries (“Norfund”) and First Home Plc.

The principal activity of the Company is to provide micro-finance services to first time home owner for middle and low-income families in Cambodia. The Company operates in 4 branches located in Phnom Penh and 4 provinces, namely, Siem Reap, Kampong Cham, Battambang and Banteay Meanchey. In 2017, the Company opened 1 new branch located in Kampot province.

The Company’s registered office is located at No. A15-17, Street 271, Sangkat Tumnub Teuk, Khan Chamkarmorn, Phnom Penh, Cambodia.

There is no significant change in the principal activities of the Company during the year.

RESULTS OF OPERATIONS AND DIVIDENDS

The financial results of the Company are as follows:

	<u>2017</u>		<u>2016</u>	
	<i>US\$</i>	<i>KHR’000</i>	<i>US\$</i>	<i>KHR’000</i>
	<i>equivalent</i>		<i>equivalent</i>	
Income before income tax	122,554	494,750	494,699	1,997,100
Income tax expense	(67,708)	(273,337)	(126,465)	(510,539)
Net income for the year	54,846	221,413	368,234	1,486,561

There were no dividends declared during the year.

First Finance Plc.

REPORT OF THE BOARD OF DIRECTORS (continued)

PAID-UP CAPITAL

The share capital structure and the details of authorized and registered shareholding are as follows:

	2017			2016		
	<i>% of ownership</i>	<i>Number of shares</i>	<i>Amount US\$</i>	<i>% of ownership</i>	<i>Number of shares</i>	<i>Amount US\$</i>
Insitor Fund SCA	28.87	1,039,868	1,039,868	35.53	1,039,868	1,039,868
Phillip MFIs Pte. Ltd	27.41	987,177	987,177	33.73	987,177	987,177
CLDF	19.49	702,070	702,070	19.49	570,470	570,470
Norfund	15.09	543,478	543,478	-	-	-
First Home Plc	9.14	329,440	329,440	11.25	329,440	329,440
	100.00	3,602,033	3,602,033	100.00	2,926,955	2,926,955

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL LOANS AND ADVANCES

Before the financial statements of the Company were prepared, the BoD took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

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

CURRENT ASSETS

Before the financial statements of the Company were prepared, the BoD took reasonable steps to ensure that any current assets, other than loans, which were unlikely to be realized in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realize.

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

VALUATION METHODS

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

First Finance Plc.

REPORT OF THE BOARD OF DIRECTORS (continued)

CONTINGENT AND OTHER LIABILITIES

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

- a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- b) any contingent liability in respect of the Company that has arisen since the end of the financial year 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 year which, in the opinion of the Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

EVENTS SINCE THE BALANCE SHEET DATE

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

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Company.

THE BOARD OF DIRECTORS

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

Mr. Paul Jonathan Freer	Acting Chairperson (Appointed on 22 August 2017)
Mr. Ong Teong Hoon	Director
Ms. Piyachat Chetnakarnkul	Director
Mr. Nicholas John Lazos	Director
Mr. Talmage Mark Payne	Director
Mr. Vicheth Vannarath	Director
Ms. Lee-Anne Pitcaithly	Chairperson (Resigned on 31 August 2017)

DIRECTOR'S INTEREST

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

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements existed to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of share purchase option.

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

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The BoD is responsible for ensuring that the financial statements give a true and fair view of the respective financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended. The BoD oversees preparation of these financial statements by management who is required to:

- i) Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently. Comply with the disclosure requirements and guidelines issued by the NBC and Cambodian Accounting Standards or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- ii) Maintain adequate accounting records and an effective system of internal controls;
- iii) Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- iv) Effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that these have been properly reflected in the financial statements.

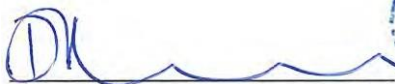
Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The BoD confirms that the Company has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the NBC.

On behalf of the BoD:



Mr. Paul Jonathan Freer
Director



Ms. Chun Sothany Chief
Executive Officer

Phnom Penh, Kingdom of Cambodia 30
March 2018

HEAD OFFICE

A 15-17, Street 271 Sangkat Tomnuptek Khan
(near Sovanna Shopping Center)
Chamkamorn, Phnom Penh

023 997 937

info@firstfinance.biz
www.firstfinance.biz

Reference: 613729 59 /197 09438

INDEPENDENT AUDITOR'S REPORT

To: **The Shareholders of First Finance Pie.**

Opinion

We have audited the accompanying financial statements of First Finance Pie. ("the Company") which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of 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 for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2016.

Information Other than the Financial Statements and Auditor's Report Thereon

The other information obtained at the date of the auditor's report is the Report of the Board of Directors. Management is responsible for the other information.

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, 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.

Responsibilities of Management

and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia, and for such internal control as management determines is necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Building a better working world

Responsibilities of Management and the Board of Directors for the Financial Statements

(continued)

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 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities 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 an 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.

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 auditor's 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 the date of our auditor's 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.



Maria Cristina Calimbas
Partner

Ernst & Young (Cambodia) Ltd. Certified
Public Accountants Registered Auditors

Phnom Penh, Kingdom of Cambodia 30 March
2018

First Finance Plc.

BALANCE SHEET as at 31 December 2017

	Notes	2017		2016	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
ASSETS					
Cash on hand		4,100	16,552	3,689	14,892
Deposits with banks	4	1,495,185	6,036,062	7,171,167	28,950,001
Statutory deposit	5	180,102	727,072	180,102	727,072
Loans to customers	6	19,617,577	79,196,158	19,141,733	77,275,176
Other assets	7	731,766	2,954,138	496,431	2,004,092
Property and equipment	8	256,965	1,037,368	149,531	603,657
Intangible assets	9	66,290	267,613	-	-
Deferred tax assets	12.3	84,247	340,105	114,858	463,682
TOTAL ASSETS		22,436,232	90,575,068	27,257,511	110,038,572
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Borrowings	10	15,178,866	61,277,082	19,756,303	79,756,195
Other liabilities	11	658,265	2,657,416	813,064	3,282,339
Provision for income tax	12	2,958	11,941	146,847	592,822
Total liabilities		15,840,089	63,946,439	20,716,214	83,631,356
Shareholders' equity					
Share capital	13	3,602,033	14,541,407	2,926,955	11,816,117
Share premium	14	879,482	3,550,469	312,416	1,261,223
Deposit for future share capital subscription	14	-	-	1,242,144	5,014,536
Retained earnings		2,114,628	8,536,753	2,059,782	8,315,340
Total shareholders' equity		6,596,143	26,628,629	6,541,297	26,407,216
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,436,232	90,575,068	27,257,511	110,038,572

The attached notes 1 to 24 form part of these financial statements

First Finance Plc.

INCOME STATEMENT

as at 31 December 2017 and for the year then ended

	Notes	2017		2016	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 Equivalent (Note 2.1)
Operating income					
Interest income	15	3,281,978	13,249,345	3,913,269	15,797,867
Interest expense	16	(1,537,767)	(6,207,965)	(1,660,495)	(6,703,418)
Net interest income		1,744,211	7,041,380	2,252,774	9,094,449
Other operating income	17	414,547	1,673,526	287,392	1,160,201
Operating income		2,158,758	8,714,906	2,540,166	10,254,650
Provision for loan losses	6	(264,503)	(1,067,799)	(563,491)	(2,274,813)
General and administrative expenses	18	(1,771,701)	(7,152,357)	(1,481,976)	(5,982,737)
Income before tax		122,554	494,750	494,699	1,997,100
Income tax expense	12	(67,708)	(273,337)	(126,465)	(510,539)
Net income for the year		54,846	221,413	368,234	1,486,561

The attached notes 1 to 24 form part of these financial statements

First Finance Plc.

STATEMENT OF CHANGES IN EQUITY

as at 31 December 2017 and for the year then ended

	<i>Share capital (Note 13)</i>	<i>Share premium (Note 14)</i>	<i>Deposit for future share capital subscription (Note 14)</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>		<i>US\$</i>	<i>US\$</i>
Balance as at 1 January 2017	2,926,955	312,416	1,242,144	2,059,782	6,541,297
Net profit for the year	-	-	-	368,234	368,234
Issuance of share capital	- 675,078	- 567,066	- (1,242,144)	54,846	54,846
	-	-	-	-	-
Balance as at 31 December 2017	3,602,033	879,482	-	2,114,628	6,596,143
Equivalent in KHR'000 (Note 4)	14,541,407	3,550,469	-	8,536,753	26,628,629
Balance as at 1 January 2016	2,289,370	312,416	1,879,729	1,691,548	6,173,063
Net profit for the year	-	-	-	368,234	368,234
Issuance of share capital	637,585	-	(637,585)	-	-
	-	-	-	-	-
Balance as at 31 December 2016	2,926,955	312,416	1,242,144	2,059,782	6,541,297
Equivalent in KHR'000 (Note 2.1)	11,816,117	1,261,223	5,014,535	8,315,340	26,407,216

The attached notes 1 to 24 form part of these financial statements

STATEMENT OF CASH FLOWS
as at 31 December 2017 and for the year then ended

	Notes	2017		2016	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Net cash (used in) generated from operating activities	19	<u>(865,480)</u>	<u>(3,493,946)</u>	<u>2,186,424</u>	<u>8,826,593</u>
INVESTING ACTIVITIES					
Acquisition of property and equipment	8	(201,431)	(813,177)	(111,676)	(450,836)
Acquisition of intangible assets	9	(67,518)	(272,570)	-	-
Proceeds from disposal of property and equipment		-	-	52	210
Net decrease (increase) in term deposits		<u>1,000,000</u>	<u>4,037,000</u>	<u>(1,000,000)</u>	<u>(4,037,000)</u>
Net cash generated from (used in) investing activities		731,051	2,951,253	(1,111,624)	(4,487,626)
FINANCING ACTIVITIES					
Repayment of borrowings		(4,577,437)	(18,479,113)	(1,682,068)	(6,790,509)
Proceeds from borrowings		-	-	5,000,000	20,185,000
Net cash generated from (used in) financing activities		(4,577,437)	(18,479,113)	3,317,932	13,394,491
Net (decrease) increase in cash and cash equivalents		(4,711,866)	(19,021,806)	4,392,732	17,733,459
Cash and cash equivalents as at 1 January		6,081,113	24,549,453	1,688,381	6,837,943
Currency translation difference		-	-	-	(21,949)
Cash and cash equivalents as at 31 December	3	1,369,246	5,527,647	6,081,113	24,549,453

The attached notes 1 to 24 form part of these financial statements