

VisionFund (Cambodia) Ltd.

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

As at 31 December 2009 and for the year then ended

VisionFund (Cambodia)., Ltd.

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VisionFund (Cambodia) Ltd.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of VisionFund (Cambodia) Ltd. ("the Company") is pleased to present its report and the Company's financial statements as at 31 December 2009 and for the year then ended.

THE COMPANY

The Company was incorporated as a private limited liability company in Cambodia on 25 November 2003 under Registration No. Co.1846/03E issued by the Ministry of Commerce. On 18 May 2004, the Company obtained its license as a micro-finance institution from the National Bank of Cambodia ("NBC"). The Company is a 99.99%-owned subsidiary of VisionFund International, a company registered in the United States of America.

All assets and liabilities as at 30 November 2003 of the Micro-Enterprise Development Program of World Vision Cambodia, a subsidiary of World Vision International, were transferred to the Company against the issue of shares. The Company commenced its operations on 1 December 2003.

The principal activity of the Company is to provide micro-finance services to rural population of Cambodia through its head office in Phnom Penh and its branches in eleven provinces of Takeo, Kandal, Kampong Speu, Kampong Thom, Kampong Chhnang, Battambang, Preah Vihear, Kampong Cham, Banteay Meanchey, Pursat, and Siem Reap.

As at 31 December 2009, the Company had 637 employees (2008: 521 employees).

RESULTS OF OPERATIONS AND DIVIDENDS

The net profit for the year ended 31 December 2009, after taxation, was US\$ 68,202 or KHR'000 284,334 (2008: US\$ 660,950 or KHR'000 2,697,336).

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS

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

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

CURRENT ASSETS

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ascertain that any current assets, other than loans, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected to 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 in any material respect.

VisionFund (Cambodia) Ltd.

REPORT OF THE BOARD OF DIRECTORS (continued)

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- no 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
- no contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of micro-financing business.

No contingent or other liabilities of the Company have 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 have a material effect on the ability of the Company to meet its obligations as and when they become due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

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

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.

THE BOARD OF DIRECTORS

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

Ms. Esther Halim	Chairperson
Mr. Talmage Mark Payne	Member
Ms Nop Vanthy	Member
Mr. Rommel Dacillo Caringal	Member
Mr. Jonathan Peter Hartley	Member
Mr. Neil Rodrigues	Member
Mr. Om Seng Bora	Non-voting member, resigned on 1 January 2010

VisionFund (Cambodia) Ltd.

REPORT OF THE BOARD OF DIRECTORS (continued)

AUDITORS

The auditors, Ernst & Young, expressed their willingness to accept reappointment as auditors.

DIRECTORS' INTERESTS

No members held any interest in the equity of the Company. No arrangements existed to which the Company is a party with the object of enabling the members to obtain an interest in the Company or in any body corporate.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed, to which the Company was a party, whose object was to enable 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.

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 with a firm which the director is a member, or with a Company which the director has a material financial interest other than those disclosed in the financial statements.

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

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2009, and of its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is 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 relevant regulations and guidelines issued by the NBC or, if there has been any departure in the interests of fair presentation, ensure this has 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
- set overall policies for the Company, ratify all decisions and actions by the Board of directors that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.

The Board of Directors 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 Board of Directors confirms that the Company has complied with these requirements in preparing the financial statements.

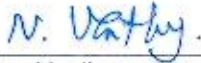
VisionFund (Cambodia) Ltd.

REPORT OF THE BOARD OF DIRECTORS (continued)

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 2009, and of 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 Board of Directors



Ms. Nop Vanthy
Member

Phnom Penh, Kingdom of Cambodia

23 April 2010

Reference: 60756607/13579278

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of VisionFund (Cambodia) Ltd.

We have audited the accompanying financial statements of VisionFund (Cambodia) Ltd. ("the Company"), which comprise the balance sheet as at 31 December 2009 and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements as at 31 December 2008 and for the year then ended, were audited by other auditors whose report dated 24 April 2009, expressed an unqualified opinion on those statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2009, and of 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.



Maria Cristina M. Calimbas
Partner

Ernst & Young Indochina Limited
Certified Public Accountants
Registered Auditors

23 April 2010

VisionFund (Cambodia) Ltd.

BALANCE SHEET as at 31 December 2009

		2009 US\$	2009 KHR'000 equivalent (Note 2.3.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.3.1)
	Notes				
Assets					
Cash on hand	3	63,767	265,845	37,195	151,793
Balances with NBC	4	245,306	1,022,680	44,682	182,347
Balances with other banks	5	4,134,390	17,236,271	5,240,663	21,387,146
Loans to customers - net	6	21,067,758	87,831,485	17,006,354	69,402,931
Other receivables	7	534,242	2,227,253	491,346	2,005,183
Receivable from a related party	8	5,937	24,752	19,021	77,624
Property and equipment	9	397,679	1,657,926	183,663	749,529
Intangible assets	10	3,070	12,799	3,023	12,337
Deferred tax assets	11	78,867	328,795	47,447	193,631
Total assets		26,531,016	110,607,806	23,073,394	94,162,521
Liabilities and shareholders' equity					
Liabilities					
Deposits from customers	12	50,832	211,918	72,516	295,938
Payables to related parties	13	3,486,487	14,535,164	4,787,315	19,537,032
Other accruals and payables	14	750,863	3,130,350	740,069	3,020,222
Income tax liabilities	15	9,339	38,936	127,747	521,335
Long term borrowings	16	15,158,568	63,196,069	12,726,367	51,936,304
Total liabilities		19,456,089	81,112,437	18,454,014	75,310,831
Shareholders' equity					
Share capital	17	4,813,410	19,833,800	757,916	3,040,000
Hybrid capital	18	1,511,014	6,299,417	1,937,107	7,905,334
Retained earnings		750,503	3,128,846	1,924,357	7,853,301
Translation difference	17	-	233,306	-	53,055
Total shareholders' equity		7,074,927	29,495,369	4,619,380	18,851,690
Total liabilities and shareholders' equity		26,531,016	110,607,806	23,073,394	94,162,521

The attached notes 1 to 35 form part of these financial statements.

VisionFund (Cambodia)., Ltd.

INCOME STATEMENT for the year ended 31 December 2009

		2009 US\$	2009 KHR'000 equivalent (Note 2.3.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.3.1)
	<i>Notes</i>				
Operating income					
Interest income	19	6,039,578	25,179,000	5,460,787	22,285,472
Interest expense	20	(1,984,396)	(8,272,948)	(1,588,877)	(6,484,207)
Net interest income		4,055,182	16,906,052	3,871,910	15,801,265
Other operating income	21	145,592	606,976	44,256	180,609
Total operating income		4,200,774	17,513,028	3,916,166	15,981,874
Provision for doubtful loans and bad debts written off	22	(568,368)	(2,369,525)	(79,047)	(322,591)
Operating and other expenses	23	(4,036,939)	(16,829,999)	(3,135,771)	(12,797,082)
Operating (loss) profit		(404,533)	(1,686,496)	701,348	2,862,201
Grant income	26	507,898	2,117,425	109,673	447,575
Profit before tax		103,365	430,929	811,021	3,309,776
Income tax expense	27	(35,163)	(146,595)	(150,071)	(612,440)
Net profit for the year		68,202	284,334	660,950	2,697,336

The attached notes 1 to 35 form part of these financial statements.

VisionFund (Cambodia)., Ltd.

STATEMENT OF CHANGES IN EQUITY as at 31 December 2009 and for the year then ended

	Note	Share capital US\$	Hybrid capital US\$	Retained earnings US\$	Translation difference US\$	Total US\$
Balance as at 1 January 2009		757,916	1,937,107	1,924,357	-	4,619,380
Loan converted to capital	13	2,387,345	-	-	-	2,387,345
Capitalization of retained earnings and transfer from hybrid capital		1,668,149	(426,093)	(1,242,056)	-	-
Net profit for the year		-	-	68,202	-	68,202
Balance as at 31 December 2009		4,813,410	1,511,014	750,503	-	7,074,927
Balance as at 31 December 2009 - KHR'000 (Note 2.3.1)		19,833,800	6,299,417	3,422,646	233,306	29,495,369
Balance as at 1 January 2008		757,916	1,937,107	1,263,407	-	3,958,430
Net profit for the year		-	-	660,950	-	660,950
Balance as at 31 December 2008		757,916	1,937,107	1,924,357	-	4,619,380
Balance as at 31 December 2008 - KHR'000 (Note 2.3.1)		3,040,000	7,905,334	7,853,301	53,055	18,851,690

The attached notes 1 to 35 form part of these financial statements.

VisionFund (Cambodia)., Ltd.

STATEMENT OF CASH FLOWS for the year ended 31 December 2009

		2009 US\$	2009 KHR'000 equivalent (Note 2.3.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.3.1)
Net cash used in operating activities	24	(4,509,394)	(18,799,664)	(5,710,453)	23,304,358)
Cash flows from investing activities					
Acquisition of property and equipment	9	(328,842)	(1,370,943)	(118,895)	(485,210)
Acquisition of intangible assets	10	(1,726)	(7,198)	(2,885)	(11,774)
Proceeds from disposals of property and equipment		10,500	43,775	-	-
Net cash used in investing activities		(320,068)	(1,334,366)	(121,780)	(496,984)
Cash flows from financing activities					
Proceeds from term loans and account payable from related parties	13	1,317,561	5,492,912	517,399	2,111,505
Repayment of term loan to related party	13	(50,000)	(208,450)	-	-
Proceeds from long-term borrowings		2,432,200	10,139,844	8,136,100	33,203,424
Net cash generated from financing activities		3,699,761	15,424,306	8,653,499	35,314,929
Net (decrease) increase in cash and cash equivalents		(1,129,701)	(4,709,724)	2,821,266	11,513,587
Cash and cash equivalents at beginning of year		5,177,858	21,130,839	2,356,592	9,433,438
Translation difference		-	455,651	-	183,814
Cash and cash equivalents at end of year	25	4,048,157	16,876,766	5,177,858	21,130,839

The attached notes 1 to 35 form part of these financial statements.

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2009 and for the year then ended

1. CORPORATE INFORMATION

VisionFund (Cambodia)., Ltd. (“the Company”) is a licensed micro-finance institution (“MFI”) incorporated and registered in the Kingdom of Cambodia.

Establishment and operations

The Company was incorporated as a private limited liability company in Cambodia on 25 November 2003 under Registration No. Co.1846/03E issued by the Ministry of Commerce. On 18 May 2004, the Company obtained its licence as a micro-finance institution from the National Bank of Cambodia (“NBC”). The Company is a 99.99%-owned subsidiary of VisionFund International, a company registered in the United States of America.

All assets and liabilities as at 30 November 2003 of the Micro-Enterprise Development Program of World Vision Cambodia, a subsidiary of World Vision International, were transferred to the Company against the issue of shares. The Company commenced its operations on 1 December 2003.

The principal activity of the Company is to provide micro-finance services to rural population of Cambodia through its head office in Phnom Penh and its branches in eleven provinces of Takeo, Kandal, Kampong Speu, Kampong Thom, Kampong Chhnang, Battambang, Preah Vihear, Kampong Cham, Banteay Meanchey, Pursat, and Siem Reap.

Paid-up capital

The actual paid-up capital of the Company as at 31 December 2009 is US\$ 4,757,448 or KHR'000 19,833,800.

Board of Directors

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

Ms. Esther Halim	Chairperson
Mr. Talmage Mark Payne	Member
Ms. Nop Vanthy	Member
Mr. Rommel Dacillo Caringal	Member
Mr. Jonathan Peter Hartley	Member
Mr. Neil Rodrigues	Member
Mr. Om Seng Bora	Non-voting member, resigned on 1 January 2010.

Location

The head office of the Company is located at No.20, Street 71, Sangkat Tonle Bassac, Khan Chamka Mornn, Phnom Penh, Kingdom of Cambodia.

Employees

As at 31 December 2009, the Company has a total of 637 employees (31 December 2008: 521 employees).

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The financial statements of the Company have been prepared on the historical cost basis. The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts and maintains its accounting records primarily in United States dollar ("US\$"), management has determined the US\$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the income statement.

2.1.1 *Presentation of financial statements*

The financial statements of the Company have been prepared in accordance with Cambodian Accounting Standards and relevant regulations and guidelines of the National Bank of Cambodia.

The accompanying financial statements, including their utilization, are not designed for those who are not informed about the Kingdom of Cambodia's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Kingdom of Cambodia.

The accounting policies set out below have been consistently applied by the Company during the period.

2.2 *Significant accounting judgments and estimates*

In applying the Company's accounting policies, management has used its judgment and made estimates in determining the amounts recognized in the financial statements, as follows:

2.2.1 *Impairment losses on loans and advances to customers*

When preparing the financial statements, the quality of loans and advances is reviewed and assessed to determine their classification and level of impairment losses, as more fully disclosed in Note 2.3.7.1.

2.3 *Summary of significant accounting policies*

2.3.1 *Foreign currency translation*

The Company's functional and presentation currency is US\$.

The translation of US\$ into KHR is solely for management's use only and is based on the closing exchange rate of KHR 4.169: US\$ 1 ruling at the reporting date (31 December 2008: KHR 4.081: US\$ 1), as announced by the NBC. Such translation should not be construed as a representations that the KHR amounts represent, or have been or could be, converted into KHR at that or any other rate.

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

2. SIGNIFICANT ACCOUNTING POLICIES

2.3 *Summary of significant accounting policies* (continued)

2.3.2 *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

Evidence of impairment for loan and advances may include indications that a borrower or group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. There is however mandatory credit classification and minimum provisioning that the Company has to follow to meet the requirement of the NBC, as disclosed in Note 2.3.7.1.

2.3.3 *Offsetting financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

2.3.4 *Operating leases*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

2.3.5 *Cash and cash equivalents*

For cash flow statement purposes, cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2.3.6 *Balances and placement with banks*

Balances and placement with banks are carried at cost.

2.3.7 *Loans and advances*

Loans and advances to customers are stated in the balance sheet as the amount of principal less any amounts written off and allowance for losses on loans.

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

Loans classified as substandard, doubtful or loss are considered non-performing.

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.7 Loans and advances (continued)

2.3.7.1 Loans classifications and allowance for losses on loans

The Company follows the mandatory credit classification and provisioning as required by Prakas No. B7-02-186 dated 13 September 2002. The Prakas requires licensed micro-finance institution to classify their loan portfolio into four classes based on number of days past due of principal and/or interest repayment. The mandatory level of specific provisioning is provided depending on the loan classification, regardless of the assets (except cash) pledged as collateral, as follows:

<i>Classification</i>	<i>Number of days past due</i>	<i>Rate of provision</i>
<i>Loans (less than one year)</i>		
• Standard	Nil	0%
• Substandard	More than 30 days	10%
• Doubtful	More than 60 days	30%
• Loss	More than 90 days	100%
<i>Loans (more than one year)</i>		
• Standard	Nil	0%
• Substandard	More than 30 days	10%
• Doubtful	More than 180 days	30%
• Loss	More than 360 days	100%

The specific provision is calculated as a percentage of the loan outstanding at the time the loan is classified, excluding accrual interest, and is charged as an expense. Interest on non-performing loans is not accrued.

In addition to the specific provision, an additional general provision for bad and doubtful loan is made at the rate of 0.10% of all outstanding performing loans as at year end.

Loans are written off to the income statement when the loans remain unpaid after 180 days for loans with maturities of one year or less and after 360 days for loans with maturity of more than one year. Loans written off are removed from the outstanding loan portfolio and from the provision for bad and doubtful loans.

Overdue loans

In accordance with NBC Prakas B7-00-51K dated 17 February 2000, overdue loans are defined as the total outstanding principal where principal or interest are past due unless the payment terms on interest or principal have been adjusted. In general, loans are not allowed to be restructured. However, on certain rare cases, loans are allowed to be restructured once per cycle. The maximum additional extension of the term is up to 5 months and 50% of the original amount only.

The provision will be calculated as percentage of the loan amount outstanding at the time the loan is classified, excluding accrued interest. The provision shall be recorded in the Company's accounts and charged to the income statement for the month during which the corresponding loan has been classified below standard. The analysis of overdue loans is set out in Note 6.

2.3.8 Property and equipment and intangible assets

Property and equipment, and intangible assets, are stated at cost excluding day-to-day servicing, less accumulated depreciation/amortization and provision for impairment in value (if any). Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate and treated as a change in accounting estimate.

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.8 Property and equipment and intangible assets (continued)

Depreciation and amortization

Depreciation of property and equipment and amortization of intangible assets are calculated on a straight-line basis, using the following rates:

Leasehold improvements	33.33% - 10%
Motor vehicles	10% - 20%
Computer equipment	33.33%
Office furniture and fittings	10% - 20%
Buildings	5% - 10%
Computer software	33.33%

An item of property and equipment and intangible assets is derecognized upon disposal or when no future benefits are expected from its use. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in "other operating income" in the income statement in the period the asset is derecognized.

2.3.9 Deposits from customers

Deposits from customers are stated at placement value.

2.3.10 Borrowings and subordinated debt

Borrowings and subordinated debt are carried at cost.

2.3.11 Recognition of income or expense

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

2.3.11.1 Interest income and expense

Interest income from loans and advances to customers, and balances with NBC and other banks are recognized on an accrual basis, except for loans and advances to customers that have been classified as substandard, doubtful or loss. Interest accruing to these loans shall instead be credited to an interest in suspense account.

Interest expense on borrowings and deposits of customers are recognized on an accrual basis.

2.3.11.2 Fee and commission income

The Company earns fee and commission income from a diverse range of services it provides to its customers, mainly from loan and deposits processing.

Fee and commission income is recognized on a cash basis.

2.3.11.3 Grants

Grants received to subsidize the Company's operating expenses are released to the income statement on a systematic and rational basis, matching the related costs which they are intended to compensate.

Grants received for the purchase of property and equipment are amortised to the income statement over the useful life of the assets. The unamortized grants are shown as deferred grant income.

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

2.3.12 *Corporate income tax*

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the balance sheet date.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these differences can be utilized, except where the deferred tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

2.3.13 *Provisions*

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

2.3.14 *Dividends*

Dividend are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company.

2.3.15 *Corresponding figures*

Certain corresponding figures have been reclassified to conform with the current year's presentation.

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

3. CASH ON HAND

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Head office - Phnom Penh	4,943	20,608	2,545	10,386
Provincial branches:				
Battambang	7,053	29,402	3,022	12,333
Banteay Meanchey	1,255	5,231	1,149	4,689
Kompong Cham	2,339	9,752	900	3,673
Kompong Chhnang	9,474	39,497	4,533	18,499
Kompog Speu	9,982	41,616	5,008	20,438
Kompog Thom	2,249	9,377	1,153	4,705
Kandal	6,891	28,730	2,538	10,358
Preah Vihear	3,323	13,854	4,361	17,797
Pursat	6,388	26,631	1,817	7,415
Siem Reap	3,347	13,954	4,614	18,830
Takeo	6,523	27,193	5,555	22,670
	63,767	265,845	37,195	151,793

The above amounts are analyzed by currency as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
US\$	34,206	142,605	12,926	52,751
KHR	29,561	123,240	24,269	99,042
	63,767	265,845	37,195	151,793

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

4. BALANCES WITH NBC

Balances with NBC comprise statutory deposits for the following:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Registered share capital	237,881	991,725	37,246	152,000
Customers' deposits	7,425	30,955	7,436	30,347
	245,306	1,022,680	44,682	182,347

Statutory deposits are maintained by the Company with the NBC in compliance with Prakas No B7-00-06 and B7-06-209 on the Licensing of Micro-Finance Institutions determined by a defined percentage (5%) of its registered share capital and customers' deposits.

The statutory deposit is refundable when the Company voluntarily ceases its operations in Cambodia. The statutory deposit on customers' deposit fluctuations are depending on the level of the customers' deposits.

Statutory deposits earn interest at 3% per annum.

5. BALANCES WITH OTHER BANKS

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Head office - Phnom Penh	1,566,901	6,532,416	2,783,442	11,359,227
Provincial branches:				
Battambang	626,199	2,610,622	587,665	2,398,261
Banteay Meanchey	76,163	317,525	31,777	129,682
Kompong Cham	163,893	683,270	67,851	276,900
Kompong Chhnang	198,827	828,908	146,572	598,160
Kompog Speu	374,836	1,562,690	410,812	1,676,524
Kompog Thom	268,582	1,119,717	278,969	1,138,472
Kandal	363,243	1,514,360	377,961	1,542,459
Preah Vihear	168,303	701,654	224,264	915,221
Pursat	73,150	304,962	49,285	201,132
Siem Reap	28,010	116,772	53,883	219,897
Takeo	226,283	943,375	228,182	931,211
	4,134,390	17,236,271	5,240,663	21,387,146

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

5. BALANCES WITH OTHER BANKS (continued)

Deposits with banks mature within one year and are analyzed as follows:

a. By currency:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
KHR	2,188,727	9,124,803	2,274,671	9,282,933
US\$	1,945,663	8,111,468	2,965,992	12,104,213
	<u>4,134,390</u>	<u>17,236,271</u>	<u>5,240,663</u>	<u>21,387,146</u>

b. By type:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Current accounts				
ANZ Royal Bank	53,354	222,431	48,604	198,353
ABA Bank	13,001	54,203	-	-
National Bank of Cambodia	9,867	41,134	13,233	54,004
Wing Account	8,830	36,811	-	-
ACLEDA Bank Plc	2,912	12,144	5,633	22,988
Saving accounts				
Acleda Bank Plc	3,381,214	14,096,280	3,020,305	12,325,865
ANZ Royal Bank	35,481	147,918	49,124	200,475
Fixed deposit accounts				
ABA Bank	479,731	2,000,000	-	-
ACLEDA Bank Plc	150,000	625,350	2,103,764	8,585,461
	<u>4,134,390</u>	<u>17,236,271</u>	<u>5,240,663</u>	<u>21,387,146</u>

c. By interest rate (per annum):

	2009	2008
<i>Current account</i>	Nil	Nil
<i>Saving accounts</i>		
ACLEDA Bank Plc	0.10% - 0.75%	2.00% - 4.00%
ANZ Royal Bank	0.50%	0.50%
<i>Fixed deposit accounts</i>		
ABA Bank (within one month)	4%	N/A
ACLEDA Bank Plc		
Deposits within three months	N/A	5.50%
Deposits within twelve months	6%	7.50%

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

6. LOANS AND ADVANCES - NET

Loans and advances to customers are categorized as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Solidarity loans	10,998,917	45,854,484	8,841,906	36,083,818
Individual loans	7,667,247	31,964,754	5,413,550	22,092,698
Community loans	2,648,094	11,039,902	2,797,435	11,416,332
Loans and advances, gross	21,314,258	88,859,140	17,052,891	69,592,848
Provisions for non-performing loans	(246,500)	(1,027,655)	(46,537)	(189,917)
Loans and advances, net	21,067,758	87,831,485	17,006,354	69,402,931

Further analyses of loans and advances are set out below.

(a) Movements of provision for non-performing loans were as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
At beginning of year	46,537	189,917	7,104	28,991
Movements during the year:				
Charges during the year	201,855	841,532	39,922	162,923
Exchange difference	(1,892)	(3,794)	(489)	(1,997)
At end of year	246,500	1,027,655	46,537	189,917

(b) The grading of the loan portfolio and the related provisions for non-performing loans are as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Standard loans:				
Secured	9,836,987	41,010,398	8,105,547	33,078,737
Unsecured	10,747,909	44,808,031	8,802,992	35,925,010
Substandard loans:				
Secured	207,383	864,582	73,721	300,855
Unsecured	90,192	376,011	28,067	114,541
Doubtful loans:				
Secured	264,666	1,103,393	29,463	120,239
Unsecured	72,668	302,952	3,721	15,186
Loss loans:				
Secured	6,305	26,284	2,254	9,199
Unsecured	88,148	367,489	7,126	29,081
Total gross loans	21,314,258	88,859,140	17,052,891	69,592,848

Refer to Note 28.1 on Credit risk for analysis of standard loans quality.

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

6. LOANS AND ADVANCES - NET (continued)

(c) Analysis of loan portfolio by industry sector is as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Agriculture loans	14,405,825	60,057,886	12,068,282	49,250,659
Small business loans	6,908,433	28,801,254	4,984,609	20,342,189
	21,314,258	88,859,140	17,052,891	69,592,848

(d) For an analysis of loan portfolio by maturity, refer to Note 32 on Liquidity analysis.

(e) For an analysis of loan portfolio by currency, refer to Note 33 on Foreign exchange risk.

(f) Analyses of loan portfolio by residency, relationship, exposure, interest rates and branches are as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Residence status:				
Residents	21,314,258	88,859,140	17,052,891	69,592,848
Non-residents	-	-	-	-
	21,314,258	88,859,140	17,052,891	69,592,848
Relationship:				
Related parties	-	-	-	-
Non-related parties	21,314,258	88,859,140	17,052,891	69,592,848
	21,314,258	88,859,140	17,052,891	69,592,848
By branch:				
Battambang	5,455,650	22,744,606	4,497,238	18,353,228
Banteay Meanchey	1,134,138	4,728,220	309,596	1,263,461
Kompong Cham	1,050,657	4,380,187	853,221	3,481,995
Kompong Chhnang	1,281,995	5,344,639	1,270,078	5,183,188
Kompog Speu	2,664,958	11,110,209	2,613,790	10,666,877
Kompog Thom	1,857,402	7,743,509	1,878,542	7,666,330
Kandal	3,085,237	12,862,353	2,351,227	9,595,357
Preah Vihear	1,018,561	4,246,379	732,499	2,989,329
Pursat	680,728	2,837,954	295,008	1,203,928
Siem Reap	795,015	3,314,418	317,110	1,294,126
Takeo	2,289,917	9,546,666	1,934,582	7,895,029
	21,314,258	88,859,140	17,052,891	69,592,848
By currency:				
US\$	15,361,246	64,041,033	7,037,715	28,720,915
KHR	5,953,012	24,818,107	10,015,176	40,871,933
	21,314,258	88,859,140	17,052,891	69,592,848

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

6. LOANS AND ADVANCES - NET (continued)

Annual interest rates are as follows:

	2009	2008
Community	34.20% - 42%	36% - 42%
Individual	21.60% - 36%	24% - 36%
Solidarity group	33.60% - 42%	36% - 39%

7. OTHER RECEIVABLES

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Accrued interest receivable	351,597	1,465,806	313,106	1,277,786
Advance payments	123,087	513,148	151,211	617,092
Prepayments of rental	5,451	22,726	15,600	63,664
Other receivables	54,107	225,573	11,429	46,641
	<u>534,242</u>	<u>2,227,253</u>	<u>491,346</u>	<u>2,005,183</u>

8. RECEIVABLE FROM A RELATED PARTY

This represents balance receivable from World Vision Cambodia.

VisionFund (Cambodia) Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

9. PROPERTY AND EQUIPMENT

	<i>Leasehold improvements US\$</i>	<i>Motor vehicles US\$</i>	<i>Computer equipment US\$</i>	<i>Office furniture & fittings US\$</i>	<i>Buildings US\$</i>	<i>Total US\$</i>
Cost						
As at 1 January 2009	-	80,040	281,590	38,603	6,148	406,381
Additions	192,690	101,000	30,093	5,060	-	328,843
Disposals	-	(26,725)	(11,733)	-	-	(38,458)
As at 31 December 2009	192,690	154,315	299,950	43,663	6,148	696,766
Accumulated depreciation						
As at 1 January 2009	-	45,660	162,929	12,771	1,358	222,718
Charge for the year	17,681	15,059	69,714	7,299	615	110,368
Disposals	-	(22,309)	(11,690)	-	-	(33,999)
As at 31 December 2009	17,681	38,410	220,953	20,070	1,973	299,087
Net book value						
As at 31 December 2009	175,009	115,905	78,997	23,593	4,175	397,679
As at 31 December 2008	-	34,380	118,661	25,832	4,790	183,663
Equivalent in KHR'000 (Note 2.3.1)						
As at 31 December 2009	729,610	483,207	329,340	98,361	17,408	1,657,926
As at 31 December 2008	-	140,305	484,256	105,420	19,548	749,529

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

10. INTANGIBLE ASSETS

Intangible assets comprise software cost and license fee, with details as follows:

	US\$
Cost	
As at 1 January 2009	33,055
Additions	<u>1,726</u>
As at 31 December 2009	<u>34,781</u>
Accumulated amortization	
As at 1 January 2009	30,032
Charge for the year	<u>1,679</u>
As at 31 December 2009	<u>31,711</u>
Net book value	
As at 31 December 2009	<u><u>3,070</u></u>
As at 31 December 2008	<u><u>3,023</u></u>
Equivalent in KHR'000 (Note 2.3.1)	
As at 31 December 2009	<u><u>12,799</u></u>
As at 31 December 2008	<u><u>12,337</u></u>

11. DEFERRED TAXATION

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Deferred tax assets	93,562	390,058	48,982	199,895
Deferred tax liabilities	<u>(14,695)</u>	<u>(61,263)</u>	<u>(1,535)</u>	<u>(6,264)</u>
	<u>78,867</u>	<u>328,795</u>	<u>47,447</u>	<u>193,631</u>

Movements in of net deferred tax in the year were as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Opening balance	47,447	193,631	5,797	23,205
Credited in income statement (Note 27)	31,420	130,989	41,650	169,973
Translation differences	<u>-</u>	<u>4,175</u>	<u>-</u>	<u>453</u>
	<u>78,867</u>	<u>328,795</u>	<u>47,447</u>	<u>193,631</u>

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

11. DEFERRED TAXATION (continued)

Deferred tax assets are attributable to the following:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Provident fund	14,625	60,972	12,302	50,205
Life insurance	2,518	10,497	4,506	18,389
Staff bonus	6,126	25,539	(20,751)	(84,685)
Unrealized exchange loss	21,311	88,846	4,478	18,274
Others	-	-	(7,965)	(32,505)
	44,580	185,854	(7,430)	(30,322)

Movements of deferred tax assets in the year were as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Opening balance	48,982	199,895	56,412	225,817
Additions in the year	44,580	185,854	(7,430)	(30,322)
Translation differences	-	4,309	-	4,400
	93,562	390,058	48,982	199,895

Deferred tax liabilities are attributable to the following:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Deferred income	(7,890)	(32,893)	(21,055)	(85,925)
Depreciation of property and equipment	(5,270)	(21,972)	2,583	10,541
Staff bonus	-	-	(4,429)	(18,075)
Unrealized exchange gain	-	-	(26,179)	(106,836)
	(13,160)	(54,865)	(49,080)	(200,295)

Movements of deferred tax liabilities in the year were as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Opening balance	1,535	6,264	50,615	202,612
Additions in the year	13,160	54,865	(49,080)	(200,295)
Translation differences	-	134	-	3,947
Closing balance	14,695	61,263	1,535	6,264

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

12. DEPOSITS FROM CUSTOMERS

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Social investor term deposits	50,727	211,481	72,365	295,322
Voluntary savings	105	437	151	616
	50,832	211,918	72,516	295,938

The social investor term deposits bear interest at rates ranging from 5% to 10% per annum (2008: 4% - 10.5%). Further analyses of deposits above are as follows:

(a) Analysis of deposits portfolio by currency:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
US\$	48,317	201,434	69,231	282,532
KHR	2,515	10,484	3,285	13,406
	50,832	211,918	72,516	295,938

(b) Analysis of deposits portfolio by maturity:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Within 1 month	23,322	97,229	991	4,044
2 to 3 months	971	4,047	33,628	137,236
4 to 12 months	15,000	62,535	37,745	154,037
More than 12 months	11,539	48,107	152	621
	50,832	211,918	72,516	295,938

13. PAYABLES TO RELATED PARTIES

		2009		2008	
		US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
VisionFund International					
Term loans	(a)	3,325,863	13,865,523	4,658,018	19,009,371
Account payable	(a)	9,895	41,252	15,194	62,007
Interest payable		5,788	24,130	5,165	21,078
World Vision Cambodia					
Term loans - Micro insurance		97,162	405,070	59,405	242,432
Payable to Micro insurance		46,962	195,785	46,113	188,187
Other payables		817	3,404	3,420	13,957
		3,486,487	14,535,164	4,787,315	19,537,032

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

13. PAYABLES TO RELATED PARTIES (continued)

- (a) Movements of term loans and accounts payable from VisionFund international were as follows:

	<i>Term loan</i> US\$	<i>Accounts payable</i> US\$	<i>Total</i> US\$
As at 1 January 2009	4,658,018	15,194	4,673,212
Capital contribution awaiting approval from NBC	-	9,895	9,895
Proceeds of term loans	1,269,909	-	1,269,909
Transfers to grant income	(179,909)	-	(179,909)
Transfers to capital during the year (Note 17)	(2,372,155)	(15,194)	(2,387,349)
Repayment of term loans	(50,000)	-	(50,000)
As at 31 December 2009	3,325,863	9,895	3,335,758
<i>KHR'000 equivalent</i> (Note 2.3.1)	13,865,523	41,252	13,906,775

Outstanding loans from VisionFund International are unsecured and bear interest at rates ranging from 6.98% to 9.65% per annum (2008: 6.98% - 10.35%). Interest is due on a quarterly basis while the principal is to be repaid at the maturity date, with details as follows:

<i>Date of loan</i>	<i>Principal amount</i> US\$	<i>Interest rate</i> per annum	<i>Maturity date</i>
March 2005	50,000	6.98%	March 2010
June 2009 (Renewed)	2,850,000	9.65%	June 2011
December 2008	35,863	8.14%	December 2013
January 2009	390,000	4.65%	June 2010
	3,325,863		

On 26 February 2009, the VisionFund International approved the transfer of US\$ 2,372,155 or KHR'000 9,823,095 to share capital (Note 17).

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

14. OTHER ACCRUALS AND PAYABLES

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Interest payable	284,789	1,187,285	266,356	1,086,999
Provident fund	248,430	1,035,705	175,304	715,416
Life insurance	59,805	249,327	56,662	231,238
Taxes	44,411	185,148	41,470	169,239
Staff bonus	30,628	127,688	203	828
Professional fees	18,400	76,710	13,975	57,032
Deferred income	-	-	39,451	161,000
Others	64,400	268,487	146,648	598,470
	750,863	3,130,350	740,069	3,020,222

15. INCOME TAX LIABILITIES

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Opening balance	127,747	532,577	159,034	649,018
Current income tax	66,583	277,586	191,721	782,414
Income tax paid	(184,991)	(771,227)	(223,008)	(910,096)
Closing balance	9,339	38,936	127,747	521,336

16. LONG TERM BORROWINGS

		2009		2008	
		US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
BlueOrchard	i	4,000,000	16,676,000	4,000,000	16,324,000
Planet Finance	ii.	3,500,000	14,591,500	1,000,000	4,081,000
Oikocredit	iii.	3,454,386	14,401,334	2,505,881	10,226,500
DUB (Deutsche Bank)	iv.	2,000,000	8,338,000	-	-
DWM Asset Management	v.	1,860,422	7,756,100	3,906,726	15,943,349
Plan International Cambodia	vi.	263,760	1,099,615	263,760	1,076,405
Demesster Luc	vii.	50,000	208,450	50,000	204,050
Climenhaga Warren Sinclair	viii.	30,000	125,070	-	-
ANZ Royal Bank		-	-	1,000,000	4,081,000
		15,158,568	63,196,069	12,726,367	51,936,304

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16. LONG TERM BORROWINGS (continued)

- i. Loans from BlueOrchard are unsecured. Interest is paid on a semi-annual basis while the principal is to be repaid in three installments: 16 November 2010 for US\$ 0.5 million, 13 June 2011 for US\$ 2 million and 16 November 2011 for US\$ 1.5 million.
- ii. Loans from Planet Finance are unsecured. Interest is due on a semi-annual basis while the principal is to be repaid on April 2011 for US\$ 0.3 million, on June 2011 for US\$ 0.7 million, on August 2011 for US\$ 1 million, and on February 2012 for US\$ 1.5 million.
- iii. Loans from Oikocredit are unsecured, US\$ 2.67 million of which have a principal amount of US\$ 0.33 million and interest payable on a semi-annual basis until the end of loan term on September 2013. The remaining KHR 3,284 million has a principal amount KHR 821 million and interest payable on a semi-annual basis until the end of loan term in July 2011.
- iv. Loan from Deutsche Bank is unsecured. Interest is paid on a semi-annual basis while the principal is to be repaid at the end of the loan term in November 2010.
- v. Loan from Developing World Market Asset Management is unsecured. Interest is due on a quarterly basis while the principal is to be repaid in 28 February 2011.
- vi. Loan from Plan International Cambodia is unsecured. Interest is paid on a yearly basis while the principal is to be repaid at the end of the loan term in June 2011. The interest rate is 1% per annum.
- vii. Loan from Demeester Luc is unsecured. The principal and interest are to be repaid in April 2010.
- viii. Loan from Climenhaga Warren Sinclair is unsecured. The principal and interest are to be repaid in November 2010.

Long term borrowings are analyzed as follows:

a) By currency:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
US\$	12,510,427	52,155,969	7,813,760	31,887,955
KHR	2,648,141	11,040,100	4,912,607	20,048,349
	15,158,568	63,196,069	12,726,367	51,936,304

b) By interest rate:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
1% - 5%	263,760	1,099,615	263,760	1,076,405
5% - 10%	5,746,667	23,957,854	6,550,000	26,730,550
10% - 15%	6,500,000	27,098,500	1,000,000	4,081,000
15% - 20%	2,648,141	11,040,100	4,912,607	20,048,349
	15,158,568	63,196,069	12,726,367	51,936,304

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17. SHARE CAPITAL

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
30,400 shares of KHR 100,000 each	757,916	3,040,000	757,916	3,040,000
167,938 shares of KHR 100,000 each	4,055,494	16,993,800	-	-
	4,813,410	19,833,800	757,916	3,040,000
Translation differences	-	233,306	-	53,055
	4,813,410	20,067,106	757,916	3,093,055

As at 31 December 2009, the Company's shareholders and their respective interest are as follows:

	Number of shares	US\$	%
VisionFund International	198,337	4,813,385	99.999%
World Vision International	1	25	0.001%
	198,338	4,813,410	100%

On 26 February 2009, the Board of Directors approved the increase in the Company's registered share capital from KHR 3,040 million to KHR 19,833.8 million. On 30 July 2009, the Company has received the approval letter from NBC for this capital increase.

On 30 March 2010, the Company requested NBC for an increase of US\$ 1,520,909 in share capital through the conversion of the remaining hybrid capital amounting to US\$ 1,511,014 and account payable from VisionFund International of US\$9,895 (see Notes 13 and 17). As at the date of this report, NBC is yet to approve the proposed increase in share capital.

Movements of capital increase during the year were as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Opening balance	757,916	3,040,000	757,916	3,040,000
Transfer from hybrid capital (Note 18)	426,093	1,764,451	-	-
Capitalization of retained earnings	1,242,052	5,143,337	-	-
Transfer from term loan - VisionFund International (Note 13)	2,372,155	9,823,094	-	-
Transfer from accounts payable - VisionFund International (Note 13)	15,194	62,918	-	-
	4,813,410	19,833,800	757,916	3,040,000
Translation differences	-	233,306	-	53,055
Closing balance	4,813,410	20,067,106	744,916	3,093,055

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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18. HYBRID CAPITAL

This represents equity investment fund from VisionFund International. During the year, hybrid capital amounting to US\$ 426,093 was transferred to share capital (see Note 17).

19. INTEREST INCOME

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Loans to customers	5,891,866	24,563,190	5,410,007	22,078,239
Deposits with banks	147,712	615,810	50,780	207,233
	6,039,578	25,179,000	5,460,787	22,285,472

20. INTEREST EXPENSE

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
VisionFund International	382,668	1,595,342	410,455	1,675,067
Others	1,601,728	6,677,606	1,178,422	4,809,140
	1,984,396	8,272,948	1,588,877	6,484,207

21. OTHER OPERATING INCOME

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Recovery of loans written off	6,212	25,898	2,958	12,072
Other income	139,380	581,078	41,298	168,537
	145,592	606,976	44,256	180,609

22. PROVISION FOR DOUBTFUL DEBTS AND BAD DEBTS WRITTEN OFF

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Provision for doubtful debts	201,855	841,532	39,922	162,923
Bad debts written off	366,513	1,527,993	39,125	159,668
	568,368	2,369,525	79,047	322,591

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2009 and for the year then ended

23. OPERATING AND OTHER EXPENSES

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Personnel costs	2,044,114	8,521,910	1,580,132	6,448,519
Travel	342,327	1,427,162	323,401	1,319,799
Rental and utilities	327,621	1,365,851	199,672	814,862
Office supplies	156,699	653,278	172,324	703,254
Micro insurance	145,139	605,083	106,804	435,867
Communication	133,955	558,457	105,459	430,378
Depreciation and amortization	112,047	467,124	85,032	347,016
Provident fund (a)	110,864	462,193	71,473	291,681
Professional fees	107,937	449,990	31,591	128,923
Repairs and maintenance	104,982	437,669	101,182	412,924
Staff development and training	82,188	342,643	162,586	663,513
Promotion and advertising	51,339	214,033	28,208	115,117
Other expenses	317,727	1,324,606	167,907	685,229
	4,036,939	16,829,999	3,135,771	12,797,082

a) Provident Fund

The Company has a defined contribution retirement plan ("the Provident Fund") for all employees. The Company's contributions are deposited into an interest-bearing account held by the Company. These contributions will be fully paid with interest to the employees upon their retirement or resignation.

Contributions are calculated as follows:

	<i>Rate per annual salary</i>
Less than one year	0%
One to five years	10%
Five to ten years	12%
Above ten years	14%

The Company has no other liability under the plan aside from these contributions.

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24. NET CASH USED IN OPERATING ACTIVITIES

	Note	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Profit before income tax		103,365	430,929	811,021	3,309,776
<i>Adjustments for:</i>					
Depreciation and amortization		112,047	467,124	85,032	347,016
Gain on disposals of property and equipment		(6,041)	(25,186)	-	-
Provision for doubtful loans and bad debts written off		568,368	2,369,525	79,047	322,591
Grant income transferred from term loan - VisionFund International	13	(179,909)	(750,041)	-	-
Cash generated from operations before changes in operating assets and liabilities		597,830	2,492,351	975,100	3,979,383
Decrease (increase) in:					
Statutory deposit		(200,624)	(836,400)	766	3,126
Loans to customers		(4,629,772)	(19,301,522)	(6,392,027)	(26,085,862)
Other assets		(79,813)	(332,736)	(318,332)	(1,299,113)
Increase (decrease) in:					
Deposits from customers		(21,684)	(90,401)	(76,161)	(310,813)
Due to related parties		(1,135)	(4,732)	46,112	188,183
Other accruals and payables		10,795	45,003	277,097	1,130,833
		(4,324,403)	(18,028,437)	(5,487,445)	(22,394,263)
Income tax paid		(184,991)	(771,227)	(223,008)	(910,095)
Net cash used in operating activities		(4,509,394)	(18,799,664)	(5,710,453)	23,304,358)

25. CASH AND CASH EQUIVALENTS

	Note:	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Cash on hand	3	63,767	265,845	37,195	151,793
Accounts with banks	5	4,134,390	17,236,271	5,240,663	21,387,146
Less:					
Deposit with maturities over three months		(150,000)	(625,350)	(100,000)	(408,100)
		4,048,157	16,876,766	5,177,858	21,130,839

VisionFund (Cambodia)., Ltd.

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26. GRANT INCOME

The Company receives grants from different World Vision offices and Plan International to cover operating expenses such as personnel expenses, training, communication, professional fees and office supplies, with details as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Related parties:				
VisionFund International	344,092	1,434,520	-	-
World Vision Cambodia	-	-	10,300	42,034
Non-related parties:				
Plan international Cambodia	163,806	682,905	97,373	397,379
Hagar	-	-	2,000	8,162
	<u>507,898</u>	<u>2,117,425</u>	<u>109,673</u>	<u>447,575</u>

During the year, the Company did not receive any donations in kind.

27. INCOME TAX EXPENSE

a) Recognized in the income statement:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Current tax:				
Minimum tax	66,583	277,585	-	-
Corporate income tax	-	-	191,721	782,413
Deferred tax benefit:				
Increased deferred tax asset - net (Note 11)	(31,420)	(130,990)	(41,650)	(169,973)
	<u>35,163</u>	<u>146,595</u>	<u>150,071</u>	<u>612,440</u>

b) Applicable tax rates:

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

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
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27. INCOME TAX EXPENSE (continued)

c) Reconciliation of effective tax rate:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Profit before tax	<u>103,365</u>	<u>430,929</u>	<u>811,021</u>	<u>3,309,776</u>
Tax at applicable income tax rate (20%)	20,673	86,186	162,204	661,955
Non-deductible expenses	2,150	8,964	1,470	5,999
Difference with minimum tax	12,340	51,445	-	-
Prior year's over provision	-	-	(13,603)	(55,514)
Income tax expense	<u>35,163</u>	<u>146,595</u>	<u>150,071</u>	<u>612,440</u>

The calculation of income tax is subject to the review and assessment of the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

28. COMMITMENTS

The Company leases office premises under operating lease arrangements. The minimum lease commitments under the operating lease agreements are as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Within one year	22,295	92,947	19,440	79,335
From two to five years	<u>77,975</u>	<u>325,079</u>	<u>61,560</u>	<u>251,226</u>
	<u>100,270</u>	<u>418,026</u>	<u>81,000</u>	<u>330,561</u>

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
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29. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions include all transactions undertaken with other parties to which the Company is related. Related parties as defined in Article 49 and 50 of the Law on Banking and Financial Institutions, include the following:

- (a) any person holding directly or indirectly at least ten percent (10%) of capital or voting rights;
- (b) any company of which the Company directly or indirectly holds at least ten percent (10%) of the capital or voting rights;
- (c) any individual who participates in the administration, direction, management or internal control; and
- (d) the external auditors.

Significant transactions with related parties during the year, which were made at normal terms and conditions and the resulting outstanding balances as at year end, were as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
World Vision Cambodia				
Rental expenses	248,919	1,037,742	199,672	814,862
Micro insurance premium	145,139	605,083	106,804	435,867
	<u>394,058</u>	<u>1,642,825</u>	<u>306,476</u>	<u>1,250,729</u>

30. FINANCIAL RISK MANAGEMENT

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

In the absence of the derivatives market in Cambodia, the Company does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to manage its risk exposure.

The Company intends to comply with the NBC's regulations for financial risk management purposes. The Company however recognizes that international best practices on risk management are yet to be fully implemented. The Board of Directors has established a Risk Management Committee to formulate broad parameters of acceptable risk for the Company and monitor the activities against these parameters.

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
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30. FINANCIAL RISK MANAGEMENT (continued)

The Company holds the following financial assets and liabilities:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Financial assets				
Cash on hand	63,767	265,845	37,195	151,793
Balances with NBC	245,306	1,022,680	44,682	182,347
Balances with other banks	4,134,390	17,236,271	5,240,663	21,387,146
Loans to customers - net	21,067,758	87,831,485	17,006,354	69,402,931
Other receivables	534,242	2,227,253	491,346	2,005,183
Receivables from a related party	5,937	24,752	19,021	77,624
Total financial assets	26,051,400	108,608,286	22,839,261	93,207,024
Financial liabilities				
Deposits from customers	50,832	211,918	72,516	295,938
Payables to related parties	3,486,487	14,535,164	4,787,315	19,537,032
Other accruals and payables	750,863	3,130,350	740,069	3,020,222
Long term borrowings	15,158,568	63,196,069	12,726,367	51,936,304
Total financial liabilities	19,446,750	81,073,501	18,326,267	74,789,496
Net financial assets	6,604,650	27,534,785	4,512,994	18,417,528

30.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Credit risk is the most important risk for the Company's business. Credit exposure arises principally in lending activities that lead to loans and advances. The credit risk management is carried out by the Company's Risk Management Committee.

(a) Credit risk measurement

The Company assesses the probability of default of individual counterparties in accordance with its credit policy, procedures and practices. Risk Management Committee is responsible for determining the risk rating policies.

(b) Risk limit control and mitigation policies

The Company operates and provides loans and advances to group, individuals or enterprises within the Kingdom of Cambodia. The Company manages, limits and controls the concentration of credit risk whenever it is identified. Large exposure is defined by the NBC as overall credit exposure to any single beneficiary which exceeds 2% for individual loan and 3% for group loan of the Company's net worth under the conditions of Prakas No. B7-07-163 of the NBC.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans and advances to customers, which is a common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets such as land and buildings; and
- Cash in the form of margin deposits for bio-digester products.

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
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30. FINANCIAL RISK MANAGEMENT (continued)

30.1 Credit risk (continued)

(c) Impairment and provisioning policies

The Company is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas, as disclosed in Note 2.3.7.1.

(d) Loans and advances

Loans and advances are summarized as follows:

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Loans and advances neither past due nor impaired (i)	20,451,860	85,263,806	16,805,868	68,584,747
Loans and advances past due but not impaired (ii)	133,036	554,623	102,671	419,000
Loans and advances individually impaired (ii)	729,362	3,040,711	144,352	589,101
Total loans and advances, gross	21,314,258	88,859,140	17,052,891	69,592,848
Less:				
Allowance for losses on loans and advances	(246,500)	(1,027,655)	(46,537)	(189,917)
Total loans and advances, net	21,067,758	87,831,485	17,006,354	69,402,931

For purposes of loan provisioning, expected recovery from collateral (except cash) is not taken into consideration based on NBC's requirement. The total allowance for losses on loans and advances of US\$ 246,499, equivalent to KHR'000 1,027,655, comprises specific provision for the individual loans and general allowance for losses on loans on a collective basis, as disclosed in Note 7.

(i) Loans and advances neither past due or impaired

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

(ii) Loans and advances past due but not impaired

Loans and advances less than 30 days past due are not considered impaired, unless other information is available to indicate the contrary.

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Past due up to 30 days	133,036	554,623	102,671	419,000

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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30. FINANCIAL RISK MANAGEMENT (continued)

30.1 Credit risk (continued)

(iii) Loans and advances individually impaired

In accordance with Prakas No. B7-02-186 dated 13 September 2002 on the classification and provisioning for bad and doubtful debts, loans and advances past due more than 30 days are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

	2009		2008	
	US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1)
Not past due	-	-	-	-
Past due up to 30 days	-	-	-	-
Past due 30 - 60 days	67,474	281,300	64,469	263,098
Past due 60 - 90 days	72,649	302,875	16,742	68,324
Past due 90 - 180 days	275,102	1,146,901	32,086	130,943
Past due 180 - 360 days	314,137	1,309,635	31,055	126,736
Past due 360 days or more	-	-	-	-
	729,362	3,040,711	144,352	589,101

30.2 Market risk

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

In the absence of derivatives market, the Company does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

(i) Foreign exchange risk

The Company operates in the Kingdom of Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to KHR and US\$.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency.

The table in Note 33 summarizes the Company's exposure to foreign currency exchange rate risk as at 31 December 2009.

(ii) Interest rate risk

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

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
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30. FINANCIAL RISK MANAGEMENT (continued)

30.2 Market risk (continued)

(ii) Interest rate risk (continued)

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

30.3 Liquidity risk

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

The Company's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and projection for the next day, week and month respectively, as these are key periods for liquidity management. Management monitors the movements of the main depositors and projection of their withdrawals.

The table in Note 32 is an analysis of the assets and liabilities of the Company by relevant maturity based on the remaining period at the balance sheet date to the contractual or estimated maturity dates.

30.4 Fair value of financial assets and liabilities

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Company's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the balance sheet are a reasonable estimation of their fair values. In making this assessment, the management assumes that loans and advances are mainly held to maturity with fair values equal to the book value of loans adjusted for provision for loan losses, if any.

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as at 31 December 2009 and for the year then ended

31. INTEREST RATE RISK

	<i>Up to 1 month US\$</i>	<i>>1 to 3 months US\$</i>	<i>>3 to 12 months US\$</i>	<i>>1 to 5 years US\$</i>	<i>Over 5 years US\$</i>	<i>Non-interest earning/ bearing US\$</i>	<i>Total US\$</i>	<i>Weighted average interest %</i>
As at 31 December 2009								
Financial assets								
Cash on hand	-	-	-	-	-	63,767	63,767	-
Balances with NBC	-	-	-	-	237,881	7425	245,306	1.49%
Balances with other banks	3,504,658	479,732	150,000	-	-	-	4,134,390	3.48%
Loan to customers - net	1,629,250	4,279,356	12,074,091	3,085,061	-	-	21,067,758	30.70%
Other receivables	-	-	-	-	-	534,242	534,242	
Receivables from a related party	-	-	-	-	-	5,937	5,937	
Total financial assets	5,133,908	4,759,088	12,224,091	3,085,061	237,881	611,371	26,051,400	
Financial liabilities								
Deposits from customers	23,322	971	15,000	11,539	-	-	50,832	13.03%
Payables to related parties	9,895	97,779	492,950	2,885,863	-	-	3,486,487	9.57%
Other accruals and payables	-	-	-	-	-	750,863	750,863	
Long-term borrowings	-	-	2,080,000	13,078,568	-	-	15,158,568	11.45%
Total financial liabilities	33,217	98,750	2,587,950	15,975,970	-	750,863	19,446,750	
Interest sensitivity gap - US\$	5,100,691	4,660,338	9,636,141	(12,890,909)	237,881	(139,492)	6,604,650	
Interest sensitivity gap - KHR'000equivalent (Note 2.3.1)	21,264,781	19,428,949	40,173,072	(53,742,200)	991,725	(581,542)	27,534,785	
As at 31 December 2008								
Total assets	4,676,504	5,572,369	10,350,766	1,701,351	37,246	501,025	22,839,261	
Total liabilities	65,718	37,391	6,413,488	11,069,601	-	740,069	18,326,267	
Interest sensitivity gap - US\$	4,610,786	5,534,978	3,937,278	(9,368,250)	37,246	(239,044)	4,512,994	
Interest sensitivity gap - KHR'000equivalent (Note 2.3.1)	18,816,618	22,588,245	16,068,032	(38,231,828)	152,001	(975,539)	18,417,528	

VisionFund (Cambodia)., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
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32. LIQUIDITY RISK

	<i>Up to 1 month US\$</i>	<i>>1 to 3 months US\$</i>	<i>>3 to 12 months US\$</i>	<i>>1 to 5 years US\$</i>	<i>Over 5 years US\$</i>	<i>No fixed maturity date US\$</i>	<i>Total US\$</i>
As at 31 December 2009							
Financial assets							
Cash on hand	63,767	-	-	-	-	-	63,767
Balances with NBC	-	7,425	-	-	-	237,881	245,306
Balances with other banks	3,504,658	479,732	150,000	-	-	-	4,134,390
Loan to customers - net	1,629,250	4,279,356	12,074,091	3,085,061	-	-	21,067,758
Other receivables	351,596	45,301	14,257	123,088	-	-	534,242
Receivables from a related party	5,937	-	-	-	-	-	5,937
Total financial assets	5,555,208	4,811,814	12,238,348	3,208,149	-	237,881	26,051,400
Financial liabilities							
Deposits from customers	23,322	971	15,000	11,539	-	-	50,832
Payables to related parties	9,895	97,779	492,950	2,885,863	-	-	3,486,487
Other accruals and payables	21,865	390,135	90,433	248,430	-	-	750,863
Long-term borrowings	-	-	2,080,000	13,078,568	-	-	15,158,568
Total financial liabilities	55,082	488,885	2,678,383	16,224,400	-	-	19,446,750
Net liquidity surplus / (gap) - US\$	5,500,126	4,322,929	9,559,965	(13,016,251)	-	237,881	6,604,650
Net liquidity surplus / (gap) - KHR'000	22,930,025	18,022,291	39,855,494	(54,264,750)	-	991,725	27,534,785
As at 31 December 2008							
Total financial assets	5,046,324	5,757,547	10,343,330	1,701,351	-	(9,291)	22,839,261
Total financial liabilities	479,833	132,846	6,457,437	11,072,676	-	183,475	18,326,267
Net liquidity surplus / (gap) - US\$	4,566,491	5,624,701	3,885,893	(9,371,325)	-	(192,766)	4,512,994
Net liquidity surplus / (gap) - KHR'000	18,635,850	22,954,405	15,858,329	(38,244,377)	-	(786,678)	18,417,528

33. FOREIGN EXCHANGE RISK

	US\$	2009 KHR'000 US\$ equivalent	Total US\$
As at 31 December 2009			
Financial assets			
Cash on hand	34,206	29,561	63,767
Balances with NBC	7,316	237,990	245,306
Balances with other banks	1,945,663	2,188,727	4,134,390
Loans to customers - net	15,206,683	5,861,075	21,067,758
Other receivables	423,781	110,461	534,242
Receivables from a related party	5,893	44	5,937
Total financial assets	17,623,542	8,427,858	26,051,400
Financial liabilities			
Deposits from customers	48,317	2,515	50,832
Payables to related parties	3,389,619	96,868	3,486,487
Other accruals and payables	635,730	115,133	750,863
Long term borrowings	12,510,427	2,648,141	15,158,568
Total financial liabilities	16,584,093	2,862,657	19,446,750
Net balance sheet position – US\$	1,039,449	5,565,201	6,604,650
Net balance sheet position – in KHR'000 equivalent (Note 2.3.1)	4,333,463	23,201,322	27,534,785
As at 31 December 2008			
Total financial assets	10,307,241	12,532,020	22,839,261
Total financial liabilities	13,114,794	5,211,473	18,326,267
Net balance sheet position – US\$	(2,807,553)	7,320,547	4,512,994
Net balance sheet position – in KHR'000 equivalent (Note 2.3.1)	(11,457,624)	29,875,152	18,417,528

34. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events, which occurred subsequent to 31 December 2009 that had significant impact on the financial position of the Company as at 31 December 2009.

35. EXCHANGE RATES OF APPLICABLE FC AGAINST KHR AT YEAR END

Refer to Note 2.3.1 on “Foreign currency translation”.