



**CAMBODIAN ENTREPRENEUR
BUILDING LIMITED**

Financial Statements
and
Auditors' report
31 December 2005

Corporate Information

Company Cambodian Entrepreneur Building Limited

Registration No Co. 6280/03P

Registered office No. 21, Street 113, Sangkat Boeung Prolith,
Khan Prampi Makara, Phnom Penh
Kingdom of Cambodia

Shareholders Cambodia Community Building - NGO
CEBEC Limited
ShoreCap International Limited

Directors Mr. Bun Mony, Chairman
Mr. Johann-Friedrich Ramm, Director
Mr. Pech Sany, Director
Mr. Var Muth, Director
Mr. Davis Golding, Director

Auditor KPMG Cambodia Ltd

Principal bankers Acleda Bank Plc Ltd
Canadia Bank Ltd
Rural Development Bank of Cambodia

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Report of the board of directors

The board of directors have pleasure in submitting their report together with the audited financial statements of Cambodian Entrepreneur Building Limited (“the Company”) for the year ended 31 December 2005.

Principal activity

The principal activity of Company was to provide micro-finance services to the urban and rural population of Cambodia through its head office in Phnom Penh and its various provincial offices. Its vision is to empower entrepreneurial poor women in urban and rural areas to develop their income-generating activities and micro enterprises through access to micro-finance services, including credit and savings, at reasonable rates.

Financial results

The financial results of the Company for the year ended 31 December 2005 are set out in the statement of income on page 7.

Reserves and provisions

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

Bad and doubtful loans

Before the statement of income and balance sheet of the Company were made out, the board of directors took reasonable steps to ascertain that actions 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 board of directors 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 substantial extent.

Current assets

Before the statement of income and balance sheet of the Company were made out, the board of directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the board of 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 board of 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 as 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;
- (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 substantially affect the ability of the Company to meet its obligations as and when they fall due.

Change of circumstances

At the date of this report, the board of directors are 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 year in which this report is made.

The board of directors

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

- Mr. Bun Mony, chairman
- Mr. Davis Golding, director
- Mr. Var Muth, director
- Mr. Pech Sany, director
- Mr. Johann Friedrich Ramm, director

Directors' interests

The directors who held office at the end of the financial period and their interests in the shares of Company are as follows:

	Number of registered shares of US\$10 each			Balance at 31.12.2005
	Balance at 1.1.2005	Bought	Sold	
Mr. Bun Mony	2,135	-	-	2,135
Mr. Var Muth	1,015	-	-	1,015

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 the acquisition of shares in or debentures of the Company or any other body corporate.

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.

Responsibilities of the board of directors in respect of the financial statements

The board of directors is responsible for ascertaining that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2005, and of the results of its operations and its cash flows for the year then ended. In preparing these financial statements, the board of directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards, accounting principles generally followed in Cambodia and the guidelines issued by the National Bank of Cambodia 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;
- (iii) maintain adequate accounting records and an effective system of internal controls;
- (iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- (v) control and direct effectively the Company 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 the Company has complied with the above requirements in preparing the financial statements.

Significant events

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

On behalf of the board of directors

Mr. Bun Mony
Chairman

4 April 2006

Report of the independent auditors To the shareholders

We have audited the accompanying financial statements of Cambodian Entrepreneur Building Limited (“the Company”) presented on pages 6 to 39 comprising the balance sheet as at 31 December 2005 and the related statements of income, changes in equity and cash flows for the year then ended. The preparation of the financial statements is the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements of the Company for the preceding year were audited by another firm of auditors whose report dated 4 April 2005, expressed an unqualified audit opinion with an emphasis of matter on the capitalization of the interim retained earnings as at 31 October 2004 amounting to US\$73,233. The capitalization was subsequently acknowledged in principle by the National Bank of Cambodia on 10 January 2005.

We conducted our audit in accordance with Cambodian Standards on Auditing and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2005, and of the results of its operations 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.

KPMG Cambodia Ltd

Phnom Penh

4 April 2006

Cambodian Entrepreneur Building Limited

Balance sheet As at 31 December 2005

		2005		2004 (Restated)
	Note	US\$	KHR'000	US\$
Assets				
Cash on hand	3	116,926	480,800	87,463
Deposits and placements with banks	4	197,060	810,311	442,400
Statutory deposits	5	57,924	238,183	18,600
Loans and advances	6	6,204,011	25,510,893	3,659,114
Other receivables	7	178,700	734,814	107,526
Property and equipment	8	199,121	818,786	66,319
		<u>6,953,742</u>	<u>28,593,787</u>	<u>4,381,422</u>
Liabilities and shareholder's funds				
Deposits from customers	9	198,886	817,819	181,182
Borrowings	10	5,075,000	20,868,400	2,725,000
Other liabilities	11	115,369	474,397	209,504
Provision for income tax	12	50,577	207,973	21,677
		<u>5,439,832</u>	<u>22,368,589</u>	<u>3,137,363</u>
Shareholder's funds				
Share capital	13	1,158,470	4,763,629	1,158,470
Retained earning		355,440	1,461,569	85,589
		<u>1,513,910</u>	<u>6,225,198</u>	<u>1,244,059</u>
		<u>6,953,742</u>	<u>28,593,787</u>	<u>4,381,422</u>

The accompanying notes form part of these financial statements

Cambodian Entrepreneur Building Limited

Statement of income For the year ended 31 December 2005

		2005		2004 (Restated)
	Note	US\$	KHR'000	US\$
Interest income	14	1,553,893	6,389,608	958,789
Interest expenses	15	(406,378)	(1,671,026)	(198,131)
Net interest income		1,147,515	4,718,582	760,658
Non interest income	16	101,547	417,561	32,301
General administrative expenses	17	(879,944)	(3,618,330)	(607,317)
Operating income		369,118	1,517,813	185,642
Provision for bad and doubtful loans and advances	6	(35,104)	(144,348)	(23,835)
Profit before income tax		334,014	1,373,465	161,807
Income tax	12	(64,163)	(263,838)	(30,119)
Net profit		269,851	1,109,627	131,688

The accompanying notes form part of these financial statements

Cambodian Entrepreneur Building Limited

Statement of changes in equity For the year ended 31 December 2005

	Note	Share capital US\$	Fund balance/ Subordinated debt US\$	Retained earning US\$	Total US\$
Balance as at 1 January 2004		372,000	256,587	3,134	631,721
Effect of change in accounting policy		-	-	24,000	24,000
Restated balance	22	372,000	256,587	27,134	655,721
Capitalisation of interim profits as share capital		73,233	-	(73,233)	-
Capitalisation of fund balance		213,237	(213,237)	-	-
Written off of 2002 interest receivable		-	(43,350)	-	(43,350)
Proceeds from issue of shares - ShoreCap		500,000	-	-	500,000
Net profit for the year		-	-	81,688	81,688
Balance per 31 December 2004 financial statements		1,158,470	-	35,589	1,194,059
Effect of change in accounting policy		-	-	50,000	50,000
Restated balance as at 31 December 2004	22	1,158,470	-	85,589	1,244,059
Net profit for the year		-	-	269,851	269,851
Balance as at 31 December 2005		1,158,470	-	355,440	1,513,910
(KHR'000 equivalent)		4,763,629	-	1,461,569	6,225,198

The accompanying notes form part of these financial statements

Cambodian Entrepreneur Building Limited

Statement of cash flows For the year ended 31 December 2005

	Note	2005 US\$	2005 KHR'000	2004 US\$
Cash flows from operating activities				
Net cash used in operating activities	18	(2,361,443)	(9,710,253)	(1,389,936)
Cash flows from investing activities				
Proceed from disposal of property and equipment		3,830	15,749	-
Purchase of property and equipment		(208,264)	(856,382)	(29,589)
Net cash used in investing activities		(204,434)	(840,633)	(29,589)
Cash flows from financing activities				
Proceeds from issue of shares		-	-	500,000
Repayments of short-term borrowings		(50,000)	(205,600)	(425,000)
Proceeds from long-term borrowings		2,400,000	9,868,800	1,775,000
Net cash generated from financing activities		2,350,000	9,663,200	1,850,000
Net (decrease)/increase in cash and cash equivalents		(215,877)	(887,686)	430,475
Cash and cash equivalents at beginning of year		529,863	2,178,797	99,388
Cash and cash equivalents at end of year	19	313,986	1,291,111	529,863

The accompanying notes form part of these financial statements

Cambodian Entrepreneur Building Limited

Notes to the financial statements For the year ended 31 December 2005

1. Background and activities

Cambodian Entrepreneur Building Ltd. (“the Company”), formerly known as Cambodia Community Building (“CCB”), is engaged in the provision of micro-financing activities through five branches located in Phnom Penh, Kandal, Kompong Cham, Kompong Thom, and Siem Reap provinces.

The Company was incorporated with the Ministry of Commerce on 19 February 2003 as a result of the Memorandum and Articles of Association signed on 27 December 2002 between CCB, a local NGO established in 1996, and the Company staff. The Company obtained its licence from the National Bank of Cambodia to operate as a micro-finance institution on 23 April 2003. Under the micro-finance licence, the Company is authorised to grant credit and saving services for poor and low-income households and small enterprises operating in the Kingdom of Cambodia. The Company’s operating license is due for renewal on 23 April 2006.

The Company’s vision is to empower entrepreneurial poor women in urban and rural areas to develop their income-generating activities and micro-enterprises through access to micro-financing services, including credit and savings, at reasonable rates.

As at 31 December 2005, the Company had 207 employees (31 December 2004 – 134 employees).

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with the Cambodian Accounting Standards and the laws and accounting regulations of Cambodia, including the Cambodian Law on Banking and Financial Institutions and the guidelines of the National Bank of Cambodia (“NBC”) relating to the preparation and presentation of financial statements.

(b) Consolidation of branch financial statements

The financial statements comprise the financial statements of the head office and the five branches in Phnom Penh, Kandal, Kompong Cham, Kompong Thom, and Siem Reap provinces, after the elimination of all material inter-branch balances and transactions.

(c) Financial instruments

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

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

2. Significant accounting policies (continued)

(d) Segment information

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

(e) Measurement and presentation currency

The Company transacts both in United State Dollar and Khmer Riel (“KHR”) and maintains its accounting records in United State Dollar (“US\$”).

Transactions in currencies other than US\$ are translated to 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 recognised in the statement of income.

In compliance with the NBC guidelines, all assets, liabilities and statement of income items in foreign currencies at the end of the year are converted into KHR using the prescribed official exchange rate announced by the National Bank of Cambodia at the balance sheet date of US\$1: KHR4,112 (2004 – KHR4,027). These translations are for presentation purposes only and should not be construed as representations that the KHR amounts are convertible into US\$ at this or any other rate of exchange.

(f) Cash and cash equivalents

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.

(g) Loans and advances

Loans and advances to customers are stated in the balance sheet at the amount of principal outstanding less any amounts written off and specific and/or general provisions.

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

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

2. Significant accounting policies (continued)

(h) Allowance for bad and doubtful loans

In compliance with the NBC Guidelines, a specific provision for bad and doubtful loans is made on loans that are identified as non-performing, as follows:

Classification	Number of days past due	Provision
<u>Short term loan</u>		
Substandard	31 – 60 days	10%
Doubtful	61 – 90 days	30%
Loss	Over 90 days	100%
<u>Long term loan</u>		
Substandard	31 – 180 days	0%
Doubtful	181 – 360 days	30%
Loss	Over 360 days	100%

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

In addition to the specific provision, an additional general provision for bad and doubtful loans is made so as to set the total provision of at least equal to 1.25% of all outstanding loans as at year end.

Recoveries on loans previously written off are disclosed as a deduction from bad and doubtful debts expense.

An uncollectible loan or portion of a loan classified is written off when, in the judgment of the management, there is no prospect of recovery, after taking into consideration the realisable value of the collateral, if any.

(i) Deposits with banks

Deposits and placements with banks are carried at cost.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

2. Significant accounting policies (continued)

(j) Other receivables

Other receivables are carried at estimated realisable value.

(k) Property and equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

(ii) Depreciation of property and equipment is charged to the statement of income on a declining basis over the estimated useful lives of the individual assets at the following rate:

Office furniture and fixtures	25%
Motor vehicles	25%
Computers and peripherals	50%

(iii) Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the statement of income on the date of retirement or disposal.

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

(vi) The carrying amounts of property and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the statement of income immediately.

Reversal of impairment losses recognised in prior years is recorded where there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of income immediately.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

2. Significant accounting policies (continued)

(l) Provisions

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

(m) Deposits

Deposits from customers are stated at placement value plus accrued interest.

(n) Income recognition

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

The foregoing represents a change in accounting policy from previous year when interest income was recognised on a cash basis.

(o) Operating lease

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

(p) Funds and grants

Grants received to compensate for technical assistance and training costs are recognised as income in the same period as the related expenses are recorded.

(q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised as a component of shareholder equity, in which case it is also disclosed as a component of shareholder equity.

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

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

2. Significant accounting policies (continued)

(q) Income tax (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available to permit the realization of the asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Related parties

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

Under the Law on Banking and Financial Institutions, related parties include individuals who hold directly or indirectly a minimum of 10 percent of the capital of the Company or voting rights therefore, or who participates in the administration, direction, management or the design and implementation of the internal controls of the Company.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

3. Cash on hand

	2005		2004
	US\$	KHR'000	US\$
<i>Head office</i>			
US Dollar	1,928	7,928	6,613
Khmer Riel	108	444	3,570
<i>Phnom Penh branch</i>			
US Dollar	19,532	80,315	12,464
Khmer Riel	2,660	10,938	208
<i>Provincial branches</i>			
<i>Kandal</i>			
US Dollar	32,530	133,763	7,521
Khmer Riel	8,568	35,231	1,859
<i>Kompong Cham</i>			
US Dollar	20,990	86,311	18,304
Khmer Riel	3,124	12,846	3,842
<i>Kompong Thom</i>			
US Dollar	17,274	71,031	13,740
Khmer Riel	4,434	18,233	3,637
<i>Siem Reap</i>			
US Dollar	3,746	15,404	13,122
Khmer Riel	2,032	8,356	2,583
	116,926	480,800	87,463
	116,926	480,800	87,463

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

4. Deposits and placements with banks

	2005		2004
	US\$	KHR'000	US\$
Aceda Bank	190,801	784,574	427,894
Rural Development Bank	298	1,225	13,320
Canadia Bank	5,961	24,512	1,186
	<u>197,060</u>	<u>810,311</u>	<u>442,400</u>

The above amounts are analysed as follows:

a) By currency:

US dollar	196,429	807,716	441,965
Khmer riel	631	2,595	435
	<u>197,060</u>	<u>810,311</u>	<u>442,400</u>

b) By interest rates (per annum)

	2005	2004
Aceda Bank	2.00%	2.00%
Rural Development Bank	1.00% - 1.50%	1.00% - 1.50%
Canadia Bank	0.75% - 2%	0.75% - 2%

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

5. Statutory deposits

Following the National Bank of Cambodia's Prakas No. B700-006 on the Licensing of Micro-Finance Institutions, the Company maintains an amount equal to 5% of its registered capital of US\$1,158,470 as at 31 December 2005 in a permanent non-interest earning account with the National Bank of Cambodia.

6. Loans and advances

	2005		2004
	US\$	KHR'000	US\$
Loans to customers	6,282,784	25,834,808	3,702,783
Allowance for bad and doubtful loans and advances			
Specific	(28,450)	(116,986)	(20,405)
General	(50,323)	(206,929)	(23,264)
	<u>(78,773)</u>	<u>(323,915)</u>	<u>(43,669)</u>
	<u>6,204,011</u>	<u>25,510,893</u>	<u>3,659,114</u>
Total number of loans		8,811	5,760
The movements in allowance for bad and doubtful loans and advances were as follows:			
At beginning of year	43,669	179,567	19,834
Addition	35,104	144,348	23,835
	<u>78,773</u>	<u>323,915</u>	<u>43,669</u>

The loans and advances are analysed as follows:

(a) By maturity

Within 1 month	649,585	2,671,094	400,905
1 to 3 months	1,193,422	4,907,351	794,092
4 to 6 months	1,470,994	6,048,727	1,006,377
7 to 12 months	2,017,239	8,294,887	1,360,221
1 to 2 years	951,544	3,912,749	141,188
	<u>6,282,784</u>	<u>25,834,808</u>	<u>3,702,783</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

6. Loans and advances (continued)

The loans and advances are analysed as follows: (continued)

	2005		2004
	US\$	KHR'000	US\$
(b) By economic sector:			
Small trade and commerce	1,923,216	7,908,264	1,226,936
Services	2,620,143	10,774,028	1,225,747
Agriculture	985,578	4,052,697	745,558
Building and construction	314,144	1,291,760	146,796
Others	439,703	1,808,059	357,746
	<u>6,282,784</u>	<u>25,834,808</u>	<u>3,702,783</u>
(c) By currency:			
US dollar	5,803,394	23,863,556	3,411,416
Khmer riel	479,390	1,971,252	291,367
	<u>6,282,784</u>	<u>25,834,808</u>	<u>3,702,783</u>
(d) By residency status:			
Residents	6,282,784	25,834,808	3,702,783
	<u>6,282,784</u>	<u>25,834,808</u>	<u>3,702,783</u>
(e) By relationship:			
External customers	6,282,784	25,834,808	3,702,783
	<u>6,282,784</u>	<u>25,834,808</u>	<u>3,702,783</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

6. Loans and advances (continued)

The loans and advances are analysed as follows: (continued)

	2005		2004
	US\$	KHR'000	US\$
(f) By loan products:			
Group loans	468,000	1,924,416	344,391
Individual loans	5,814,784	23,910,392	3,358,392
	<u>6,282,784</u>	<u>25,834,808</u>	<u>3,702,783</u>
(g) By provinces:			
Phnom Penh	1,611,606	6,626,924	989,886
Kandal	1,604,921	6,599,435	770,941
Kompong Cham	815,440	3,353,089	475,369
Kompong Thom	983,838	4,045,542	638,711
Siem Reap	1,266,979	5,209,818	827,876
	<u>6,282,784</u>	<u>25,834,808</u>	<u>3,702,783</u>
(h) By performance (NBC Guidelines):			
Standard loans:			
Secured	6,248,848	25,695,263	3,662,666
Unsecured	-	-	-
Sub-standard loans:			
Secured	4,144	17,040	14,596
Unsecured	-	-	-
Doubtful loans:			
Secured	2,510	10,321	9,394
Unsecured	-	-	-
Loans loss:			
Secured	27,282	112,184	16,127
Unsecured	-	-	-
	<u>6,282,784</u>	<u>25,834,808</u>	<u>3,702,783</u>
(i) By interest rate:			
Annual interest rate		24% - 42%	24% - 42%

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

7. Other receivables

	2005		2004
	US\$	KHR'000	(Restated) US\$
Interest receivable	148,000	608,576	74,000
Prepayments	26,479	108,881	30,337
Advances to staff	874	3,594	2
Others	3,347	13,763	3,187
	<u>178,700</u>	<u>734,814</u>	<u>107,526</u>

8. Property and equipment

	Office furniture & equipment US\$	Computer US\$	Motor vehicles US\$	Total US\$
Cost				
Balance as at 1 January 2005	25,495	49,311	91,125	165,931
Reclassification	18,157	(18,157)	-	-
Additions	33,932	65,207	109,125	208,264
Disposals	(2,050)	-	(12,500)	(14,550)
At 31 December 2005	<u>75,534</u>	<u>96,361</u>	<u>187,750</u>	<u>359,645</u>
Less: Accumulated depreciation				
Balance as at 1 January 2005	12,225	32,463	54,924	99,612
Reclassification	13,195	(13,195)	-	-
Charge for the year	13,053	22,930	35,620	71,603
Disposals	(1,958)	-	(8,733)	(10,691)
At 31 December 2005	<u>36,515</u>	<u>42,198</u>	<u>81,811</u>	<u>160,524</u>
Net book value				
At 31 December 2005	<u>39,019</u>	<u>54,163</u>	<u>105,939</u>	<u>199,121</u>
At 31 December 2004	<u>13,270</u>	<u>16,848</u>	<u>36,201</u>	<u>66,319</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

8. Property and equipment (continued)

	Office furniture & equipment KHR'000	Computer KHR'000	Motor vehicles KHR'000	Total KHR'000
Cost				
Balance as at 1 January 2005	104,835	202,768	374,706	682,309
Reclassification	74,662	(74,662)	-	-
Additions	139,528	268,132	448,722	856,382
Disposals	(8,430)	-	(51,400)	(59,830)
At 31 December 2005	<u>310,595</u>	<u>396,238</u>	<u>772,028</u>	<u>1,478,861</u>
Less: Accumulated depreciation				
Balance as at 1 January 2005	50,269	133,488	225,847	409,604
Reclassification	54,258	(54,258)	-	-
Charge for the year	53,673	94,288	146,470	294,431
Disposals	(8,050)	-	(35,910)	(43,960)
At 31 December 2005	<u>150,150</u>	<u>173,518</u>	<u>336,407</u>	<u>660,075</u>
Net book value				
At 31 December 2005	<u>160,445</u>	<u>222,720</u>	<u>435,621</u>	<u>818,786</u>
At 31 December 2004	<u>53,439</u>	<u>67,846</u>	<u>145,782</u>	<u>267,066</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

9. Deposits from customers

The amounts are analysed as follows:

	2005		2004
	US\$	KHR'000	US\$
(a) By currency			
US Dollar	162,271	667,258	144,339
Khmer Riel	36,615	150,561	36,843
	<u>198,886</u>	<u>817,819</u>	<u>181,182</u>
(b) By maturity			
Within 1 month	3,957	16,271	6,565
1 to 3 months	14,904	61,286	22,712
4 to 6 months	35,056	144,150	42,284
7 to 12 months	100,170	411,899	83,126
1 to 2 years	44,799	184,213	26,495
	<u>198,886</u>	<u>817,819</u>	<u>181,182</u>

Deposits from customers represent compulsory savings as a condition in granting loans.

10. Borrowings

Rural Development Bank ("RDB")			
RDB's loan	-	-	350,000
Asian Development			
Bank's loan through RDB	a	500,000	2,056,000
International Fund for Agriculture			
Development's loan through RDB		-	-
Oikocredit	b	1,375,000	5,654,000
Dexia (Blue Orchard)	c	250,000	1,028,000
ShoreCap International Ltd	d	250,000	1,028,000
Belgische Investeringsmaatschappij			
voor Ontwikkelings-landen NV	e	1,000,000	4,112,000
Triodos & Doen	f	1,700,000	6,990,400
		<u>5,075,000</u>	<u>20,868,400</u>
		<u>2,725,000</u>	<u>2,725,000</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

10. Borrowings (continued)

The above borrowings are unsecured and have the following details.

a) ADB loan through RDB

Terms	3 years, mature on 21 July 2007 and 29 April 2008 for first loan and second loan respectively.	
Total credit facilities	First loan	US\$250,000
	Second loan	US\$350,000
	Total	US\$600,000
Principal repayments	First loan, full repayment of the amount for each drawdown within 12 months. Each drawdown was on 1 December 2004 and 17 January 2005 respectively. Second loan, 4 equal semester principal repayment starting after grace period of 12 months. The full amount has been drawn down on 28 June 2005 and 12 July 2005 respectively	
Interest rate	The interest is paid at a rate per annum of six-month US\$ LIBOR plus 4%.	

b) Oikocredit

Terms	3 years, matures on 19 September 2008.
Credit facility	US\$1,500,000
Principal repayments	4 equal semi-annual payments of US\$375,000, the first payment shall be made 18 months after the first disbursement on 29 September 2005.
Interest rate	The annual interest rate is fixed at 9%. Interest is paid semi-annually.

c) Dexia (Blue Orchard)

Terms	1.6 years, matures on 10 August 2006.
Credit facility	US\$250,000
Principal repayments	US\$125,000 repayable on 10 February 2006 and US\$125,000 repayable on 10 August 2006.
Interest rate	The interest is paid at a rate per annum of six-month US\$ LIBOR plus 6.5%.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

10. Borrowings (continued)

d) *ShoreCap International Ltd*

Terms	3 years, matures on 13 December 2007
Credit facility	US\$250,000
Principal repayments	Repayable in full on 13 December 2007.
Interest rate	The annual interest rate is fixed at 9%. Interest is payable quarterly.

The Loan Agreement provides that ShoreCap International Ltd has sole option to elect at any time until all obligations of the Company under the Loan Agreement are paid in full, to convert all or any portion of the principal, interest or any other amounts due and owing by the Company to Shares, with each US\$10 of Debt being converted to one (1) share in the registered capital of the Company with a par value of US\$10; provided that; (i) ShoreCap International Ltd shall exercise its option in the amount of US\$50,000 or a multiple thereof, or the entire amount then outstanding; and (ii) ShoreCap International Ltd's exercise shall not result in ShoreCap International Ltd holding more than 45% of the issued and outstanding shares, after taking into account the respective share issuance. (Note 13)

e) *BIO*

Terms	3 years, matures on 7 March 2008
Credit facility	US\$1,000,000
Principal repayments	2 instalments of US\$330,000 each and 1 instalment of US\$340,000 due on 31 December 2006, 31 December 2007, and 31 December 2008 respectively.
Interest rate	The higher of the US\$ swap rate for 4 years increased by 5.375% per annum and 8.5% per annum.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

10. Borrowings (continued)

f) Triodos & Doen

Terms	3 years, matures on 1 October 2007, 1 January 2008 and 1 April 2009 for first loan, second loan and third loan respectively.	
Credit facilities	First loan	US\$1,000,000
	Second loan	US\$200,000
	Third loan	US\$500,000
	Total	US\$1,700,000
Principal repayments	First loan, 4 equal instalments of US\$250,000 on 1 October 2006, 1 January 2007, 1 July 2007, and 1 October 2007 respectively. Second loan and third loan, the total principal amount is repaid at the end of the loan period which due on 1 January 2008 and 1 April 2009 respectively.	
Interest rate	The annual interest rate is fixed at 9.25%. Interest is payable quarterly.	

11. Other liabilities

	2005		2004
	US\$	KHR'000	US\$
Accrued expenses	58,184	239,253	22,854
Staff benefits payable	22,067	90,740	18,329
Provision for employee medical benefits	7,924	32,583	2,771
Staff saving accounts	7,200	29,606	96,357
Deferred grant income	-	-	60,000
Other tax liabilities	19,994	82,215	9,193
	<u>115,369</u>	<u>474,397</u>	<u>209,504</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

12. Income tax

Provision

	2005		2004
	US\$	KHR'000	US\$
Balance at beginning of year	21,677	89,136	1,499
Expenses	64,163	263,838	30,119
Payments	(35,263)	(145,001)	(9,941)
	<hr/>	<hr/>	<hr/>
Balance at end of year	50,577	207,973	21,677
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Tax expense

In accordance with Cambodian law, the Company has an obligation to pay corporate income tax of the higher of 20% of taxable income or a minimum tax of 1% of revenue.

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

	2005			2004	
	US\$	KHR	%	US\$	%
Profit before income tax	<u>334,014</u>	<u>1,373,465</u>		<u>161,807</u>	
Income tax using statutory rate	66,803	274,694	20	32,361	20
Tax effect of:					
Non-deductible/ (Deductible) expenses	(2,640)	(10,856)	(1)	7,758	5
Change in accounting policy	-	-		(10,000)	(6)
	<hr/>	<hr/>		<hr/>	
Effective income tax rate	64,163	263,838	19	30,119	19
	<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	

The calculation of taxable income for tax purposes is subject to the review and assessment of the tax authorities.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

13. Share capital

The details of shareholding are as follows:

	2005		2004
	US\$	KHR'000	US\$
Shares 115,847 of US\$10 each:			
Cambodia Community Building – NGO	522,790	2,149,713	522,790
ShoreCap International Ltd	500,000	2,056,000	500,000
CEB Employee Company	135,680	557,916	135,680
	<u>1,158,470</u>	<u>4,763,629</u>	<u>1,158,470</u>

The Loan Agreement in relation to borrowings of US\$250,000 from ShoreCap International Ltd provides them with a sole option to elect at any time until all obligations of the Company under the Loan Agreement are paid in full, to convert all or any portion of the principal, interest or any other amounts due and owing by the Company to Shares, with each US\$10 of Debt being converted to one (1) share in the registered capital of the Company with a par value of US\$10; provided that; (i) ShoreCap International Ltd shall exercise its option in the amount of US\$50,000 or a multiple thereof, or the entire amount then outstanding; and (ii) ShoreCap International Ltd's exercise shall not result in ShoreCap International Ltd holding more than 45% of the issued and outstanding shares, after taking into account the respective share issuance. (Note 10(d))

14. Interest income

	2005		2004
	US\$	KHR'000	(Restated) US\$
Loans and advances	1,549,111	6,369,944	957,719
Interests on bank deposits	4,782	19,664	1,070
	<u>1,553,893</u>	<u>6,389,608</u>	<u>958,789</u>

15. Interest expenses

Deposits from members	1,912	7,862	7,471
Short-term borrowings	40,169	165,175	63,679
Long-term borrowings	364,297	1,497,989	126,981
	<u>406,378</u>	<u>1,671,026</u>	<u>198,131</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

16. Non interest income

	2005		2004
	US\$	KHR'000	US\$
Non interest income from:			
Loan fees	40,559	166,778	29,220
Grant income	60,000	246,720	-
Other income	988	4,063	3,081
	<u>101,547</u>	<u>417,561</u>	<u>32,301</u>

Grant income represents fund donated by Netherlands Organisation for International Development Co-operation (“Novib”) for enhancement the IT and MIS system for the Company.

17. General administrative expenses

	2005		2004
	US\$	KHR'000	US\$
Personnel and staff costs	488,717	2,009,604	360,792
Office rental	56,124	230,782	36,744
Motor vehicle operating expenses	53,106	218,372	36,706
Depreciation	71,603	294,431	33,461
Bank charges and service fees	8,976	36,909	22,622
Staff training and conference	12,941	53,213	15,943
Other taxes	5,265	21,650	15,299
Repair and maintenance	2,260	9,293	5,549
Other professional and legal fees	59,186	243,373	3,703
Audit fee	12,141	49,924	3,588
Directors' fees and remuneration	-	-	961
Loss on foreign exchange	7,972	32,781	394
Other expenses	101,653	417,998	71,555
	<u>879,944</u>	<u>3,618,330</u>	<u>607,317</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

18. Cash flows from operating activities

	2005		2004
	US\$	KHR'000	US\$
Profit before income tax	334,014	1,373,465	161,807
Adjustments for:			
Depreciation	71,603	294,432	33,461
Provision for bad and doubtful loans and advances	35,104	144,348	23,835
Loss on disposal of property and equipment	29	119	-
Write-off of 2002 interest payable in respect of subordinated debt	-	-	(43,350)
Operating profit before changes in operating assets and liabilities	440,750	1,812,364	175,753
Decrease/(increase) in:			
Loans and advances	(2,580,001)	(10,608,964)	(1,777,260)
Other assets	(71,174)	(292,668)	(20,696)
Statutory deposits	(39,324)	(161,700)	-
Increase/(decrease) in:			
Deposits from customers	17,704	72,799	65,814
Other liabilities	(94,135)	(387,083)	176,394
Cash used in operations	(2,326,180)	(9,565,252)	(1,379,995)
Income tax paid	(35,263)	(145,001)	(9,941)
Net cash used in operating activities	(2,361,443)	(9,710,253)	(1,389,936)

19. Cash and cash equivalents

Cash on hand	116,926	480,800	87,463
Deposits with banks and other financial institutions	197,060	810,311	442,400
	313,986	1,291,111	529,863

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

20. Commitments and contingencies

(a) Lease commitment

The Company has lease commitments in respect of the lease of the Company's registered office and branches in Phnom Penh, Kandal, Kompong Cham, Kompong Thom, Siem Reap. The total remaining rental commitments as at 31 December 2005 are due as follows:-

	2005		2004
	US\$	KHR'000	US\$
Within one year	50,535	207,800	32,273
Between two and four years	20,484	84,230	12,935
	<u>71,019</u>	<u>292,030</u>	<u>45,208</u>

(b) Taxation contingencies

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

21. Related party transactions

Significant transactions with related parties during the year were conducted on normal commercial terms as follows:-

	2005		2004
	US\$	KHR'000	US\$
Shareholders:			
Related party borrowings	-	-	250,000
Interest expenses	26,562	109,223	-
Origination fee	1,672	6,875	-
Legal fee	5,336	21,942	-
Management salaries	4,456	18,323	29,640
Directors' fees and remuneration	-	-	961
	<u> </u>	<u> </u>	<u> </u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued) For the year ended 31 December 2005

22. Changes in accounting policies and prior year adjustments

In the current financial year, the Company changed its accounting policy and recognised interest income on accrual basis for the first time. This change in accounting policies, applied retrospectively, has the following impact on the results:-

	2005		2004
	US\$	KHR'000	US\$
Net profit before change in accounting policy	195,851	805,339	81,688
Effect of the change	74,000	304,288	50,000
	<u>269,851</u>	<u>1,109,627</u>	<u>131,688</u>

This change has been accounted for by restating comparatives and adjusting the opening balance of retained profits as follow:

	2004	
	As restated US\$	As previously stated US\$
Balance sheet		
Interest receivable	74,000	-
Statement of income		
Interest income	958,789	908,789
Statement of changes in equity		
Retained profit at 1 January 2004	27,134	3,134
Retained profit at 31 December 2004	<u>85,589</u>	<u>11,589</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued)

For the year ended 31 December 2005

23. Financial risk management policies

The guidelines and policies adopted by the Company to manage the risks that arise in the conduct of their business activities are as follows:

(a) Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific provisions as a result of defaults by the borrowers or counterparties through its lending, hedging and investing activities.

The primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. The lending activities are guided by the Company's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loans portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Company's own internal grading system, and procedures implemented to ensure compliance with NBC Guidelines.

(b) Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

(i) Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Company maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued)

For the year ended 31 December 2005

23. Financial risk management policies (continued)

(b) Market risk (continued)

(ii) Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavourable interest rate movement is monitored against the risk tolerance limits set.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued)

For the year ended 31 December 2005

23. Financial risk management policies (continued)

(ii) Interest rate risk (continued)

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rate on its financial position and cash flows. The following table indicates the effective interest rates at the balance sheet date and the periods in which the financial instruments re-price or mature, whichever is earlier.

2005	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	> 1 – 5 years US\$	Over 5 years US\$	Non-interest sensitive US\$	Total US\$	Weighted average interest %
Assets								
Cash on hand	-	-	-	-	-	116,926	116,926	-
Deposits and placements with banks	197,060	-	-	-	-	-	197,060	2.65
Loans and advances								
- Performing	645,441	1,190,912	3,475,864	936,631	-	-	6,248,848	2.83
- Non performing	-	-	-	-	-	33,936	33,936	-
- General allowance	-	-	-	-	-	(78,773)	(78,773)	-
Other assets	-	-	-	-	-	178,700	178,700	-
Statutory deposits	-	-	-	-	-	57,924	57,924	-
Total assets	842,501	1,190,912	3,475,864	936,631	-	308,713	6,754,621	
Liabilities								
Deposits from customers	-	-	-	-	-	198,886	198,886	-
Other liabilities	-	-	-	-	-	115,369	115,369	-
Provision for taxation	-	-	-	-	-	50,577	50,577	-
Total liabilities	-	-	-	-	-	364,832	364,832	
Maturity gap	842,501	1,190,912	3,475,864	936,631	-	(56,119)	6,389,789	

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued)

For the year ended 31 December 2005

23. Financial risk management policies (continued)

(ii) Interest rate risk (continued)

2004	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	> 1 – 5 years US\$	Over 5 years US\$	Non-interest sensitive US\$	Total US\$	Weighted average interest %
Assets								
Cash on hand	-	-	-	-	-	87,463	87,463	-
Deposits and placements with banks	442,400	-	-	-	-	-	442,400	0.69
Loans and advances								
- Performing	386,309	784,698	2,350,471	141,188	-	-	3,662,666	2.83
- Non performing	-	-	-	-	-	40,117	40,117	-
- General allowance	-	-	-	-	-	(43,669)	(43,669)	-
Other assets	-	-	-	-	-	107,526	107,526	-
Statutory deposits	-	-	-	-	-	18,600	18,600	-
Total assets	828,709	784,698	2,350,471	141,188	-	210,037	4,315,103	
Liabilities								
Deposits from customers	-	-	-	-	-	181,182	181,182	-
Other liabilities	-	-	-	-	-	209,504	209,504	-
Provision for taxation	-	-	-	-	-	21,677	21,677	-
Total liabilities	-	-	-	-	-	412,363	412,363	
Maturity gap	828,709	784,698	2,350,471	141,188	-	(202,326)	3,902,740	

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued)

For the year ended 31 December 2005

23. Financial risk management policies (continued)

(c) Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the Management of the Company closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provides an analysis of the financial assets and liabilities of the Company into relevant maturity groupings based on the remaining periods to repayment

31 December 2005

	Less than 1 month US\$	Between 1 and 3 months US\$	Between 3 months and 1 year US\$	Between 1 year and 5 years US\$	No fixed terms US\$	Total US\$
Financial assets						
Cash on hand	116,926	-	-	-	-	116,926
Deposits and placements	197,060	-	-	-	-	197,060
Statutory deposits	-	-	-	-	57,924	57,924
Loans and advances						
Performing	645,441	1,190,912	3,475,864	936,631	-	6,248,848
Non performing	4,144	2,510	12,369	14,913	-	33,936
General allowances	-	-	-	-	(78,773)	(78,773)
Other assets	874	174,479	3,347	-	-	178,700
	<u>964,445</u>	<u>1,367,901</u>	<u>3,491,580</u>	<u>951,544</u>	<u>(20,849)</u>	<u>6,754,621</u>
Financial liabilities						
Deposits from customers	3,957	14,904	135,226	44,799	-	198,886
Borrowings	-	125,000	1,092,000	3,858,000	-	5,075,000
Other liabilities	-	87,451	27,918	-	-	115,369
Provision for income tax	-	50,577	-	-	-	50,577
	<u>3,957</u>	<u>305,850</u>	<u>1,227,226</u>	<u>3,902,799</u>	<u>-</u>	<u>5,439,832</u>

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued)

For the year ended 31 December 2005

23. Financial risk management policies (continued)

(c) Liquidity risk (continued)

31 December 2004

	Less than 1 month US\$	Between 1 and 3 months US\$	Between 3 months and 1 year US\$	Between 1 year and 5 years US\$	No fixed terms US\$	Total US\$
Cash on hand	87,463	-	-	-	-	87,463
Deposits and placements	442,400	-	-	-	-	442,400
Statutory deposits	-	-	-	-	18,600	18,600
Loans and advances						
Performing loans	386,309	784,698	2,350,471	141,188	-	3,662,666
Non-performing loans	14,596	9,394	16,127	-	-	40,117
General allowances	-	-	-	-	(43,669)	(43,669)
Other assets	2	104,337	3,187	-	-	107,526
	<u>930,770</u>	<u>898,429</u>	<u>2,369,785</u>	<u>141,188</u>	<u>(25,069)</u>	<u>4,315,103</u>
Financial liabilities						
Deposits from customers	6,565	22,712	125,410	26,495	-	181,182
Borrowings	-	-	550,000	475,000	1,700,000	2,725,000
Other liabilities	-	43,954	165,550	-	-	209,504
Provision for income tax	-	21,677	-	-	-	21,677
	<u>6,565</u>	<u>88,343</u>	<u>840,960</u>	<u>501,495</u>	<u>1,700,000</u>	<u>3,137,363</u>

24. Fair values of financial assets and liabilities

The aggregate fair values of financial assets and liabilities carried on the balance sheet are equal to their carrying values as at 31 December 2005.

Cambodian Entrepreneur Building Limited

Notes to the financial statements (continued)

For the year ended 31 December 2005

25. Comparative figures

The following comparative figures have been reclassified to conform with the current year presentation.

Loans and advances

By maturity

	31.12.2004	
	As reclassified US\$	As previously presented US\$
Within 1 months	10,557	-
1 to 3 months	103,486	-
4 to 6 months	436,566	-
7 to 12 months	2,137,276	2,368,483
1 to 2 years	1,014,898	1,334,300