

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 BY PRICEWATERHOUSECOOPERS

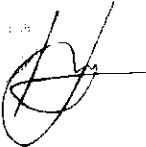
## STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The BOD is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of HKL as at 31 December 2004, and of the results of its operations and its cash flows for the year then ended. In preparing these financial statements, the BOD 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 the disclosure requirement of the Central Bank or, if there has been any departure in the interests of true and fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal control;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that HKL will continue operations in the foreseeable future;
- v) set overall policies for HKL, ratify all decisions and actions by the BOD that have a material effect on the operations and performance of HKL, and ensure they have been properly reflected in the financial statements.

The BOD confirms that HKL has complied with these requirements in preparing the financial statements.

On behalf of the Board of Directors,




Hout leng Tong  
General Manager  
Date: 18 March 2005

## BALANCE SHEET AS AT 31 DECEMBER 2004

	31 December 2004		31 December 2003	
	US\$	Reil'000	US\$	Reil'000
	(At year-end exchange rate)		(At year-end exchange rate)	
<b>ASSETS</b>				
Cash on hand	21,186	85,316	54,027	214,233
Deposits with the Central Bank	13,922	56,064	13,922	55,334
Balances with banks	492,081	1,981,610	27,441	109,175
Loans and advances to customers	2,237,619	9,010,892	1,200,902	4,774,786
Grants receivable	68,018	273,908	111,993	445,784
Other receivables	27,372	110,227	10,942	43,506
Accrued interest income	15,747	63,413	43,157	171,592
Property, plant and equipment	86,276	347,433	92,185	366,528
<b>Total Assets</b>	<b>2,962,221</b>	<b>11,928,863</b>	<b>1,554,569</b>	<b>6,180,966</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>LIABILITIES</b>				
Borrowings	1,360,914	5,480,401	100,000	397,600
Subordinated debt	777,641	3,131,560	777,641	3,091,901
Customers' deposits	97,427	392,339	62,426	248,206
Deferred grant income	64,968	261,626	111,993	445,284
Accruals and other liabilities	163,181	657,129	117,656	467,800
<b>Total Liabilities</b>	<b>2,464,131</b>	<b>9,923,055</b>	<b>1,169,716</b>	<b>4,650,791</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	257,850	1,038,362	257,850	1,025,212
Revolving fund subsidy	10,755	43,310	10,755	42,762
Legal reserve	4,030	16,229	2,110	8,389
Retained earnings	225,455	907,907	114,138	453,812
<b>Total Shareholders' Equity</b>	<b>498,090</b>	<b>2,005,808</b>	<b>384,853</b>	<b>1,530,175</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,962,221</b>	<b>11,928,863</b>	<b>1,554,569</b>	<b>6,180,966</b>

On behalf of Hattha Kaksekar limited

  
 Mr. Hout Ieng Tong  
 General Manager  
 Date: 18 March 2005

# INCOME STATEMENT

## AS AT 31 DECEMBER 2004

	For the year ended 31 December 2004		For the year ended 31 December 2003	
	US\$	Riel' 000 (At year-end exchange rate)	US\$	Riel' 000 (At year-end exchange rate)
Interest income	589,847	2,375,314	398,526	1,584,539
Interest expense	<u>48,483</u>	<u>195,241</u>	<u>12,684</u>	<u>50,431</u>
<b>Net interest income</b>	<b>541,364</b>	<b>2,180,073</b>	<b>385,842</b>	<b>1,534,108</b>
Grant income	34,234	137,860	38,588	153,426
Other Operating income	<u>73,704</u>	<u>296,806</u>	<u>63,678</u>	<u>253,183</u>
<b>Net operating income</b>	<b>649,302</b>	<b>2,614,739</b>	<b>488,108</b>	<b>1,940,717</b>
<b>Operating expenses</b>				
Salaries and staff benefits	266,983	1,075,141	225,940	898,337
General and administrative expenses	154,509	622,208	102,779	408,649
Grant related expense	34,234	137,860	38,587	153,422
Depreciation	<u>32,592</u>	<u>131,248</u>	<u>28,138</u>	<u>111,877</u>
<b>Total operating expense</b>	<b>488,318</b>	<b>1,966,457</b>	<b>395,444</b>	<b>1,572,285</b>
Provision for doubtful loans	<u>413</u>	<u>1,663</u>	<u>44,676</u>	<u>177,632</u>
<b>Total expenses</b>	<b>488,731</b>	<b>1,968,120</b>	<b>440,120</b>	<b>1,749,917</b>
<b>Income before income tax</b>	<b>160,571</b>	<b>646,619</b>	<b>47,988</b>	<b>190,800</b>
Income tax expense	<u>47,334</u>	<u>190,614</u>	<u>9,590</u>	<u>38,162</u>
<b>NET INCOME FOR THE YEAR</b>	<b>113,237</b>	<b>456,005</b>	<b>38,398</b>	<b>152,638</b>

On behalf of Hattha Kaksekar Limited



Mr. Hout Ieng Tong  
General Manager  
Date: 18 March 2005

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2004

	Share capital US\$	Revolving fund subsidy US\$	Legal Reserve US\$	Retained earnings US\$	Total US\$	Total Riel '000 (At year-end exchange rate)
<b>2003</b>						
As at 1 January 2003	77,850	10,755	-	77,858	166,463	654,200
Net income for the year	-	-	-	38,390	38,390	152,638
Legal reserve fund	-	-	2,110	(2,110)	-	-
Increase in paid up Capital	180,000	-	-	-	180,000	715,680
Currency revaluation at balance sheet date	-	-	-	-	-	<u>7,657</u>
<b>2004</b>						
As at 1 January 2004	257,850	10,755	2,110	114,138	384,853	1,530,175
Net income for the year	-	-	-	113,237	113,237	456,005
Legal reserve fund	-	-	1,920	(1,920)	-	-
Currency revaluation at balance sheet date	-	-	-	-	-	<u>19,628</u>
<b>As at 31 December 2004</b>	<b>257,850</b>	<b>10,755</b>	<b>4,030</b>	<b>225,455</b>	<b>498,090</b>	<b>2,005,808</b>

On behalf of Hattha Kaksekar Limited



Mr. Hout Ieng Tong  
General Manager  
Date: 18 March 2005

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	For the year ended 31 December 2004		For the year ended 31 December 2003	
	US\$	Reil'000 (At year-end exchange rate)	US\$	Reil'000 (At year-end exchange rate)
<b>Operating activities</b>				
Net profit before tax	160,571	646,619	47,988	190,800
Adjustments for:				
Provision for doubtful loans	413	1,663	44,676	177,632
Depreciation of property, plant and equipment	32,592	131,248	28,138	111,877
(Gain)/loss on disposal of property, plant and Equipment	(644)	(2,593)	5,978	23,769
<b>Cash flows from operating profits before changes in operating assets and liabilities</b>	<b>192,932</b>	<b>776,937</b>	<b>126,780</b>	<b>504,078</b>
Changes in operating assets and liabilities				
Deposits with the Central Bank	-	-	(9,000)	(35,784)
Loans and advances to customers	(1,037,130)	(4,176,523)	(58,771)	(233,674)
Grants receivable	43,975	177,087	33,421	132,882
Other receivable	(16,430)	(66,164)	(19,899)	(79,118)
Accrued interest income	27,410	110,380	17,933	71,302
Customer's deposits	35,001	140,949	(15,208)	(60,467)
Deferred grant incomes	(47,025)	(189,370)	(69,021)	(274,427)
Accruals and other liabilities	10,010	40,310	23,381	92,962
Tax paid	(11,819)	(47,595)	(9,598)	(38,162)
<b>Net cash (outflow)/inflow form operating activities</b>	<b>(803,076)</b>	<b>(3,233,989)</b>	<b>20,018</b>	<b>79,591</b>
<b>Investing activity</b>				
Purchases of property, plant and equipment	(37,609)	(151,451)	(26,971)	(107,237)
Proceeds from disposal of property, plant and equipment	11,570	46,592	-	-
<b>Net cash outflow from investing activities</b>	<b>(26,039)</b>	<b>(104,859)</b>	<b>(26,971)</b>	<b>(107,237)</b>
<b>Financing activities</b>				
Proceeds from borrowings	1,340,080	5,396,502	120,000	477,120
Repayment of borrowings	(79,166)	(318,801)	(310,000)	(1,232,560)
Increase in paid up capital during the year	-	-	180,000	715,680
Decrease in subordinated loans	-	-	(79,195)	(314,879)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,260,914</b>	<b>5,077,701</b>	<b>(89,195)</b>	<b>(354,639)</b>
Net increase/(decrease) in cash and cash equivalents	431,799	1,738,853	(96,148)	(382,285)
Cash and cash equivalents as at beginning of the year	81,643	324,612	177,791	698,719
Currency revaluation at balance sheet date	-	4,166	-	8,178
<b>Cash and cash equivalents as at end of the year</b>	<b>513,442</b>	<b>2,067,631</b>	<b>81,643</b>	<b>324,612</b>