

# ម៉ាកស៊ីម៉ា មីក្រូហិរញ្ញវត្ថុ

យើងរួមគ្នាដើម្បីអភិវឌ្ឍន៍សេដ្ឋកិច្ចគ្រួសារជនបទ

“Working Together for the Development of Rural Households”



Annual Report 2009

## OUR VISION

Maxima's vision is to bring together people and businesses with the common goal of alleviating poverty by providing both economic and social opportunities to the rural poor.

## OUR MISSION

Our mission is to offer microfinance services to low-income individuals, groups, and small & medium enterprises (SMEs), with an emphasis on lending to poor, rural women in addition to promoting savings.

## STRATEGIC OBJECTIVES

The main objectives of Maxima are to:

- 1) Assist rural people in gaining access to capital and helping towards the development of rural household economies.
- 2) Provide the highest quality of client service and financial products
- 3) Expand in breadth and scope in order to reach the maximum number of clients
- 4) Devote itself to developing its systems and processes to ensure a transparent, sustainable, and profitable organization
- 5) Remain committed to supporting its staff by way of offering loans for higher education and sponsoring continued training
- 6) Grow business and increase shareholders' wealth while striving towards achieving social and economic progress.

# FINANCIAL RESULTS & HIGHLIGHTS OF 2009

In US Dollars	31-Dec-09	31-Dec-08	31-Dec-07	31-Dec-06	31-Dec-05	Change
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Un-audited</i>	%
Assets	1,816,546	1,665,779	920,213	709,540	486,190	9.1%
Net Loan Outstanding	1,684,057	1,372,285	805,722	657,885	388,990	22.7%
Liabilities	1,310,906	1,332,385	615,176	497,724	296,190	-1.6%
Issued and Paid Up Capital	410,000	270,000	270,000	70,000	70,000	51.9%
Shareholders' Equity	505,640	333,394	305,037	211,816	190,000	51.7%
Total Income	451,128	329,277	233,098	185,547	97,533	37%
Profit Before Tax	71,167	52,876	36,125	27,300	25,894	34.6%
Profit After Tax	52,358	42,292	29,366	20,445	25,511	23.8%
Earning Per Share	1.28	1.57	1.09	2.92	3.64	-18.5%
Dividend Paid-out per Share	1.21	0.74	0.52	2.77	3.46	63.5%

*\* In 2005 and 2006 dividend distribution was made 100% after deducting 5% placed into the Reserve Funds*

*\* In 2007 and 2008 dividend distribution was made 50% after deducting 5% placed into the Reserve Funds*

*\* In 2009 dividend distribution was made 100% after deducting 5% placed into the Reserve Funds.*

*In addition, Retained Earnings will be distributed 100% to its shareholders.*

## HIGHLIGHTS OF 2008

*a) Assets increased 9% to US\$1,816,546*

*b) Total Loan Outstanding up to 22.7% to US\$1,684,057*

*c) Liabilities decreased 1.6% to US\$1,310,906*

*d) Net Profit After Tax was Improved 23.8% equal to US\$52,358*

*e) Shareholders' Equity increased 51.7% to US\$505,640*

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### 3- MESSAGE FROM THE CHAIRMAN/ CEO

In 2009, we have pleasure of seeing and proved to be yet another further successful year although Cambodia microfinance has been slightly hit by the global financial crisis. 2009 MAXIMA has been continually and widely expanded relationship with funding institutions in particular made a good partnership with Kiva, an organization based in the United States, offers Maxima access to interest-free capital. This partnership has not only drastically increased the ability to raise capital, but has also offered Maxima widely recognized and increased visibility outside of Cambodia.

MAXIMA was awarded a certificate of recognition for being a global pioneer in the microfinance industry by participating in the Cambodia transparent pricing initiative implemented by Microfinance Transparency Organization, showing that MAXIMA is honest in interest rate calculation from its clients. In addition, MAXIMA was awarded a certificate for reporting on social indicators from CGAP, indicating that MAXIMA has been contributing to the development of rural household economies. MAXIMA's exceptional reputation relies on the enthusiasm and dedication of the Board of Directors, Executive Team, and staff as well as other stakeholders.

MAXIMA has made great strides in nearly every aspect of our business and is incredibly excited to continue our current progress as well as in the year to come. Having built upon the collective experiences of management and Board of directors, who have learnt and adapted to the changing circumstances of the Company especially the evolving microfinance environment in Cambodia, MAXIMA has built an institution which includes unparalleled client service and a commitment to the development of rural household economies.

In fact, in 2009 our Company recorded a **9%** increase in assets from **US\$1,665,779** in the year ending 2008 to **US\$1,816,546** in 2009. In the mean time, although the loan disbursement has decreased since the early 2009 to October in the same year, increasing revenues by **37.47%** equal to **US\$451,128** over last year's revenues compared to **US\$328,156** in year 2008. While, the net profit after tax also improved by a whopping **23.8%** from **US\$42,292** in 2008 to **US\$52,358** in 2009. The return on equity increased to **10.35%** and the total liabilities decreased 1.6% to **US\$1,310,906** in 2009 from **US\$1,332,385** in 2008.

So far, MAXIMA staff is composed of outstanding individuals who have built a strong rapport with MAXIMA clients by not only working to understand and serve our clients' financial needs but also helping them to achieve their goals and improve their lives. MAXIMA has made strides to not only improve the products offered to our existing clients but to expand in order to reach a greater number of people. During the year, MAXIMA expanded operations to include 177 villages within twelve districts in Kandal province and the suburbs of Phnom Penh with the total loan outstanding was **US\$1,684,057** and **2,467** family borrowers, which women borrowers was **61.40%**.

During the year, the total loan disbursement was **84%**, which total loan outstanding of **US\$1,717,806** less than that as setting in the annual plan of **US\$2,049,785**. While, portfolio at risk over 30 days increased significantly to **2%** in the end 2009 compared **0.2%** in 2008. The

core problem of the increase in non-performing loan due to two operating areas, one in Kbal Koh commune of Kien Svay district and another one in Puk Ressey commune of Khsach Kandal district, were affected by the global financial crisis lead to the demand for our clients' products was declined in addition to the multiple loans from different institutions made by our clients.

MAXIMA established one service office in Koh Oknha Tey to fast and on time serve its clients in those operating areas in addition to the lower interest advantage for them when they come to pay at the service office. In order to respond to both efficient and effective need of agricultural clients, MAXIMA has created Loan Balloon.

MAXIMA has recommitted itself to continued growth in the year to come. The Company has revised its business plan for 2010 to 2014 to include specific targets for growing business activities with intention to increase its loan portfolio and open as many service offices as possible with keeping fewer branches in order to reduce its operating costs. MAXIMA has a target for gathering more debt and equity investment and also increasing more shares for its existing shareholders and staff in order to increase its capital, loans portfolio, total assets and increase microfinance business activities as a whole and maximizing return on investment.

Moreover, MAXIMA has committed to effectively improve its operating systems and strengthening governing structure and adequately developing policies and procedures to give effective guidance to senior management and all employees to effectively and successfully perform MAXIMA business activities. MAXIMA has committed to continuously improve its operating systems and processes to ensure a transparent, operating efficiency and sustainable institution by creating 2 committees consist of Audit Committee and Risk Committee in order to effectively assist the Board of directors. In addition, MAXIMA has studied to select for an adequate software package, which is best use for microfinance institution.

In our pursuit of outstanding growth and create shareholders' wealth, we will hold true to the fundamental values of the Company – care and respect, integrity and trust, initiative and accountability, creativity and working together which bind MAXIMA for the long term.

On behalf of MAXIMA Management, I would like to take this opportunity to express my sincere admires and thanks to executive management team all of whom have impressive business experience, provide incredible leadership, and bring an outstanding combination of skills in both management and finance to our Company. I also would like to thanks Maxima's staff and our stakeholders who are the support system of our Company and similarly the driving force behind rural economic development. I wish all of them to continue this excellent business culture.



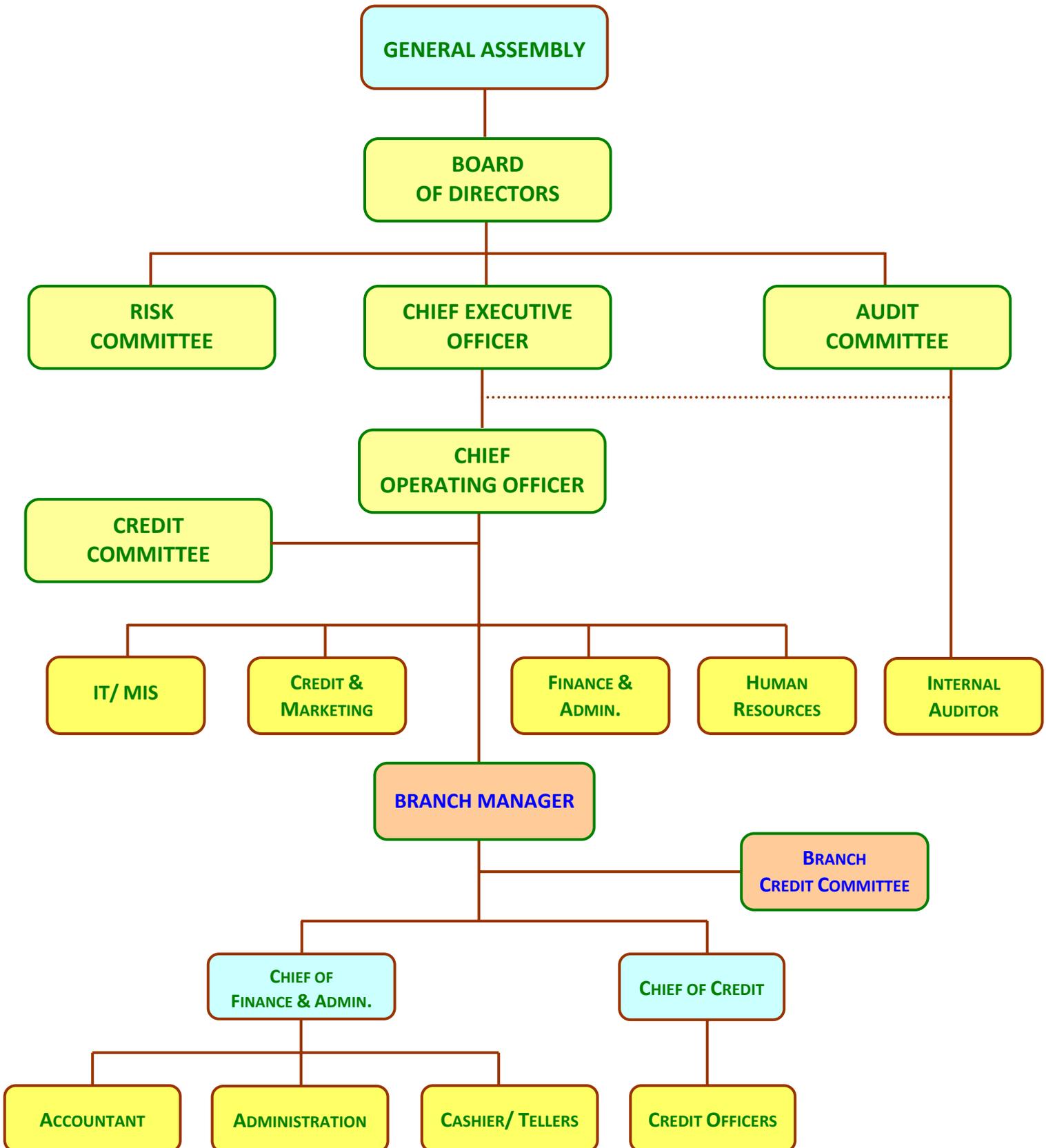
**Dr. UONG KIMSENG**  
Chairman/ CEO

## 4- COMPANY HISTORY

MAXIMA MIKROHERANHVATHO CO., LTD was founded in March 2000 by a group of friends both skilled and experienced in financial services. They began their micro credit operations in Koh Dach commune, Kandal province. In December of 2001, MAXIMA registered with the Ministry of Interior as MAXIMA Organization for Household Economic Development as an NGO and also worked to expand its credit activities to many communes and districts within the Kandal province. Less than a year later in May 2002, MAXIMA registered with the National Bank of Cambodia as a microfinance institution (MFI) for rural credit operator. In August 2005, MAXIMA obtained a full license as an MFI from the National Bank of Cambodia with the official name MAXIMA MIKROHERANHVATHO CO., LTD. In June 2008 the National Bank of Cambodia granted MAXIMA a permanent license to operate as an MFI in Cambodia thus making it the 13th permanent MFI operating in Cambodia.

- 2000 MAXIMA was founded in March 2000 and began their micro credit operations in Koh Dach commune, Kandal province.
- 2001 MAXIMA registered in the Ministry of Interior as an NGO with the official name MAXIMA Organization for Household Economic Development.
- 2002 MAXIMA registered with the National Bank of Cambodia as an MFI for rural credit operator.
- 2005 MAXIMA obtained a full license as an MFI from the National Bank of Cambodia with the official name MAXIMA MIKROHERANHVATHO CO., LTD. During the year, MAXIMA began to borrow funds from domestic and international financial institutions such as RDB–Cambodia, ADA–Luxemburg and ETIMOS–Italy.
- 2006 MAXIMA Board increased MAXIMA benefits by adding a Staff Provident Fund and Health & Injury Insurance.
- 2007 MAXIMA partners with Kiva, an organization based in the USA.
- 2008 In June of 2008, the National Bank of Cambodia granted MAXIMA a permanent license to operate as an MFI. In August, MAXIMA opened its second branch in Kien Svay district of Kandal province.
- 2009 MAXIMA was awarded a certificate of recognition for being a global pioneer in the microfinance industry by participating in the Cambodia transparent pricing initiative from Microfinance Transparency Organization. MAXIMA was awarded a certificate for reporting on social indicators from CGAP.

## 5- MAXIMA ORGANIZATIONAL CHART



## 6- BOARD OF DIRECTORS



**Dr. UONG KIM SENG**, Chairman joined the Board of MAXIMA at its inception in 2000. He is currently serving as Chairman/ Chief Executive Officer of MAXIMA. Prior to his work in the private sector, Dr. KIMSENG served as a Government official from 1995-2002. In February 2006, he was appointed Advisor to the Phnom Penh Chamber of Commerce, a position which he still holds.

He earned his Doctor of Business Administration (DBA) from Preston University, USA in 2005. In 2001 Dr. Kimseng was granted a scholarship from the Australian Government to pursue his Master's degree at Victoria University of Technology, Australia and obtained Master of Business in 2003. In 1995, he graduated from the Faculty of Business in Cambodia and obtained Bachelor of Business Administration.



**Mr. AN BUNHAK**, Vice-Chairman joined the Board of MAXIMA at its inception in 2000. He is currently serving as Vice-Chairman/ Deputy Executive Director of MAXIMA. Prior to working at MAXIMA, Mr. BUNHAK served as Chief of Finance at Pacific Commercial Bank (1995-2000).

Mr. BUNHAK is currently a Doctor of Business Administration (DBA) candidate at Preston University, USA. He obtained a Master of Banking and Finance at Ateneo De Zambanga University, Philippines in 2003. In 1995, Mr. BUNHAK graduated from the Faculty of Business, Cambodia and obtained Bachelor of Business Administration in 1995.



**Mr. PA PONNAK RITHY**, Board Member was born in 1960. He joined the Board of MAXIMA in December 2000. He is currently serving as Chief Operating Officer of MAXIMA. From 1980 to 1995, Mr. RITHY served as the Deputy Chief of Credit Officer at the National Bank of Cambodia in Kampot province. From 1995-1998, he was Chief of Accounting at Pacific Commercial Bank. From 1998 to 2000 worked as an Accounting and Administration Assistant in LWS, Kampong Speu province.

He completed his degree in Accounting/Finance and Banking in Cambodia and received Bachelor of Business Administration in 1986.



Ms. SRENG SIVE CHHENG, Board Member was born in 1977. She joined the Board of MAXIMA at its inception in 2000. Ms. SIVE CHHENG is currently the Vice Chief Operating Officer and also serving as Director of Finance and Administration of MAXIMA. From 1995 to 2000 she worked as Chief of Remittance at Pacific Commercial Bank.

Ms. SIVE CHHENG obtained Bachelor of Business Administration with a specialization in Management at the National Institute of Management, Cambodia in 2001.



Mr. CHET CHAN PRASOEUR, Board Member was born in 1973. He joined the Board of MAXIMA in December 2000. Mr. Prasoeur is also serving as Chairman of Audit & Risk Committee of MAXIMA.

Mr. PRASOEUR is currently pursuing his Master's degree in Business and Law at Build Bright University. He graduated from the Faculty of Business, Cambodia and obtained a Bachelor of Business Administration in 1995.



Mr. PA PONNAK KIRY was born in 1982. He joined the Board of MAXIMA in August 2007 (Elected by MAXIMA staff and is sitting on the Board as their representative). Mr. Kiry has been appointed to serve as Human Resource Manager since August 2007. He was a credit officer from 2002 before he was appointed as Credit Manager in January 2007.

Mr. Kiry holds a Master of Finance and Accounting from the Build Bright University (2006) in Cambodia and a Bachelor of Business Administration in the field of Management from the National Institute of Management in Cambodia (2003).

## 7- EXECUTIVE MANAGEMENT

The management function in MAXIMA is concerned with the daily performance, keeping MAXIMA competitive and profitable. As of December 2009, the senior management of MAXIMA consists of Executive Director, Deputy Executive Director, Chief Operating Officer and Deputy Chief Operating Officer. The middle management of MAXIMA consists of Human Resources Manager, Credit Managers, Assistant Credit Managers and Branch manager, Chief of Accountant, Assistant Marketing Manager and Internal Auditor.



**Dr. UONG Kimseng**  
Executive Director



**Mr. AN Bunhak**  
Deputy Executive Director



**Mr. PA Ponnak Rithy**  
Chief Operating Officer



**Ms. SRENG Sive Cheng**  
Vice Chief Operating Officer

## 8- LOAN PRODUCTS AND LOAN CATEGORIES

### LOAN PRODUCTS

MAXIMA's current loan products include loans to individuals, groups and small-medium businesses (SMEs) and the balloon loan and will be adding additional products in the near future depending upon customer needs. Loans are limited by income per household member, the value of the businesses fixed assets, and the number of business employees. The details of the policies and above mentioned products are as follows.

#### 1- Rural Individual Loans

Applying to the following all terms and conditions:

- The loan term can be 12 or 20 months with loan sizes ranging from \$50 to \$950, and interest rate will be charged 3% per month
- Monthly installments of interest and principal with three months grace period for a 12 month loan period,
- Client should be a permanent resident of the area in which MAXIMA operates with family book record or Khmer ID
- Age between 18 – 60 years
- Agreement to borrow between borrower and family members
- Have profitable business or actual plan for new business, which demonstrates ability to repay the loan,
- Have physical collateral or other related certificate or document.

#### 2- Rural Group Loans

All terms of individual loans apply unless otherwise stated:

- Group members: 2-10 members with a selected group leader
- One borrower per household (but there must be an agreement to borrow between borrower and family members)
- Group members must take joint liability for repayment of loan,
- One of the group members must have physical collateral or other related certificate or document,
- No physical collateral will be needed if every member of the group borrows less than US\$100

#### 3- Rural Small-Medium Loans

MAXIMA provides loan to SMEs, profitable business or actual plan for new business, which demonstrates ability to repay the loan. All terms of individual loans apply unless otherwise stated:

- The loan sizes ranging from \$1,000 to \$25,000 and the interest rate will be charged 2%-2.5% per month
- Loans in the amount of \$2,000 or more pay at the office (only) are charged 2% interest.

#### 4- Balloon Loans

MAXIMA provides loan to those clients, who need capital to expand its agricultural productions and all terms of individual loans apply unless otherwise stated:

- The loan term can be 12 months with loan sizes less than \$3,000 and the interest rate will be charged 2.5%-3% per month
- Monthly interest payment and principal will be paid at the end of the loan period

### LOAN CATEGORIES

MAXIMA provides loans to business categories include agriculture, trades, services, transportation and households/ families and other categories.

#### Agriculture Productions

- **The plantation:** flower plantation, vegetables, food crops, seeds, fertilizer...
- **Livestock:** animal husbandry, animal food, fascination...
- **Fisheries:** fishing tools, gasoline and boat...

#### Trade & Commerce

- Purchase of produce contracts, Vendors - whole sale and retails,
- Processing, making doors/ windows, production of Khmer noodles and other foods

#### Services

Activities of laundry, hair cut, public telephone service, motor-repaired, water supply tube network, battery charging

#### Transportation

Motor taxi, motor trailer and car taxi...

#### Household business

Handicraft and grocery at home

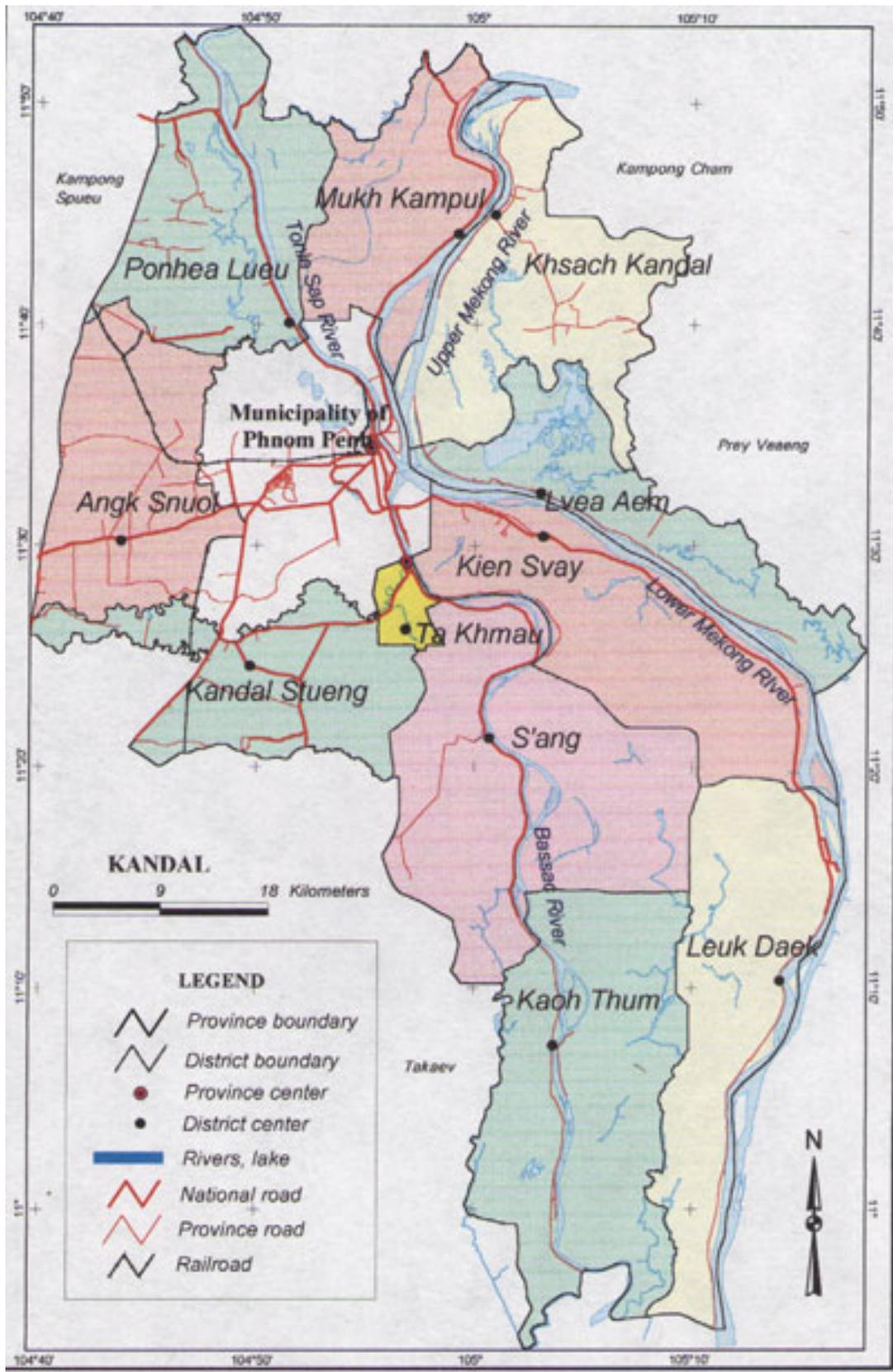
#### Family/ consumption

House repair, education and other consumption...

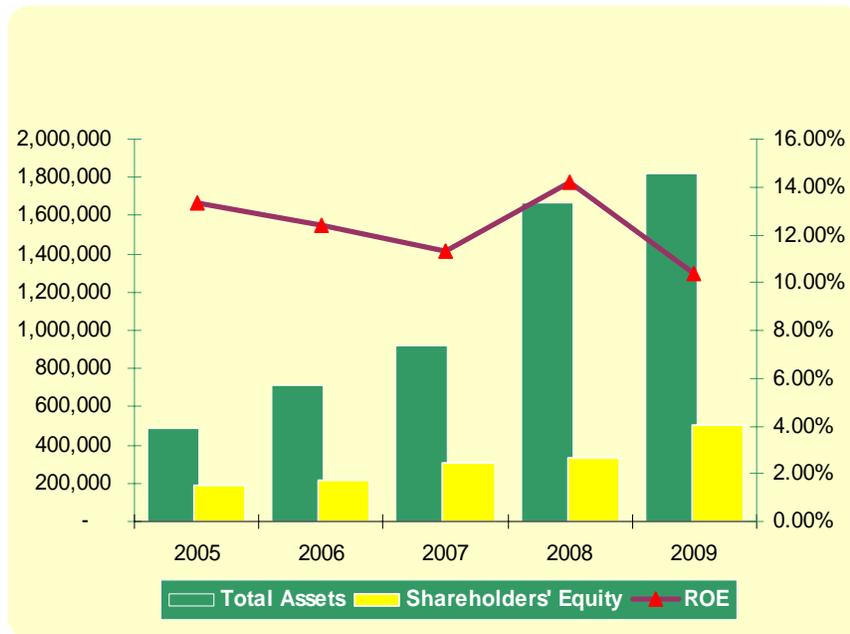
#### Miscellaneous

All rural small business activities other than agriculture, trade/ commerce, services and household/ family

## 9- OPERATING AREAS



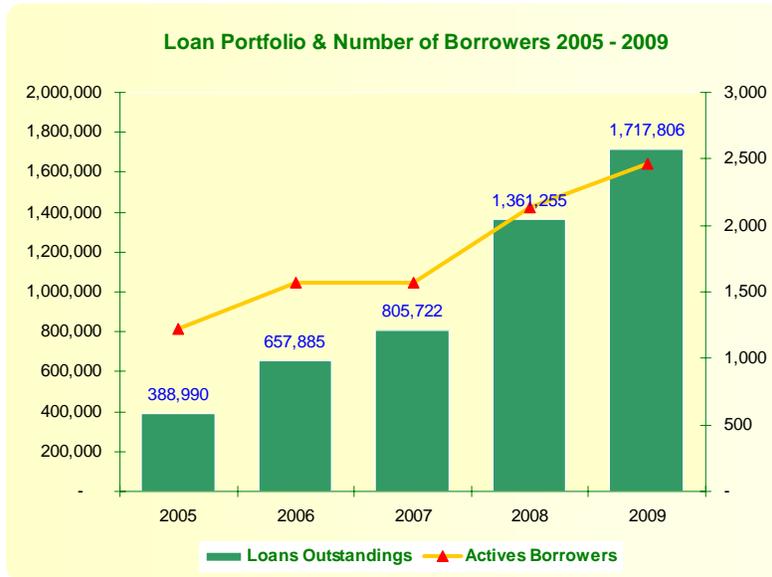
## 10- FINANCIAL PERFORMANCE RESULTS 2009



In the 2009 fiscal year, MAXIMA had continuously positive and strong performance in operating activities as total assets increased of **9%** from **\$1,665,779** in 2008 to **\$1,816,546** in 2009 ending. Revenues also experienced a 37.47% increase over the previous year to \$451,128 although the loan disbursement decreased from the early to October 2009.

The net profits after tax also increased by an impressive **23.8%** reaching to **\$52,358**. The total equity increased to **51.7%** from **\$333,394** in 2008 to **\$505,640** in 2009 ending and the return on equity equal to **10.35%**. The decrease in return on equity over the past couple years is reflective of the increasing competition, which led to improving loan products and decreasing in interest rates charged. In addition, portfolio at risk over 30 days increased significantly to **2%** in the year end 2009 compared **0.2%** in 2008, which led to increasing total expenses. In the mean time, the decrease in margins, however, is being offset by the significant increase in the size of our loan portfolio to SMEs resulted in interest income declined.

# 11- LOAN PERFORMANCE RESULTS 2009

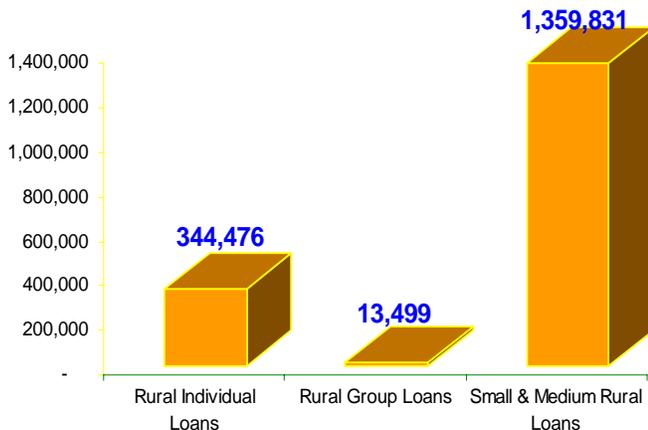


MAXIMA products offered have been improved and the operating areas have been expanded in order to reach a greater number of people.

During the year, MAXIMA expanded operations to 177 villages within 12 districts in Kandal province and some suburbs of Phnom Penh. The total active loan portfolio equal to **\$1,684,057** with **2,467** families and women borrowers reported **61.4%**.

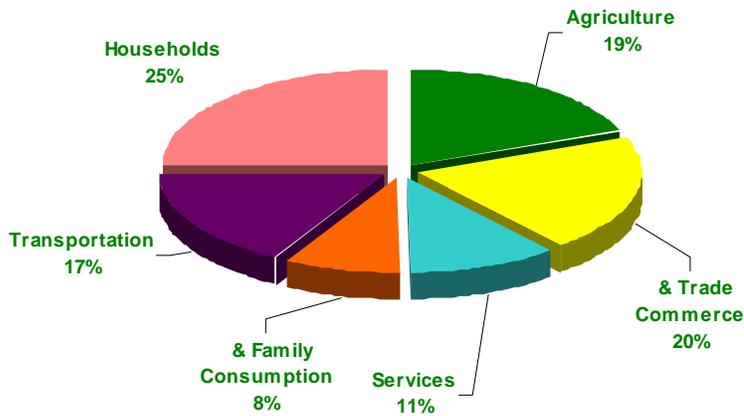
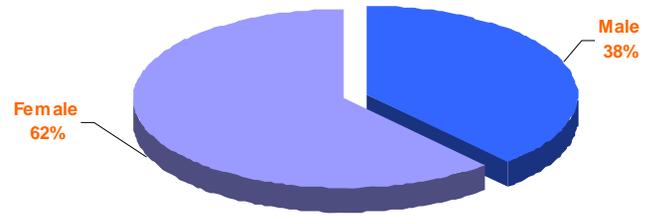
During the year, the total loan disbursement was **84%**, which total loan outstanding of **US\$1,717,806** less than that as setting in the annual plan of **US\$2,049,785**. While, portfolio at risk over 30 days increased significantly to **2%** in the end 2009 compared **0.2%** in 2008. The core problem of the increase in non-performing loan due to two operating areas, one in Kbal Koh commune of Kien Svay district and another one in Puk Ressey commune of Khsach Kandal district, were affected by the global financial crisis lead to the demand for our clients' products was declined in addition to the multiple loans from different institutions made by our clients.

Loan Types as of December 2009



MAXIMA's current loan products include loans to individuals, groups and small-medium businesses (SMEs) and the balloon loan for agricultural production. During the year, the loan small-medium enterprises significantly increased and larger than to individual and group due to the fact that all loans with the amount from \$1,000 including balloon loan were classified as SMEs loans.

In 2009 ending, loans to women borrowers experienced a decrease to 62% over the previous year of 74% as a result of increase in SMEs loans, mostly running by men and women were only support the business.

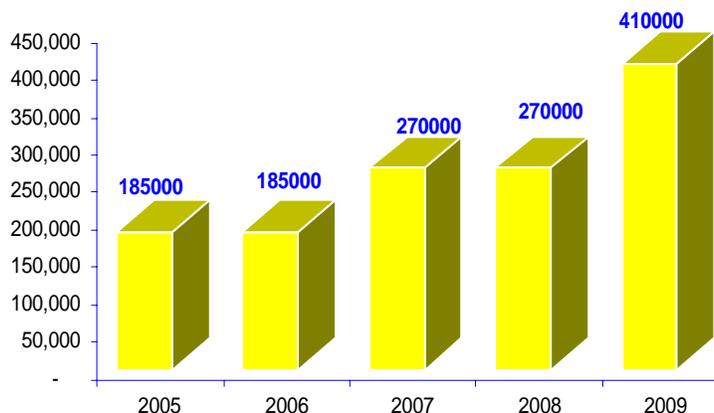


MAXIMA provides loans to business categories include agriculture, households businesses and processing (purchase of produce, whole sale and retails, handicraft and vendors) services, transportation and miscellaneous. In 2009, loans for households and trade & commerce equal to 45% were larger than other categories over the total loan disbursed during the year.

## 12- EQUITY AND FUNDING STRUCTURE

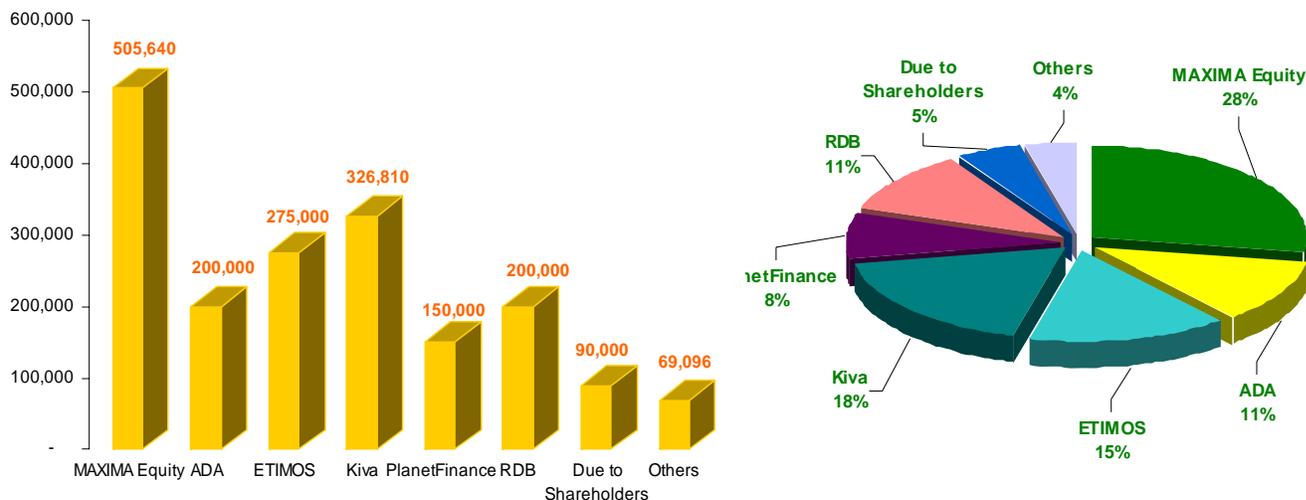
### Evolution of registered capital

With the achievement of strong operating performances and in order to ensure long term sustainability and growth, Maxima's Board has been committed to increasing its registered capital and has been doing so whenever possible since 2004.



In 2009, the Company increased from last year's registered capital to **\$410,000**.

### Funding Structure in 2009



MAXIMA's operations were funded by a mix of equity from existing shareholders and all employees and debt. By the end of 2009, the shareholders relinquished equity \$400,000 equal to 97.56% and employees have equity of 2.44% of the total share equity equal to \$10,000, which led to the total equity of MAXIMA up to \$505,640. In addition, MAXIMA received loans from various foreign and domestic partners in the amount of \$200,000 from Rural Development Bank (RDB) in Cambodia, \$200,000 from Appui au Développement Autonome (ADA) in Luxembourg, \$275,000 from Consorzio ETIMOS in Italy, and \$326,810 from Kiva in the USA and \$150,000 from Planet Finance in France. The remaining capital came in the form of short term debtor to shareholders and retained earnings with the total of \$159,096.

## 13- REPORT OF THE BOARD OF DIRECTORS

We, the directors of Maxima Mikroheranhvatho Co., Ltd. (the “Company”) do hereby 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, the results of its operations and its cash flows of MAXIMA as at 31 December 2009. In preparing these financial statements, the Board of directors is required to:

1. Comply with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.
2. Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently.
3. 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.
4. Maintain adequate accounting records and an effective system of internal control.
5. Prepare the financial statements on a going concern basis unless it is inappropriate to assume that MAXIMA will continue operations in the foreseeable future.
6. Establish overall policies for the Company, ratify all decisions and actions by the BOD that have a material effect on the operations and performance, and ensure they have been properly reflected in the financial statements.

On behalf of the Board of Directors,



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**Mr. Uong Kimseng**  
Chairman  
Date: 29 April 2010

A handwritten signature in blue ink, appearing to be 'An Bunhak'.

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**Mr. An Bunhak**  
Vice Chairman  
Date: 29 April 2010

## 14- BALANCE SHEET AS OF DECEMBER 31, 2009

	Note	2009		2008	
		US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
Cash on hand	5	7,461	31,105	15,189	61,986
Deposits and placements with banks	6	26,810	111,771	193,962	791,559
Statutory deposits	7	20,500	85,464	13,500	55,094
Loans to customers	8	1,684,057	7,020,834	1,372,285	5,600,295
Other receivables	9	35,206	146,773	10,285	41,973
Property and equipment	10	42,512	177,233	60,558	247,137
<b>TOTAL ASSETS</b>		<b>1,816,546</b>	<b>7,573,180</b>	<b>1,665,779</b>	<b>6,798,044</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Amounts due to shareholders	11	90,000	375,210	133,000	542,773
Borrowings	12	1,151,810	4,801,896	1,164,749	4,753,340
Other liabilities	13	53,708	223,908	26,984	110,122
Provision for income tax	14	15,388	64,153	7,652	31,228
<b>Total liabilities</b>		<b>1,310,906</b>	<b>5,465,167</b>	<b>1,332,385</b>	<b>5,437,463</b>
<b>Equity</b>					
Share capital	15	410,000	1,709,290	270,000	1,101,870
Reserves		9,236	38,505	7,122	29,065
Retained earnings		86,404	360,218	56,272	229,646
<b>Total equity</b>		<b>505,640</b>	<b>2,108,013</b>	<b>333,394</b>	<b>1,360,581</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,816,546</b>	<b>7,573,180</b>	<b>1,665,779</b>	<b>6,798,044</b>

## 15- INCOME STATEMENT AS OF DECEMBER 31, 2009

	Note	2009		2008	
		US\$	KHR'000	US\$	KHR'000
Interest income	16	444,918	1,854,863	323,841	1,321,595
Interest expenses	17	(52,413)	(218,510)	(44,465)	(181,462)
<b>Net interest income</b>		<u>392,505</u>	<u>1,636,353</u>	<u>279,376</u>	<u>1,140,133</u>
Other operating income	18	6,210	25,889	4,315	17,609
<b>Operating income</b>		<u>398,715</u>	<u>1,662,242</u>	<u>283,691</u>	<u>1,157,743</u>
General and administrative expenses	19	(294,588)	(1,228,137)	(230,066)	(938,899)
Provision for bad and doubtful loans	8	(32,960)	(137,410)	(749)	(3,057)
<b>Profit before income tax</b>		<u>71,167</u>	<u>296,695</u>	<u>52,876</u>	<u>215,787</u>
Income tax expense	14	(18,809)	(78,415)	(10,584)	(43,193)
<b>Net profit for the year</b>		<u><u>52,358</u></u>	<u><u>218,280</u></u>	<u><u>42,292</u></u>	<u><u>172,594</u></u>

## 16- STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED DECEMBER 31, 2009

	Share capital US\$	Reserves US\$	Retained earnings US\$	Total US\$
As at 1 January 2008	270,000	5,653	29,384	305,037
Dividend paid	-	-	(13,935)	(13,935)
Transfer to reserves	-	1,469	(1,469)	-
Net profit for the year	-	-	42,292	42,292
As at 31 December 2008	<u>270,000</u>	<u>7,122</u>	<u>56,272</u>	<u>333,394</u>
Dividend paid	-	-	(20,112)	(20,112)
Increase in share capital	140,000	-	-	140,000
Transfer to reserves	-	2,114	(2,114)	-
Net profit for the year	-	-	52,358	52,358
As at 31 December 2009	<u><u>410,000</u></u>	<u><u>9,236</u></u>	<u><u>86,404</u></u>	<u><u>505,640</u></u>
(KHR'000 equivalents)	<u><u>1,709,290</u></u>	<u><u>38,505</u></u>	<u><u>360,218</u></u>	<u><u>2,108,013</u></u>

# 16- STATEMENT OF CASH FLOW

## AS OF DECEMBER 31, 2009

	Note	2009		2008	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	20	(277,115)	(1,155,292)	(453,884)	(1,852,300)
<b>Cash flows from investing activities</b>					
Purchase of property and equipment		(4,714)	(19,653)	(57,474)	(234,551)
Proceeds from disposals of property and equipment		-	-	2,170	8,856
Net cash used in investing activities		(4,714)	(19,653)	(55,304)	(225,695)
<b>Cash flows from financing activities</b>					
Dividends paid		(20,112)	(83,847)	(13,935)	(56,869)
Increase in share capital		140,000	583,660	-	-
Proceeds from borrowings		565,198	2,356,310	1,429,053	5,831,965
Repayments of borrowings		(578,137)	(2,410,253)	(761,223)	(3,106,551)
Net cash generated from financing activities		106,949	445,870	653,895	2,668,545
<b>Net (decrease)/increase in cash and cash equivalents</b>		(174,880)	(729,075)	144,707	590,550
<b>Cash and cash equivalents at beginning of year</b>		209,151	848,735	64,444	262,995
Translation difference		-	23,216	-	-
<b>Cash and cash equivalents at end of year</b>	21	34,271	142,876	209,151	853,545



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