



# ម៉ាកស៊ីម៉ា មីក្រូហិរញ្ញវត្ថុ MAXIMA MIKROHERANHVATHO CO., LTD.

បើកអភិវឌ្ឍន៍សេដ្ឋកិច្ចគ្រួសារជនបទ  
Working Together for the Development of Rural Households



## Annual Report 2008



# 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.*



# 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.*



*Loan agreement signing ceremony between Maxima and Rural Development Bank (RDB)*

# Financial Results

In US Dollars	31-Dec-08 <i>Audited</i>	31-Dec-07 <i>Audited</i>	31-Dec-06 <i>Audited</i>	31-Dec-05 <i>Audited</i>	31-Dec-04 <i>Un-audited</i>	Change %
Assets	1,665,779	920,213	709,540	486,190	217,732	81%
Net Loan Outstanding	1,372,285	805,722	657,885	388,990	211,688	70%
Liabilities	1,332,385	615,176	497,724	296,190	24,607	117%
Issued and Paid Up Capital	270,000	270,000	70,000	70,000	174,100	0%
Shareholders' Equity	333,394	305,037	211,816	190,000	193,125	9%
Total Income	329,277	233,098	185,547	97,533	62,475	41%
Profit Before Tax	52,876	36,125	27,300	25,894	29,175	46%
Profit After Tax	42,292	29,366	20,445	25,511	29,175	44%
Earning Per Share	1.57	1.09	2.92	3.64		44%
Dividend Paid-out per Share	0.74	0.52	2.77	3.46		

*\* In 2004 no dividend payout was made*

*\* 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*

## HIGHLIGHTS OF 2008

- a) Assets increased 81% to US\$1,665,779*
- b) Total Loan Outstanding up to 70% to US\$1,372,285*
- c) Liabilities grew 117% to US\$1,332,385*
- d) Net Profit After Tax was Improved 44% to US\$42,292*
- e) Shareholders' Equity increased 9% to US\$333,394*





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# Message from the Chairman/CEO

In 2008, we have pleasure of seeing and proved to be yet another further successful year since MAXIMA was granted a permanent license from the National Bank of Cambodia and opened its second branch in Kien Svay district of Kandal province. 2008 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 increased visibility outside of Cambodia.

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.

MAXIMA's exceptional reputation relies on the enthusiasm and dedication of the Board of Directors, Executive Team, and staff as well as other stakeholders. On behalf of MAXIMA, I would like to recognize the Executive 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 MAXIMA.

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. I would like to commend MAXIMA's staff for committing itself to the culture of the best quality of client service. I would like also to thank our stakeholders, who have been contributed to the success of MAXIMA. They are the support system of our Company and similarly the driving force behind rural economic development.

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 \$1,372,285 and 2,146 family borrowers. Such expansion did not lessen the quality of service or harm our financial performance. In fact, in 2008 our Company recorded a 81% increase in assets to US\$1,665,779 while increasing revenues by 41% over last year's revenues. The size of our loan portfolio grew 70% and the net profit after tax also improved by a whopping 44% due to our increased operating efficiency and expanding loan portfolio. MAXIMA achieved almost planed targets and budget of the year with both quantity and quality of loan portfolio, expanding operation areas as well as collecting funding sources.

MAXIMA has also recommitted itself to continued growth in the year to come. The Company has revised its business plan for 2009 to 2013 to include specific targets for expanding its loan portfolio and growing business activities with intention to open two more branches in Kandal province in the next five years. MAXIMA has committed to improve its operating systems and processes to ensure a transparent, operating efficiency and sustainable institution. MAXIMA has improved its governance by adding an independent Board of directors and created 3 committees in order to effectively assist the Board of directors. The committees consist of Executive Committee, Audit & Risk Committee and Credit Committee. In addition, MAXIMA has begun to search for an adequate software package, which is best use for microfinance institution.

MAXIMA is proud of its previous achievements from the strong contributions of all stakeholders, evolvement of the Company and remain optimistic to grow its business activities as setin the business plan 2009-2013.

In our pursuit of outstanding growth and shareholders’ wealth, we will hold true to the fundamental values of the Company – care and respect, integrity and trust, initiative and accountability.

On behalf of MAXIMA Management, I would like to take this opportunity to express my sincere thanks to those who have contributed to MAXIMA’s growth. Thank you for helping us to achieve great success and for your continued support.



**Dr. UONG Kimseng**  
Chairman/CEO



*Loan to agriculture client*

# 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. As a registered MFI, MAXIMA has attracted a number of key investors. 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. Over the years we have partnered with various organizations such as Rural Development Bank (RDB) in Cambodia, Appui au Développement Autonome (ADA) in Luxembourg, Consorzio ETIMOS in Italy, and Kiva in the USA. 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.

## MAXIMA Timeline

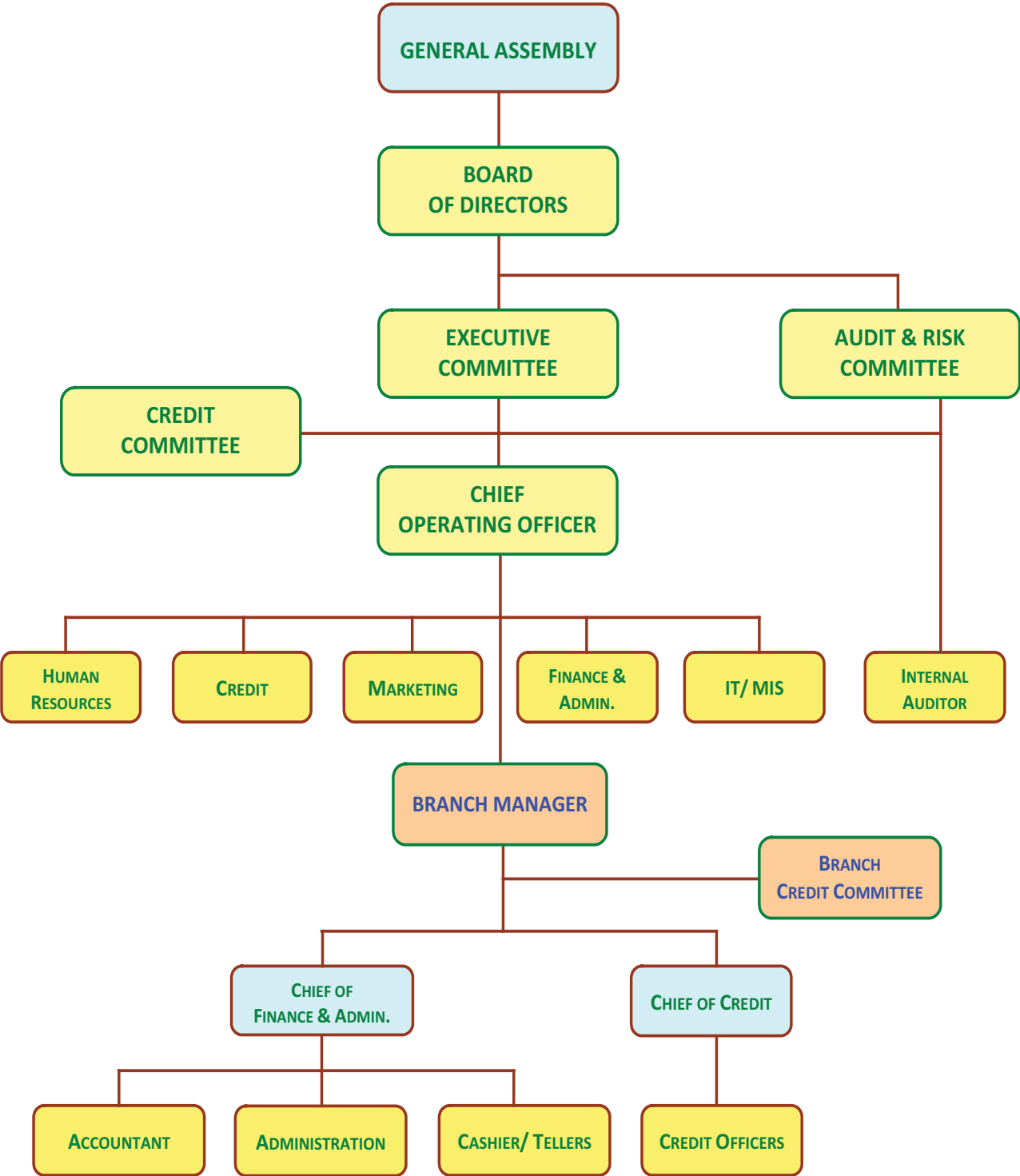
- 2000 MAXIMA was founded in March 2000.
- 2001 MAXIMA registered in the Ministry of Interior as an NGO with the official name MAXIMA Organization for Household Economic Development.
- 2002 MAXIMA registered with the National Bank of Cambodia as an MFI for rural credit.
- 2005 MAXIMA obtained a full 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–Luxembourg 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.



■ *Maxima staff  
and its  
fellow to  
visit client*



# MAXIMA Organizational Chart



# Board of Directors



**Dr. UONG KIM SENG**, Chairman was born in 1972. He joined the Board of MAXIMA at its inception in 2000. He is currently serving as Chairman/ Executive Director 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 was born in 1973. He 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 Norton University, Cambodia and 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).



# Executive Management

The management function in MAXIMA is concerned with the daily performance, keeping MAXIMA competitive and profitable. As of December 2008, 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, 2 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 Chheng**  
Vice Chief Operating Officer

# Products & Services

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.

## **Rural Individual Loans** (Interest 3%/month)

- The loan term can be 12 or 20 months with loan sizes ranging from \$50 to \$950,
- Monthly installments of interest and principal with three months grace period and a 12 month loan period,
- Client should be a permanent resident of the area in which MAXIMA operates,
- 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.

## **Rural Small-Medium Loans** (Interest 2-2.5%/month)

- All terms of individual loans apply unless otherwise stated,
- The loan term can be either 12 or 20 months with loan sizes ranging from \$1,000 to \$25,000,
- Loans in the amount of \$2,000 or more pay at the office (only) are charged 2% interest.

## **Balloon Loans** (Interest 3%/month)

- All terms of individual loans apply unless otherwise stated,
- The loan term can be 12 months with loan sizes ranging from \$50 to \$1,200
- Monthly interest payment and principal will be paid at the end of the loan period

## **Rural Group Loans** (Interest 3%/month)

- 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.

# Loan Categories ■■■■

## **Agriculture:**

- Production: (flowers, vegetables, food crops, seeds, fertilizer)
- Livestock (animal husbandry, feed)
- Fisheries (fishing tools, boats)

## **Trade/Commerce:**

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

## **Services:**

- Laundry, hair cut, motor repair, water supply network, public telephone service, battery charging, among others

## **Transportation:**

- Motor taxi, motor trailer & car taxi

## **Household/ family:**

- Handicrafts, house repairs, education, consumption loans

## **Miscellaneous**



■ *Maxima client : Thanks Maxima to assist me in expending my farming*

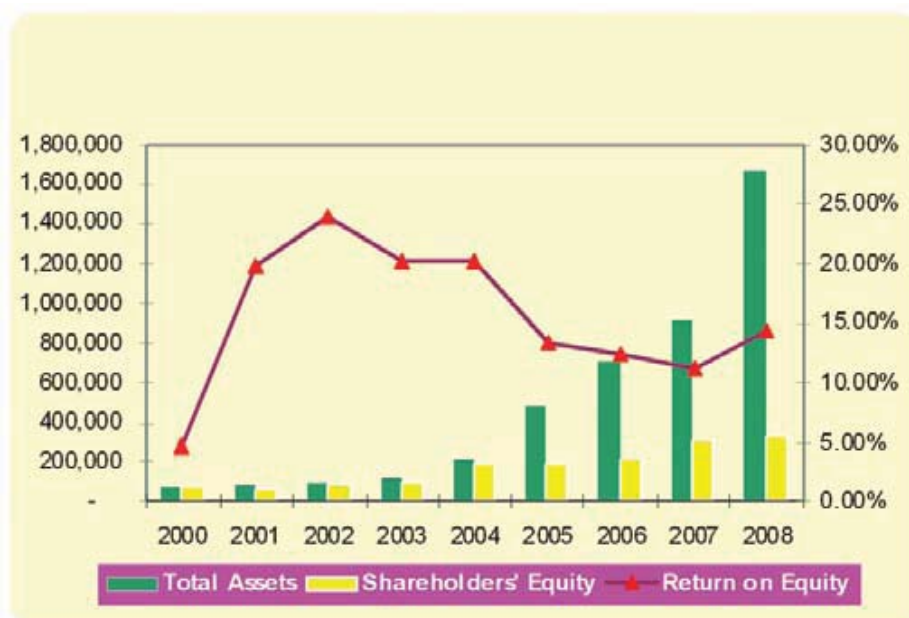


## ■ Operating Areas



# ■ Financial Performance Results 2008

## Total Assets, Shareholders' Equity & Return on Equity



In the 2008 fiscal year, MAXIMA exhibited strong performance in operating activities as total assets made a jump of 81% nearly reaching \$1,665,779 while total shareholders' equity increased 9% from \$305,037 in 2007 to \$333,394 in 2008 ending. Revenues also experienced a 41% increase over

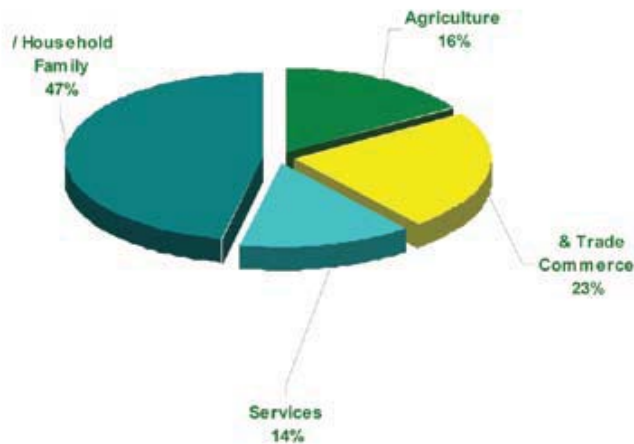
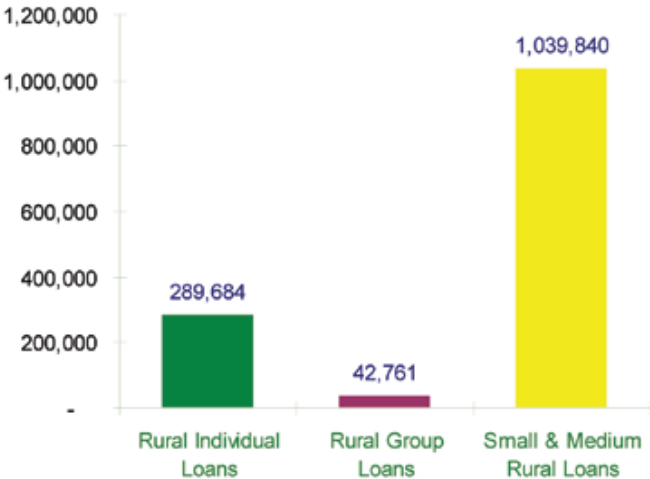
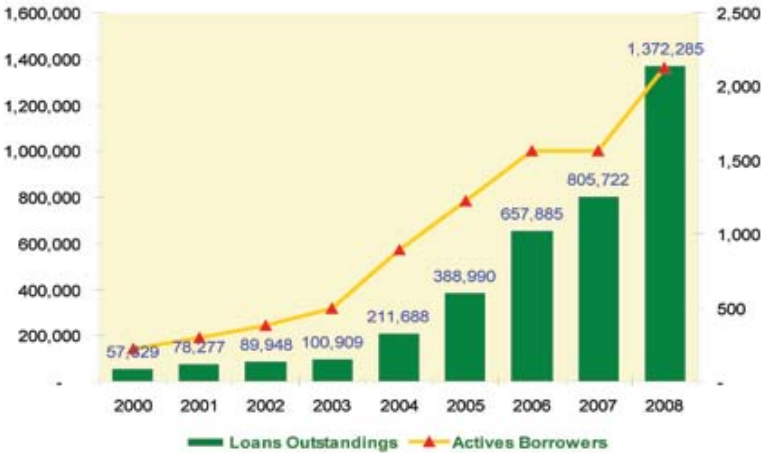
the previous year to \$329,277. The net profits after tax also increased by an impressive 44% exhibiting our outstanding financial performance despite administrative expenses and operating costs remain high given the increasing costs of gasoline and other necessities. The return on equity increased to 14.2% and the return on total assets also experienced a slight decline from 3.6% in 2007 to 3.5% in 2008. 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. 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.



■ Loan to small grocery store in rural

2008 also marked a significant shift in our loan portfolio over the previous year in particular compare to 2007. Ending 2008, the Company reported an increase in its loan portfolio by 70% to \$1,372,285 with 2,146 family borrowers. This increase in the loan portfolio is due to the fact that 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 twelve districts in Kandal province and the suburbs of Phnom Penh.

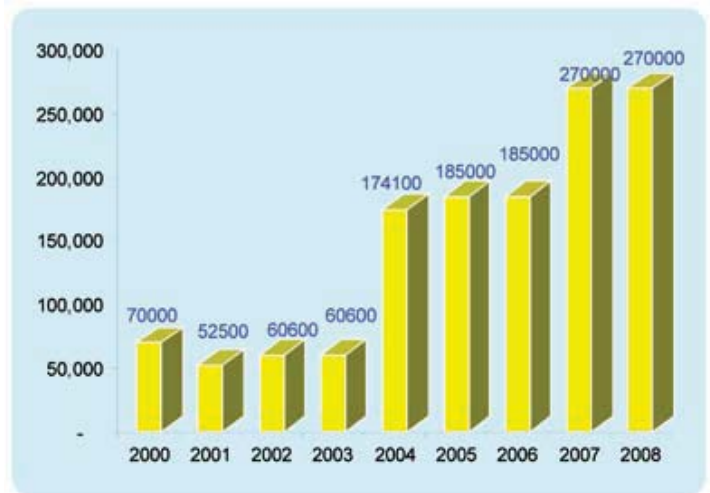
Loan Portfolio & Number of Borrowers 2000 - 2008



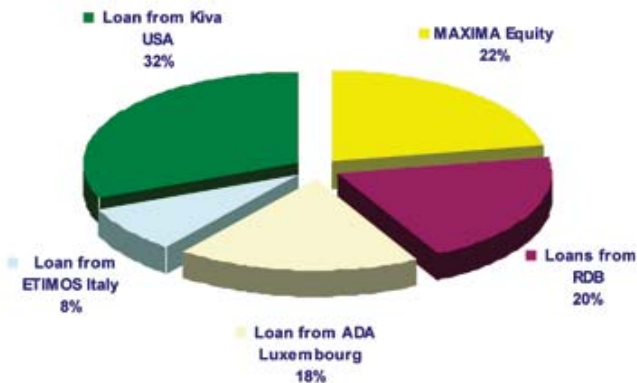


## ■ Evolvment of MAXIMA Registered Capital

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. By year end 2008, the Company has kept the registered capital remaining the same of \$270,000 and has committed to endeavor increase to \$410,000 in early 2009.



## ■ Ownership & Funding



MAXIMA's current shareholders include the 5 founders, MAXIMA employees, and various private persons. In the 2008 fiscal year, MAXIMA's operations were funded by a mix of equity and debt. During the year, MAXIMA shareholders invested \$260,000 equal to 96.3% of total capital investment and another 3.7% of \$10,000 invested by its staff.

In addition, MAXIMA received loans from various foreign and domestic partners in the amount of \$300,000 from Rural Development Bank (RDB) in Cambodia, \$275,000 from Appui au Développement Autonome (ADA) in Luxembourg, \$122,895 from Consorzio ETIMOS in Italy, and \$466,854 from Kiva in the USA. The remaining capital came in the form of MAXIMA retained earnings placed in equity.

MAXIMA is also actively working to expand its capital base by way of both debt and equity. MAXIMA's expansion plans include the opening of multiple branches in the coming years and we are actively seeking partners and shareholders to be part of the MAXIMA family.

# MAXIMA CURRENT FUNDING PARTNERS<sup>+</sup>



## [Appui au Développement Autonome \( ADA \)](#)

(ADA) is an Appui au Développement Autonome (ADA): ADA is a non-profit organisation based in Luxembourg. Since 1994, ADA has been working with Microfinance Institutions (MFIs) by offering them an unique combination of financial support and customised technical services. consortium that collects savings in Italy in support of microentrepreneurial experience s and microfinance programmes in developing countries and in the areas of economic crisis: from Latin America to Africa, from Eastern Europe to Asia. **<http://microfinance.lu/>**



## [Consorzio Etimos](#)

Etimos is a consortium that collects savings in Italy in support of microentrepreneurial experiences and microfinance programmes in developing countries and in the areas of economic crisis: from Latin America to Africa, from Eastern Europe to Asia. **<http://www.etimos.it/ita/home.html>**



## [Chance for Women](#)

Women can give other women a CHANCE. That's what we do. Chance for Women is an international non-profit women's organization established in Luxembourg on the 8th of March 2008 - United Nations International Women's Day- **<http://www.chanceforwomen.org/>**



## [Kiva Organization](#)

KIVA Organization: KIVA loans that change lives. KIVA is a non-profit organisation based in San Francisco, USA. **<http://www.kiva.org/>**



## [PlaNet Finance](#)

PlaNet Finance is an international organization whose mission is to fight against poverty through the development of microfinance. As the microfinance expert, PlaNet Finance offers a set of services via eight independent and specialized units whose primary objective is to develop an inclusive financial sector. **<http://www.planetfinancegroup.org/EN/>**



## [PlaNet Investment Services](#)

PlaNIS was created in February 2008 as a link designed to connect private and institutional financial market players to Microfinance Institutions all around the world. It aims at meeting the growing needs of the developing Microfinance Institutions, providing them with tools usually used by and reserved to other markets. **[http://www.planetfinancegroup.org/planis/pop\\_planis\\_en.php](http://www.planetfinancegroup.org/planis/pop_planis_en.php)**



## [Rural Development Bank \( RDB \)](#)

The RDB was established by the Royal Government of Cambodia. The RDB is a public enterprise and autonomous organization authorized to process all banking operations and loan services to support the micro finance services. **<http://www.rdb.com.kh/>**

# Report of the Board of Directors ■■■■

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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 2008. 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: 21 April 2009



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**Mr. An Bunhak**

Vice Chairman

Date: 21 April 2009



# Report of Independent Auditor ■■■■

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We have audited the accompanying balance sheet of Maxima Mikroheranhvatho Co., Ltd., (the “Company”) as at 31 December 2008, and the related statements of income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## ■ *Management’s responsibility*

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

## ■ *Auditors’ responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian Standards on Auditing and the requirements of the National Bank of Cambodia (“NBC”). Those principles require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ■ *Opinion*

In our opinion, the accompanying financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2008 and of the results of its operations and its cash flows for the year then ended, in accordance with the NBC’s guidelines and Cambodian Accounting Standards.

## ■ Emphasis of matter

Without qualifying our opinion, we draw attention to note 13 to the financial statements which indicates that there is no provision for tax liabilities to take into account the effect of expenses included in the statement of income which may not be allowed as deduction by the Tax Department for tax purposes.

The accompanying financial statements are prepared for jurisdiction of Cambodia and the guidelines issued by the National Bank of Cambodia. It is not intended to present the financial position and results to operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdiction other than Cambodia.

  
**Saksom Meas**  
Managing Partner



**Morison Kak & Associés**  
Certified Public Accountants  
Registered Auditors

Date: 21 April 2009



■ *Loan to livestock (Pig Raising)*

# Balance Sheet

As of December 31, 2008

		31-12-08	31-12-07	
	Note	USD	KHR'000	USD
ASSETS				
Cash in hand		15,189	61,986	4,559
Balances with banks inside Cambodia	4	193,643	790,257	59,745
Balances with central bank		319	1,302	140
Statutory deposits with central bank	5	13,500	55,094	20,550
Loans and advances to customers	6	1,372,285	5,600,295	805,722
Deposit in registered stock shares of ETIMOS		1,417	5,783	654
Property and equipment	7	60,558	247,137	20,783
Other assets	8	8,868	36,190	8,060
TOTAL ASSETS		1,665,779	6,798,044	920,213
LIABILITIES AND SHAREHOLDERS' FUNDS				
CURRENT LIABILITIES				
Deposits from non-bank customers	9	-	-	99,495
Amounts due to shareholders	10	133,000	542,773	-
Short term borrowings	11	297,895	1,215,709	200,000
Other liabilities	12	26,984	110,122	14,334
Provision for income tax	13	7,652	31,228	4,428
TOTAL CURRENT LIABILITIES		465,531	1,899,832	318,257
LONG-TERM BORROWINGS	11	866,854	3,537,631	296,919
TOTAL LIABILITIES		1,332,385	5,437,463	615,176
SHAREHOLDERS' FUNDS				
Share capital	14	270,000	1,101,870	270,000
Capital reserve		7,122	29,066	5,653
Retained earnings		56,272	229,645	29,384
TOTAL SHAREHOLDERS' FUNDS		333,394	1,360,581	305,037
TOTAL LIABILITIES & SHAREHOLDERS' FUNDS		1,665,779	6,798,044	920,213

# Income Statement

As of December 31, 2008

		31-12-08		31-12-07	
		Note	USD	KHR'000	USD
Interest income	15		323,841	1,321,595	226,279
Interest expense	16		(44,465)	(181,462)	(44,526)
<b>Net interest income</b>			<b>279,376</b>	<b>1,140,133</b>	<b>181,753</b>
Non-interest income	17		5,436	22,184	6,819
Payroll and other staff costs			(108,869)	(444,294)	(64,226)
Depreciation of property and equipment			(16,185)	(66,051)	(5,608)
Other operating expenses	18		(105,012)	(428,554)	(78,868)
<b>Operating profit before provision for impairment</b>			<b>54,746</b>	<b>223,418</b>	<b>39,870</b>
Provision for impairment losses			(1,870)	(7,631)	(3,745)
<b>Profit before income tax</b>			<b>52,876</b>	<b>215,787</b>	<b>36,125</b>
Income tax expense			(10,584)	(43,193)	(6,759)
<b>Net profit after income tax</b>			<b>42,292</b>	<b>172,594</b>	<b>29,366</b>



■ Loan to handicraft (Silk Weaving)



# Statement of Changes in Equity

for the Year ended December 31, 2008

	Share Capital USD	Subordinated Debt USD	Capital Reserve USD	Retained Earnings USD	Total USD
Balance at 1 January 2007	70,000	115,000	4,390	22,425	211,815
Subordinated debt proceeds	-	63,856	-	-	63,856
Capitalisation of retained earnings	21,144	-	-	(21,144)	-
Transfer to share capital	178,856	(178,856)	-	-	-
Transfer of retained earnings to reserve	-	-	1,263	(1,263)	-
Net profit for the year	-	-	-	29,366	29,366
<b>Balance as at 31 December 2007</b>	<b>270,000</b>	<b>-</b>	<b>5,653</b>	<b>29,384</b>	<b>305,037</b>
Balance as at 1 January 2008	270,000	-	5,653	29,384	305,037
Dividends paid to shareholders	-	-	-	(13,935)	(13,935)
Transfer of retained earnings to reserve	-	-	1,469	(1,469)	-
Net income for the year	-	-	-	42,292	42,292
<b>Balance as at 31 December 2008</b>	<b>270,000</b>	<b>-</b>	<b>7,122</b>	<b>56,272</b>	<b>333,394</b>
<i>Balance as at 31 December 2007</i>	1,101,870	-	29,066	229,645	1,360,581

(KHR'000 equivalents)



■ Maxima Office

# Statement of Cash Flows

for the Year ended December 31, 2008

	31-12-08		31-12-07
	USD	KHR'000	USD
<b>Cash flows from operating activities</b>			
Profit before income tax	52,876	215,787	36,125
Adjustments for:			
Depreciation of property and equipment	16,185	66,051	5,608
Changes in accounting estimates	45	184	-
Gain on sale of property and equipment	(701)	(2,861)	-
Operating profit before working capital changes	68,405	279,161	41,733
<b>Increase / (decrease) in cash attributable to changes in working assets and liabilities:</b>			
Loans and advances	(566,563)	(2,312,144)	(147,837)
Statutory deposits with NBC	7,050	28,771	(17,050)
Deposit in registered stock shares of Consorzio ETIMOS	(763)	(3,114)	-
Other assets	(808)	(3,297)	(3,526)
Deposits from non-bank customers	(99,495)	(406,039)	(4,345)
Amount due to shareholders	133,000	542,773	-
Short term borrowings	97,895	399,509	(30,000)
Other liabilities	12,650	51,625	4,285
Cash absorbed by operations	(348,629)	(1,422,755)	(156,740)
Income tax paid	(7,360)	(30,036)	(7,334)
<b>Net cash used in operating activities</b>	<b>(355,989)</b>	<b>(1,452,791)</b>	<b>(164,074)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property and equipment	2,170	8,856	-
Purchases of property and equipment	(57,474)	(234,552)	(17,326)
<b>Net cash used in investing activities</b>	<b>(55,304)</b>	<b>(225,696)</b>	<b>(17,326)</b>

**Cash flows from financing activities**

Repayments of long-term borrowings	(761,223)	(3,106,551)	(64,501)
Proceeds from long-term borrowings	1,331,158	5,432,456	212,587
Dividend paid	(13,935)	(56,869)	-
Subordinated debts proceeds	-	-	63,856
<b>Net cash generated from financing activities</b>	<b>556,000</b>	<b>2,269,036</b>	<b>211,942</b>
<b>Net changes in cash and cash equivalents</b>	<b>144,707</b>	<b>590,549</b>	<b>30,542</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>64,444</b>	<b>262,996</b>	<b>33,902</b>
<b>Cash and cash equivalents at end of year</b>	<b>209,151</b>	<b>853,545</b>	<b>64,444</b>

*Represented by:*

<i>Cash in hand</i>	15,189	61,986	4,559
<i>Balances with bank and financial institutions</i>	193,643	790,257	59,745
<i>Balances with central bank-current account</i>	319	1,302	140
	<b>209,151</b>	<b>853,545</b>	<b>64,444</b>



■ Loan to khmer noodle producer

# Notes to the Financial Statements

## Notes to the Financial Statements

### 1. General

Maxima Mikroheranhvatho Co., Ltd. (the “Company”), - formerly known as Maxima Organization for Household Economic Development (the “Institution”) -, was incorporated with the Ministry of Commerce on 27 July 2005 and obtained its licence from the National Bank of Cambodia (“NBC”) to operate as a micro finance institution on 9 August 2005. In June 2008, the National Bank of Cambodia granted Maxima a permanent licence to operate as an MFI.

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

Under the micro finance licence, the Company is authorised to grant credit to poor and low-income households and small enterprises operating in the Kingdom of Cambodia.

The head office is located in Phnom Penh at No.39, Street 374, Sangkat Toul Svay Prey I, Khan Chamkarmon and as at 31 December 2008, the Company employed 48 employees (31 December 2007: 24 employees).

### 2. Basis of preparation

The financial statements of the Company are prepared under the historical cost convention in accordance with the guidelines issued by the NBC, Cambodian Accounting Standards and practice within the micro-finance industry. Those principles require that financial instruments be carried at cost less provision for impairment. This practice differs from the International Financial Reporting Standards which require that loans and receivables be carried at amortised cost using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

The presentation of financial statements in conformity with Cambodian Accounting Standards as modified by NBC guidelines requires that the Management make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. The estimates have been made based on existing available information and the Management’s judgment. Due to the fact that an active market does not exist for a significant portion of the Company’s assets and liabilities, it is possible that actual results could differ from those estimates.

The accompanying financial statements are prepared for jurisdiction of Cambodia and are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practice in other countries and those who are not informed about Cambodia’s procedures and practices. The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts essentially in US Dollar



("USD") and maintains its books of accounts primarily in USD, the Management has determined the USD to be the Company's measurement and functional currency as it reflects the economic substance of the underlying events and circumstances of the Company.

In compliance with the requirements of the NBC, all assets, liabilities, profit and loss statement items in foreign currencies at the end of the year are converted into thousand Khmer Riel ("KHR'000") using the official exchange rate announced by the NBC at the balance sheet date, of 1 USD = 4,081 KHR (31 December 2007: KHR 4,003). Such conversions should not be construed as representations that the KHR amounts have been, could be, or could in the future be, converted into USD at this or any other rate of exchange.

### **3. Significant accounting policies**

#### **3.1 Transactions in foreign currencies**

Assets and liabilities expressed in currencies other than USD are translated into USD at the rate of exchange quoted by the NBC at the date of the balance sheet. Income and expenses arising in foreign currencies are converted at the rate of exchange prevailing on the transaction dates. Exchange differences arising from conversion are reported on a net basis in the statement of income.

#### **3.2 Cash on hand and balances with banks**

Cash on hand and balances with banks comprise of cash and bank balances which are subject to an insignificant risk of change in value.

#### **3.3 Statutory deposits with central bank**

Statutory deposits represent mandatory reserve deposits and cash maintained with the NBC in compliance with the Law on Banking and Financial Institutions ("LBFI") and are not available to finance the Company day-to-day operations and hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

#### **3.4 Loans and advances to customers**

Loans originated by the Company by providing money directly to the borrowers are categorised as loans and advances and are carried at cost, less provisions for impairment.

#### **3.5 Provisions for loan impairment**

Provisions for loan impairment is based on the latest NBC guidelines and is made with regard to specific risks on loans individually reviewed and classified as substandard, doubtful or loss regardless of the assets (except cash) lodged as collateral. NBC guidelines require the following loan classification and level of provisioning:

Classification	Overdue	Rate of provision
Substandard	- More than thirty days	10%
Doubtful	- 60 days and more (original term of up to one year) - 180 days or more (original term of more than one year)	30%
Loss	- 90 days and more (original term of up to one year) - 360 days or more (original term of more than one year)	100%

Exception on the above provision rate may be considered but this is conditional on the actual market value of the collateral having been deemed acceptable by the NBC on a case-by-case basis.

### 3.6 Interest income

Interests earned on loans and bank savings deposits are recognised on a cash basis.

### 3.7 Interest and fee expenses

Interest expense on deposits from borrowers is recognised on a cash basis. Interest expense on borrowed fund is recognised on an accrual basis.

### 3.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets at the following rates per annum:

	Rate	Method
Leasehold improvements	50%	Straight Line
Office equipment, furniture and fixtures	20%-50%	Straight Line
Computer & IT equipment	50%	Straight Line
Motor vehicles	25%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets are reviewed for impairment whenever events or changes in circumstances indicate

that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of income.

**3.9 Other provisions**

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

**3.10 Income tax**

Income tax is calculated on the basis of taxable profit, which is calculated by adjusting the financial result for certain expense items (such as costs of representation, over/under depreciation, etc.) in accordance with Cambodian regulations. Taxes other than on income are recorded within operating expenses.

Provision is made, where material, for deferred taxation in respect of timing difference arising from the recognition of items of income and expenditure in the financial statements on bases different from that used for taxation purposes.

**3.11 Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Under the LBF, the definition of related parties includes parties who hold, directly or indirectly, at least 10 percent of the capital or voting rights and includes any individual who participates in the administration, direction, management or internal control of the Company.



■ *Loan to fishery*

4. Balances with banks inside Cambodia

	31-12-08	31-12-07	
	USD	KHR'000	USD
Current account at RDB	731	2,983	141
Acleda savings account	51,558	210,408	-
Canadia savings account	141,354	576,866	59,604
	193,643	790,257	59,745



▣ Loan to battery charging station

5. Statutory deposits with central bank

	31-12-08		31-12-07
	USD	KHR'000	USD
Capital guarantee with NBC (*)	13,500	55,094	13,500
Reserve requirement with NBC	-	-	7,050
	13,500	55,094	20,550

(\*) This represents a five percent interest-bearing statutory deposit on capital to comply with NBC's Prakas No.B 7-00-06 dated 11 January 2000 amended by Prakas No. B 7-06-209 dated 13 September 2006.

This statutory deposit is interest bearing at ½ of the six-month period refinancing rate set by the NBC for statutory deposit maintained in Khmer Riel and 3/8 of the six-month period SIBOR rate for statutory deposit maintained in US Dollar.



## 6. Loans and advances to customers

	31-12-08		31-12-07
	USD	KHR'000	USD
Loans to customers	1,361,255	5,555,282	806,167
Staff loans	11,819	48,233	-
	1,373,074	5,603,515	806,167
Provisions for doubtful debts –Specific	(789)	(3,220)	(445)
	1,372,285	5,600,295	805,722

(i) Movements in provisions for impairment losses are as follows:

	31-12-08		31-12-07
	USD	KHR'000	USD
Balance at beginning of year	445	1,816	2,692
Addition during the year	1,870	7,631	3,745
Recovery during the year	(1,121)	(4,575)	(5,992)
Write off during the year	(405)	(1,653)	-
At end of year	789	3,220	445

(ii) Further classification is as follows:

	31-12-08		31-12-07
	USD	KHR'000	USD
Standard loans:			
- Secured	1,355,984	5,533,771	804,083
- Unsecured	13,700	55,910	-
Substandard loans:			
- Secured	1,140	4,652	1,720
- Unsecured	-	-	-
Doubtful loans:			
- Secured	2,250	9,182	130
- Unsecured	-	-	-
Loss loans:			
- Secured	-	-	234
- Unsecured	-	-	-
	1,373,074	5,603,515	806,167

(iii) Further analysis of the above loans and advances is provided below:

	31-12-08		31-12-07
	USD	KHR'000	USD
(a) By maturity period:			
Within six months	1,400	5,713	-
Seven to twelve months	424,025	1,730,446	415,073
Twelve to twenty months	947,649	3,867,356	391,094
	1,373,074	5,603,515	806,167

(b) By security:			
Secured	1,359,374	5,547,605	806,167
Unsecured	13,700	55,910	-
	1,373,074	5,603,515	806,167
(c) By currency denomination:			
US Dollar	1,373,074	5,603,515	806,167
Khmer Riel	-	-	-
	1,373,074	5,603,515	806,167
(d) By status of residence:			
Residents	1,373,074	5,603,515	806,167
(e) By relationship:			
Related parties	11,819	48,233	-
Non-related parties	1,361,255	5,555,282	806,167
	1,373,074	5,603,515	806,167
(f) By economic sectors:			
Agriculture	220,545	900,044	154,654
Household/Family	541,365	2,209,311	324,208
Services	183,320	748,129	123,131
Trade	316,595	1,292,024	204,174
Transportation	98,035	400,081	-
Staff loan with free interest	11,819	48,233	-
Others	1,395	5,693	-
	1,373,074	5,603,515	806,167
(g) By large exposures			
Non-large exposures	1,373,074	5,603,515	806,167
(h) By annual interest rates:			
Up to 10%	11,819	48,233	-
Over 10% but not over 15%	-	-	-
Over 15% but not over 18%	-	-	-
Over 18%	1,361,255	5,555,282	806,167

■ Loan to pharmacist and medical practitioner



## 7. Property and equipment

	Leasehold improvements	Office equipment & furniture	Motor vehicles	Computer & IT equipment	Total
<b>Cost</b>	USD	USD	USD	USD	USD
At 1 January 2008	1,475	11,348	12,429	5,944	31,196
Additions	879	11,081	39,937	5,577	57,474
Adjustments	-	390	-	(390)	-
Disposals	-	-	(8,022)	-	(8,022)
At 31 December 2008	<b>2,354</b>	<b>22,819</b>	<b>44,344</b>	<b>11,131</b>	<b>80,648</b>
<b>Accumulated depreciation</b>					
At 1 January 2008	137	3,374	5,600	1,302	10,413
Charges for the year	948	4,365	6,866	4,006	16,185
Adjustments	-	170	-	(125)	45
Disposals	-	-	(6,553)	-	(6,553)
At 31 December 2008	<b>1,085</b>	<b>7,909</b>	<b>5,913</b>	<b>5,183</b>	<b>20,090</b>
<b>Net book value</b>					
At 31 December 2008	1,269	14,910	38,431	5,948	60,558
At 31 December 2007	1,338	7,974	6,829	4,642	20,783
Depreciation charge for 2007	262	2,855	2,104	387	5,608

Equivalents in KHR'000	Leasehold improvements	Office equipment & furniture	Motor vehicles	Computer & IT equipment	Total
<b>Cost</b>	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
At 1 January 2008	6,019	46,311	50,723	24,257	127,310
Additions	3,587	45,222	162,983	22,760	234,552
Adjustments	-	1,592	-	(1,592)	-
Disposals	-	-	(32,738)	-	(32,738)
At 31 December 2008	<b>9,606</b>	<b>93,125</b>	<b>180,968</b>	<b>45,425</b>	<b>329,124</b>
<b>Accumulated depreciation</b>					
At 1 January 2008	559	13,769	22,854	5,313	42,495
Charges for the year	3,869	17,814	28,020	16,348	66,051
Adjustments	-	694	-	(510)	184
Disposals	-	-	(26,743)	-	(26,743)
At 31 December 2008	<b>4,428</b>	<b>32,277</b>	<b>24,131</b>	<b>21,151</b>	<b>81,987</b>
<b>Net book value</b>					
At 31 December 2008	<b>5,178</b>	<b>60,848</b>	<b>156,837</b>	<b>24,274</b>	<b>247,137</b>
At 31 December 2007	<b>5,460</b>	<b>32,542</b>	<b>27,869</b>	<b>18,944</b>	<b>84,815</b>
Depreciation charge for 2007	<b>1,069</b>	<b>11,651</b>	<b>8,586</b>	<b>1,579</b>	<b>22,885</b>

## 8. Other assets

	31-12-08	31-12-07
	USD	KHR'000
Prepaid on rental fee	7,440	30,363
Advances to staff	1,428	5,827
	8,868	36,190
		8,060

## 9. Deposits from non-bank customers

All deposits from customers have been closed during the year.

## 10. Amounts due to shareholders

Amounts due to shareholders represent borrowings from shareholders which will mature within three months and earn interest at 10% per annum.

## 11. Short-term and long-term borrowings

	31-12-08		31-12-07
	USD	KHR'000	USD
Amounts falling due within one year:			
Rural Development Bank (*)	200,000	816,200	200,000
Appui au Développement Autonome (**)	75,000	306,075	-
Consorzio Etimos (***)	22,895	93,434	-
	297,895	1,215,709	200,000
Amount falling due over one year:			
Rural Development Bank (*)	100,000	408,100	-
Appui au Développement Autonome (**)	200,000	816,200	100,000
Consorzio Etimos (***)	100,000	408,100	65,969
Kiva (****)	466,854	1,905,231	130,950
	866,854	3,537,631	296,919
	1,164,749	4,753,340	496,919

Movements on short-term and long-term borrowings are as follows:

	31-12-08		31-12-07
	USD	KHR'000	USD
(*) Borrowings from RDB			
At beginning of year	200,000	816,200	230,000
Movements during the year:			
Proceeds from borrowing	350,000	1,428,350	200,000
Repayments	(250,000)	(1,020,250)	(230,000)
At end of year	300,000	1,224,300	200,000
(**) Borrowings from Appui au Développement Autonome			
At beginning of year	100,000	408,100	50,000
Movements during the year:			
Proceeds from borrowing	200,000	816,200	100,000
Repayments	(25,000)	(102,025)	(50,000)
At end of year	275,000	1,122,275	100,000



(\*\*\*) Borrowings from ETIMOS

<b>At beginning of year</b>	<b>65,969</b>	<b>269,219</b>	<b>98,833</b>
Movements during the year:			
Proceeds from borrowing	100,000	408,100	15
Repayments	(43,074)	(175,785)	(32,879)
<b>At end of year</b>	<b>122,895</b>	<b>501,534</b>	<b>65,969</b>

(\*\*\*\*) Borrowings from KIVA

<b>At beginning of year</b>	<b>130,950</b>	<b>534,407</b>	<b>-</b>
Movements during the year:			
Proceeds from borrowing	681,158	2,779,806	162,572
Repayments	(345,254)	(1,408,982)	(31,622)
<b>At end of year</b>	<b>466,854</b>	<b>1,905,231</b>	<b>130,950</b>

Interests charged on these loans are as follow

	2008 % per annum	2007 % per annum
Loans from RDB	9%	9%
Loans from ADA	8%	8%-9%
Loans from ETIMOS	7.4%-9.3%	9.5%-10.2%
Loans from KIVA	0%	0%



## 12. Other liabilities

	31-12-08	31-12-07	
	USD	KHR'000	USD
Accrued professional fees	3,500	14,284	1,500
Interests payable on long term borrowings	2,657	10,843	512
Accounts payable	749	3,057	766
Withholding tax liabilities	1,140	4,652	-
Insurance for staff	4,678	19,091	2,736
Provident fund	14,260	58,195	8,820
	26,984	110,122	14,334

## 13. Provision for income tax

	31-12-08		31-12-07
	USD	KHR'000	USD
Balance at beginning of year	4,428	18,071	5,002
Charge during the year	10,584	43,193	6,759

Taxation paid during the year	(7,360)	(30,036)	(7,333)
Balance at end of year	7,652	31,228	4,428

#### Tax reconciliation

There is no tax reconciliation by the Company to take into account the effect of expenses included in the statement of income which may not be allowed by the Tax Department as deduction for tax purposes. No provisions have been made in the financial statements for this additional tax liability.

#### 14. Share capital

	31-12-08		31-12-07
Ordinary shares of 40,000 Khmer Riel each:	USD	KHR'000	USD
Balance at beginning of year	270,000	1,101,870	270,000
Balance at end of year	270,000	1,101,870	270,000

	31-12-08		31-12-07
The details of the shareholding are as follows:	USD	KHR'000	USD
Mr. Uong Kimseng	60,000	244,860	60,000
Mr. An Bunhak	70,000	285,670	70,000
Ms. Sreng Sive Chheng	65,000	265,265	65,000
Mr. Pa Ponnak Rithy	24,000	97,944	24,000
Mr. Chet Chanprasoeur	31,000	126,511	31,000
Mr. Pa Ponnak Kiry	10,000	40,810	10,000
Mr. Buy Sivantha	10,000	40,810	10,000
	270,000	1,101,870	270,000

#### 15. Interest income

	31-12-08		31-12-07
Interest income is earned from the following sources:	USD	KHR'000	USD
Deposits and placements with banks	876	3,575	545
Loans and advances	322,965	1,318,020	225,734
	323,841	1,321,595	226,279

#### 16. Interest expense

	31-12-08		31-12-07
	USD	KHR'000	USD
Interest expense on deposits	1,337	5,456	11,017
Interest expense on borrowed funds	43,128	176,006	33,509
	44,465	181,462	44,526

#### 17. Non-interest income

	31-12-08		31-12-07
	USD	KHR'000	USD
Finance charge income	1,891	7,717	1,761
Others	3,545	14,467	5,058
	5,436	22,184	6,819

## 18. Other operating expenses

	31-12-08		31-12-07
	USD	KHR'000	USD
Marketing and advertising expense	1,385	5,652	122
Employee pension expenses	3,020	12,325	2,840
Employee training-work expense	704	2,873	4,325
Rental expense	14,600	59,583	3,950
Audit and tax fee	7,000	28,567	3,000
Licence fee	546	2,228	245
Communication expense	7,794	31,807	5,979
Fee and commission expense	16,731	68,279	11,598
Utilities expense	5,151	21,021	2,308
Security	2,933	11,970	3,057
Insurance expense	1,960	7,999	1,420
Stationery and office supplies	10,863	44,332	8,025
Travel expense	1,738	7,093	356
Membership fee	113	461	-
Employee's per diem and incidental travel	3,571	14,573	1,699
Business meal and entertainment expense	2,612	10,660	2,214
Repair and maintenance expense	1,064	4,342	-
Motor vehicle operating expense	17,753	72,450	20,551
Other tax	2,604	10,667	2,593
Donations and gifts	1,911	7,799	4,176
Other expense	914	3,730	410
Adjustment on property and equipment	45	184	-
	<b>105,012</b>	<b>428,554</b>	<b>78,868</b>

## 19. Related party transactions

	31-12-08		31-12-07
	USD	KHR'000	USD
<b>Investment</b>			
Investment in registered stock shares of Consorzio ETIMOS	1,417	5,783	654
<b>Deposits of borrowers:members' deposits</b>	-	-	17,510
<b>Amounts due to shareholders</b>	133,000	542,773	-
<b>Interest expense:interests paid to shareholders</b>	1,724	7,036	-

## 20. Tax interpretation

The Cambodian Tax Department has two separate offices that are authorised to conduct tax audits of entities undertaking activities and doing business in Cambodia. The application of tax laws and

regulations on many types of transactions is susceptible to varying interpretations when reviewed by these two tax offices. The Company’s judgement of its business activities may not coincide with the interpretation of the same activities by those tax offices.

If a particular treatment was to be challenged by those tax offices, the Company may be assessed additional taxes, penalties and interest, which can be significant. Tax years remain open to review by the Tax Department for three years with a possible extension of up to ten years.



■ Maxima client views her posting picture on [kiva.org](https://www.kiva.org)



## 21. Liquidity risk

As at 31 December 2008	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	No fixed maturity date	Total
ASSETS	USD	USD	USD	USD	USD	USD	USD	USD
Cash in hand	15,189	-	-	-	-	-	-	15,189
Balances with banks inside Cambodia	193,643	-	-	-	-	-	-	193,643
Balances with central bank	319	-	-	-	-	-	-	319
Statutory deposit with central bank	-	-	-	-	-	-	13,500	13,500
Loans and advances to customers	-	-	-	424,636	947,649	-	-	1,372,285
Deposit in registered stock shares of Consorzio ETIMOS	-	-	-	-	-	-	1,417	1,417
Property and equipment	-	-	-	-	60,558	-	-	60,558
Other assets	-	-	-	8,868	-	-	-	8,868
TOTAL ASSETS	209,151	-	-	433,504	1,008,207	-	14,917	1,665,779
LIABILITIES								
Deposits from non-bank customers	-	-	-	-	-	-	-	-
Short term borrowings	-	-	-	297,895	-	-	-	297,895
Provision for income tax	-	7,652	-	-	-	-	-	7,652
Amount due to shareholders	-	133,000	-	-	-	-	-	133,000
Other liabilities	-	8,046	-	-	-	-	18,938	26,984
Long-term borrowings	-	-	-	-	866,854	-	-	866,854
TOTAL LIABILITIES	-	148,698	-	297,895	866,854	-	18,938	1,332,385
Net liquidity surplus / (gap) 2008 (USD)	209,151	(148,698)	-	135,609	141,353	-	(4,021)	333,394
Net liquidity surplus / (gap) 2008 (KHR'000)	853,545	(606,837)	-	553,420	576,862	-	(16,410)	1,360,581
As at 31 December 2007								
Total assets	64,444	-	-	813,782	20,783	-	21,204	920,213
Total liabilities	-	7,206	-	299,495	296,919	-	11,556	615,176
Net liquidity surplus / (gap) 2007 (USD)	64,444	(7,206)	-	514,287	(276,136)	-	9,648	305,037



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