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MAXIMA MIKROHERANHVATHO Plc.



Dedicated to Improving Lives of Clients



Annual Report 2014

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VISION

Maxima's vision is to be the leading microfinance institution in Cambodia, offering micro-finance services with the highest quality of customer service.

MISSION

Maxima's mission is to offer micro-finance services with an emphasis on lending to rural poor and low-income individuals, groups and small & medium enterprises, to improve their living standards and realizing their business goals. The focus is to provide high quality of service to our customers with a dedicated and committed team and at the same time create value to satisfy all our stakeholders socially and economically.

OUR SLOGAN: Maxima aims to improve lives of clients





Improving lives of clients

Maxima commits to achieving the highest quality of customer service through:

- ✓ Providing appropriate and good financial services to clients.
- ✓ Making sure the clients are not over-indebted through strict procedures of loan assessment.
- ✓ Providing trainings to clients to improve their literacy levels especially about financial matters.
- ✓ Developing long-term empathetic relationships with clients. Having ethical and respectable behavior towards clients.
- ✓ Diligently following the client protection principles.

The above code of conduct and rules are internalized into Maxima's day-to-day functioning. Most of the above form part of Maxima's policy and are monitored through Maxima's audit and operations

department. Maxima is constantly strengthening its Social Performance Management. We work on our shortcomings to improve where we are lacking.



PERFORMANCE HIGHLIGHTS

INDICATORS

Operational Performance	2013	2014
Number of Branches	2	2
Number of Service Offices	5	5
Number of Provinces Covered	2	2
Number of Districts Covered	17	21
Number of Communes Covered	102	117
Number of Villages Covered	452	568
Loan Outstanding (in USD)	3,149,213	4,334,938
Active Borrowers	3,194	3,573
Borrowers per Credit Officer	89	92
Average Loans Portfolio per Credit Officer	87,478	98,521
Average Loan Size	986	1,213
Amount of Loan Disbursed	4,029,419	5,500,635
No. of Loan Disbursed	2,942	3,700
Average Loan Disbursed	1,370	1,487
PAR >30	0.50%	0.34%
Total Staff	80	91
Financial Performance		
Total Income (in USD)	807,474	849,627
Total Expense (in USD)	688,579	740,772
Profit/Loss (in USD)	118,895	108,855
Total Borrowings (in USD)	1,668,892	2,955,615
Total Assets (in USD)	3,514,810	5,159,856
Total Equity (in USD)	1,707,327	1,793,593
Paid-up Capital (in USD)	1,315,000	1,315,000
Return on Equity	7.20%	6.22%
Return on Assets	3.36%	2.50%
Funding-expense Ratio	4.9%	3.90%
Operating-expense Ratio	14.7%	14.30%
Operational Self-Sufficiency	129.90%	124.10%
Social Performance		
Borrowers from Rural Areas	1,717	1,949
Average Loan Size Compared to GDP per Capita	96.93%	107%
Women Borrowers	2,378	2,792
Unsecured Borrowers (without Collaterals)	393	899
Client's Retention Rate	70.50%	65.50%

CAMBODIA KEY ECONOMIC INDICATORS 2014

Key Economic Indicators	2011	2012	2013	2014e	2015f
Growth & Consumer Prices*					
GDP Growth (% Change)	7.1	7.3	7.4	7.0	7.3
Nominal GDP (Million USD)	12,937	14,231	15,473	16,943	18,676
GDP per Capita (USD)	911	990	1,043	1,135	1,225
Consumer Price Index (% Change)	5.5	2.9	3.0	3.5	3.5
Trade & Investment*					
Export (Million USD)	5,219	5,583	6,460	8,002	9,041
Import (Million USD)	6,710	6,908	8,267	11,135	12,269
Foreign Direct Investment (Million USD)	678	763	1,352	1,211	1,361
Public Rector*					
Government Revenue (% of GDP)	13.2	13.7	14.2	17.4	18.0
Government Expenses (% of GDP)	20.7	19	19.6	20.2	19.7
Financial Market**					
Credit to Private Sector (% Change)	33.5	35.4	28.0	31.3	n/a
Deposit (% Change)	20.4	26.2	15.4	30.1	n/a
Credit by MFI (% Change)	51	38	60.2	36.4	n/a
Exchange Rate (KHR/USD)	4,039	3,995	4,043	4,038	4,050

e = estimate

f = forecast

Source:

* Data in 2011 - 2013: Ministry of Economic and Finance; Data in 2014: World Bank Update Report

** National Bank of Cambodia & Cambodia Microfinance Association

CHAIRMAN'S REPORT

It gives me immense pleasure to report that 2014 has been a landmark year for Maxima Mikroheranhvatho Plc., which has always aimed and worked towards being a well-known and responsible microfinance institution of Cambodia. The most significant milestone of the year was the welcome advent of a new ho, Gojo & Company Inc. Gojo is a relatively new but highly respected microfinance investor from Japan. It was founded with the basic principle of providing opportunities to all human beings such that they can overcome their destiny and shape their own lives. Maxima is proud to be associated with Gojo as at Maxima we follow the same basic principle of dignity for everyone through the making available of financial services to all.

THE ECONOMY IN 2014

Cambodia's economic growth has been strong in the past year despite the domestic uncertainty and instability in the neighboring countries. It was projected that the economic growth would reach 7.0% by end of 2014.

Based on Cambodia's Gross Domestic Product (GDP) in 2014 there was solid economic growth of 7%, slightly lower than projected and an underperformance from the 7.4% of 2013. Experts evaluate that the factor driving economic growth is the result of strong macroeconomic situation including stable external sector performance and rising FDI inflows. The engines of growth this year continue to be the garments sector along with a sustainable agriculture sector growth, resilient exports and rebounding construction activity.

In 2014 exports of garments and footwear reached USD6.0 billion, rising by 10.7%. Tourism too has increased by 5.9%. Meanwhile, services are the biggest sector in the economy and account for 38% of the total GDP. Rice exports have increased by 304,788 tons in the first 10 months of 2014, up about 3% from 295,154 tons during the same period in 2013. Foreign Direct Investment (FDI) in the Kingdom of Cambodia has increased to U.S. dollar USD1.2 billion in 2014. Khmer Riel exchange rate to the U.S. dollar remained quite stable and was 4,075 Riels per dollar at the end of the year. The inflation rate was at 3.5% at the end of 2014.

Looking at the financial results of 2014 in the banking and microfinance sector, we find that these sectors provided remarkable high positive points to economic growth and continue to expand their operations in more rural areas. In the year 2014, there are 36 commercial banks, 11 specialized banks,

and 7 commercial bank representative offices. The growth is due to the increase in loans to customers, saving-deposits, operational income, assets and net profit. In the banking sector, total assets increased by 29% compared to 2013. The loans increased considerably, up by 29%, compared to 2013, and deposits increased by 30% compared to 2013.

According to the report from the National Bank of Cambodia, there are 39 microfinance institutions, 38 rural credit operators, 6 financial leasing institutions. At the end of 2014, in the microfinance sector, the total assets increased approximately 56.23% from 1,578 million US dollar in 2013 to 2,440 million US dollar. The total loan portfolio increased by 56.20% from 1,301 million US dollar in 2013 to 2,017 million US dollar in 2014 and total borrowers of 1,681,683 compared to the previous year's 1,565,526 people. Moreover, deposits of public in the microfinance institutions in 2014 increased by 107.5% to USD 888 million and total depositors of 1,094,481 compared to the previous year's 820,160 people. Despite the strong growth in loan portfolio, the portfolio quality has remained very healthy. The PAR30⁺ of the overall Cambodian microfinance loan portfolio was low at 0.6% at the end of 2014.

The Credit Bureau of Cambodia (CBC) plays an important role in the protection of MFIs as well as clients of microfinance in Cambodia. It helps to reduce the risk and also helps to improve the risk management carefully. The CBC also provides convenient credit information, which is implemented by the bank, microfinance institutions in particular. This system supports the growth of the banking system and provides better information.

ECONOMIC OUTLOOK 2015

In 2015, the Cambodian economy will remain stable with an expected growth rate of 7.3%. Experts have predicted that the increase in economy in the coming year will come from the growth of the export sector, tourism and real estate. Garment export sector continues to grow steadily while tourism has increased largely because of foreign tourists. There is remarkable recovery in the property sector due to the construction sector development. The impact on the agricultural sector due to the floods is likely to be less than expected. Inflation is expected to drop to 1.6% for the year.

ACHIEVEMENTS IN 2014

In 2014, Maxima attained a high growth rate, leading to a more significant presence of Maxima in the microfinance market in the country. Maxima continued and expanded relationships with debt providers both in Cambodia and overseas.

A significant achievement of 2014 was to gain the trust and confidence of Gojo & Company Inc., a Japanese company, headquartered in Tokyo, making investments in microfinance institutions around the world. Gojo & Company Inc. (Gojo) invested in convertible loans of USD2.05 million. In March 2015, National Bank of Cambodia (NBC) approved Gojo and Company Inc. as the new shareholder of Maxima.

With the coming of Gojo in the third quarter of 2014, Maxima registered a high rate of assets and loan portfolio growth. The loan portfolio increased by 37.6% for the year 2014, all of it achieved in the last four months of 2014, while the assets of Maxima increased to USD5.16 million with a growth rate of 46.8%. Incomes amounted to USD 849,627 an increase of 5.22% compared to USD 807,474 (2013). Profit after tax for the year 2014 slightly decreased by 8.44% compared to the year 2013, from USD 118,895 to USD 108,855. In 2014, the equity increased by 5.05%, to reach USD 1,793,593. However, Return of Equity (ROE) slightly decreased from 7.20% in 2013 to 6.22% in 2014. Net income per share is USD 0.83. For 2014, dividend is at 20% of net profit after tax, after transferring 5% to reserves. The remaining balance is added to the retained earnings, to be used for the operations in the coming years.

Maxima believes that in order to support the growth of the company, it is essential that the company is able to tap additional sources of debt funding, to leverage the equity investments made by shareholders.

Maxima has built a good relationship among shareholders, Board of Directors, management and staff as well as other stakeholders and has overcome most of the struggles and obstacles in business activities and in its mission to provide loans to people to make the company successful in the current as well as the following years. So as on behalf of Board, I would like all of us to continue to maintain a good culture forever.

GENERAL ASSEMBLY OF SHAREHOLDERS

Annual General Assembly of Shareholders was held on 24 April 2015 at the headquarters of the **Maxima Mikroheranhvatho Plc.** to review the results achieved in 2014 and to discuss the direction of the plan for 2015. Notice of the General Assembly, Annual Report, Meeting Agenda and recommendations of the Board of Directors were given to shareholders in advance pursuant to the Memorandum and Articles of Association Maxima and government regulations.

Key issues, which were approved by the Annual General Assembly of Shareholders:

- ✓ Annual report 2014
- ✓ Financial report Audited for 2014
- ✓ Target Strategic Plan for 2015
- ✓ Announced the divided distribution of 20% of the total profit in 2014
- ✓ Announced the decision of the Board of Directors and senior management to continue discussions with interested debt investors.

STREAMLINING OF OUR PROCESSES AND NEW INITIATIVES

One of the key factors in any organizations' sustainable growth is the streamlining of its processes. 2014 was the year in which Maxima did this and started a number of channels of communication between all staff as also staff and clients. It also was a year of further planning for the coming year for Maxima's strong growth in the coming year. Our efforts at managing our social performance which we have always been doing but only now managing, also became more organized and formalized.

I can safely say that with the many positive changes that took place in 2014, and with the progressive streamlining of our processes this year, for the coming year, 2015, Maxima's vision of offering micro-finance services to all with the highest quality of customer services seems more realistic than ever. We at Maxima take pride in our mission and look forward to continuing our progress towards becoming an MFI in Cambodia that endeavors to set the highest standards in all our operations and practices.

Once again, I would like to thank the Board of Directors for their good cooperation and active contribution in 2014 and on behalf of the Board of Directors I would like to express our appreciation

to the Chief Executive Officer and his management team as well as employees of Maxima for their efforts to bring Maxima to further success.

Last but not least, as Maxima, I thank our customers, shareholders, regulators and investors, especially to NBC for their support and always providing confidence to Maxima.

On behalf of the Board of Directors



Mr. An Bunhak
Chairman

EVENTS IN 2014

- ✓ Signing of the convertible loan agreement with Gojo & Company, Inc.
- ✓ Staff annual trip and party at Independence Hotel, Sihanouk Province.



Cheering Maxima's future at the signing of the convertible loan agreement with Gojo & Company, Inc.



The Happy Maximites arriving at Sihanoukville for their staff annual party

CEO'S REPORT

Year 2014 was a landmark year for Maxima Mikroheranhvatho Plc. as it marks the beginning of a new growth phase for Maxima.

As a result of positive economic growth over the last year; and with prudent regulation and monitoring from NBC, Maxima Mikroheranhvatho Plc. is pleased to showcase some of our more significant achievements for the year 2014.

- **Outreach and Assets Quality**

Our loan outstanding increased by 37.65%, from USD 3,149,213 in 2013 to USD4,334,938 in 2014 and the total number of borrowers increased by 12%, from 3,194 in 2013 to 3,573 in 2014. In addition, the loan portfolio quality was very strong with the Non-Performing Loan at about 0.34% of Maxima's Gross Loan Portfolio at the end of year 2014. Currently, we operate in 2 provinces, 21 districts, 117 communes and 568 villages with 2 branches and 5 service offices network.

- **Financial Performance**

The total assets of Maxima grew by 46.80% to USD 5,159,856 from USD 3,514,810 in 2013 and the Equity grew by 5.05%, to USD 1,793,593 from USD1,707,327 in 2013.

- **Use of technology and MIS**

In 2014 following the decision of Gojo & Company Inc., Maxima has received full technical assistance on developing mobile/tablet application, which will be officially launched in the third quarter of 2015. Currently Maxima's upgraded advanced MIS software is being designed by a Japanese engineering firm in Tokyo.

With these achievements, we will strive to strengthen ourselves for the upcoming year of 2015. With the support from our shareholders, Board of Directors and commitment from Management and all levels of staff, the following are the strategies for Maxima's business growth:

- Increase portfolio to USD 10 million by the end of 2015
- Increasing productivity for credit officers to USD190,000 by the end of 2015
- Increase the salary for employees based on the institution's profit growth

- Mobilize debt funding from institutional lenders to the tune of USD 8.4million by the end of 2015

On behalf of Maxima Management, I would express my sincere appreciation to shareholders, board of directors for their on-going support and leadership and also would like to thank all creditors, government, local authority, donors and business associations for their on-going support, confidence and trust in us.

Finally, great thanks to all the staff at Maxima for their hard work which contributes to Maxima's success.



Mr. Si Len

Chief Executive Officer

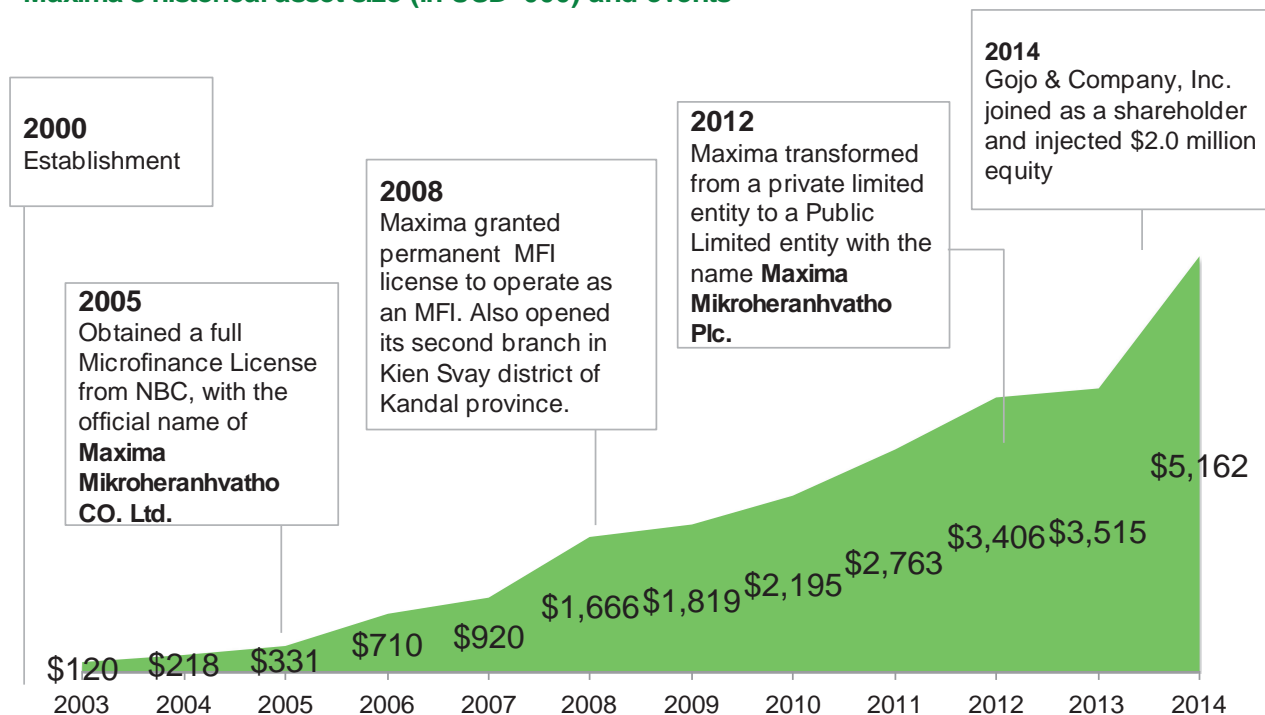
OUR CLIENTS AND US



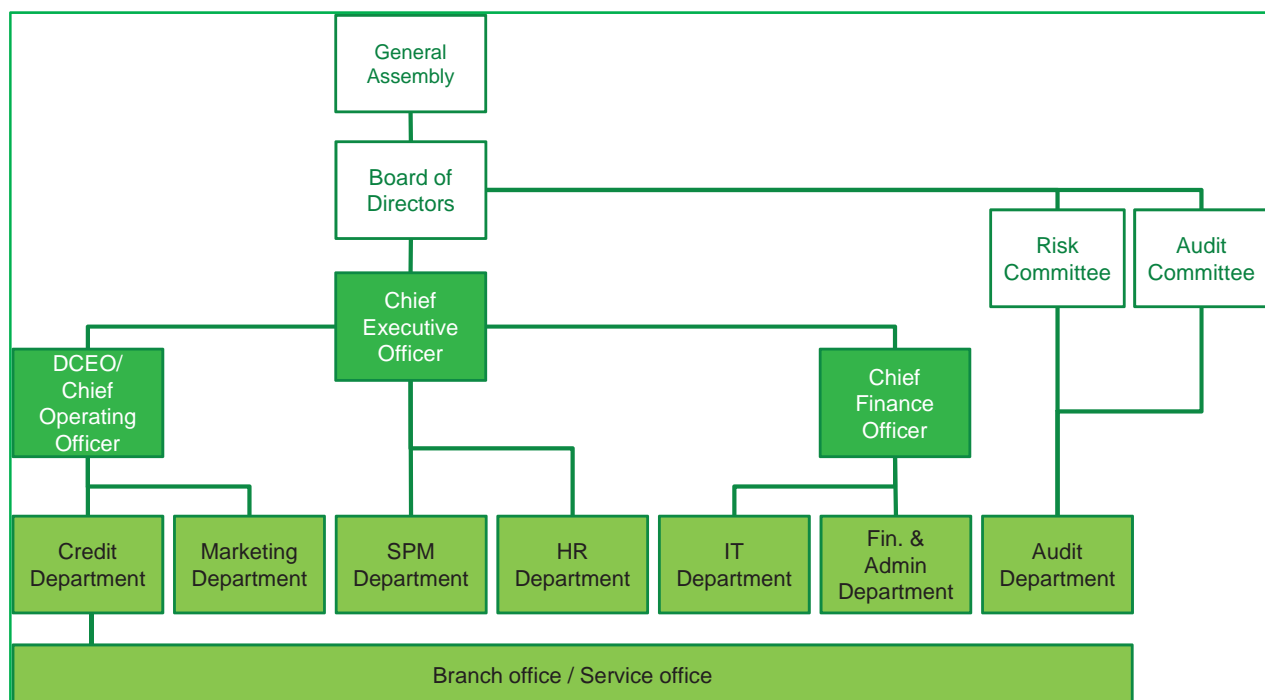
MAXIMA OVERVIEW

Historical milestones of the evolution of **MAXIMA MIKROHERANHVATHO Plc.** are presented below:

Maxima's historical asset size (in USD '000) and events



ORGANIZATIONALCHART



SHAREHOLDERS

The shareholders of Maxima Mikroheranhvatho Plc. after conversion in March 2015 are as follows:

- Gojo & Company Inc., represented by Mr. Taejun Shin
- Mr. An Bunhak
- Mrs. Sreng Sivechheng
- Ms. Sarun Vithourat
- Mr. Chet Chan Prasoeur
- Mr. Pa Ponnak Rithy
- Maxima Employees, represented by Mr. Pa Ponnak Rithy



Gojo & Company Inc., represented by **Mr. Taejun Shin**. Having graduated from Waseda Graduate School of Finance, Japan, Mr. Taejun Shin started his career at Morgan Stanley. After 4 years at Morgan Stanley, Mr. Taejun Shin joined Unison Capital, the largest private equity firm based in Japan. While working for financial industries, Mr. Taejun Shin founded Living in Peace ("LIP"). Mr. Shin is well conversed in English, Japanese, Korean and has working knowledge of Khmer.

Dr. An Bunhak joined as a shareholder of Maxima in 2000. He earned his Doctoral Degree of Business Administration (DBA) in Management from Preston University, USA in 2009. He obtained a Master of Banking and Finance at Ateneo De Zambanga University, Philippines in 2003. In 1995, Dr. Bunhak graduated from the Faculty of Business, Cambodia and obtained Bachelor's of Business Administration in 1995. Mr. Bunhak is well conversed in English, Thai and Khmer.





Ms. Sreng Sivechheng joined as a shareholder of Maxima in 2000. She is currently a candidate of Master of Financial Management at Royal University of Law and Economics, Phnom Penh. She obtained a Bachelor's of Business Administration specializing in Management at the National Institute of Management, Cambodia in 2001. Ms. Sivechheng is well conversed in English, Khmer and Thai language.

Ms. Sarun Vithourat joined as shareholder of Maxima in 2012. She has a degree in marketing and has specialized in banking from the Rene Descartes University in Paris in 2007. She has been working for private banks since then, both in Cambodia and France. She also has asserted herself in Cambodian Business mainly in Cosmetic and Skin care Products, Hospitality and Rice Sector since 2009. Ms. Vithourat is well conversed in English, French and Khmer.



Mr. Chet Chan Prasoeur joined as shareholder of Maxima in December 2000. He obtained his Master degree in Law at Build Bright University, Cambodia, in 2010. Mr. Prasoeur graduated from the Faculty of Business, Cambodia and obtained a Bachelor's of Business Administration in 1995.

Mr. Pa Ponnak Rithy joined as shareholder of Maxima in December 2000. He earned his degree in Accounting/Finance and Banking in Cambodia and received Bachelor of Business Administration in 1986. Mr. Rithy is well versed in Khmer and English.



BOARD OF DIRECTORS



Dr. An Bunhak, the current Chairman at Maxima, is a founder member at Maxima. He was appointed as Chairman of the Board of Maxima at the end of 2011. Prior to working at Maxima, Dr. Bunhak served as Chief of Finance at Pacific Commercial Bank (1995-2000). Dr. Bunhak earned his Doctoral Degree of Business Administration (DBA) in Management from Preston University, USA in 2009. He obtained a Master of Banking and Finance at Ateneo De Zambanga University, Philippines in 2003. In 1995, Dr. Bunhak graduated from the Faculty of Business, Cambodia and obtained Bachelor of Business Administration in 1995.



Mr. Chet Chan Prasoeur joined the Board of Maxima in December 2000. Mr. Prasoeur is currently serving as a member of Risk Committee of the Board of Maxima. Mr. Prasoeur completed Master's degree in Law at Build Bright University in 2010. He graduated from the Faculty of Business, Cambodia and obtained a Bachelor's of Business Administration in 1995.



Mr. Muy Mara joined the Board of Maxima in December 2013 and is currently serving as a member of Audit Committee of Maxima. Mr. Mara served as a Senior Officer, HR & Training at Vattanac Bank Limited from 2007-2012 and as an Executive Secretary to HR Director at Thansur Bokor Highland Resort from 2012-2013. He has been serving as an HR and Admin Manager at Hong Leong Bank (Cambodia) Plc. since March 2013. In effect, he has more than 8 years of experience in Human Resources Management (HRM) in both local and international standard banks covering all aspects of HRM such as recruitment, learning and development, compliance, compensation & benefits, personnel budgeting, and engagement survey. Mr. Mara earned his Bachelor's Degree in Business Administration (BBA) from Pannasastra University of Cambodia in 2009. In 2006, he obtained a Bachelor's Degree in Tourism & Hotel Management from Institute of Technology and Management.



Mr. **Taejun Shin** graduated from Waseda Graduate School of Finance in 2008. He started his career at Morgan Stanley in 2006 even as he did his studies, At Morgan Stanley Taejun created financial models and risk management tools, both of which later became the global template for Morgan Stanley Real Estate Investment business. After 4 years at Morgan Stanley, Taejun joined Unison Capital, the largest private equity firm based in Japan, where he managed several investment projects. While working for financial industries, Taejun founded Living in Peace (“LIP”), and created the first microfinance investment fund in Japan’s investment history, the ESG fund that is achieving above-market performance. Taejun also created crowd funding donation platform for orphanages in Japan to improve living conditions for the children. Taejun has authored 7 books about finance, innovation and child poverty, one of which was published in Taiwan, South Korea, and China.



Mr. **Sanjay Gandhi** is a CPA from India. He started his career in 1991 with AF Ferguson, one of the oldest Audit firms in India (a partner of Deloitte India). Then he headed the corporate banking team of one of the largest finance companies in India for 8 years. From 2003 onwards, he has worked exclusively in the field of Microfinance, gaining expertise in all aspects of microfinance operations. He has conducted close to 150 MFI ratings in 25 countries in Asia, Africa and Eastern Europe, most of them for Planet Ratings and M-CRIL. At M-CRIL, he led the ratings team as Director (Ratings). He has trained and mentored a large number of credit and rating analysts in various parts of the world. He has also held training workshops on Risk Management for many Cambodian MFI staff. In 2013, Mr. Gandhi was the CEO of a Cambodian MFI. The combined experience of 24 years, in auditing, corporate banking and working with MFIs has helped Mr. Gandhi carve a niche in the field. Mr. Gandhi is co-founder of Gojo & Company Inc. and leads deal sourcing, due diligence and operational improvement initiatives for partner MFIs.



Dr. Yean Rithy, an Independent Board member, joined the Board of Maxima in April 2012 and is currently serving as Chairman of Risk Committee of Maxima. Dr. Rithy served as a senior accountant at Shell Company of Cambodia from 1993-2002. He has been serving as Finance Manager of Dufry Cambodia Ltd. (2002-present). From 2003 till present he has been a part-time lecturer at Build Bright University and Western University. Dr. Rithy earned his PhD. in Marketing and Doctor of Business Administration (DBA) from Preston University, USA in 2007. In 2005, he obtained Master of Business Administration in Finance and Accounts from Preston University, USA. In 1998, he graduated from the Irish University in Ireland and obtained Bachelor of Business Administration Finance and Banking.



Dr. Ao Veng, an Independent Board Member, joined the Board of Maxima in September 2013 and is currently serving as Chairman of Audit Committee of Maxima. Dr. Veng served as a Vice Rector at Western University, Cambodia, from 2006-2012. He has been serving as a Professor at Royal University of Law and Economics, Financial Institute of Cambodia, Western University since 2010. Dr. Veng earned his Doctor of Philosophy in Business Administration (DBA) from Western University, Cambodia in 2010. In 2002, he obtained Master of Business Administration in Finance from Norton University and Ateneo de Zamboangan University. In 1999, he graduated with Associate Degree in Banking from Institute for Banking Studies of National Bank of Cambodia. In 1996, he successfully completed his Bachelor's Degree of Science in Mathematics from Royal University of Phnom Penh, Cambodia.

COMMITTEES

AUDIT COMMITTEE

Responsibilities of Audit Committee

The Audit Committee is the responsibility of the Board of Directors and is required to perform the following general functions:

- Establish and monitor compliance with a corporate code of conduct;
- Monitor procedures for compliance with government regulation;
- Review the findings of audits or examinations conducted by other agencies;
- Discuss disagreements between internal or external auditors and management;
- Inquire about the external auditor's opinion on the competence of financial and accounting personnel and the internal auditors;
- Review the adequacy of internal control structures over financial reporting;
- Oversee the company's internal controls for safeguarding its assets;
- Evaluate the internal auditor's objective;
- Review the internal auditor's work and assess their performance and capacity building;
- Ensure that the internal auditor's involvement in auditing the financial reporting process is well-coordinated with the work of the external auditors;

Activities and Achievements for the year 2014

- The Audit Committee met 4 times during the year 2014;
- In the meeting held in 2014, the committee approved an internal audit plan for the year 2014 and 2015;
- Internal Audit reports directly to the Board Audit Committee to provide independent and objective assurance over the adequacy, sustainability, and effectiveness of the organization's governance, internal controls and risk management process;
- All key operational, business and management process are audited according to risk-based methodologies;
- Internal Audit examines the strategies of the organization and the adequacy and effectiveness of the relevant policies, procedures and regulatory guidelines;

- Internal Audit discusses the result of all assessments with management and reports its observation/findings, recommendations and opinions, via a structured process, to the Board Audit Committee;
- During the year 2014, Audit Committee participated 4 times in the Board meeting;
- The Committee approved the Internal Control Policy;

RISK COMMITTEE

The Risk Committee has started performing effectively since February 2014, with the involvement of the Independent Board member. The Committee is the responsibility of the Board of Directors and is required to perform the following general functions:

- Critically assesses Maxima Business Strategies and processes and plan from the risk perspectives;
- Analyzes future risks including trends and provides comments to management;
- Reviews all policies and procedure for risk mitigation;
- Sets out the nature, role, responsibility and authority of the risk management function with the outline of the scope of risk management framework;
- Reviews critical risk management activities of Maxima as reported by the management and finds out definitely activities are all requirement of the policy are being complied with;
- Suggests or commends to the management for any pre-emptive action for any external factors influence the company operation such as political, economy, regulatory framework;
- Reviews and estimates the integrity of the risk control system and ensures that the risk policy and strategies are effectively managed;
- Reviews and approves for risk policy;
- Through report from the Risk and Compliance Unit, does suggestion or recommend to the management for any action to mitigate risk, risk acceptance level or risk transfer.

Activities and Achievements for the year 2014

- The Risk Committee met 3 times during the year;
- In the meeting in August, the Committee approved risk management policy and a risk management plan for the year 2015;
- The Committee approved the Internal Control Policy.

MANAGEMENT



Mr. Si Len joined Maxima as CEO in September, 2013. Prior to this, he worked as General Manager of Association of Banks in Cambodia, an Executive Director of Cambodia Microfinance Association. Before that, he worked as Training and Program Manager of Cambodian Federation of Employers and Business Associations, a Community Development Director of Goodwill Family Resources Center, and as a Chief Human Resource Officer of Newton Thilay Community. Currently, Mr. Si Len is holding a Master degree in Management and a Bachelor's degree in Business Administration.



Mr. Pa Ponnak Rithy is the DCEO at Maxima. He joined Maxima in December 2000. Prior to this, he was an Accounting and Administration Assistant in LWS (1998-2000), a Chief of Accounting at Pacific Commercial Bank (1995-1998), a Deputy Chief of Credit Office of the National Bank of Cambodia in Kampot province (1980-1995). Mr. Rithy completed his degree in Accounting/Finance and Banking in Cambodia and received Bachelor's of Business Administration in 1986. Mr. Rithy is well versed in Khmer and English.



Ms. Sreng Sivechheng is the Chief Financial Officer at Maxima. She has been with Maxima since the inception of the Company in 2000. Before Maxima, from 1995 to 2000, she worked as Chief of Remittance at Pacific Commercial Bank. She is currently a candidate of Master of Financial Management at Royal University of Law and Economics, Phnom Penh. Ms. Sivechheng obtained Bachelor of Business Administration specialize in Management at the National Institute of Management, Cambodia in 2001. Ms. Sivechheng is well versed in Khmer, Thai and English.



Ms. Lay Sineath is the Deputy Head of the Admin Department at Maxima. She is the first staff of Maxima. Sineath joined Maxima in December 2001, Ms. Sineath graduated with a Bachelor's Degree in Business Administration specializing in Accounting at the National Institute of Business, Cambodia in 2006. She is well versed in Khmer and has working knowledge of English.



Mr. Ear Sokry is the Head of Credit Department. He has been with Maxima since 2004. He recently finished his Master of Management Degree in 2014 at National Institute of Business, Cambodia. Mr. Sokry graduated with a Bachelor's Degree in Business Administration, specializing in Accounting, from the National Institute of Business, Cambodia in 2006. Mr. Sokry is well versed in Khmer and has good working knowledge of English.



Mr. Khean Darith is the Head of IT Department at Maxima. He joined Maxima Mikroheranhvatho Plc. in 2009. Mr. Darith holds a Bachelor's Degree in Computer Science from the Cambodian University for Specialties and Associate Degree in Electronic from Preah Kossomak Polytechnic Institute. Mr. Darith recently (in 2015) completed a course on IT Assurance and Security Audit at Sunrise Institute. He is well versed in Khmer and has good working knowledge of English.



Mr. Khiev Sengdy joined Maxima in June 2006. He is currently serving as Deputy Head of Marketing. Before this, Mr. Sengdy was Deputy Credit Manager in 2014 and Branch Manager (2011-2013) at Maxima. Mr. Sengdy is currently a candidate of Master of Business Administration at Norton University. He obtained Bachelor of Business Administration specialize in Management at Human Resources University in 2009. Mr. Sengdy is well versed in Khmer and English.



Ms. Ly Sievhoir is Chief Accountant at Maxima. She joined Maxima in 2007. Before that from 2000 to 2007, she worked as Accountant Assistant at Terratex Knitting Group Ltd. She graduated with a Bachelor's degree in accounting from Human Resources University, Cambodia, in 2008. Ms. Sievhoir is well versed in Khmer and has working knowledge of English.



Mr. Tann Hokheng is the Head of Internal Audit and Risk Department. He joined Maxima in March 2012, prior to joining Maxima he worked as Head of Internal Audit Department at PHSME Specialized Bank Ltd. Mr. Hokheng has also been Senior Internal Auditor at Samic Microfinance institution, and Accountant of Riverside Hotel. He is holding a Bachelor's degree in Accounting from the National University of Management (NUM), Cambodia. He is well versed in Khmer and English.



Mr. Sim Channy joined Maxima in January 2015. Prior to joining, he worked as HR & Admin Manager of VTJ Vinh Tuong Plc., HR Manager of Cambodian Broadcasting Service Co., Ltd, Recruitment Unit Manager of Hattha Kaksekar Limited and as Branch Manager of New York International School, Cambodia. Currently, Mr. Sim Channy is holding a master's degree in Management, a Bachelor's degree in Business Administration, and a Bachelor's degree in law. He is well versed in Khmer and English.

STAFFING & STAFF CAPACITY DEVELOPMENT

■ Staffing

The on-going growth of Maxima requires more staff to support the organization's operations. This has become more necessary mainly after the expansion of service operations to more offices and also expansion of our coverage areas of normal products to new areas. At the end of 2014, Maxima has a total staff of 91 in which 31 are newly recruited.

■ Staff Capacity Development

Within the year, Maxima has continued its training provision with a clear training curriculum set. All new staff is required to be trained clearly and carefully before they start performing the jobs while some refresher training is provided to old staff. This is to make sure that staff is competent enough to perform their job with high quality of service. Some training is provided by our in-house training unit team and some provided by professional trainers from outside.

This is in addition to the short course trainings which are provided regularly to staff at all levels.

The numbers of staff and training courses provided within 2014

No.	Course Title	No. of Participants
Internal training		331
1	Audit Policy and Practical	1
2	Refresh HR Policy	95
3	Financial Education	20
4	Credit Policy	30
5	Effective Loan Assessment	41
6	MBWin System	12
7	Solar Loan	12
8	Group Loan	54
9	Teller's Roles in MBWin System	4
10	Supervisory and People Management	13
11	Accounting in MBWin System	4
12	Tax on Salary for SO and Branch	45
External Training		6
13	Administrative Management Skill	1
14	International Financial Reporting Standard	2
15	Internal Control, Fraud and Key Risk Management for MFIs	1
16	Client Awareness and Financial Education	1
17	Practical Accounting Skill for MFI	1
Total staff participated		337



MICROFINANCE MARKET

■ Country Business Review 2014

Cambodia continues to enjoy economic and political stability and security. The country announced its new economic growth for 2014 at 7% and the poverty rate further declined to under 17.7% in 2014. The inflation rate of the country is in level, 3.5% during 2013 and GDP per Capita is about USD 1,135.

In 2014 exports of garments and footwear (information based on customs data), reached USD 6.0 billion, rising by 10.7%. Tourism too has increased by 5.9%. Meanwhile, services are the biggest sector in the economy and account for 38% of the total GDP. While rice exports have increased: 304,788 tons in the first 10 months of 2014, up about 3% from 295,154 tons during the same period in 2013. Foreign Direct Investment (FDI) in the Kingdom of Cambodia increased to U.S. dollar USD 1.2 billion in 2014.

Khmer Riel exchange rate to the U.S. dollar was quite stable during the year. The inflation rate was at 3.5% during 2014.

■ Cambodian Bank and Microfinance Market 2014

Looking at the financial results of 2014 in the banking and microfinance sector we find that these sectors contributed to the high economic growth and continue to expand their operations in more rural areas. In the year 2014, there are 36 commercial banks, 11 specialized banks, and 7 commercial bank representative offices. The growth is due to the increase in loans to customers, saving-deposits, operational income, assets and net profit. In the banking sector, total assets increased by 29% compared to 2013 while loans increased considerably, up to 29%, compared to 2013 and deposits increased up to 30% compared to 2013.

According to the report from the National Bank of Cambodia, there are 39 microfinance institutions, 38 rural credit operators and 6 financial leasing institutions. At the end of 2014, in the microfinance sector, the total assets increased approximately 56% from 1,578 million US dollar in 2013 to 2,440 million US dollar. The total loan portfolio increased by 55% from 1,301 million US dollar in 2013 to 2,017 million UD dollar in 2014 and total borrowers of 1,681,683 compared to the previous year's 1,565,526 borrowers. Moreover, deposits of public in the microfinance institutions in 2014 increased by 106% to USD 888 million and total depositors of 1,094,481 compared to the previous year's 820,160 depositors. Despite the strong growth in loan portfolio, the portfolio quality has remained very healthy. PAR30⁺ of the overall microfinance loan portfolio was only 0.6% at the end of 2014.

Land title registration has also continued from year to year, from one area to another. It is a good sign to improve land ownership and reduce the land dispute at the rural and countryside. More than that, it is the opportunity for people to access finance with a better interest rate, due to the low risk for financial institution when they have land titles.

Credit Bureau Cambodia (CBC) services have been smoothly adopted by all Banks and MFIs in the country. After the implementation of CBC, we have observed that each MFI sets their limitation of a ceiling loan for an individual borrower because they are also afraid that client's should not get over-indebted.



LOAN PRODUCTS & LOAN CATEGORIES

LOAN PRODUCTS

Maxima provides high quality micro-finance services with an emphasis on lending to rural poor and low-income individuals & groups and small & medium enterprises to improve their living standards and realizing their business goals.. The current loan products include individual loans, group loans, and small & medium businesses loans. The dominant service delivery model of Maxima is the declining methodology that is monthly installment, credit line, constant amortization, seasonal loan (balloon loan) with loan sizes ranging from USD 50 to USD 27,000. The loan term ranges from 6 months to 36 months and the interest rate charged ranges from 1.9% to 2.8% per month. More products will be established in the future depending upon customers' needs.

LOAN CATEGORIES

Maxima provides loans to business categories including agriculture, trade, services, transportation and households/ families and other categories.

- **Agriculture Productions**
 - ✓ **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, haircut, 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

OPERATIONAL PERFORMANCE

As stated earlier, Cambodia continues to enjoy economic and political stability and security. The country announced its new economic growth for 2014 at 7% and the poverty rate further declined to under 17.7% in 2014. The inflation rate of the country is in level, 3.5% during 2014 and GDP per Capita is about USD 1,135. Within such favorable environment, Cambodian Banks and MFIs have continued their growth: numbers of clients, volume of products sold, expansion of coverage areas, technologies, and product varieties. Concern of multiple borrowings in the market has been

reduced due to efficient performance by Credit Bureau Cambodia (CBC) which aims to strengthen the credit reporting system and to enhance the credit assessments of borrowers.

At Maxima, we are still concerned over multiple borrowings so the Board of Directors and Executive Management set conservative growth for the year by identifying of High Risk Villages in some of our existing operations areas with strict conditions in terms of loan assessment; mainly for new clients. However, the loan performance of Maxima for the year was still at a good stage: growth of outreach and quality of loan. For the year, Maxima had reached 4,334,938 US dollar and the total number of borrowers increased 12% to 3,573 from 3,194 from previous year to various sectors: trade & commerce, agriculture, services, house improvement, consumption, and others.

Our gross loan portfolio has reached USD 4.3 million, and in addition, the Non-Performing Loan has slightly decreased from 0.50% in 2013 to 0.34% in 2014. Currently, we operate in 2 provinces, 21 districts, 117 communes and 568 villages with 2 branches and 5 service offices network.

■ Service Outreach

In year 2014, Maxima continued expanding services to more rural areas to get closer to our target clients. As a result, Maxima is operating through 7 offices in 2 provinces, 21 districts, 117 communes and 568 villages.

Productivity	2013	2014	Increments	% Change
Number of Branches	2	2	0	0%
Number of Service Offices	5	5	0	0%
Number of Provinces Covered	2	2	0	0%
Number of Districts Covered	17	21	4	24%
Number of Communes Covered	102	117	15	15%
Number of Villages Covered	452	568	116	26%

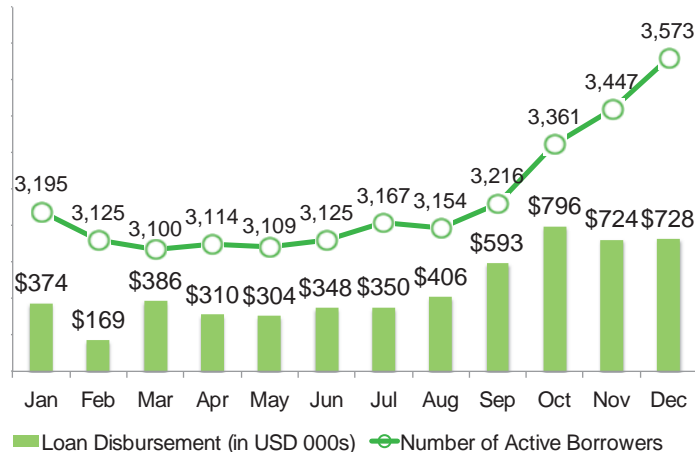
■ Loan Performance

The gross loan portfolio and clients reached USD4.3 million and 3,573 borrowing accounts.

Outstanding Loan and Active Borrowers

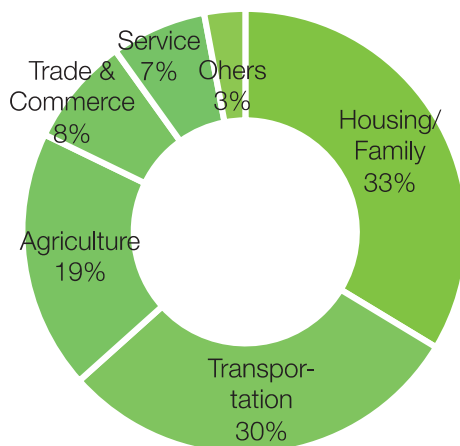


Monthly Disbursement and Active Borrowers

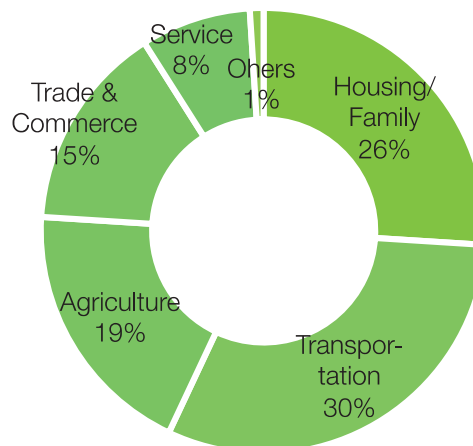


Loan of Maxima has been used for many different sectors; however, the high sectors of loan utilization are agriculture 19%, transportation 31%, trade & commerce 15%, services 8%, House/family 26%, and other activities 1%.

Composition by number of clients

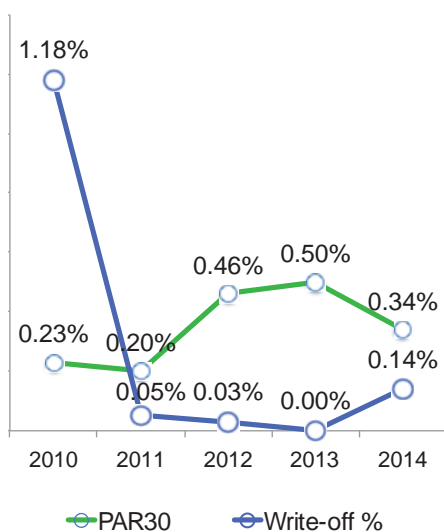


Composition by loan amount

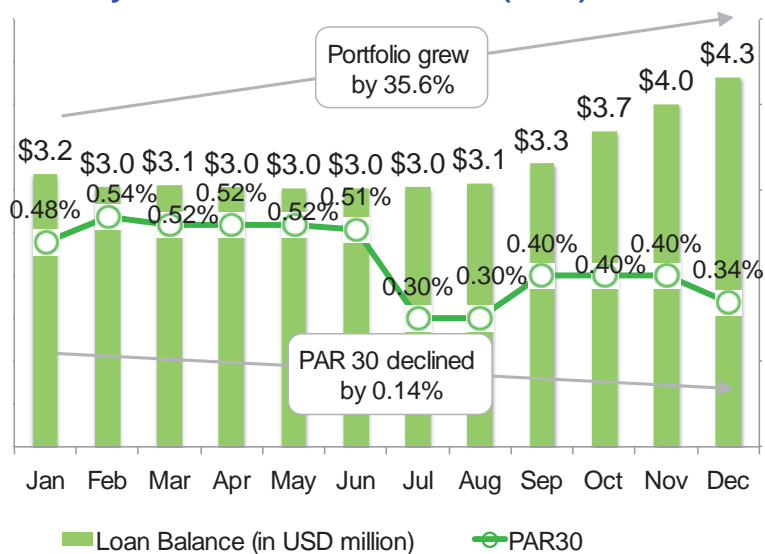


Loan quality has also improved because PAR >30 days was only 0.34% in 2014 and the written off loans for the year was 0.14%. This great achievement occurred because of our on- time responses to the market changes, clear loan assessment, staff's high commitment, well-built relationship among Maxima staff and within all levels of local authorities and clients.

Loan Quality (2010-2014)



Monthly Loan Balance and PAR 30 (2014)



■ Staff Productivity and Workload

Since the concerns of loan overlap and over-indebtedness from lenders, investors and other stakeholders, Maxima is rigorous in its loan appraisal of its new clients and in high penetration areas. However, the portfolio outstanding per CO and per total staff has significantly increased since 2010.

Productivity	2010	2011	2012	2013	2014
Loan / CO (in USD)	75,902	88,188	96,349	87,478	98,521
Borrowers / CO	96	91	89	89	92
Loans / Total Staff (in USD)	37,951	39,345	42,394	39,365	47,637

LENDERS & PARTNERS

Over the years, Maxima has partnered with various organizations such as Rural Development Bank (RDB), ACLEDA Bank Plc., ADA-Luxembourg, Luxembourg Microfinance and Development Funds (LMDF)-Luxembourg, Etimos-Italy, and Kiva Microfund–USA and Gojo & Company Inc.

Furthermore, Maxima is one of the founders of Cambodia Microfinance Association (CMA), in which a representative of MAXIMA is currently serving as a member of the Board of Directors. In addition, Maxima has been also participating in Microfinance Information Exchange (“MIX”) and MFTransparency.



Gojo & Company, Inc.

FINANCIAL STATEMENTS & EXTERNAL AUDIT REPORT

Report of the Board of Directors

The Board of Directors have pleasure in submitting their report together with the audited financial statements of Maxima Mikroheranhvatho Plc. (“the Company”) for the year ended 31 December 2014.

Principal Activities

The Company is principally engaged in all aspects of micro-finance business and the provision of related financial services in Cambodia

Financial Results

The financial results of the Company for the year ended 31 December 2014 were as follows:

	2014		2013	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	141,804	577,851	155,544	621,398
Income tax expense	(32,949)	(134,267)	(36,649)	(146,413)
Net profit for the year	108,855	443,584	118,895	474,985

Reserves and Provisions

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

Dividends

During the financial year, the Company declared and paid dividends of USD22,589 in respect of the prior year's profit.

Share Capital

On 18 July 2014, the Company's shareholders, Ms. Sreng Sivechheng acquired 2,500 shares from Ms. Buy Sivantha and Mr. An Bunhak acquired 15,000 shares from Mr. Uong Kimseng for USD13.27 per share respectively.

Mr. Pa Ponnak Rithy (staff representative) also transferred his 1,055 shares for USD 13.27 per share to the following:

- Ms. Sreng Sivechheng: 500 shares;
- Mr. Chet Chan Prasoeur: 500 shares; and
- Mr. Pa Ponnak Rithy: 55 shares.

Except for the shareholding structure changes, the total number of shares registered, authorized and paid up as at 31 December 2014 remain unchanged from the previous year.

On 29 December 2014, the Company submitted a request to the National Bank of Cambodia (“NBC”) to increase the Company’s share capital from USD 1,315,000 to USD 3,075,000 for its additional 176,000 shares with par value of USD10 per share. These additional shares will be issued to Mr. An Bunhak for 15,000 shares, Ms. Sreng Sivechheng for 4,000 shares, Ms. Sarun Vithourat for 2,000 shares and a potential new shareholder, Gojo & Company, Inc. for 155,000 shares. This request was given an in principle approval from the NBC on 30 March 2015.

At the date of this report, Maxima is in the process of obtaining acknowledgement from the Ministry of Commerce, for the amendment of its Articles of Incorporation.

Bad and Doubtful Loans

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

At the date of this report, the Board of Directors is not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Company, inadequate to any substantial extent.

Current Assets

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ensure that any current assets, other than loans, which were unlikely to be realized in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realize.

At the date of this report, the Board of Directors is not aware of any circumstances, which would render the values attributed to the current assets in the financial statements of the Company misleading.

Valuation Methods

At the date of this report, the Board of Directors is not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

Contingent and other Liabilities

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

Change of Circumstances

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

Items of an Unusual Nature

The results of the operations of the Company for the financial year were not, in the opinion of the Board of Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Board of Directors, to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

Events since the Reporting Date

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

The Board of Directors

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

- Mr. An Bunhak Non-Executive Director/Chairman
- Mr. Chet Chan Prasoeur Non-Executive Director
- Mr. Muy Mara Non-Executive Director (Appointed on 26 February 2014)
- Mr. Yean Rithy Non-Executive Director/Independent Board Member
- Mr. Ao Veng Non-Executive Director/Independent Board Member (Appointed on 26 February 2014)
- Ms. Sreng Sivechheng Executive Director (Resigned on 26 February 2014)
- Mr. Pa Ponnak Rithy Executive Director (Resigned on 26 February 2014)
- Mr. Taejun Shin Non-Executive Director (Appointed on 30 March 2015)
- Mr. Sanjay Gandhi Non-Executive Director (Appointed on 30 March 2015)

Directors' Interests

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

	2014		2013	
	Number of shares of USD 10 each	Ownership %	Number of shares of USD 10 each	Ownership %
Mr. An Bunhak	42,000	31.94%	27,000	20.53%
Ms. Sreng Sivechheng	-	-	36,000	27.38%
Mr. Chet Chan Prasoeur	5,500	4.18%	5,000	3.8%
Mr. Pa Ponnak Rithy	-	-	1,670	1.27%
Total	47,500	36.12%	69,670	52.98%

Directors' Benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Responsibilities of the Board of Directors in Respect of the Financial Statement

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- control and direct the Company effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

Approval of the financial statements

I hereby approve the accompanying financial statements which present fairly, in all material respects, the balance sheet of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

On behalf of the Board of Directors



Mr. An Bunhak

Chairman

Phnom Penh, Kingdom of Cambodia

23 April 2015

Report of the Independent Auditors

To Shareholders

Maxima Mikroheranhvatho Plc.

We have audited the accompanying financial statements of Maxima Mikroheranhvatho Plc. (“the Company”), which comprise the balance sheet as at 31 December 2014, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 8 to 49.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider internal control relevant to the entity’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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maxima Mikroheranhvatho Plc. as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements.

For KPMG Cambodia Ltd



Nge Huy

Audit Partner

Phnom Penh, Kingdom of Cambodia

23 April 2015

Balance Sheet

As at 31 December 2014

	2014		2013	
	USD	KHR'000	USD	KHR'000
ASSETS				
Cash on hand	9,176	37,392	6,947	27,753
Deposits and placements with banks	622,940	2,538,481	175,514	701,179
Statutory deposits	65,750	267,931	65,750	262,671
Loans to customers	4,320,005	17,604,020	3,133,505	12,518,353
Equity investment	10,000	40,750	10,000	39,950
Other assets	99,289	404,602	90,125	360,049
Property and equipment	26,607	108,424	27,124	108,360
Deferred tax assets	6,089	24,813	5,845	23,351
TOTAL ASSETS	5,159,856	21,026,413	3,514,810	14,041,666
LIABILITIES AND EQUITY				
Liabilities				
Amounts due to shareholders	288,607	1,176,074	495,000	1,977,525
Borrowings	2,945,615	12,003,381	1,173,891	4,689,694
Provident benefits	63,611	259,215	61,429	245,409
Other liabilities	40,326	164,328	44,526	177,881
Provision for income tax	28,104	114,524	32,637	130,385
Total Liabilities	3,366,263	13,717,522	1,807,483	7,220,894
Equity				
Share capital	1,315,000	5,358,625	1,315,000	5,253,425
Share premium	121,025	493,177	121,025	483,495
Reserves	48,548	197,833	42,603	170,199
Retained earnings	309,020	1,259,256	228,699	913,653
Total Equity	1,793,593	7,308,891	1,707,327	6,820,772
TOTAL LIABILITIES AND EQUITY	5,159,856	21,026,413	3,514,810	14,041,666

Income Statement

For the year ended 31 December 2014

	2014		2013	
	USD	KHR'000	USD	KHR'000
Interest income	834,827	3,401,920	795,022	3,176,113
Interest expense	(142,514)	(580,745)	(150,190)	(600,009)
Net interest income	692,313	2,821,175	644,832	2,576,104
Other operating income	14,800	60,310	12,452	49,745
Operating income	707,113	2,881,485	657,284	2,625,849
General and administrative expenses	(561,504)	(2,288,129)	(500,737)	(2,000,444)
Allowance for bad and doubtful loans	(3,805)	(15,505)	(1,003)	(4,007)
Profit before income tax	141,804	577,851	155,544	621,398
Income tax expense	(32,949)	(134,267)	(36,649)	(146,413)
Net profit for the year	108,855	443,584	118,895	474,985

Statement of Changes in Equity

For the year end 31 December 2014

	Share Capital USD	Share Premium USD	Reserves USD	Retained Earnings USD	Total USD
At 1 January 2013	1,315,000	121,025	39,519	124,605	1,600,149
Transfer to reserves	-	-	3,084	(3,084)	-
Dividends paid	-	-	-	(11,717)	(11,717)
Net profit for the year	-	-	-	118,895	118,895
At 31 December 2013	<u>1,315,000</u>	<u>121,025</u>	<u>42,603</u>	<u>228,699</u>	<u>1,707,327</u>
At 31 December 2013	<u>5,253,425</u>	<u>483,495</u>	<u>170,199</u>	<u>913,653</u>	<u>6,820,772</u>
At 1 January 2014	1,315,000	121,025	42,603	228,699	1,707,327
Transfer to reserves	-	-	5,945	(5,945)	-
Dividends paid	-	-	-	(22,589)	(22,589)
Net profit for the year	-	-	-	108,855	108,855
At 31 December 2014	<u>1,315,000</u>	<u>121,025</u>	<u>48,548</u>	<u>309,020</u>	<u>1,793,593</u>
At 31 December 2014	<u>5,358,625</u>	<u>493,177</u>	<u>197,833</u>	<u>1,259,256</u>	<u>7,308,891</u>

Statement of Cash Flows

For the year ended 31 December 2014

	2014		2013	
	USD	KHR'000	USD	KHR'000
Cash flows from operating activities				
Net cash (used in)/generated from operating activities	(1,287,177)	(5,245,246)	199,275	796,103
Cash flows from investing activities				
Purchase of property and equipment	(12,303)	(50,135)	(8,359)	(33,394)
Net cash used in investing activities	(12,303)	(50,135)	(8,359)	(33,394)
Cash flows from financing activities				
Dividend paid	(22,589)	(92,050)	(11,717)	(46,809)
Proceeds from borrowings	2,463,386	10,038,298	584,741	2,336,040
Repayments of borrowings	(691,662)	(2,818,523)	(633,960)	(2,532,670)
Net cash generated from/(used in) financing activities	1,749,135	7,127,725	(60,936)	(243,439)
Net increase in cash and cash equivalents	449,655	1,832,344	129,980	519,270
Cash and cash equivalents at the beginning of the year	182,461	743,529	52,481	209,662
Cash and cash equivalents at the end of the year	632,116	2,575,873	182,461	728,932

A picture speaks a thousand words, our year in pictures: some parties, some trainings, some of our activities with clients and lots of fun!

Annual Party



Maxima Cleanliness and Health Promotion Project



All credit officer meeting



Other events



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Maxima: Thankful for the chance to serve our Kingdom and our people.



Social Responsibility Event

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