



Annual Report

2012





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Vision and Mission



VISION

Become a reliable microfinance institution which provides the Cambodian people with opportunities to improve their livelihoods through accessing the loans from Camma Microfinance Limited.

MISSION

Our mission is to efficiently and sustainably provide a wide variety of microfinance services to entrepreneurs of small and medium enterprises who are farmers, handicrafts and businesspersons and ensure great benefits for shareholders, staff and the society as a whole.

Board of Directors' Message

In 2012, the Board of Director is proud of the performance of CAMMA in filling its mission. Before I present the significant result of CAMMA in year 2012, I would like to present the state of the Cambodia economy and the performance of bank and microfinance sector in Cambodia.

Cambodia economy is continuing to growth in a noticeable speed to the rate approximately 7% in 2012. Agriculture sector, manufactory and service sector growth about 3.2%, 13.3% and 5% respectively. Direct foreign investment is also contribute to the development of our economy.

Bank and microfinance sector also a major support of the growth and development of Cambodia economy. In 2012, there are 32 commercial banks, 7 specialized banks, 35 microfinances in which 7 of them has received deposit license. ACLEDA Banks and Maruhan Bank have expanded their service and branch to Loa and Myanmar. The number of clients for microfinance sector has growth to about 1,300,000 clients, which make up of 881.21 million dollar US loan outstanding. Number of clients deposit increase to 717,884 clients, which is about 275 million dollar US.

Looking closely to the operation of CAMMA, the institute achieves net profit of 67,947USD. It has been continually and widely expand it operation area to covered more villages than last year. In addition, to provide our clients with a better transportation, CAMMA has introduced motor loan. This new product received a lot of support from our client. To strength our operation, our shareholders decided to increase the total registered capital from 350,000USD to 850,000USD in 2012. The lenders are also confident with the growth of CAMMA and continue to support and provide loan to us.

សារពីប្រធានក្រុមប្រឹក្សាភិបាល

សម្រាប់ឆ្នាំខាងមុខនេះគ្រឹះស្ថាន ខេមា មីក្រូហិរញ្ញវត្ថុ លីមីតធីត នឹងបន្តអនុវត្តនូវយុទ្ធសាស្ត្រ ពង្រឹងគុណភាពឥណទាន និងកាត់បន្ថយហានិភ័យជាពិសេសហានិភ័យឥណទាន ព្រមទាំងបន្ត ពង្រីកតំបន់ប្រតិបត្តិការ ។ ការអនុវត្តនូវយុទ្ធសាស្ត្រទាំងនេះនឹងធ្វើឲ្យគ្រឹះស្ថាន ខេមា មីក្រូហិរញ្ញវត្ថុ លីមីតធីត ទទួលបាននូវជោគជ័យកាន់តែខ្លាំងឡើង ហើយនឹងក្លាយជាគ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុដ៏រឹងមាំ ។

ចុងបញ្ចប់ តាំងនាមឲ្យភាគទុនិក និងសមាជិកក្រុមប្រឹក្សាភិបាលរបស់គ្រឹះស្ថាន ខេមា មីក្រូ ហិរញ្ញវត្ថុ លីមីតធីត ខ្ញុំសូមសម្តែងនូវការអរគុណយ៉ាងជ្រាលជ្រៅចំពោះគណៈគ្រប់គ្រង និងបុគ្គលិក ទាំងអស់ដែលជានិច្ចជាកាលតែងខិតខំធ្វើការងារ និងចូលរួមចំណែកធ្វើឲ្យគ្រឹះស្ថាន ខេមា មីក្រូ ហិរញ្ញវត្ថុ លីមីតធីត បានជោគជ័យ ពីមួយឆ្នាំទៅមួយឆ្នាំ ។

សូមទទួលនូវការរាប់អានដ៏ជ្រាលជ្រៅអំពីខ្ញុំ!
ប្រធានក្រុមប្រឹក្សាភិបាល



បែនសុន សម័យ
ថ្ងៃទី ១០ ខែ មេសា ឆ្នាំ ២០១៣

CEO's Message

First of all, I would like to thank to management and staff of CAMMA for the big contribution to the growth of CAMMA in year 2012. In this year, our loan outstanding and number of client reaches 2,467,293 USD and 623 clients respectively. Loan outstanding increases about 4 times while the number of client increases 3 times compared to year 2011. CAMMA's operation area covers 126 villages in Phnom Penh, 36 villages in Kandal province and 1 village in KompongSpeu province.

In term of financial performance, asset in 2012 was 2,731,327USD growth 4 times more than year 2011. Net interest income increased 3 times to 250,586USD in 2012 compared to 80,817USD in year 2011. Moreover, net profit for the year rose to 67,947USD in 2012. Return on asset was 2.49% while return on equity was 7.59%, which suggested a better performance of CAMMA and a positive sign for shareholders.

With our strategy to strengthen the quality of loan, expand our operation area, developed new goods and service as well as modify the existing product to satisfy the need of our client, our portfolio at risk decreased to 0.68% in 2012. Our new product, motor loan, proved as a popular product among our clients.

In order to cope with our growth, our human resource is increased twice as much as 2011. Several training courses were conducted by CAMMA as well as sending our staff to short course that was conducted by other educational institutes for the capacity building of our staff members.

Lady and gentlemen! To look into the detail of our growth, I am delighted to present you the financial performance highlights and the financial report audited for year-end 2012. I hope that they will provide you a better understanding of our performance and result for year 2012.

Yours faithfully

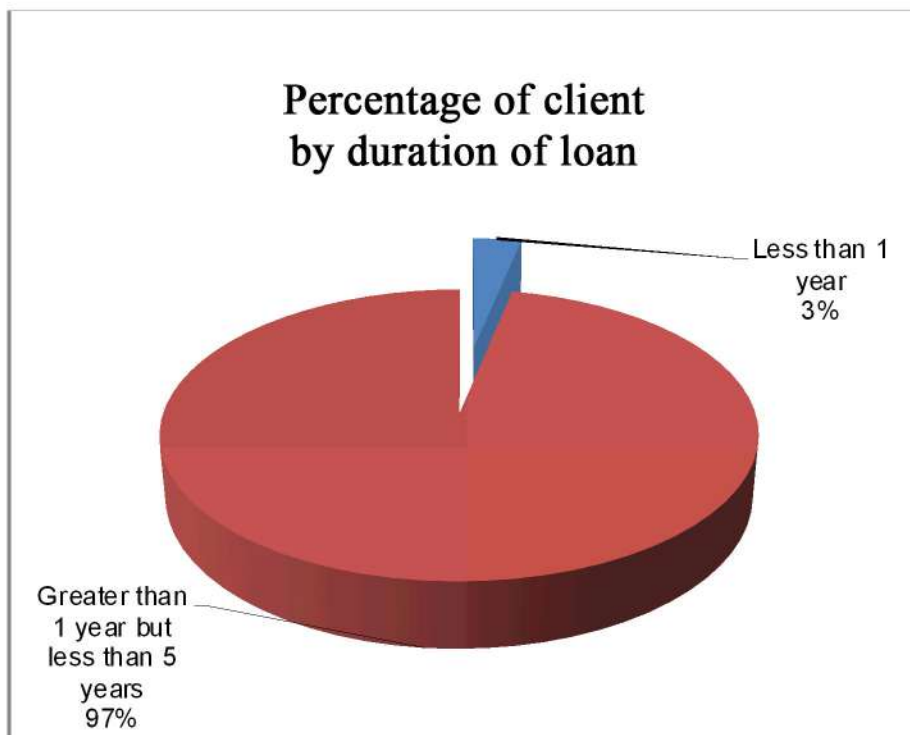
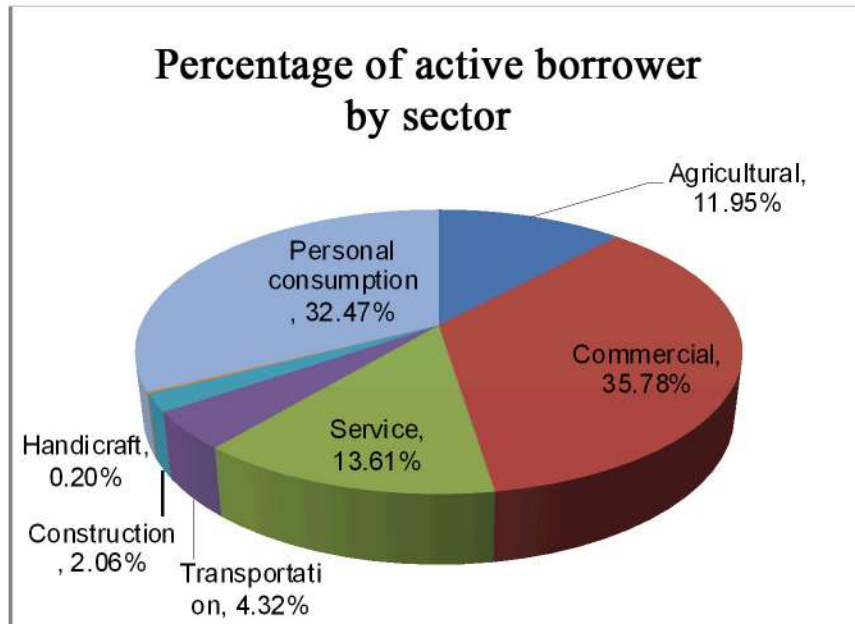


Dith Nita
April 10th, 2013

Performance Highlights

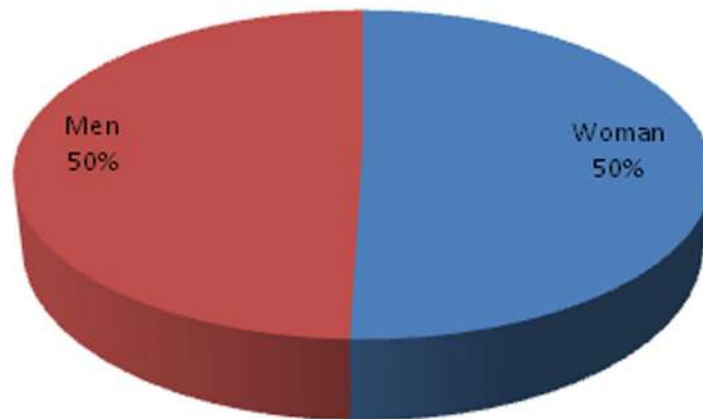
	2010	2011	2012
Operational Highlight			
Total Staff	11	18	30
Number of Credit officers	3	6	10
Number of Village	29	62	165
Number of Active Borrowers	38	205	621
Loan Outstanding	140,332	571,237	2,467,293
Individual Loan Outstanding	140,332	567,592	2,410,864
Motor Loan Outstanding	-	-	52,773
Staff Loan Outstanding	-	3,645	3,656
Financial Highlight			
Assets	324,092	639,438	2,731,327
Liabilities	53	312,196	1,836,139
Shareholders Equity	324,039	327,242	895,188
Share Capital	350,000	350,000	850,000
Retained earnings	(25,961)	(22,758)	45,188
Net interest income	5,045	80,817	250,066
Interest Income	5,045	95,499	350,965
Interest Expense	-	(14,682)	(100,900)
Operating Profit/ Loss	(25,926)	8,853	111,164
Other None Interest Income	256	4,430	9,896
Personal Expense	(10,159)	(35,395)	(74,452)
Operating and Other Expense	(19,672)	(37,133)	(69,228)
Depreciation Expense	(1,396)	(3,866)	(5,118)
Profit /Loss before Income Tax	(25,926)	4,215	78,626
Net Profit /Loss	(25,961)	3,203	67,947
Return on Asset	-8.01%	0.50%	2.49%
Return on Equity	-8.01%	0.98%	7.59%
Portfolio at Risk	0.82%	9.94%	0.68%
Operational Self Sufficiency	0.00%	45.82%	83.31%

Performance Highlights

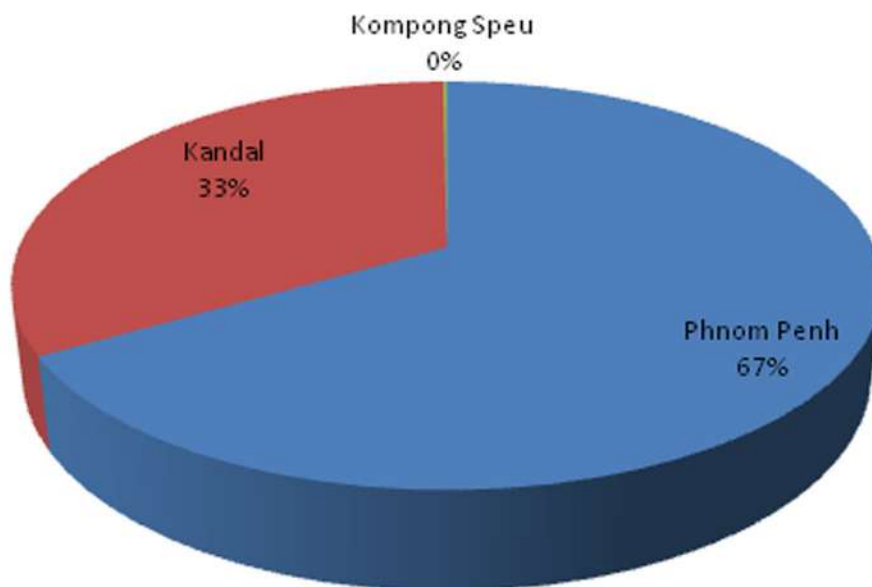


Performance Highlights

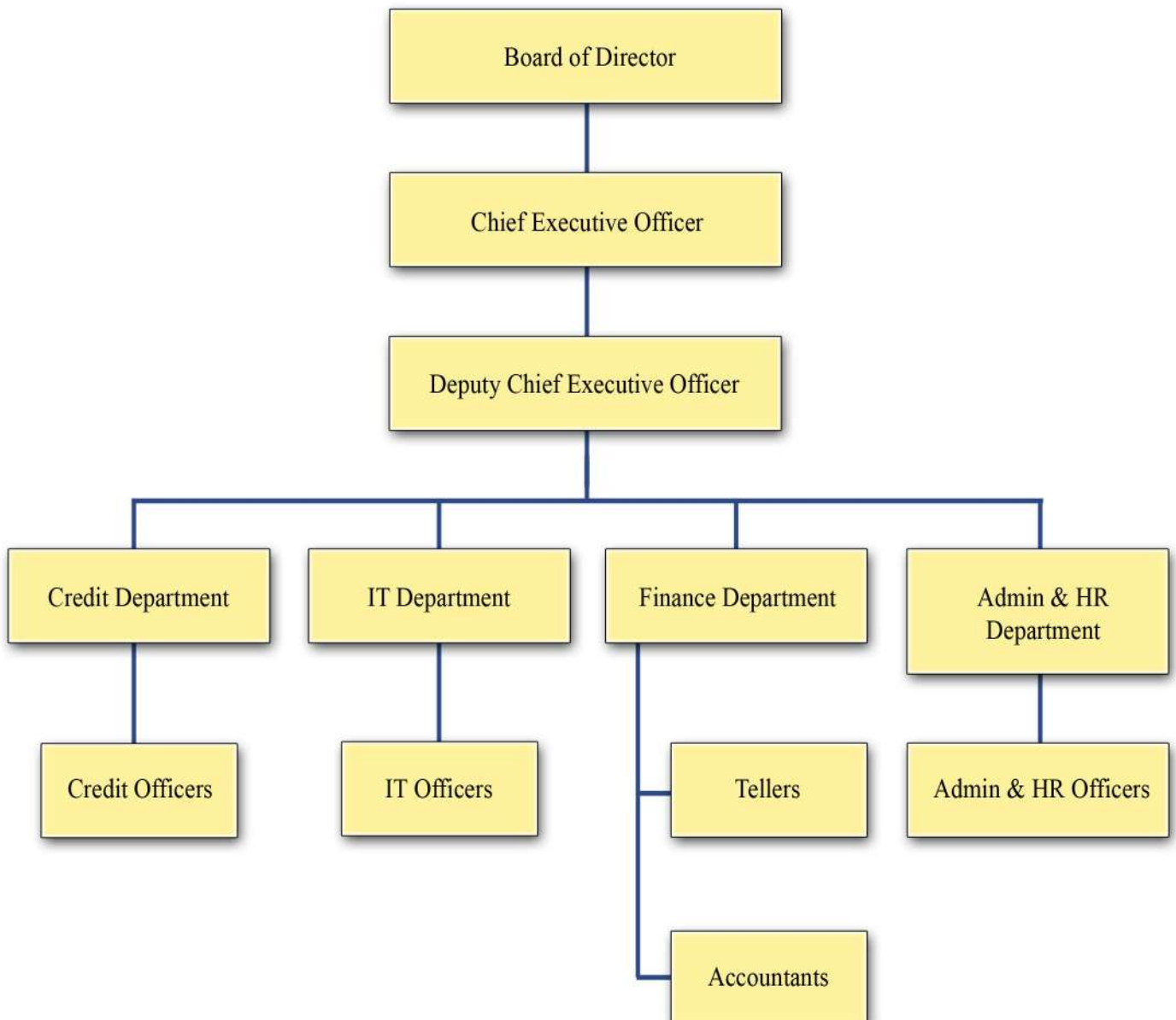
Number of client
by gender



Number of client by province



Management Structure



Managements' Declaration

DIRECTORS' REPORT

The Board of Directors of CAMMA Microfinance Limited (“the Company”) is pleased to present its report and the audited financial statements of the Company for the year ended 31 December 2012.

PRINCIPAL ACTIVITY

The Company’s principal activity is to efficiently and sustainably provide a wide variety of microfinance services to entrepreneurs of small and medium enterprises who are farmers, artisans and business persons.

FINANCIAL PERFORMANCE

The financial performance for the year ended 31 December 2012 is set out in the income statement on page 17 of the financial statements.

SHARE CAPITAL

The registered and paid up share capital of the Company is disclosed in the balance sheet on page 16 of the financial statements.

BAD AND DOUBTFUL LOANS

Before the Company’s financial statements were drawn up, the Board of Directors took reasonable steps to ascertain that appropriate actions had been taken in relation to the writing off of bad loans or making provision for bad and doubtful loans. The Board of Directors has satisfied itself that all known bad loans have been written off and that adequate provisions have 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 of the provision for bad and doubtful loans in the financial statements of the Company inadequate to any material extent.

Managements' Declaration

ASSETS

Before the Company's financial statements were drawn up, the Board of Directors took reasonable steps to ensure that any assets, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company, had been written down to an amount which they might be expected to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- i) no charge on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person; and
- ii) no contingent liability in respect of the Company that has arisen since the end of the 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 after the end of the year which, in the opinion of the Board of Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

Managements' Declaration

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 in any material respect.

ITEMS OF AN UNUSUAL NATURE

The Company's financial performance for the year ended 31 December 2012 was not, in the opinion of the Board of Directors, materially affected by any items, transactions or events of a material and unusual nature.

There has not arisen in the interval between the end of the 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 substantially affect the financial performance of the Company for the year in which this report is made.

SIGNIFICANT EVENTS

No significant events occurred after the balance sheet date requiring disclosure or adjustment other than those already disclosed in the note to the financial statements.

THE BOARD OF DIRECTORS

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

Mr. Benson Samay	Chairperson
Ms. Khat Sokean	Vice-chairperson
Ms. Say Channak	Member

Managements' Declaration

RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible to ensure that the financial statements are properly drawn up, so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2012, 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:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia or, if there have been any departures in the interest of true and fair presentation, ensure they have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- v) set overall policies for the Company, ratify all decisions and actions by the Board of Directors that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.

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

Managements' Declaration

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, which present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and its financial performance and its cash flows for the year ended 31 December 2012 in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia, were approved by the Board of Directors.

On behalf of the Board of Directors,



Mr. Benson Samay
Chairperson



Ms. Dith Nita
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 30 APR 2013

Report of Independent Auditor

Independent auditor's report

To the shareholders of CAMMA Microfinance Limited

We have audited the accompanying financial statements of CAMMA Microfinance Limited ("the Company"), which comprise the balance sheet as at 31 December 2012, and the income statement, the statement of changes in equity and cash flow statement for the year ended 31 December 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibilities 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, 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.

Auditor's 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 the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

Report of Independent Auditor

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 the Company as at 31 December 2012, and its financial performance and its cash flows for the year ended 31 December 2012 in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia.

For PricewaterhouseCoopers (Cambodia) Ltd.


By Kuy Lim
Partner



Phnom Penh, Kingdom of Cambodia
Date: 30 April 2013

Financial Statements

Balance Sheet
For the year ended 31 December 2012

	2012		2011	
	USD	KHR '000	USD	KHR '000
Assets				
Cash on hand	30,844	123,222	13,170	53,194
Balances with the Central Bank	42,680	170,507	17,628	71,199
Balances with banks	64,305	256,898	22,362	90,320
Loans to customers	2,465,893	9,851,243	566,599	2,288,493
Other assets	66,547	265,855	10,386	41,949
Property and equipment	59,151	236,308	7,356	29,711
Intangible assets	1,187	4,742	1,937	7,824
Total assets	2,730,607	10,908,775	639,438	2,582,690
Liabilities and equity				
Liabilities				
Borrowings	1,805,000	7,210,975	300,000	1,211,700
Other liabilities	23,182	92,612	12,071	48,755
Provision for income tax	7,235	28,904	125	505
Total liabilities	1,835,417	7,332,491	312,196	1,260,960
Equity				
Share capital	850,000	3,395,750	350,000	1,413,650
Retained earnings	45,190	180,534	(22,758)	(91,920)
Total equity	895,190	3,576,284	327,242	1,321,730
Total liabilities and equity	2,730,607	10,908,775	639,438	2,582,690

Financial Statements

Income Statement

For the year ended 31 December 2012



	2012		2011	
	USD	KHR '000	USD	KHR '000
Interest income	351,485	1,404,183	95,499	385,720
Interest expense	(100,900)	(403,096)	(14,682)	(59,301)
Net interest income	250,585	1,001,087	80,817	326,419
Other operating income	9,378	37,465	4,431	17,897
Net operating income	259,963	1,038,552	85,248	344,316
General and administrative expenses	(149,083)	(595,587)	(76,395)	(308,560)
Provision for bad and doubtful loans	(32,537)	(129,985)	(4,638)	(18,733)
Profit before income tax	78,343	312,980	4,215	17,023
Income tax expense	(10,395)	(41,529)	(1,012)	(4,088)
Profit for the year	67,948	271,451	3,203	12,935

Financial Statements

Statement of Changes in Equity For the year ended 31 December 2012

	Share Capital USD	Retained Earnings USD	Total USD
At the beginning	350,000	(25,961)	324,039
Profit for the year	-	3,203	3,203
Balance as at 31 December 2011	350,000	(22,758)	327,242
Equivalent in KHR '000	1,413,650	(91,920)	1,321,730
At the beginning	350,000	(22,758)	350,000
Additional paid up capital	500,000	-	500,000
Profit for the year	-	67,948	-
Balance as at 31 December 2012	850,000	45,190	850,000
Equivalent in KHR '000	3,395,750	180,534	3,395,750



Financial Statements

Cash Flow Statement

For the year ended 31 December 2012

	2012		2011	
	USD	KHR '000	USD	KHR '000
Cash flows from operating activities				
Cash used in operations	(2,097,590)	(8,379,873)	(493,863)	(1,994,712)
Interest received	331,011	1,322,389	95,474	385,619
Interest paid	(94,133)	(376,061)	(10,789)	(43,577)
Income tax paid	(3,285)	(13,124)	(899)	(3,631)
Net cash used in operating activities	<u>(1,863,997)</u>	<u>(7,446,669)</u>	<u>(410,077)</u>	<u>(1,656,301)</u>
Cash flows from investing activities				
Capital guarantee with the Central Bank	(25,000)	(99,875)	-	-
Purchases of property and equipment	(56,334)	(225,054)	(1,694)	(6,842)
Net cash used in investing activities	<u>(81,334)</u>	<u>(324,929)</u>	<u>(1,694)</u>	<u>(6,842)</u>
Cash flows from financing activities				
Proceeds from borrowings	2,035,000	8,129,825	350,000	1,413,650
Repayments of borrowings	(530,000)	(2,117,350)	(50,000)	(201,950)
Proceeds from paid up capital	500,000	1,997,500	-	-
Net cash generated from financing activities	<u>2,005,000</u>	<u>8,009,975</u>	<u>300,000</u>	<u>1,211,700</u>
Net increase in cash and cash equivalents	59,669	238,377	(111,771)	(451,443)
Cash and cash equivalents at the beginning of the year	<u>35,660</u>	<u>142,462</u>	<u>147,431</u>	<u>595,474</u>
Cash and cash equivalents at the end of the year	<u><u>95,329</u></u>	<u><u>380,839</u></u>	<u><u>35,660</u></u>	<u><u>144,031</u></u>

Staff Activities





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