



Annual Report 2013



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Annual Report 2013

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 Director's Message

In 2013, Cambodia economy has growth at a rate approximately 7.6%, after being affected by the world economic crisis in 2008. This recovery is a result of the development of major sectors such as construction and tourism. At the same time, financial sector, especially microfinance, still has an important role in reduction of poverty for Cambodian people. According to the report from Cambodia Microfinance Association, at the end of 2013, total loan outstanding has reached to 1,978 million USD with approximately 1,901,153 clients. Amongst them, 60% are female clients. Our people not only borrowing for investment or personal used but they also saving as well. . Total deposit is 2,088 million USD with about 2 million clients. The portfolio at risk (PAR) for the sector as dropped to 0.86%.

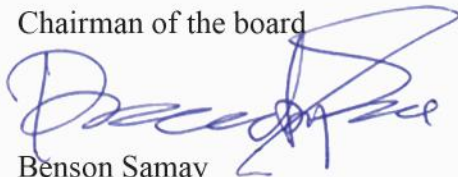
Along with this development of microfinance sector, CAMMA Microfinance Institute has also growth significantly. At the end of 2013, CAMMA achieves net profit 158,548 USD which increased 57.74% more than 2012. Total asset has growth from 2,731,327 USD to 4,308,070 USD in 2013. These show that CAMMA is going in a certain direction to compete for the market share.

With the rapid growth of our loan operation, CAMMA has strengthened the quality of loan portfolio and increase our control over the loan evaluation. CAMMA has classified loan according to the National Bank of Cambodia and has comply with all the laws and regulations of the Royal Government of Cambodia.

Finally, on behalf of shareholders and board members of CAMMA, I would like to express my deepest gratitude to all management team and employees who have always committed and contributed to the success of CAMMA from year to year.

Sincerely yours,

Chairman of the board



Benson Samay

June 10th, 2014

Board of Director's Message

During the last few years, Microfinance sector in Cambodia has significant grown, which attracts investor in both local and oversea. This factor has pushed the number of microfinance institute to rise every year and professionally compete with each other under a strict supervision from the National Bank of Cambodia and has received tremendous supports from Cambodia Microfinance Association. In this competitive environment, Camma Microfiance Limited still stands firmly to provide our clients with a better service and at the same time maintain the quality of loan portfolio.

In 2013, Camma has 792 active clients in 219 villages in both Kanda province and the capital city of Phnom Penh. Our loan outstanding has reached to 3,564,915USD, which is increased about 30% compared to 2012. The financial performance that Camma has achieved in 2013 is the total asset of 4,308,070USD that is a growth of approximately 37% compare to 2012. Net interest income has also grown to 442,547USD while it was only 250,066USD in 2012. Moreover, our net profit for the year ending 2013 rise to 158,548USD and return on asset is 3.68% while return on equity is 15.05%. These indicators have demonstrated a strong performance of Camma in providing loan service to our clients.

In response to the growth of our institute and to manage and maintain data, our information technology unit has developed several programs that could help us to generate report as required and especially to input data and generate report in Khmer language. These achievements can be realized because of our staffs are working professionally and ethically. They are patient and committed to hard working. They are the most valuable asset of Camma. Thus, to continue to growth this asset further, our staffs are inspired to continue to study and attend various training course organized by Camma as well as other organizations.

With this in mind, I am optimistic that in the following year 2014, Cambodia economy is continuing to growth and microfinance sector will continue to play important role in fulfill the financial needs of Cambodian people. A long with this, Camma will continue to fulfill its mission more carefully in order to take another step of success. For the coming year 2014, Camma has set our goal of 5,000,000 USD loan outstanding with portfolio at risk of less than 1%.

I would like to take this opportunity to express my gratitude to all of our staffs for their honesty and efforts to accomplish our goal. Additionally, I would like to thanks all of our clients, financial partner, National Bank of Cambodia, Cambodia Microfinance Association and all level of authorities for the support and confidence that they have with us.

Finally, I would like to present you with financial reports audited for the year ending 2013. I hope that these reports will provide you with a better understanding of our performance and achievement for the year 2013.

Yours faithfully,

CEO



DITH Nita

June 10th, 2014

Performance Highlights

Operational highlight	2010	2011	2012	2013
Total Staff	11	18	30	33
Number of Credit officers	3	6	10	15
Number of Village	29	62	165	197
Number of Active Borrowers	38	205	621	792
Loan Outstanding	140,332	571,237	2,467,293	3,564,915
Individual Loan Outstanding	140,332	567,592	2,410,864	3,535,046
Motor Loan Outstanding	-	-	52,773	21,435
Staff Loan Outstanding	-	3,645	3,656	8,434
Financial highlight				
Assets	324,092	639,438	2,731,327	4,308,070
Liabilities	53	312,196	1,836,139	3,254,332
Shareholders Equity	324,039	327,242	895,188	1,053,738
Share Capital	350,000	350,000	850,000	850,000
Retained earnings	-25,961	-22,758	45,188	203,737.63
Net interest income	5,045	80,817	250,066	442,547
Interest Income	5,045	95,499	350,965	640,801
Interest Expense	-	-14,682	-100,900	-198,254
Operating Profit/ Loss	-25,926	8,853	111,164	209,034
Other None Interest Income	256	4,430	9,896	25,226
Personal Expense	-10,159.00	-35,395.00	-74,452.00	-112,398.12
Operating and Other Expense	-19,672.00	-37,133.00	-69,228.00	-124,822.00
Depreciation Expense	-1,396.00	-3,866.00	-5,118.00	-21,518.05
Profit /Loss before Income Tax	-25,926	4,215	78,626	198,185
Net Profit /Loss	-25,961	3,203	67,947	158,548
Return on Asset	-8.01%	0.50%	2.49%	3.68%
Return on Equity	-8.01%	0.98%	7.59%	15.05%
Portfolio at Risk	0.82%	9.94%	0.68%	1.29%
Operational Self Sufficiency	0.00%	45.82%	83.31%	99.97%

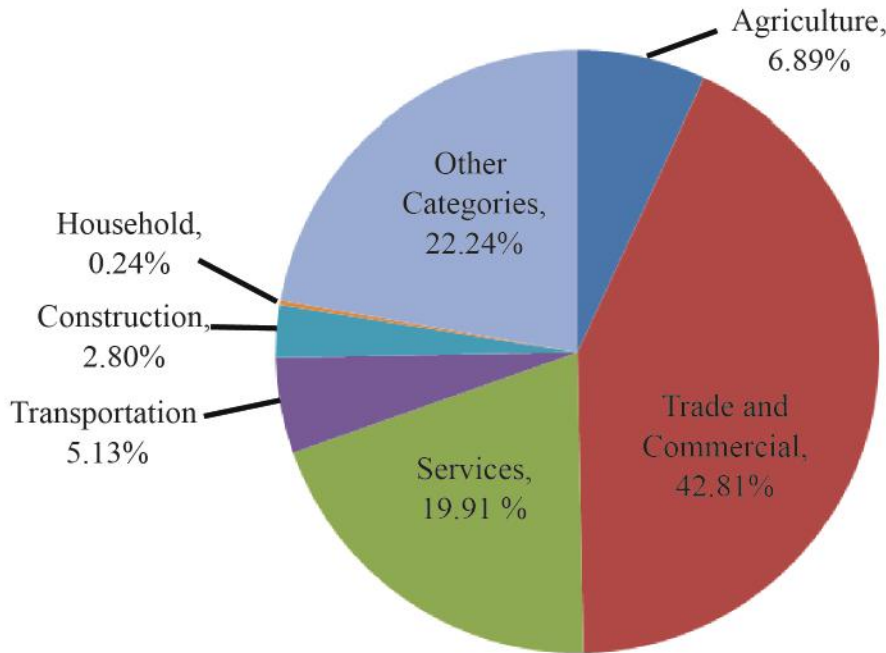
Performance Highlights

Comparison

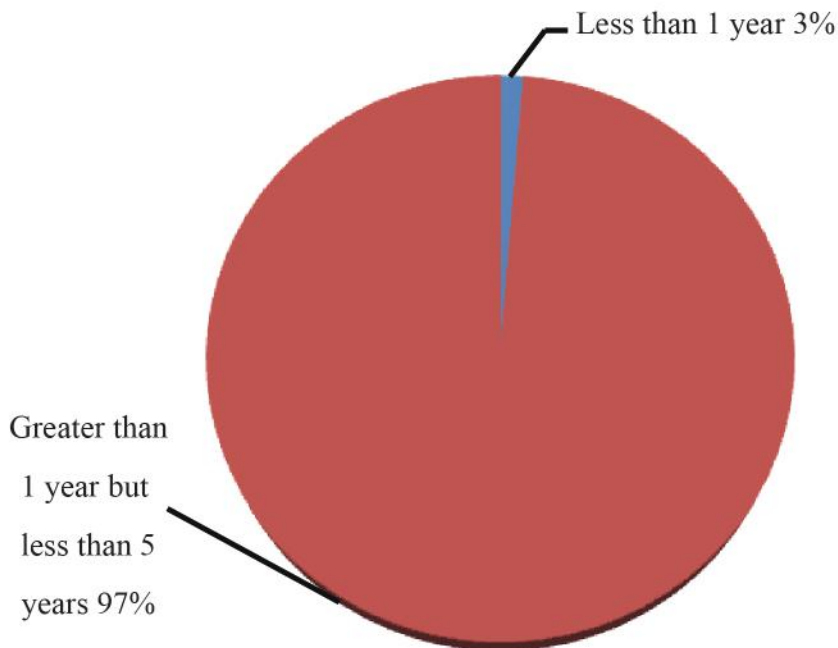
Operational highlight	2012	2013	# Change	% Changed
Total Staff	30	33	3	9.09%
Number of Credit officers	10	15	5	33.33%
Number of Village	165	197	32	16.24%
Number of Active Borrowers	621	792	171	21.59%
Loan Outstanding	2,467,293	3,564,915	1,097,622	30.79%
Individual Loan Outstanding	2,410,864	3,535,046	1,124,182	31.80%
Motor Loan Outstanding	52,773	21,435	-31,338	-146.20%
Staff Loan Outstanding	3,656	8,434	4,778	56.65%
Financial highlight				
Assets	2,731,327	4,308,070	1,576,743	36.60%
Liabilities	1,836,139	3,254,332	1,418,193	43.58%
Shareholders Equity	895,188	1,053,738	158,550	15.05%
Share Capital	850,000	850,000	0	0.00%
Retained earnings	45,188	203,738	158,550	77.82%
Net interest income	250,066	442,547	192,481	43.49%
Interest Income	350,965	640,801	289,836	45.23%
Interest Expense	-100,900	-198,254	-97,354	49.11%
Operating Profit/ Loss	111,164	209,034	97,870	46.82%
Other None Interest Income	9,896	25,226	15,330	60.77%
Personal Expense	-74,452.00	-112,398	-37,946	33.76%
Operating and Other Expense	-69,228.00	-124,822	-55,594	44.54%
Depreciation Expense	-5,118.00	-21,518	-16,400	76.22%
Profit /Loss before Income Tax	78,626	198,185	119,559	60.33%
Net Profit /Loss	67,947	158,548	90,601	57.14%
Return on Asset	2.49%	3.68%	1.19%	32.34%
Return on Equity	7.59%	15.05%	7.46%	49.56%
Portfolio at Risk	0.68%	1.29%	0.61%	47.23%
Operational Self Sufficiency	83.31%	99.97%	16.66%	16.66%

Performance Highlights

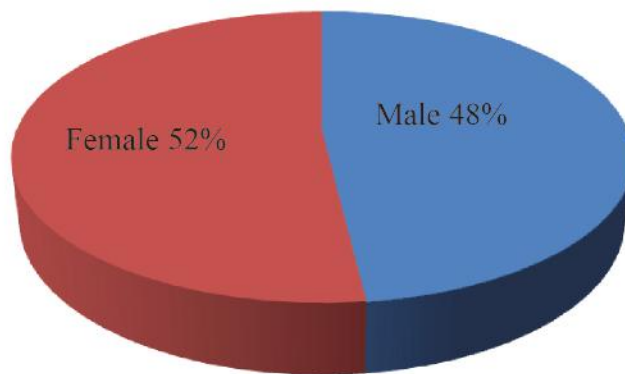
Number of Client by Type of Businesses



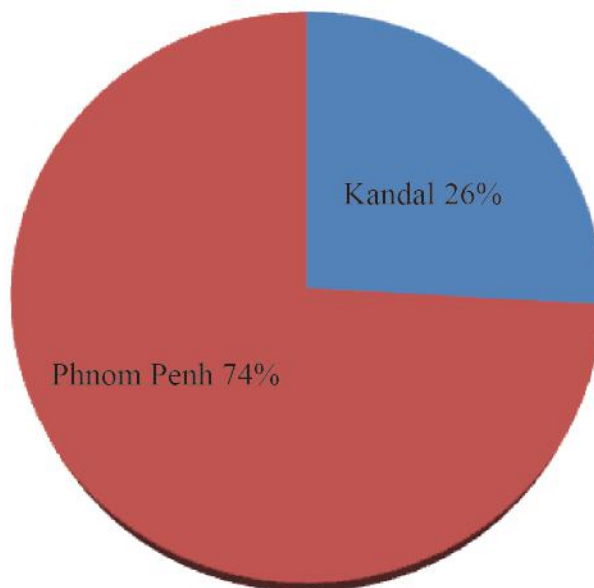
Number of Client By Maturity



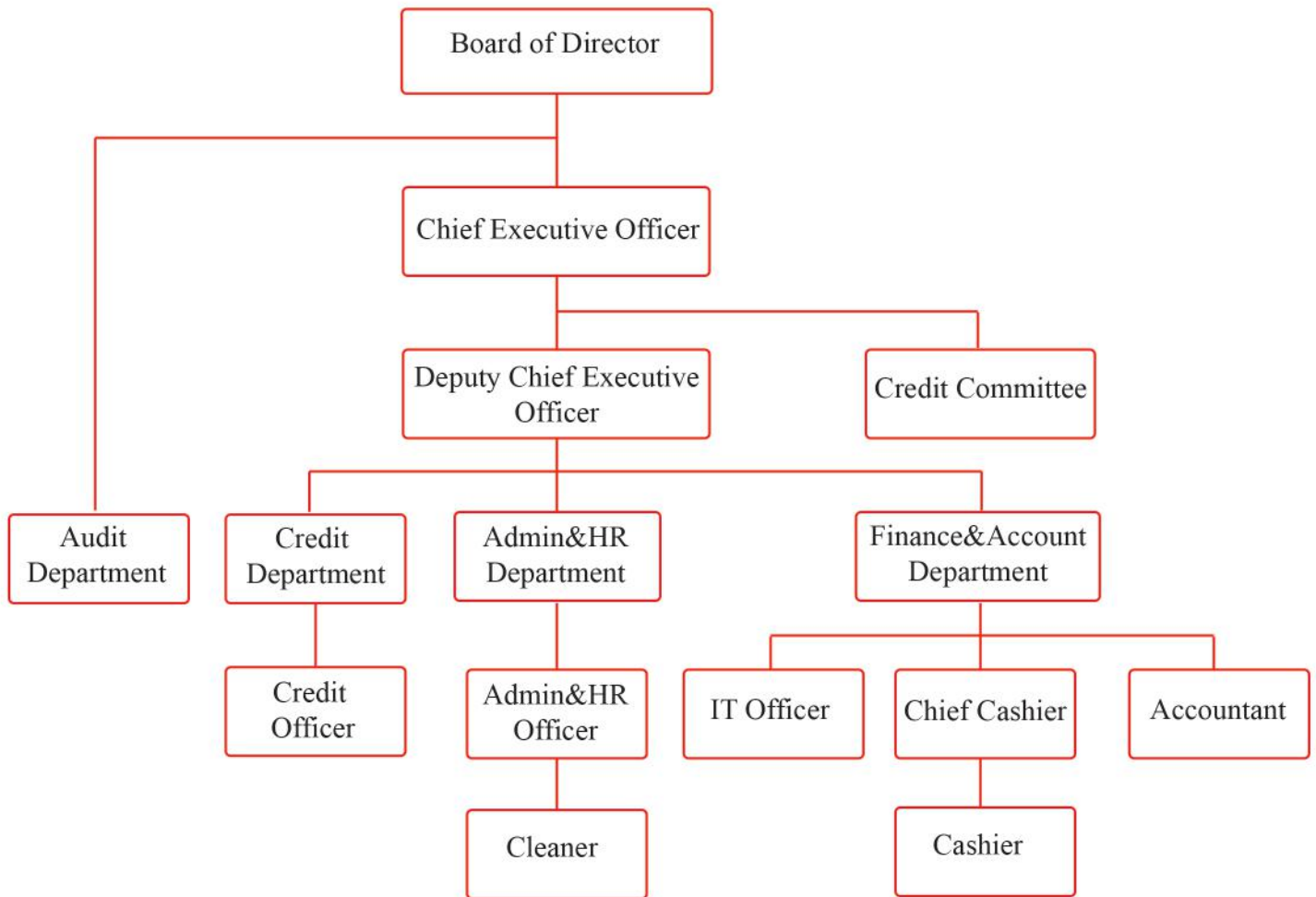
Number of Client by Gender



Number of Client of Province



Management Structure



Management's 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 2013.

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 2013 is set out in the income statement on page 8 of the financial statements.

SHARE CAPITAL

The registered and paid-up capital of the Company is disclosed in the Note 13 to 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 are 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.

Management's 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 are 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.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Board of Directors are 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 2013 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.

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
Mr. Thun Vathana	Member

Management's Declaration

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

The Board of Directors are 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 2013, 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 issued by Central Bank 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.

Management's 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 2013, and its financial performance and its cash flows for the year ended 31 December 2013 in accordance with Cambodian Accounting Standards and the guidelines issued by Central Bank, 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: 11 April, 2014

Independent Auditor's Report

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 2013, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended 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 issued by Central Bank, 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.

Independent Auditor's Report

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 the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines issued by Central Bank.

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim
Partner

Phnom Penh, Kingdom of Cambodia

Date: 11 April 2014

Financial Statements

CAMMA MICROFINANCE LIMITED
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013		2012	
		US\$	KHR '000	US\$	KHR '000
Assets					
Cash on hand		52,120	208,219	30,844	123,222
Balances with the Central Bank	4	42,718	170,658	42,680	170,507
Balances with banks	5	516,571	2,063,701	64,305	256,898
Loans to customers	6	3,559,846	14,221,585	2,465,893	9,851,243
Other assets	7	75,896	303,205	66,547	265,855
Property and equipment	8	59,708	238,534	59,151	236,308
Intangible assets	9	1,211	4,838	1,187	4,742
Total assets		4,308,070	17,210,740	2,730,607	10,908,775
Liabilities and equity					
Liabilities					
Borrowings	10	3,187,000	12,732,065	1,805,000	7,210,975
Other liabilities	11	33,687	134,580	23,182	92,612
Provision for income tax	12	33,645	134,412	7,235	28,904
Total liabilities		3,254,332	13,001,057	1,835,417	7,332,491
Equity					
Share capital	13	850,000	3,395,750	850,000	3,395,750
Retained earnings		203,738	813,933	45,190	180,534
Total equity		1,053,738	4,209,683	895,190	3,576,284
Total liabilities and equity		4,308,070	17,210,740	2,730,607	10,908,775

Financial Statements

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013



	Note	2013		2012	
		US\$	KHR '000	US\$	KHR '000
Interest income	14	640,801	2,560,000	351,485	1,404,183
Interest expense	15	(198,254)	(792,025)	(100,900)	(403,096)
Net interest income		442,547	1,767,975	250,585	1,001,087
Provision for bad and doubtful loans	6	(10,849)	(43,342)	(32,537)	(129,985)
Net interest income after provision for bad and doubtful loans		431,698	1,724,633	218,048	871,102
Other operating income	16				
Personnel expenses	17	25,226	100,778	9,378	37,465
Depreciation and amortisation charges		(112,399)	(449,034)	(75,511)	(301,666)
General and administrative expenses	18	(21,518)	(85,964)	(4,933)	(19,707)
		(124,822)	(498,664)	(68,639)	(274,213)
Profit before income tax		198,185	791,749	78,343	312,981
Income tax expense	19	(39,637)	(158,350)	(10,395)	(41,529)
Profit for the year		158,548	633,399	67,948	271,452

Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital	Retained earnings	Total
	US\$	US\$	US\$
As at 1 January 2012	350,000	(22,758)	327,242
Profit for the year	-	67,948	67,948
Additional paid up capital	500,000	-	500,000
As at 31 December 2012	850,000	45,190	895,190
Equivalent in KHR '000	3,395,750	180,534	3,576,284
As at 1 January 2013	850,000	45,190	895,190
Profit for the year	-	158,548	158,548
Balance as at 31 December 2013	850,000	203,738	1,053,738
Equivalent in KHR '000	3,395,750	813,933	4,209,683



Financial Statements

CASH FLOW STATEMENT AS AT 31 DECEMBER 2013

	Note	2013		2012	
		US\$	KHR '000	US\$	KHR '000
Cash flows from operating activities					
Cash used in operations	20	(1,315,088)	(5,253,778)	(2,097,590)	(8,379,873)
Interest received		629,140	2,513,414	331,011	1,322,389
Interest paid	12	(187,146)	(747,648)	(94,133)	(376,061)
Income tax paid		(13,227)	(52,842)	(3,285)	(13,124)
Net cash used in operating activities		(886,321)	(3,540,854)	(1,863,997)	(7,446,669)
Cash flows from investing activities					
Capital guarantee with the Central Bank		-	-	(25,000)	(99,875)
Term deposits more than three months		(200,000)	(799,000)	-	-
Purchases of property and equipment	8	(22,099)	(88,286)	(56,334)	(225,054)
Net cash used in investing activities		(222,099)	(887,286)	(81,334)	(324,929)
Cash flows from financing activities					
Proceeds from borrowings		1,918,526	7,664,512	2,035,000	8,129,825
Repayments of borrowings		(536,526)	(2,143,421)	(530,000)	(2,117,350)
Proceeds from paid-up capital		-	-	500,000	1,997,500
Net cash generated from financing activities		1,382,000	5,521,091	2,005,000	8,009,975
Net increase in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		273,580	1,092,951	59,669	238,377
Cash and cash equivalents at the end of the year	21	368,909	1,473,790	95,329	380,839

Staff Activities





HEAD OFFICE :

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