



MICROFINANCE

AMATAK CAPITAL PLC



2018

ANNUAL REPORT

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Background

The word ‘Amatak’ is derived from the Khmer language meaning long lasting or limitlessness which inspired the use of the infinity symbol in the company’s logo. Furthermore, Amatak Capital Plc is a combination of Khmer and English which embodies the management culture of the institution. The Institution is founded by two Cambodian brothers Mr. Than Thapanha and Mr. Than Thapheatra, who believe they can make a difference and contribute to Cambodia’s social development and the alleviation of poverty. Being born and raised in the Cambodian culture alongside being educated in the Australian school system allows them to adapt and implement knowledge and effective practices from the West to the local market.



Amatak Capital Plc was incorporated in the Kingdom of Cambodia as a public limited company on 01st July 2012 under the Ministry of Commerce registration number 2677 KH/2012, dated 09th October 2012. The MFI obtained its license from the regulator (National Bank of Cambodia) to carry out microfinance related services on the 14th of January 2013. The initial registered capital during the early stage of the incorporation stood at \$500,000. However, due to the strong demand for Amatak Capital’s service, the shareholders were happy to inject another \$1,000,000 into the registered capital which brought the total equity to \$1,500,000 at the end of the 2013.

The registered head office of the MFI is located at No. 502 C&D Monivong Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia. This is where company began its first operations, providing loans throughout Phnom Penh city to individuals, households, and micro to medium enterprises.

Vision

To contribute to Cambodia's social and economic growth by providing sustainable microfinance services; consequently reducing poverty and improving the living standards of Cambodians.



Mission

To provide affordable and diverse range of micro-finance services to young emerging workforce, small businesses, micro-entrepreneurs, farmers and low-income households who have limited or no access to financial resources.

Message from Chairman:

In 2018, we witnessed Cambodia's resilient economy which in turn had a positive effect on the financial industry as a whole. The main reason which contributed to the GDP growth of about 7.3% for 2018 is due to the huge growth of three industries. These important industries which are considered as pillars for Cambodia's economy includes: the garment industry, tourism and most importantly is the real estate sector. It is essential to mention that the Chinese investors have invested billions of dollars in the real estate sector which is the main reason for the extraordinary growth.



For 2018 we have witnessed similar performance from the financial industry compared to the country's GDP as a whole. The industry indicators showed that the whole industry grew by about 19% with loan portfolio hovering around 24.5 billion dollars at the end of the year. Total deposits increased by 15.3% to the amount of 22.1 billion dollars. For microfinance sector loan portfolio grew to the amount of 5.4 billion dollars and deposit for the sector stood around 2.5 billion dollars. More importantly, we also witnessed a better loan portfolio quality which is measured by the portfolio at risk larger than 30 days (PAR). This year non-performing loan (NPL) fell from 2% in 2017 to just 1% at the end of 2018. The financial industry is undergoing major upgrade especially with the help of the internet. By moving the core operation to online base the industry can achieve operational efficiency which is core to good profitability. Note that 2018, Cambodia have 43 commercial banks, 14 specialized banks and 79 microfinance institutions which includes 7 MDIs.

National Bank of Cambodia led by the governor has taken a proactive approach in ensuring the good health of the financial industry. In the coming years NBC will continue to introduce new laws and parkas to help curb any risks that may occurs especially in the area of liquidity and credit risks.

Lastly, I would like to thank our Board of Directors, general manager and staff for their contribution to this year's work. I would also like to thank our regulator (NBC) and other stakeholders like CMA for their understanding and assistance. We look forward to next year (2019) and hopefully it will prove to be a prosperous year for Amatak's team.

Yours Truly,

A handwritten signature in blue ink, appearing to read 'Than Thapheatra', written over a light blue rectangular background.

Than Thapheatra

Message from CEO:

In 2018, Microfinance Amatak Capital plc main mission was to continue strengthens and expand our operation to be even better. Our goal was to penetrate the market through thoughtful marketing plan and ensuring that all our products are well received by the public. Furthermore, in 2018 we have achieved loan in local currency (Riel) of 7% which management have set as a goal back in 2017 and by 2019 we hope to have 10% of our loan portfolio in local currency.



The financial results for the year reflect the hard work of our staff in a very competitive environment. In 2018 Microfinance Amatak Capital Plc credit officers have tried very hard to further strengthens our service to the general public. Loan outstanding came in at \$3,415,862 with 2093 borrowers. The loan outstanding for personal and motorcycle loans came in just over \$875,000 compared to previous year of \$817,000. In 2018 loan outstanding for personal and motorcycle loan represents 26% of the entire portfolio. Another new product that has strong momentum and is popular among the clients is the vehicle registration card loan which has accumulated loan outstanding of \$395,000. In 2018 loan quality, which is measured by portfolio at risk for more than 30 days came in just over 2.2% and solvency ratio of 54.1%. Overall, for 2018 Amatak Capital made \$83,244 profit after taxes. Even though, loan outstanding have increase but our profit has fallen, this is due to the fact that there were 2 large provisions which need to be accounted for in 2019. The first one is the 1% general provision of total loan outstanding and second is the provision for seniority payment.

Our main goal for 2019 is continue to further improve our corporate governance so that we may mitigate any risk that may come our way in the future. Our management team will also look to explore and refine new products offering to keep our institution relevant in the market place. Our final goal for 2019 is to further strengthen our loan portfolio in local currency ensuring that we will achieve our target of 10% by the end of 2019.

Finally, I would like to thank our Board of Directors for their tireless support throughout the year. Our staff whose have conducted themselves with professionalism and showed a great deal of loyalty to the company. I hope that all of our staff can continue to strengthen their works in order to achieve our targets for the coming year.

Yours Sincerely,

A blue ink handwritten signature, appearing to be "Than Thapanha", written over a white background.

Than Thapanha

Operational Highlights

Net Profit

\$84,929

In 2018, Amatak Capital Plc was able to generate a net profit of more than \$84,929. This figure is much lower than previous year as the institution had to make 2 large provisions (general provision and seniority payment).

Return On assets

2.37%

Every \$100 of assets generated a return of \$2.37. This figure measures how effective the company is in utilizing its assets.

Return on equity

4.3%

For every \$100 of equity, Amatak generated a return of \$4.3 for its shareholders. This figure is expected to improve as Amatak tries to be more efficient.

Disbursed Clients

2,093

In 2018 over two thousand families have benefited from loans provided by Amatak Capital Plc.

Leverage

0.82

The company's debt reached 0.82 times of its total equity. This number is within a very healthy range.

Loan Portfolio

\$ 3,415,862

The total loan portfolio came in at just over 3.4 million which is about a 15% increase from previous year and on par with what management has hoped for.

Portfolio at risk

2.24%

Loans overdue by more than 30 days made up 2.24% of the gross loan portfolio in 2018. The figure is slightly above the industry average.

Write Off

\$9,725.71

In 2018 Amatak Capital had loan write off amounting to \$9,725.71

Total Assets

\$3,585,378

Total assets for the year ending 2018 came in just over 3.5 million dollars. This figure is slightly higher from last year.



ព្រះរាជាណាចក្រកម្ពុជា
KINGDOM OF CAMBODIA
ជាតិ សាសនា ព្រះមហាក្សត្រ
Nation Religion King



ធនាគារជាតិ នៃ កម្ពុជា
National Bank of Cambodia
លេខ : ម.ហ. ៣៨
N° : M.F 38

អាជ្ញាប័ណ្ណប្រកបអាជីវកម្មគ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ
LICENSE TO CONDUCT MICROFINANCE BUSINESS

ធនាគារជាតិនៃកម្ពុជា

THE NATIONAL BANK OF CAMBODIA

អនុញ្ញាតឱ្យ គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ អមតៈ ខាងគីវ៉ង ស៊ីអិលស៊ី ដែលមានទីស្នាក់ការកណ្តាលនៅផ្ទះលេខ ៥០២សេ-៥០២ដ មហាវិថីព្រះមុនីវង្ស សង្កាត់ចន្ទព្វសាត់ ខណ្ឌចំការមន រាជធានីភ្នំពេញ ដើម្បីប្រកបអាជីវកម្ម ជាគ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ។

allows MICROFINANCE AMATAK CAPITAL Plc with head office at N° 502C-502D, Preah Monivong Blvd, Sangkat Tonle Basac, Khan Chamkarmon, Phnom Penh to conduct business as Microfinance Institution.

គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ អមតៈ ខាងគីវ៉ង ស៊ីអិលស៊ី ត្រូវគោរពយ៉ាងម៉ឺងម៉ាត់ តាមច្បាប់ស្តីពីគ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ និងប្រកាស បទបញ្ជា សារាចរណែនាំ ក្រមទាំងលក្ខខណ្ឌទាំងឡាយរបស់ធនាគារជាតិនៃកម្ពុជា។

MICROFINANCE AMATAK CAPITAL Plc shall abide by the Law on Banking and Financial Institutions and any prakas, regulations, circulars, and conditions prescribed by the National Bank of Cambodia.

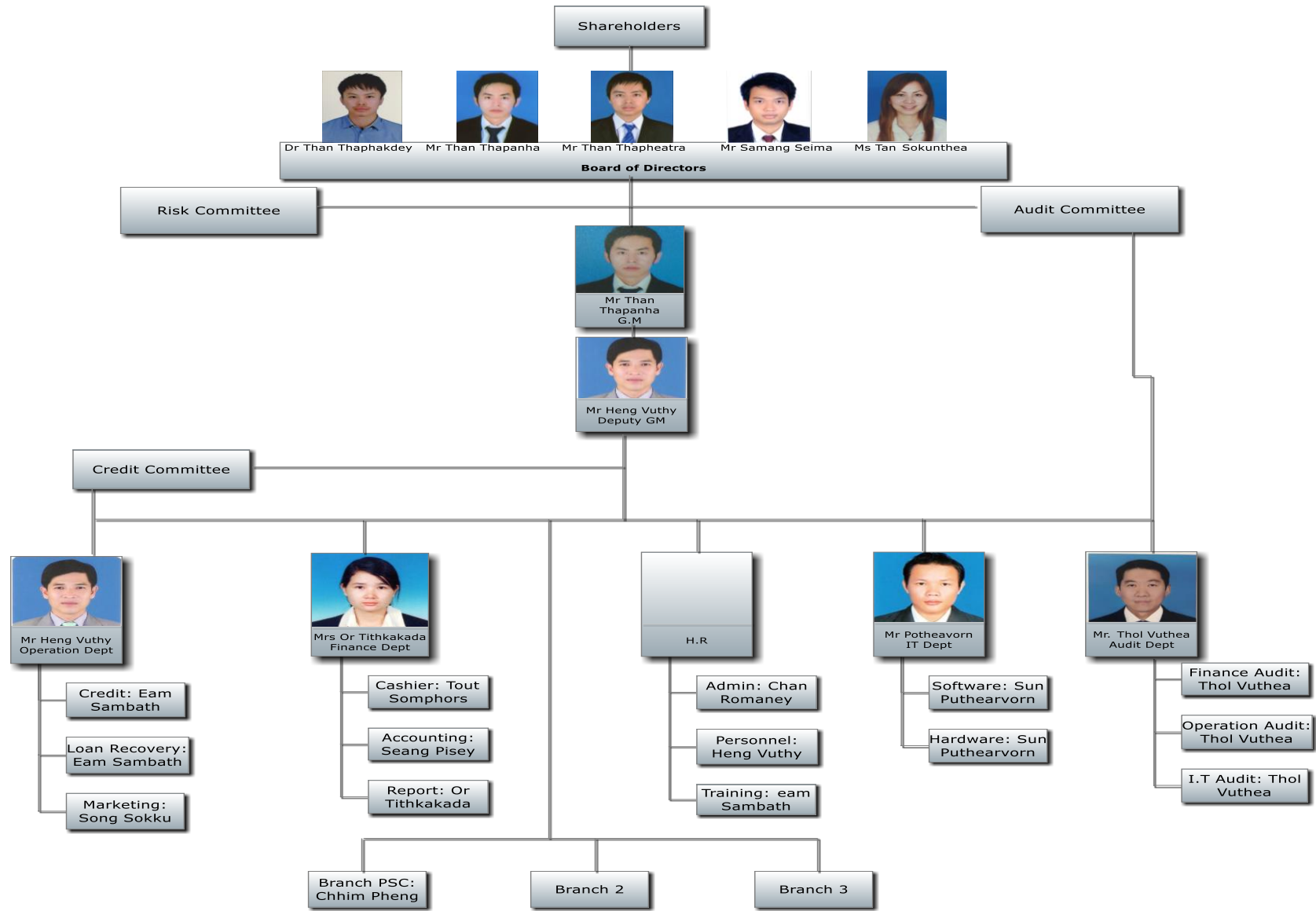
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នាយកធនាគារជាតិ
ហ៊ុន សែន
ហ៊ុន សែន

Phnom Penh, January 14, 2013
Governor
Signed and sealed.

- អាជ្ញាប័ណ្ណនេះ មានប្រសិទ្ធភាពចាប់ពីថ្ងៃចុះហត្ថលេខានេះតទៅ
- អាជ្ញាប័ណ្ណនេះ ត្រូវបង្ហាញសាធារណៈជនទូទាំងពេលវេលា

- This license is valid from the signing date.
- This license shall be displayed in public at all times.

Amatak Capital Organizational Chart

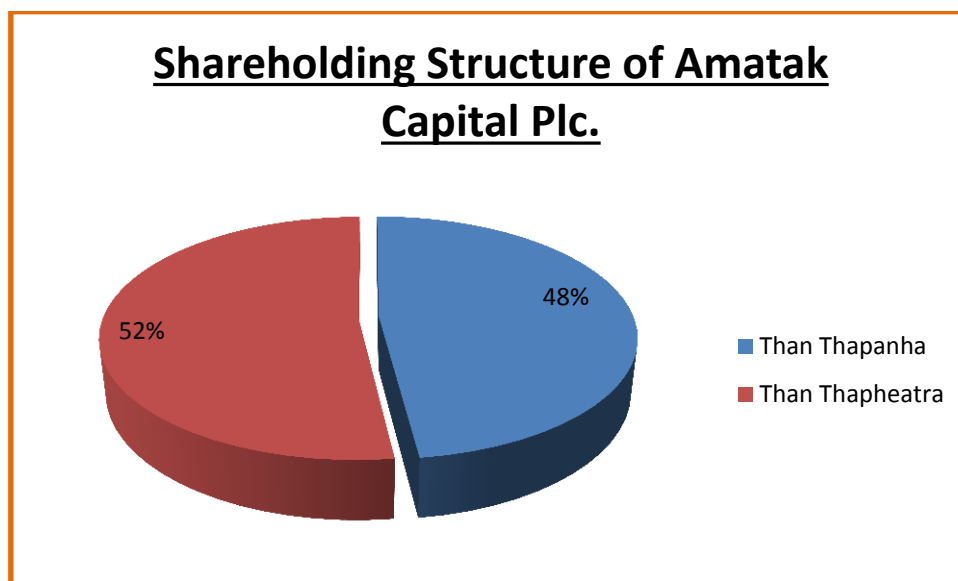


Company Shareholders

Amatak Capital Plc has two main shareholders who both co-founded the company.

- **Mr Than Thapanha** is a shareholder and co-founder of the company. He has various business backgrounds in both the international and local markets. Refer to board of directors for biography.
- **Mr Than Thapheatra** is the largest shareholder and also the co-founder of the company. He has a very strong academic background in the area of finance. Refer to board of directors for an in-depth profile.

Name	Capital Investment (USD)	Percentage
Than Thapanha	720,000	48%
Than Thapheatra	780,000	52%
Total	1,500,000	100%



Board of directors

Mr. Than Thapheatra

Chairman

Mr. Than Thapheatra is the co-founder and Chairman of the Board. Born in Cambodia and raised in Australia, Mr. Than Thapheatra completed Bachelor degrees in Commerce and Information Systems. With a passion in finance, he went on to complete his Master of Finance (by research). In 2008, he graduated with honors from the University of Melbourne. After returning to Cambodia, Mr. Than Thapheatra's thirst for knowledge in finance led him to a more hands-on experience in the field of microfinance. In mid-2009, Mr. Than Thapheatra entered an internship program with a local MFI. Thereafter, it became clear to him that the establishment of his own MFI was the means to realizing his passion meanwhile making a real difference in people's lives. With the support of his family, in particular his older brother (Mr. Than Thapanha), Amatak Capital Plc was born.



Mr. Than Thapanha

Director/General Manager

Mr. Than Thapanha is the other co-founder and Managing Director of Amatak. Mr. Than Thapanha was also born in Cambodia but was brought up and educated in Australia. He completed his bachelor degrees in Engineering and Commerce (majoring in Economics). While studying for his Master of International Trade at Monash University, Mr. Than Thapanha was involved in several start-up businesses which included the successful operation of a Cafe and Juice Bar at the University of RMIT. His experience in dealing with university committees as well as his appreciation for good customer service is invaluable to Amatak and its team. Following the completion of his Master's degree, in 2009 Mr. Than Thapanha returned to Cambodia. Although he was unsure of this career path, he joined the team at Maybank which allowed him to build an invaluable network in the banking and financing sector. After leaving Maybank, Mr. Than Thapanha worked for the Australian Embassy as a visa auditing officer for about 3 years. His experience in these working environments further reinforced his core values of loyalty, integrity and good business ethics. At Amatak, Mr. Than Thapanha not only leads by example, he also offers support and guidance in encouraging best practices.



Mr. Samnang Seima
Independent director

Mr. Samnang Seima is an independent director. He was born in Phnom Penh but was educated abroad throughout his life. He grew up in Singapore and diligently went on to complete his Bachelor degree in Business Administration at the University of Portsmouth, England. After returning to Cambodia he ventured into many successful businesses and held many post in various company BOD. He has many years of experience in the agriculture industry notably in the area of cotton farming where he was the managing director for Seladamex Co., Ltd. Mr. Seima continued to have a present in the business arena where he invested in area of tourism, property, agriculture and technology. His experience and connection in the business stage will no doubt be beneficial for Amatak Capital for many years to come.



Ms. Tan Sokunthea
Member BOD

Ms. Tan Sokunthea is a member board of director at Amatak. Ms. Sokunthea was also brought up and educated in Melbourne, Australia. She earned a Bachelor Degree in Banking and Finance from Monash University. While in Australia, Ms. Tan Sokunthea was part of the team at a local bank, the Bank of Queensland. Her return to Cambodia in 2011 led her to join the team at the newly established ANZ Royal till present day where she is a manager in corporate and commercial sales.



Mr. Phakdey Than
Member BOD

Mr. Phakdey is a member of board director at Amatak Capital. Prior to joining Amatak in 2016, he worked as a consultant for the company where he was instrumental in setting up meeting with many potential investors. He was born in Cambodia but grew up in Australia where he received his Doctor of Philosophy in the area of Organizational Behavior and Management from the prestigious University of Melbourne, Australia. Mr. Phakdey is involved with many projects where he is active consultant providing useful information for both local and international firms seeking a business opportunity and partnership in Cambodia. Mr. Phakdey's particularly strong academic background and his reach in the international business network will serve Amatak well in the near future.



Mr. Heng Vuthy
Department of Operation

Mr. Heng Vuthy joined Amatak Capital Plc at the end of 2014 holding the position of Operation Manager. Mr. Vuthy has vast experience in microfinance industry; his career began in 2003 where he worked as Credit Officer for Aceda bank for more than 5 five years. He later on moved to Green Central Microfinance and in 2008 became a Credit Manager. His work ethic and leadership quality propelled him in a new spotlight where he was promoted to operation department. Wanting to challenge himself he moved to Amatak and he was instrumental in restructuring and changing the culture of the credit department.



Mrs. Or Tithkakada
Department of Finance

Mrs. Or Tithkakada was born and raised in Phnom Penh city, Cambodia. Her journey into the financial industry was not planned as her previous goal was to work in the field of Tourism. This is evident when she completed her degree in the area of tourism at the National University of Management. She began her career by working for AMRET Microfinance in 2007 as a Teller. Her knowledge in the area of finance became broader and in 2011 she was recruited by Green Central MFI to become the company's chief accountant. Mrs. Or Tithkakada joined Amatak in early 2013 where she made tremendous contributions to both our finance and accounting departments.



Mr. Thol Vuthea
Department Of Audit

Mr. Thol Vuthea was born in the province of Kompong Cham where he spends most of his schooling years. In 2009 He obtained his Bachelor Degree in the field of Agriculture Economic and Rural Development at Kompong Cham National School of Development. Mr. Vuthea began his career in 2008 with Hattha Kaksekar as a Credit Officer. His curiosity of knowledge saw him moving to the Internal Audit Department of Hattha Kaksekar where he served as Auditor for 2 years. In 2017, he further advanced his career by becoming an audit supervisor in Ly Hour MFI. There he was given responsibility of leading a team of auditors to conduct audit for all the branches. In 2018, Mr. Thol Vuthea decided to join Amatak where he was given the responsibility of overseeing the whole audit department.



Mr. Sun Potthiavorn

Department of I.T

Mr. Potthiavorn was born in Kompong Thom province, he attended university in Royal University of Puthisastra where he received his degree in Bachelor of Computer Science majoring in Programming and Database. In 2011, while he was still in school he found time working for a Korean company called SIP who specialized in core banking systems. The experience gained from working in such environment served him well for what was to come. In 2013 he joined Prime MFI as an I.T officer where he was given the responsibility of managing the core banking system. From April of 2015 he moved to Amatak Capital Plc as I.T officer where and he was given the same responsibility. His hard work and patient saw him taking on more responsibility and by the mid of 2017 he was overseeing all activities within the I.T department.



Products and Clientele



Products and Services

At the commencement of 2013, Amatak piloted 4 new loan products and by 2016 two new products were added to the list. In 2017 another new innovative product called VRC (Vehicle Registration Card Loan) was further added to the list. These products included the Personal Loan, Motorcycle Loan, Tuk Tuk Loan, VRC Loan, Micro Business Loan, Small Business Loan, and Medium Business Loan. Based on the positive responses, Amatak has officially made all the above products available to its customers in both USD and KHR.

Loan Types

The Personal Loan

At the present, personal loans are offered to clients who are dwelling in Phnom Penh and employed in the private sector. We have termed these individuals as corporate employees. The purpose of this loan is to provide an alternative/additional source of financing to purchase household goods (e.g., a refrigerator) that are essential in everyday living. Under this loan segment Amatak does not require collateral(s) given that the arrangement is based on the borrowers' level of steady income. Table 1 provides an example of personal loan conditions and interest rate.

The Motorcycle Loan

Similar to personal loans, motorcycle loans are offered to clients who are dwelling in Phnom Penh and employed in the private sector. The purpose of this loan is to provide another channel for the consumer who would like to purchase a motorcycle but are not able to come up with the full amount. This is a non-collateralized loan and the maximum term for this type of loan is less than 24 months. Table 1 summarizes all the details for the motorcycle loan.

The Tuk Tuk Loan

The Tuk Tuk Loan is created for families who already have some income but would like to own a Tuk Tuk in order to generate additional income. This product is a non-collateralized loan and the maximum term for this type of loan is set to less than 24 months. Table 1 summarizes all the details for the Tuk Tuk loan.

The VRC Loan

The VRC Loan was created for customers who already own a vehicle and may want to use the vehicles registration as collateral to finance other activities. This loan product allow customer to access short term liquidity needs. The amount is higher than the person loan which can be as large as \$5,000.

The Micro Business Loan

The Micro Business Loans are specifically offered to clients in Segment 3 who represent about 80% of the population. As delineated, the majority of people within this group work in labor intensive activities such as agriculture and farming. To be eligible for a micro loan collateral(s) (can be soft or hard title deeds) is required and customers must be at least 18 years of age. In this loan segment, interest rate is set at no more than 18% per annum. Table 1 shows the summary of the micro loan essential conditions.

The Small Business Loan

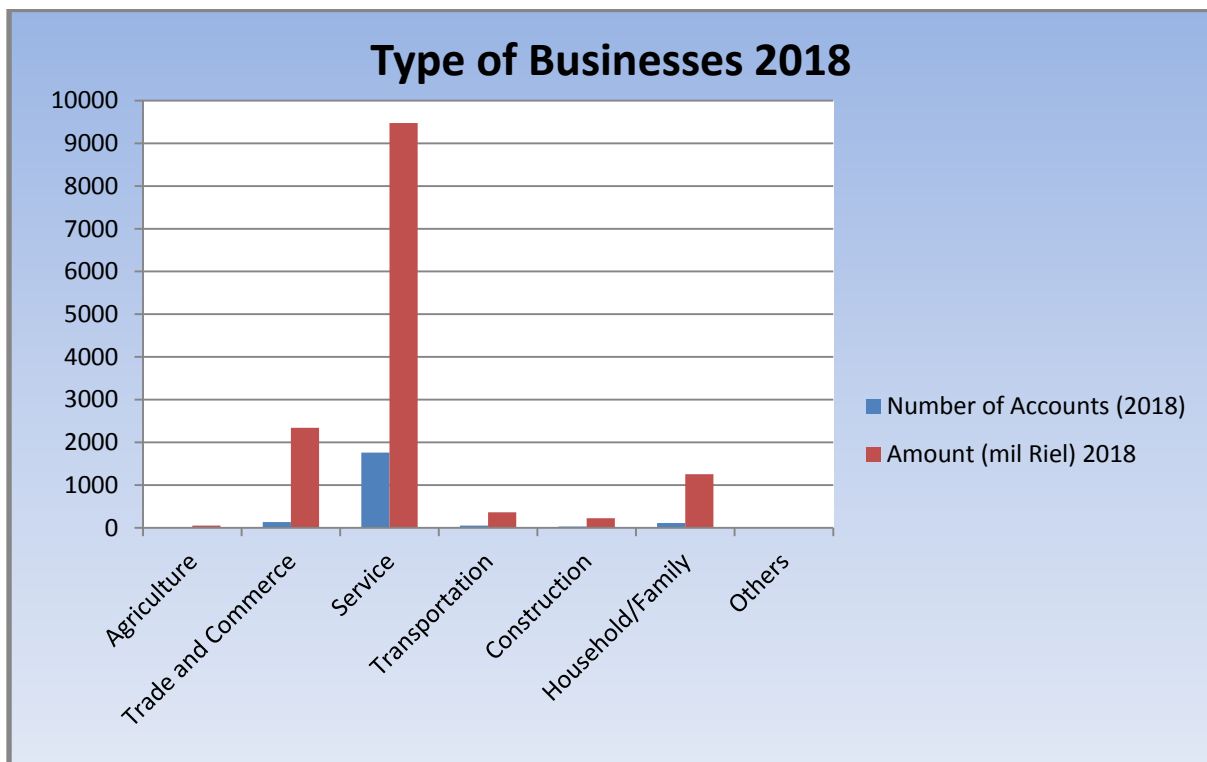
Small business loans are tailored towards small businesses and self-employed individuals or households. The type of businesses may include street vendors, vegetable and meat sellers, retail store owners, and grocery distributors. A Small Business Loan is capped at \$10,000 (USD) and must also be secured with collateral. Once again, customers must be at the age of 18 or above and have evidence of income that can support the loan repayments.

The Medium Business Loan

Similarly, loans that are classified as medium size are also offered to clients for business or personal needs. The Medium Business Loan, however, target operators that require more working capital in order to expand and grow their business or for home improvement purposes. The support that is provided to businesses and individuals is an important means to help Amatak establish a good network in the community and establish its image as a reputable MFI. Medium business loans need to be collateralized with hard title deeds or, at the minimum, soft title deeds that are authorized at the district level.

TABLE 1 – Key Features Amatak Capital Loan Products

Loan Types	Term (month)	Interest Rate p.a	Loan Limit USD / (Equivalent in KHR)	Land/house collateral
Personal Loan	Up to 12 months	1.5%	100-1,000	No
Motorcycle Loan	Up to 24 months	1.5%	100-2,000	No
Tuk Tuk Loan	Up to 24 months	1.5%	100-2,000	No
VRC Loan	Up to 24 months	1.5%	100-5,000	No
Micro Business Loan	Up to 24 months	1.5%	100-3,000	Yes
Small Business Loan	Up to 36 months	1.4%	3,000-10,000	Yes
Medium Business Loan	Up to 48 months	1.3%	10,000-30,000	Yes



In 2018, loans under the service sector contributed the largest amount to the total portfolio of loan outstanding, amounting to roughly 9,400 million riels. The number of loans for this particular segment is about 1758 accounts which suggest that the average loan size for this segment is just over 5.3million riels. Contrarily, the loan size for trade and commerce tends to be bigger. The total loan outstanding for this loan segment is only about 2,340 million riels, which indicates that businesses tend to engage in our small to medium size loans. The household category has a total loan outstanding of just over 1254 million riels and is made up of 112 accounts. Loans for agriculture and construction made up the rest of the total portfolio. Since Amatak only has two offices in Phnom Penh and due to this geographic location, personal and motorcycle loan are very popular among the general public. In 2018, all of Amatak products are available in local currency.

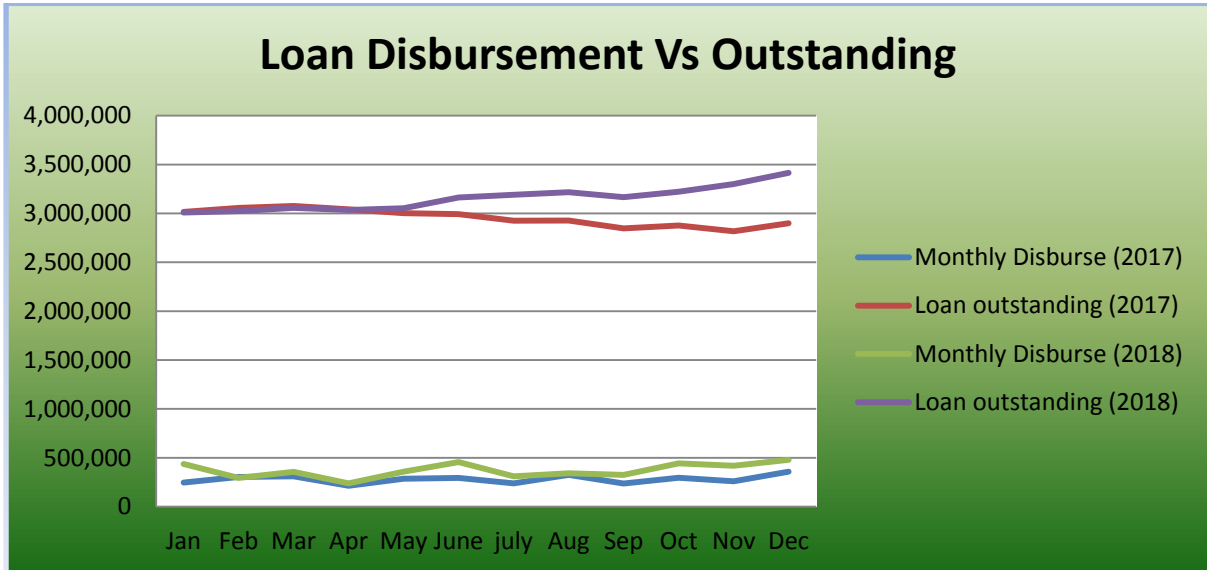
Operational Highlights

	2016	2017	2018	%Changes
Operational Area				
Number of Villages	254	254	301	18.50%
Number of Communes	23	23	27	17.39%
Number of Districts	2	2	2	0.00%
Number of Branches	2	2	2	0.00%
Loan Portfolio				
Gross loan Portfolio	3,042,000.64	2,900,079.42	3,415,862.07	17.79%
Number of Loan	1,426	1,712	2,093	22.25%
Average Loan Portfolio	2,133.24	1,693.97	1,632.04	-3.66%
Woman Borrowers	584	795	983	23.65%
Loan Portfolio per Credit Officer	169,000.04	152,635.76	155,266.46	1.72%
Number of Loans per Credit Officer	79.22	90.11	95.14	5.58%
Number of Credit Officer	18	19	22	15.79%
Loan Disbursement				
Amount Of Loan Disbursed	3,778,885.00	3,364,621.50	4,456,383.38	32.45%
Number of Loan Disbursed	1,751	2,081	2,508	20.52%
Average Loan Disbursed	2,158.13	1,616.83	1,776.87	9.90%
Portfolio At Risk				
Amount of Par >30 days	22,261.40	79,422.21	76,452.93	-3.74%
PAR 30 days	0.73%	2.74%	2.24%	-18.21%
Loan Writen off				
Value of Witten off	\$0	306.05	9,725.71	3077.82%
Written off Ratio	0	0	0.28%	-

Operation

In 2018, Amatak Capital operated from two branches which are located in Phnom Penh city. Through our resilient field staff we were able to provide financial services covering almost the entire city. We were able to reach out to more than 300 villages in 27 districts. We provided loans to 2093 households with the total amount of outstanding loans being just over 3.4 million dollars. The percentage of woman borrowers for Amatak stood at just 983 accounts representing a 24% increase from previous year. This figure is very encouraging as it ensures Amatak would meet its target in the near future, having women borrowers making up at least 50% of the total number of accounts borrowed. The average loan Portfolio came in at just over \$1,632 which was within Amatak's target. Also in 2018, the number of loan disbursement also grew by 21% and the total amount disbursed also increased by 32% amounting to just over 4.45 million dollars. This was the main reason that caused the loan outstanding to have positive trend.

Disbursement

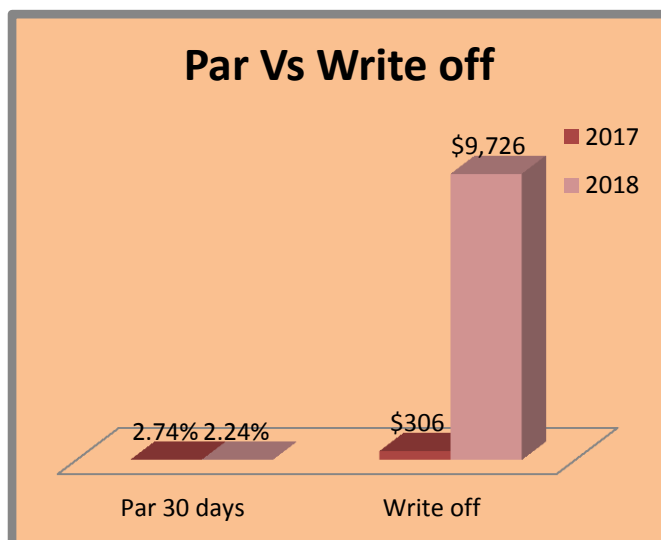


In 2018, loan outstanding grew steadily in the first quarter, reaching an amount of 3.05 million dollars at the end of March. The growth remained stagnant up until May. From June onwards, loan outstanding continued to climb as business environment continued to improve. As consequent to tough competition management have no choice but to further cut interest rate in order to compete with the large MDIs and commercial banks. The above graph shows that this year first half disbursement's result is very similar to last year disbursement. However, the second half we see constant growth all the way to the end of the year. Amatak was able to maintain its portfolio growth even with a similar disbursement rate as previous year because we were able to minimize the number of loan pay off towards the second half of the year. To avoid competing with the larger financial institutions, Amatak will create more new innovative products to attract new customers.

**លោកអ្នកអាចជ្រើសរើសខ្សែប្រាក់
តាមរយៈ ដៃគូរបស់ អម៉ាតាក់**



Portfolio at Risk



Portfolio at risk for 2018 came in at just over 2.2%, which is slightly higher than the industry average of 1%. This figure represents a small decrease from last year as some of our medium loan customers encounter some cash flow problem. The high loan portfolio at risk is a major concern for the industry as competition become fierce and lending quality deteriorate. The institutional goal is to have this figure hovering well below the industry average. This year the amount of loan provisions stood at

just over \$76,000 and the company had some loan write-off amounting to \$9,726.

Financial Highlights

The finance department is in charge of producing financial reports in compliance with regulations set by the National Bank of Cambodia, taxation laws, and the Cambodian and International Accounting Standard.

Items	2016	2017	2018	%Changes_2018
Total Assets	3,290,463.00	3,290,549.00	3,585,378.00	8.96%
Net Loan Portfolio	3,030,867.00	2,857,533.00	3,315,209.00	16.02%
Total Liabilities	1,515,522.00	1,402,670.00	1,612,570.00	14.96%
Total Equity	1,774,941.00	1,887,879.00	1,972,808.00	4.50%
Total Income	687,771.00	706,632.00	752,541.00	6.50%
Operation Cost	331,101.00	402,530.00	451,460.00	12.16%
Profit After Tax	161,623.00	112,938.00	84,929.00	-24.80%
Return On Average Assets	4.91%	3.43%	2.37%	-30.98%
Return On Average Equity	9.11%	5.98%	4.30%	-28.04%
Equity to Total Assets	53.94%	57.37%	55.02%	-4.09%
Debt to Total Assets	46.06%	42.63%	44.98%	5.51%

Profitability

In 2018, Amatak Capital Plc profitability fell by 25% compared to last year and falling to \$84,929. Even though there was a strong growth in loan portfolio, there were two notable provision which we needed to account for (1% general provision and seniority payment)

which caused a big reduction in profitability. Total income grew by a mere 6.5% while operation cost increased by as much as 12%. This factor causes the profitability margin to tighten dramatically. Moving forwards, Amatak must operate in a very efficient manner in order to combat the already squeezed margin. Likewise, we saw a reduction in ROA and ROE. Both figures fell to 2.37% and 4.3% respectively.

Assets, Liabilities and equity

The company's total asset for 2018 came in just under 3.6 million dollars, which is slightly higher previous year's figure. Liability for the current year increased by about 15% from last year as the company took out more loan to fund the portfolio growth. Contrarily, total equity grew by about 4.5% from previous year reaching an amount of just over 1.97 million dollars, the increase is due to the accumulated retain earnings from the previous years and the company did not pay out any dividends. Amatak Capital Plc's operation is primarily financed by both equity and raising debt, with debt making up about 0.82 times the level of equity. This figure suggests that solvency margin remains healthy. Thus, Amatak has the ability to engage in further debt financing in the future.

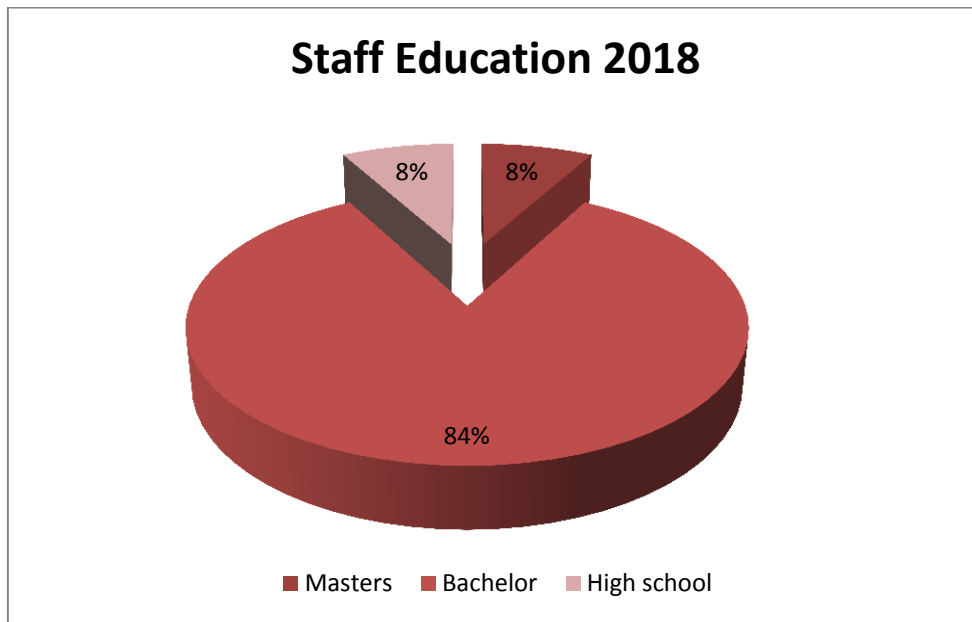
Borrowings

Amatak Capital financed its operation through long term borrowing from its shareholders. The interest rate was negotiated at a range between 8%-10% per annum which is in line with market rate. This will allow the MFI to be more competitive in regards to the interest rate it can provide to customers.

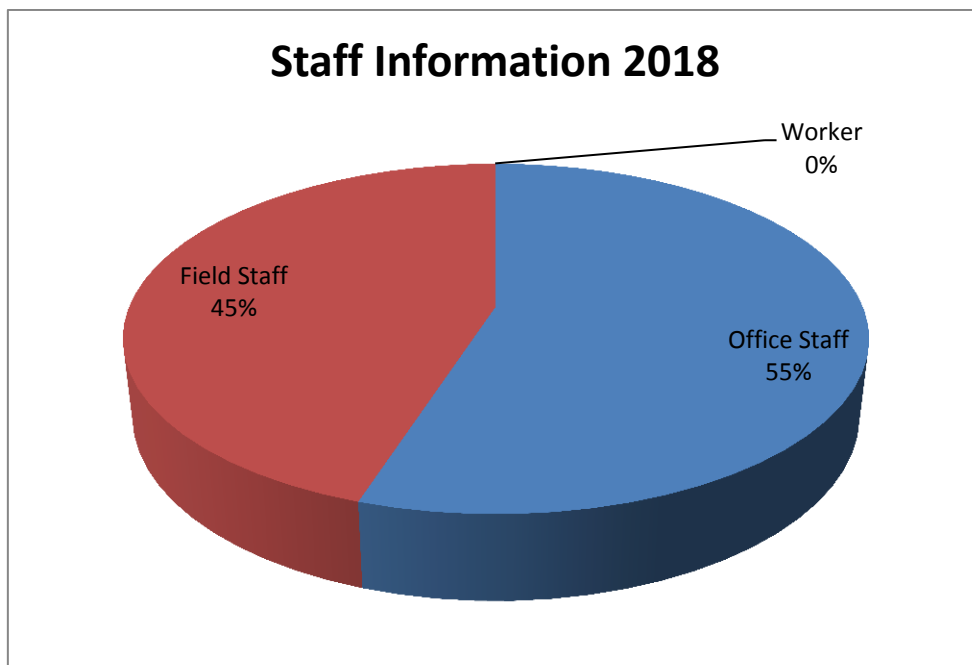
In 2018, Amatak was able to secure six hundred and fifty thousand dollars in loan from a local bank (Phillip Bank Plc) which included \$100,000 in local currency. The term loan was provided at an interest at 8.5% and overdraft facility at 8.8%.

Lender	Amount(USD)	Interest rate
Than Thapanha	300,000.00	9%
Than Thapheatra	200,000.00	9%
Than Thapheatra	200,000.00	8%
Than Thapanha	200,000.00	10%
Than Thapheatra	100,000.00	10%
Than Thapheatra	100,000.00	9%
Phillip Bank	350,000.00	8.50%
Phillip Bank	300,000.00	8.80%

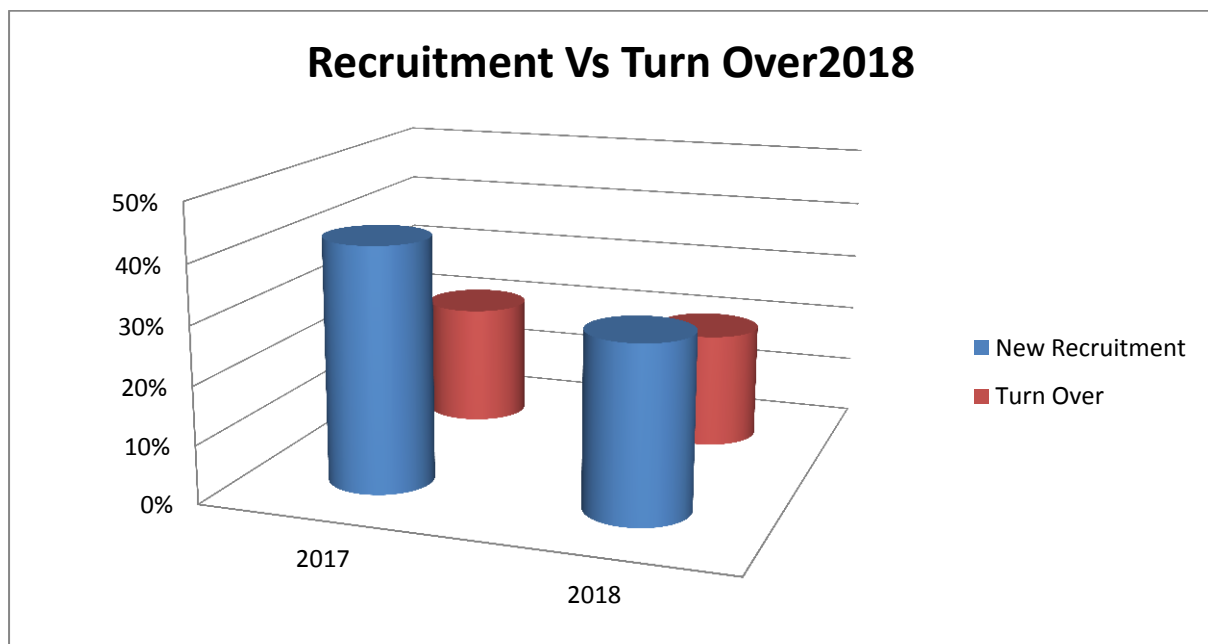
Staff Capacity



In 2018, Amatak Capital employed 49 staff in total, 35 of which are male employees and the rest are female. Overall, 55% of our staff is office staff and the other 45% is field staff. In terms of education, employees holding a bachelor's degree makeup 84% of our overall number while a postgraduate degree (Master) came in at 8%. The minimum level of education in our institution is a high school certificate.



In 2018, the number of staff turnover stood at just over 20%. The result can be attributed to the high demand of work force in the financial industry. At the same time, the number of new recruits equate to 30% of our overall employees. The new recruits are used for building up capacity in our operation department.



Extracts From the 2018 audited Financial Statements



ក្រុមហ៊ុន អាម៉ាតាក់ កេប៊ីថល ភីអិលស៊ី
MICROFINANCE AMATAK CAPITAL PLC.

Report of the Board of Directors

The Board of Directors has pleasure in submitting their report together with the audited financial statements of Microfinance Amatak Capital Plc (“the Company”) for the year ended 31 December 2018.

Principal activities

The principal activities of the Company are to provide 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 2018 were as follows:

	2018		2017	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	105,114	422,348	144,486	583,290
Income tax expense	(20,185)	(81,103)	(31,548)	(127,359)
Net profit for the year	<u>84,929</u>	<u>341,245</u>	<u>112,938</u>	<u>455,931</u>

Dividends

No dividends were declared or paid during the financial year and the Directors do not recommend any dividend to be paid for the year.

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.

Share capital

There were no changes in the registered and issued share capital of the Company during the financial year.

អាគារលេខ 502 C&D ផ្លូវព្រះមុនីវង្ស សង្កាត់ទន្លេបាសាក់ ខណ្ឌចំការមន រាជធានីភ្នំពេញ
 Head Office N° : 502 C&D, Monivong Blvd, Tonle Bassac, Chamkarmon, Phnom Penh, Cambodia
 Telephone: (+855) 23-214-388 Fax: (+855) 23-214-588 Email: inquiry@amatakcapital.com.kh

Microfinance Amatak Capital Plc

Bad and doubtful loans

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ascertain that appropriate action had been taken in relation to the writing off of bad loans and 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 Directors are 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 material 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 realised 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 realise.

At the date of this report, the Directors are 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 Directors are 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 except as disclosed in the financial statements; 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.

Microfinance Amatak Capital Plc

Change of circumstances

At the date of this report, the 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.

Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the 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 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 during the year and at the date of this report are:

Mr. Than Thapheatra	Chairman
Mr. Than Thapanha	Vice Chairman
Mr. Samnang Seima	Member
Mr. Than Thaphakdey	Member
Ms. Tan Sokunthea	Member

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:

	2018		2017	
	Holding %	Number of shares US\$1 each	Holding %	Number of shares US\$1 each
Mr. Than Thapheatra	52	780,000	52	780,000
Mr. Than Thapanha	48	720,000	48	720,000
	<u>100</u>	<u>1,500,000</u>	<u>100</u>	<u>1,500,000</u>

Microfinance Amatak Capital Plc

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 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 Directors in respect of the financial statements

The Board of Directors are responsible for ascertaining 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 2018, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors oversees the preparation of these financial statements by management who is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of 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;
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (iv) assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- (v) control and direct effectively the Company 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 they have complied with the above requirements in preparing the financial statements.

Microfinance Amatak Capital Plc

Approval of the financial statements

I hereby approve the accompanying financial statements as set out on pages 9 to 46 which present fairly, in all material respects, the financial position of Microfinance Amatak Capital Plc as at 31 December 2018, 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.



Mr. Than Thapheatra
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 26 APR 2019



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Khan 7 Makara, Phnom Penh
Kingdom of Cambodia
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Report of the independent auditors To the shareholders of Microfinance Amatak Capital Plc

Opinion

We have audited the financial statements of Microfinance Amatak Capital Plc (“the Company”), which comprise the balance sheet as at 31 December 2018, the income statement, the statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 9 to 46 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Cambodia Ltd, a Cambodian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.
Document classification: KPMG Confidential.



Other information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the report of the Board of Directors on pages 1 to 5, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For KPMG Cambodia Ltd




Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

26 April 2019

Microfinance Amatak Capital Plc

Balance sheet As at 31 December 2018

	Note	2018		2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Cash on hand	5	47,032	188,975	66,736	269,413
Deposits and placements with the National Bank of Cambodia	6	77,296	310,575	76,511	308,875
Deposits and placements with banks – net	7	69,595	279,633	206,665	834,307
Loans to customers – net	8	3,315,209	13,320,510	2,857,533	11,535,861
Other assets	9	43,103	173,188	48,999	197,809
Property and equipment	10	15,437	62,026	28,856	116,492
Deferred tax assets	12(a)	17,706	71,142	5,249	21,190
TOTAL ASSETS		3,585,378	14,406,049	3,290,549	13,283,947
LIABILITIES AND EQUITY					
Liabilities					
Overdraft	11	248,663	999,128	-	-
Current income tax liabilities	12(b)	26,185	105,211	25,556	103,170
Other liabilities	13	37,416	150,337	16,413	66,259
Provision for employee benefits	14	11,647	46,798	-	-
Borrowings	15	1,288,659	5,177,832	1,360,701	5,493,150
Total liabilities		1,612,570	6,479,306	1,402,670	5,662,579
Equity					
Share capital	16	1,500,000	6,027,000	1,500,000	6,055,500
Retained earnings		472,808	1,899,743	387,879	1,565,868
Total equity		1,972,808	7,926,743	1,887,879	7,621,368
TOTAL LIABILITIES AND EQUITY		3,585,378	14,406,049	3,290,549	13,283,947

The accompanying notes form an integral part of these financial statements.

Microfinance Amatak Capital Plc

Income statement for the year ended 31 December 2018

	Note	2018		2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income	17	534,953	2,149,441	615,259	2,483,801
Interest expense	18	(127,431)	(512,018)	(127,897)	(516,320)
Net interest income		<u>407,522</u>	<u>1,637,423</u>	<u>487,362</u>	<u>1,967,481</u>
Allowance for bad and doubtful loans	8	(67,833)	(272,553)	(31,719)	(128,050)
Regulatory allowances	7	(703)	(2,825)	-	-
Other operating income	19	217,588	874,269	91,373	368,873
Personnel expenses	20	(305,114)	(1,225,948)	(259,278)	(1,046,705)
Depreciation and amortisation	10	(16,840)	(67,663)	(26,083)	(105,298)
General and administrative expenses	21	(129,506)	(520,355)	(117,169)	(473,011)
Profit before income tax		<u>105,114</u>	<u>422,348</u>	<u>144,486</u>	<u>583,290</u>
Income tax expense	12(c)	(20,185)	(81,103)	(31,548)	(127,359)
Net profit for the year		<u><u>84,929</u></u>	<u><u>341,245</u></u>	<u><u>112,938</u></u>	<u><u>455,931</u></u>

The accompanying notes form an integral part of these financial statements.

Microfinance Amatak Capital Plc

Statement of changes in equity for the year ended 31 December 2018

	Share Capital US\$	Retained earnings US\$	Total US\$
At 1 January 2018	1,500,000	387,879	1,887,879
Net profit for the year	-	84,929	84,929
At 31 December 2018	<u>1,500,000</u>	<u>472,808</u>	<u>1,972,808</u>
(KHR'000 Equivalents – Note 4)	<u>6,027,000</u>	<u>1,899,743</u>	<u>7,926,743</u>
At 1 January 2017	1,500,000	274,941	1,774,941
Net profit for the year	-	112,938	112,938
At 31 December 2017	<u>1,500,000</u>	<u>387,879</u>	<u>1,887,879</u>
(KHR'000 Equivalents – Note 4)	<u>6,055,500</u>	<u>1,565,868</u>	<u>7,621,368</u>

The accompanying notes form an integral part of these financial statements.

Microfinance Amatak Capital Plc

Statement of cash flows for the year ended 31 December 2018

	Note	2018		2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from operating activities					
Profit before income tax		105,114	422,348	144,486	583,290
Adjustments for:					
Depreciation and amortisation		16,840	67,663	26,083	105,298
Allowance for bad and doubtful loans		67,833	272,553	31,719	128,050
Regulatory allowances		703	2,825	-	-
Provision for employee benefits		11,647	46,798	-	-
Loan to customers written off		(9,726)	(39,079)	(306)	(1,236)
		192,411	773,108	201,982	815,402
Changes in:					
Loans to customers		(515,783)	(2,072,416)	141,921	572,935
Other assets		5,896	23,690	5,370	21,679
Other liabilities		21,003	84,390	3,814	15,396
Cash (used in)/generated from operations		(296,473)	(1,191,228)	353,087	1,425,412
Income tax paid		(32,013)	(128,628)	(46,571)	(188,006)
Net cash (used in)/generated from operating activities		(328,486)	(1,319,856)	306,516	1,237,406
Cash flows from investing activities					
Purchases of property and equipment	10	(3,421)	(13,746)	(11,911)	(48,085)
Net cash used in investing activities		(3,421)	(13,746)	(11,911)	(48,085)
Cash flows from financing activities					
Repayments of borrowings		(72,042)	(289,465)	(60,830)	(245,571)
Net cash used in financing activities		(72,042)	(289,465)	(60,830)	(245,571)
Net (decrease)/ increase in cash and cash equivalents		(403,949)	(1,623,067)	233,775	943,750
Cash and cash equivalents at beginning of the year		274,912	1,109,820	41,137	166,070
Currency translation difference		-	(5,223)	-	-
Cash and cash equivalents at end of the year		(129,037)	(518,470)	274,912	1,109,820

Microfinance Amatak Capital Plc

Statement of cash flows (continued) for the year ended 31 December 2018

	Note	2018		2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash and cash equivalents					
Cash on hand	5	47,032	188,975	66,736	269,413
Deposits and placements with National Bank of Cambodia	6	2,296	9,225	1,511	6,100
Deposits and placements with banks – gross	7	70,298	282,458	206,665	834,307
Overdraft	11	(248,663)	(999,128)	-	-
		<u>(129,037)</u>	<u>(518,470)</u>	<u>274,912</u>	<u>1,109,820</u>

The accompanying notes form an integral part of these financial statements.

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