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1. COMPANY PROFILE

MAXIMA Organization for Household Economic Development (MAXIMA MICRO FINANCE) was founded in March 2000 with the initial objective and mission of providing adequate loans and financial services to low income clients in individuals, small and medium businesses. To provide sustainable access to credit for its clients and focus its efforts on those individuals living in rural business potential areas and those who will use the capital to start a new business or expand the existing one in order to increase their income of the household. MAXIMA also mobilizes savings activities among its clients and helps to build the capacity to manage money for business, creating job and their own livelihoods as well as attract people remain living in the rural areas rather than come to seek for job in the city.

In order to qualify for a loan, people who take the loans are limited by the value of their fixed assets in the business, the income per household member and the numbers of employees in their businesses. MAXIMA offer its loans throughout the country by evaluating only their business potential with actual planning without consideration to their ethnic, religious background, and political status and gender.

MAXIMA started loans operation in June 2000. The average amount of loans is US\$ 200 and 90% of the total numbers of borrowers are women.

MAXIMA's reputed characteristics are fast services, direct contact and good relationship with its clients and authorities.

2. VISION AND MISSION

MAXIMA's vision is to bring together people and business to build a better community by providing adequate loans and the best financial service to individuals, group and small and medium enterprises.

MAXIMA's common mission is to contribute to the success of MAXIMA in creating outstanding growth and shareholder wealth, managing the business in the long term best interest of shareholders and other stakeholders.

3. LEGAL STRUCTURE

MAXIMA was founded on 8 March 2000 with the name of MAXIMA MICRO FINANCE and started loan operation on 1 June in the same year. In December 2001, MAXIMA registered under the official name **MAXIMA Organization for Household Economic Development** with the Ministry of Interior as an NGO. On 17 May 2002 MAXIMA registered as Microfinance Institution operator namely **MAXIMA** with the National Bank of Cambodia (NBC). MAXIMA is currently preparing to apply for license from the NBC.

As micro-finance operator, MAXIMA attract investors with different types of motivations and expectations of rewards. Therefore, special equity funds have been established in order to create a mechanism for investors to have representation on the Board. To meet its vision and mission, MAXIMA has communicated with many concerned institutions. So far there were supported institutions such as MPDF, NBC and RDB, who will bring financial sources and technical expertise to assist MAXIMA and who are interested in ensuring that MAXIMA is true to its mission.

4. GOVERNANCE

The main decision making body in MAXIMA's organizational structure is its Board of Directors, which comprising 5 to 7 members. According to the Memorandum of Association, the general assembly elects and appoints the Board of MAXIMA. The Board appoints the executive director and auditors.

4.1. Composition of Board Directors

The Board consists of members who have a diversity of skills, including financial, legal and managerial expertise, to give effective guidance to senior management and to critically analyze management plans and reports. The Board consists of the following members:

1. Mr. UONG Kim Seng	(DBA Candidate, MBM, BBA)	Chairperson
2. Mr. AN Bunhak	(BBA, M. Banking)	Vice-chairperson
3. Mrs. SRENG Sive Chheng	(BBA/Management)	Treasurer
4. Mr. PA Ponnak Rithy	(B. Acc/Finance & Banking)	Member
5. Mr. CHET Chan Prasoeur	(BBA)	Member

4.2. Role of the Board of Directors

Establish vision, mission and values

- Determine the company's vision and mission to guide for its current operations and future development.
- Determine the values to be promoted throughout the company.
- Determine and review company goals.
- Determine company policies

Set strategy and structure

- Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the company.

- Determine strategic options, select those to be pursued, and decide the means to implement and support them.
- Determine the business strategies and plans.
- Ensure that the company's organizational structure and capability are appropriate for implementing the chosen strategies.

Delegate to management

- Delegate authority to management, and monitor and evaluate the implementation of policies, strategies and business plans.
- Determine monitoring criteria to be used by the board.
- Ensure that internal controls are effective.
- Communicate with senior management.

Exercise accountability to shareholders and be responsible to relevant stakeholders

- Ensure that communications both to and from shareholders and relevant stakeholders are effective.
- Understand and take into account the interests of shareholders and relevant stakeholders.
- Monitor relations with shareholders and relevant stakeholders by gathering and evaluation of appropriate information.
- Promote the goodwill and support of shareholders and relevant stakeholders.

4.3. Board of Directors Responsibilities

The Board is responsible for providing stewardship and management oversight of the business and affairs of MAXIMA. The Board is responsible for establishing long-term strategic direction, providing direction to executive management and making strategic decisions. The board has the responsibility to safeguard the best interests of all MAXIMA shareholders and other stakeholders. The Board provides confidence to the MAXIMA's shareholders, investors, staff, customers, and other key stakeholders.

The Board conducts all activities in accordance with the MAXIMA STATUE. The Board meets at a minimum quarterly and supervises the work of the Executive Management leading Managing Director and approves the annual budget, reviews MAXIMA performance, and approves important documents or changes in MAXIMA activities.

The Board provides an annual report and also reports to member of shareholders through annual and general meetings. Each year, the Board participates in the strategic planning process and approves the strategic direction and business plans. The board also evaluates its performance against approved plans and performance in previous years.

The Board delegates the authority for operations to the management through the Managing Director. The Board supervises management in the execution of the approved strategic plans

and evaluates the performance of management in the context of the goals and time frame outlined in the plans.

4.4. Trust and Conflicts of Interest

The Board reviews, confirms, and approves the plans and performance of the senior management. Management, on the other hand, is involved in the daily operations of putting the vision into action.

Governance engenders trusts that allow MAXIMA to attract depositors and investors and prevent management from serving its own interests. In order to eliminate conflicts of interest, Board members should not receive any personal objectives. It is important that Board members do not have political agendas that could influence the direction of **MAXIMA**.

5. MAXIMA MANAGEMENT

The management function in MAXIMA is concerned with achieving effective performance in meeting the goals and objectives that keep the firm competitive and profitable. In carrying out their responsibilities, directors must utilize human resources to accomplish their goals. Directors are expected to balance the demands in the external environment with the resources and capability inside MAXIMA to achieve a strategic fit between goals and accomplishment. Management should strengthen effective directors and managers, who are skilled in leadership, strategy formulation, organization design, developing teams, and motivating employees.

The management team consists of Managing Director, Director of Finance & Administration, Director of Credit, Director of HR, Operations & Marketing, and other Branches Managers. MAXIMA has also an Internal Auditor.

The management oversees credit officers, finance staff, administrative staff. The Managing Director is responsible to the Board for the execution of the policies of the MAXIMA as laid down by the Board, and for the day-to-day control and management of the MAXIMA.

The Deputy Managing Director (DMD) works in partnership with the Managing Director on all issues pertaining to the day-to-day affairs of MAXIMA. The DMD is particularly responsible for development activities of MAXIMA.

Director of Finance and Administration is responsible for accounting, monitoring of budgets, procurement and supplies. Finance and Administration Section is subdivided into the following divisions:

- ❖ Financial and Managerial Planning
- ❖ Administration and General Service
- ❖ Funds Mobilizations and Disbursement
- ❖ Accounting / Personnel and Administration

Credit Committee is overall responsible for the quality of MAXIMA loan portfolio by ensuring that loans are issued according to MAXIMA credit policy. It supervises, approves, monitors on the performance of the loans and their repayment. Credit is subdivided Section into three divisions:

- ❖ Loan Approval and Documentation
- ❖ Loan Supervision
- ❖ Loan Recovery

Director of Credit works in partnership with MD and Credit Committee by ensuring that loans are issued according to MAXIMA credit policy. It also monitors, appraise the loan and reports on the performance of the loans and their repayment.

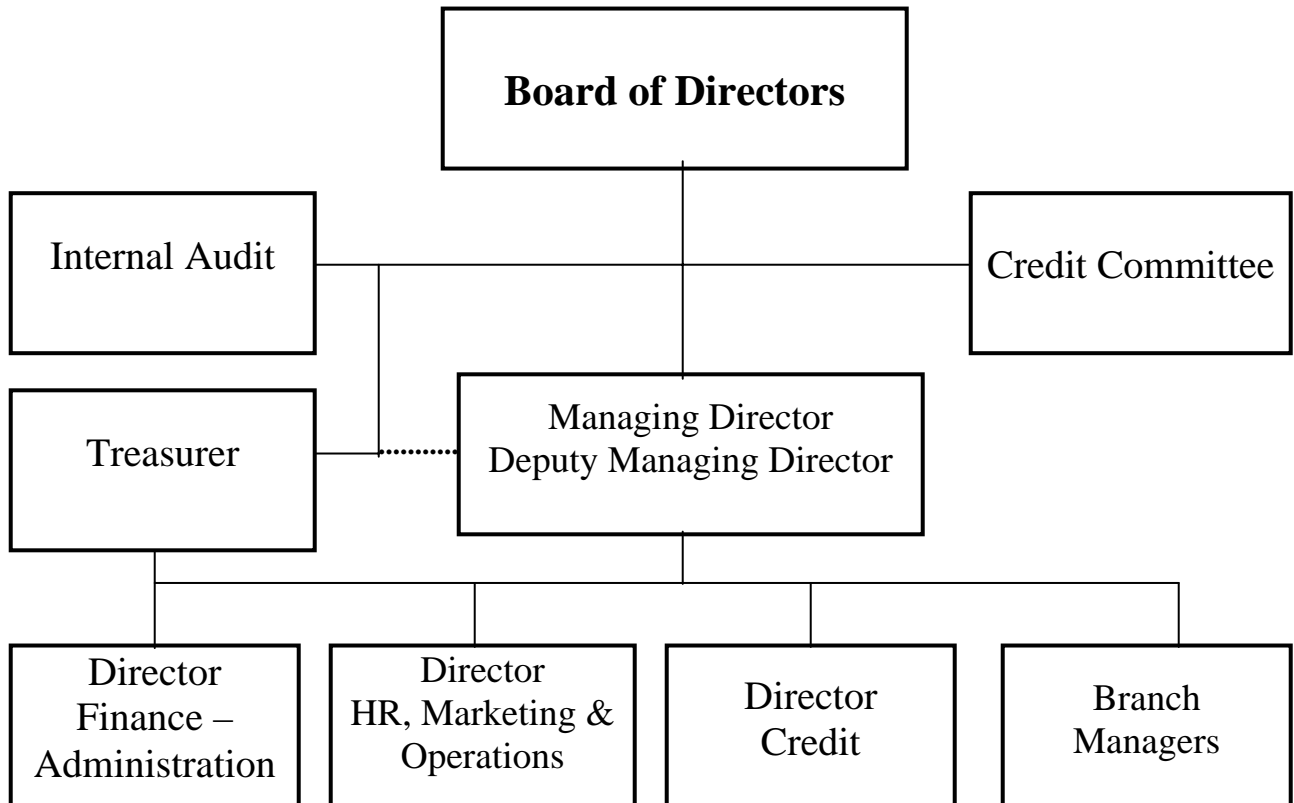
Director of HR, Operations and Marketing is overall responsible for delivery of MAXIMA services to customers. It deals with retail customers through the branch network. Marketing, branch operations and customer relations are among its activities. Human Resources, Operations and Marketing Section is subdivided into Divisions:

- ❖ Training /Marketing Division
- ❖ Micro finance Pilot Project
- ❖ Retail clients and branch operations

Director of Internal Audit Is responsible for all control functions which include:

- ❖ Appraisal of loans, controls, management procedures, systems and performance
- ❖ Review of **MAXIMA** operations
- ❖ Verification of accuracy and reliability of accounting information
- ❖ Ensure that records are accurate and controls are adequate to protect against fraud and waste.

MAXIMA ORGANIZATION FOR HOUSEHOLD ECONOMIC DEVELOPMENT



6. MAXIMA TODAY

The beginning of 2004 MAXIMA is moving into the field of credit delivery, with the methodology tailored specifically to the needs of the poor rural family especially the women headed-households that composed the majority of MAXIMA client base. MAXIMA have grown rapidly as of June 2004 MAXIMA had 13 staff members working in 43 villages. From the start of the micro credit program in June 2000 up to June 2004, the total disbursed amount and interest charge was about US\$893,688.25. Since then, the total loan realized was US\$736,053.73 with total more than 2,051 families and at the end of June 2004, the amount outstanding was US\$149,795.00 among 700 active family borrowers.

MAXIMA targets clients on those who will use the capital to start a new business or expand the existing one in order to increase their income of the household, which business, guarantors, collateral and permanent address are main bases for considering the loan provision. Before lending the money, clients receive explanation in management of using money, cash flow and other themes as well as saving. With the individual small loans are extended to family vary between US\$50 and US\$500. Small and medium business loans are

granted to families with a demonstrated competence in business from US\$500 to US\$1,000. From the beginning of its loans program, the term of loan is ten months and interest charge is 4% per month of the remaining total loan amount. The period of loan can be extended eventually when it is necessary. However, from 1 July 2004 the term of loan remain the same and interest charge decline to 3% per month of the remaining total loan amount.

In the last four years, MAXIMA became one of the most successful micro credit providers in Kandal province and Phnom Penh. After achieving desirable success in the year 2003, the MAXIMA management decided to expand its coverage and extend its services to more people in potential business areas. Committed staff members of MAXIMA labored very hard throughout the year 2003 and in the first six months of 2004 increased MAXIMA clients up to 700 active family borrowers. Also, 5 new operation areas have been started during the year. Other new 2 potential business areas will be operating in the second semester within this year. In the end of June, MAXIMA was recruiting one additional staff in order to make sure that the loan operation is effective and on time. Thus MAXIMA advanced tremendously in increasing its investment portfolios and financial sustainability status throughout the first quarter of the year 2004.

MAXIMA has been able to maintain a near perfect recovery rate of 98.5%. This laudable success was achieved through strong management and team working close monitoring and sincere efforts extended by the staff members.

The start of the second semester 2004, MAXIMA has closed its accounting report and increased its capital up to US\$186,500, which was only US\$70,000 in the end of 2003. At the same time, all staffs are encouraging to purchase the share capital from MAXIMA.

Learning from previous experiences, MAXIMA has developed and improved its credit policies in order to obtain effective and efficient loan offering. Shareholders and other stakeholders expressed their satisfaction over the innovations in the management system and their role in ensuring and maintaining a cost-effective and sustainable development model in the microfinance sector.

The satisfactory achievements of the year 2003 have created zeal among the staff of MAXIMA to bring more successes in the next year. The plan for 2004 includes a target for growing business activities through increasing loan portfolio and improving the quality of microfinance services. MAXIMA also is looking for partnership to increase business activities. MAXIMA expects a better future for the contribution to the development of business activities and economic growth of the Cambodian society.

In 2003, MAXIMA micro credit program has proven very cost-effective while still achieving a recovery rate of above 98.5%. MAXIMA can now claim to be one of the highest rates of recovery among all other organizations operating the same type of program. The basic principles that led to this accomplishment are outreach, cost-effectiveness and sustainability.

The cost-effective model, which includes several important cost reducing strategies has been developed as follow:

- Decentralized management; autonomy is given to key staff
- Operational manual which instructs staff on all MAXIMA procedures and policies and acts as the code of conduct for all employees
- Standardized level expenses
- Simplified accounts system: reduced paperwork which does not require an accountant
- Less waiting time before borrowing

7. FINANCIAL COMPONENT

MAXIMA prides itself in being a transparent organization whose records, even the organization's financial records and figures, are always made available to those who are concerned. These figures serve as a means by which MAXIMA maintains a high level of honesty and provides a useful overview of MAXIMA inter-workings. Financial analysis is an important instrument in measuring MAXIMA strengths and weaknesses by showing the overall condition and performance of MAXIMA. This information is useful not only to top-level management, but also to the entire staff, shareholders and other stakeholders as well.

7.1. BALANCE SHEET STATEMENT

As can be seen from the balance sheet, in 2003 the outstanding loan increased significantly, it accounted for US\$100,908.90 and was 12.2% higher, compared to the loan in 2002, which was US\$89,948.08. This figures was allocated to rural individual loan, rural group loan and small business individual loan. The loan lent to rural individual loan went up by 29% from US\$72,874.08 in 2002 to US\$94,054.90 in 2003. Implementing the new strategies and policies in order to reduce more risks, however, the outstanding loan for rural group loan declined by 38% in 2003 and the small business individual loan dropped by 86%. Likewise, there was a great increase in total assets between 2002 and 2003, which accounted for US\$101,114.63 and US\$119,605.10 respectively.

FINANCIAL HIGHLIGHTS 2000-2004	2000	2001	2002	2003	2004
Assets	74,949.80	87,398.37	101,114.63	119,604.10	217,731.46
Total Outstanding Loan	57,829.00	78,276.56	89,948.08	100,908.90	211,688.25
Total Liabilities	1,559.20	21,783.72	22,490.00	23,401.00	24,607.00
Issued & Paid-up Capital and Premium Share Capital	70,000.00	52,500.00	60,600.00	60,600.00	171,500.00
Shareholders' Equity	73,390.60	65,614.65	78,624.63	96,203.10	193,124.46
Total Income	6,132.11	35,452.80	39,953.80	46,686.52	62,475.06
Profit Before Tax	3,390.60	12,945.12	17,207.98	17,578.47	29,174.99
Net Profit After Tax	3,390.60	12,945.12	17,207.98	17,578.47	29,174.99
Earning Per Share (EPS) - cents	48.00	247.00	284.00	228.00	168.00
Dividend Per Share (DPS)	-	-	-	228.00	76.00
PERFORMANCE INDICATORS 2000-2004	2000	2001	2002	2003	2004
Loans disbursed since inception	111,233.59	420,061.49	743,859.38	995,948.56	1,651,121.21
Current average loan size disbursed	257.02	202.79	186.51	180.80	200.46
Number of loans disbursed since inception	225.00	611.00	1,081.00	1,611.00	2,667.00
Number of Employees	5.00	7.00	8.00	8.00	12.00
Number of loan outstandings	225.00	301.00	382.00	499.00	891.00
Return on Equity (ROE)	4.6%	19.73%	21.89%	18.27%	15.11%
Return on Performing Assets (ROA)	4.52%	14.81%	17.02%	14.70%	13.40%

BALANCE SHEET 2000-2004	2000	2001	2002	2003	2004
ASSETS					
Cash on Hand	224.88	1,789.87	1,579.17	2,986.59	1,309.45
Balance with Canadia Bank	350.00	192.79	6,229.57	11,288.67	103.42
Balance with RDB	-	-	-	-	-
Employee Advance	-	2,780.32	363.75	993.00	500.00
Loans and Advances to Customers	57,829.00	78,276.56	89,948.08	100,908.90	211,688.25
Total Other Current Assets	13,575.00	1,000.00	-	-	-
Total Fixed Assets	2,970.92	3,358.83	2,994.06	3,426.94	4,130.34
TOTAL ASSETS	74,949.80	87,398.37	101,114.63	119,604.10	217,731.46
LIABILITIES AND SHAREHOLDERS' EQUITY					
Customer Deposit-Fixed Account	1,559.20	21,783.72	10,000.00	22,333.00	24,607.00
Loan from Private Finance Institutions	-	-	12,040.00	-	-
Borrowings from RDB	-	-	-	-	-
Wage Payable	-	-	450.00	1,068.00	-
TOTAL LIABILITIES	1,559.20	21,783.72	22,490.00	23,401.00	24,607.00
SHAREHOLDERS' EQUITY					
Issues and Paid-up Capital	70,000.00	52,500.00	60,600.00	60,600.00	171,500.00
Additional Paid in Capital	-	-	-	16,347.58	2,600.00
Premium on Share Capital	-	-	-	-	-
Hibrid Capital Investment	-	-	-	-	-
Donated Capital	-	-	-	-	-
Retained Earnings - Other Reserves	-	169.53	816.65	1,677.05	3,114.72
Retained Earnings	3,390.60	12,945.12	17,207.98	17,578.47	15,909.74
TOTAL SHAREHOLDERS' EQUITY	73,390.60	65,614.65	78,624.63	96,203.10	193,124.46
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	74,949.80	87,398.37	101,114.63	119,604.10	217,731.46

MAXIMA Organization for Household Economic Development
Balance Sheet (US\$)
January through December

	Dec. 31, 2002	Dec. 31, 2003
ASSETS		
Current Assets		
Checking/Savings		
110012 Cash in Hand	1,579.17	2,986.59
110222 Saving Account (Canadia Bank)	<u>6,229.57</u>	<u>11,288.67</u>
Total Checking/Savings	7,808.74	14,275.26
Accounts Receivable		
113000 Loan		
113002 Rural Individual Loan	72,874.08	94,054.90
113012 Rural Group Loan	9,308.00	5,758.00
113202 Small Business Individual Loan	<u>7,766.00</u>	<u>1,096.00</u>
Total 113000 Loan	89,948.08	100,908.90
116202 Employee Advance	<u>363.75</u>	<u>993.00</u>
Total Accounts Receivable	<u>90,311.83</u>	<u>101,901.90</u>
Total Current Assets	98,120.57	116,177.16
Other Assets		
117032 Leasehold Improvement	414.19	519.19
117202 Office Equipment	4,363.18	5,066.18
117222 Vehicle	-	765.00
117992 Other Depreciable Property	440.00	440.00
118032 Accum.Depreciation Leasehold Improvement	(297.84)	(327.58)
118202 Accum.Depreciation Office Equipment	(1,539.79)	(2,563.31)
118222 Accum.Depreciation Vehicle	-	(72.94)
118992 Accum.Depreciation Other Depreciable Property	<u>(385.68)</u>	<u>(399.60)</u>
Total Other Assets	<u>2,994.06</u>	<u>3,426.94</u>
TOTAL ASSETS	<u>101,114.63</u>	<u>119,604.10</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
121202 Customer Deposit-Fixed Account	10,000.00	10,000.00
123992 Loan from Other Private Insitutions	<u>12,040.00</u>	<u>12,333.00</u>
Total Accounts Payable	22,040.00	22,333.00
Other Current Liabilities		
125242 Wages Payable	<u>450.00</u>	<u>1,068.00</u>
Total Other Current Liabilities	<u>450.00</u>	<u>1,068.00</u>
Total Current Liabilities	<u>22,490.00</u>	<u>23,401.00</u>
Total Liabilities	22,490.00	23,401.00
Equity		
130002 Debtor to Board Directors	60,600.00	60,600.00
131002 Retained Earnings-Appropriated	16,347.58	16,347.58
131212 Retained Earnings-Other Reserved	1,677.05	1,677.05
Net Income	<u>-</u>	<u>17,578.47</u>
Total Equity	78,624.63	96,203.10
TOTAL LIABILITIES & EQUITY	<u>101,114.63</u>	<u>119,604.10</u>

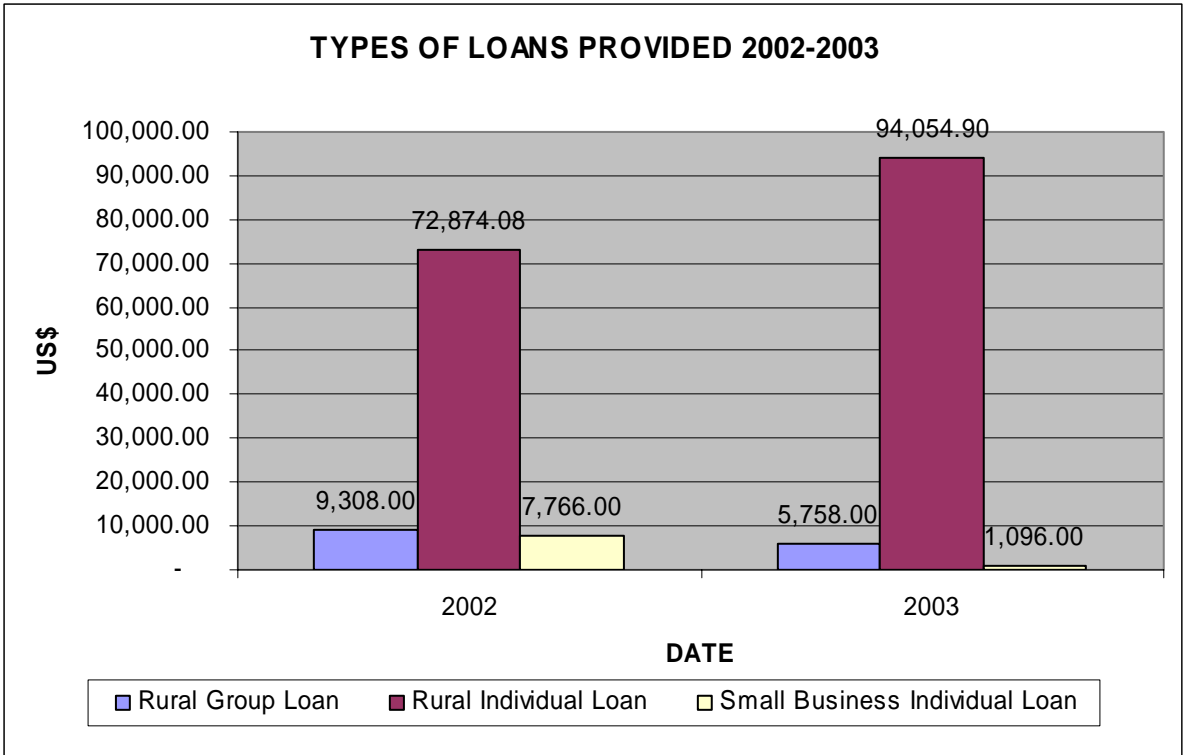
7.2. PROFIT & LOSS STATEMENT

The Profit and Loss Statement reveals that the revenue shows a significant increase by 16.85% from US\$39,953.80 in 2002 to US\$46,686.52 in 2003.

However, the net profit went up slightly by 2.16% from US\$17,207.98 in 2002 to US\$17,578.47 in 2003 because, during the year, there was an increase in expenses by 28% from US\$22,745.82 in 2002 to US\$29,108.05 in 2003. The result of increasing in expenses was negatively impacted by the adjustment of US\$5,084.00 bad debt into expenses in 2003, which most was accumulated since the beginning of micro credit program in 2000.

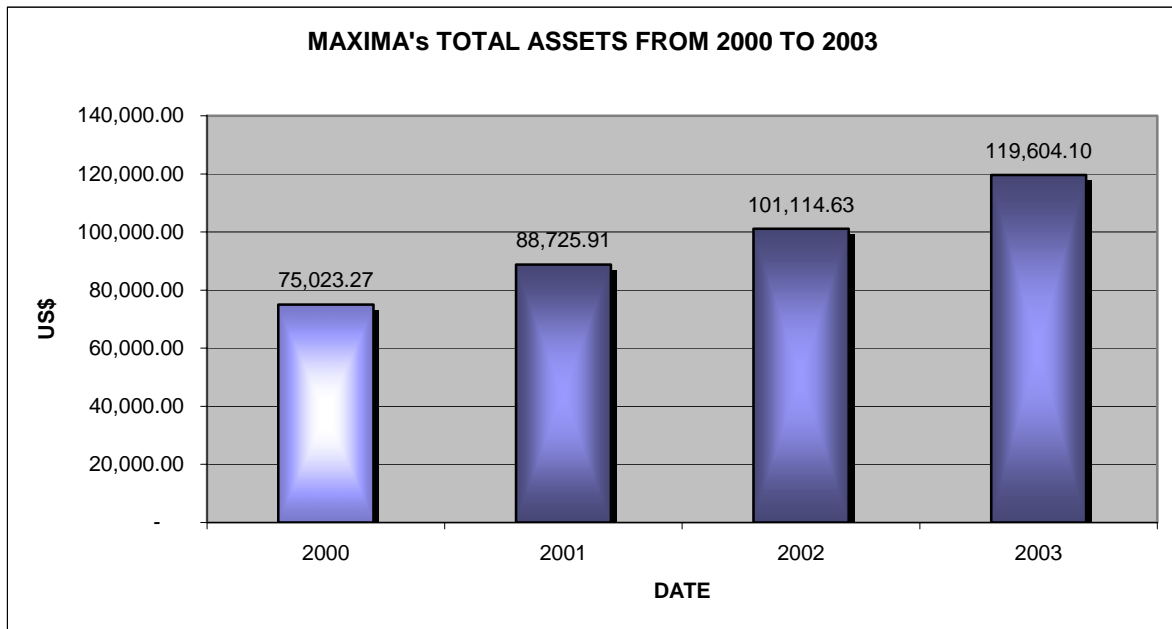
MAXIMA Organization for Household Economic Development
Profit & Loss (US\$)
 January through December

	Dec. 31, 2002	Dec. 31, 2003
INCOME		
140002 Interest Income	38,585.12	44,292.69
142002 Finance Charge Income	884.75	1,359.77
149002 Other Income	<u>483.93</u>	<u>1,034.06</u>
Total Income	39,953.80	46,686.52
EXPENSE		
151202 Interest Expense on F/A	1,036.00	1,440.00
153992 Interest Expense on Loan-Other Private	2,239.98	1,769.00
155002 Bad Debt Expense	2,286.39	5,084.00
156002 Professional Development Expense	-	24.00
156232 Wage Expense	10,370.00	13,367.00
157032 Gift Expense	336.00	129.90
157082 Legal and Professional Expense	250.00	250.00
157112 Meals and Entertainment Expense	326.20	736.13
157122 Office Expense	42.00	196.22
157132 Operating Expense	326.32	612.76
157162 Rent or Lease Expense	2,400.00	2,400.00
157182 Stationery Expense	436.63	285.22
157192 Supplies Expense	-	7.43
157202 Telephone Expense	606.05	458.09
157232 Utilities Expense-Electricity	144.61	217.36
157242 Utilities Expense-Water	22.75	61.75
158032 Depreciation Expense-Leasehold Improvement	29.74	29.74
158202 Depreciation Expense-Office Equipment	852.11	1,023.52
158222 Depreciation Expense-Vehicle	-	72.94
158992 Depreciation Expense-Other Depreciable Property	13.92	13.92
161002 Vehicle Gasoline Expense	622.00	689.02
161012 Vehicle Maintenance Expense	-	7.89
161032 Vehicle Repairs Expense	20.00	16.01
190002 Donation Expense	60.00	45.63
199992 Other Expense	<u>325.12</u>	<u>170.52</u>
Total Expense	22,745.82	29,108.05
NET INCOME	17,207.98	17,578.47

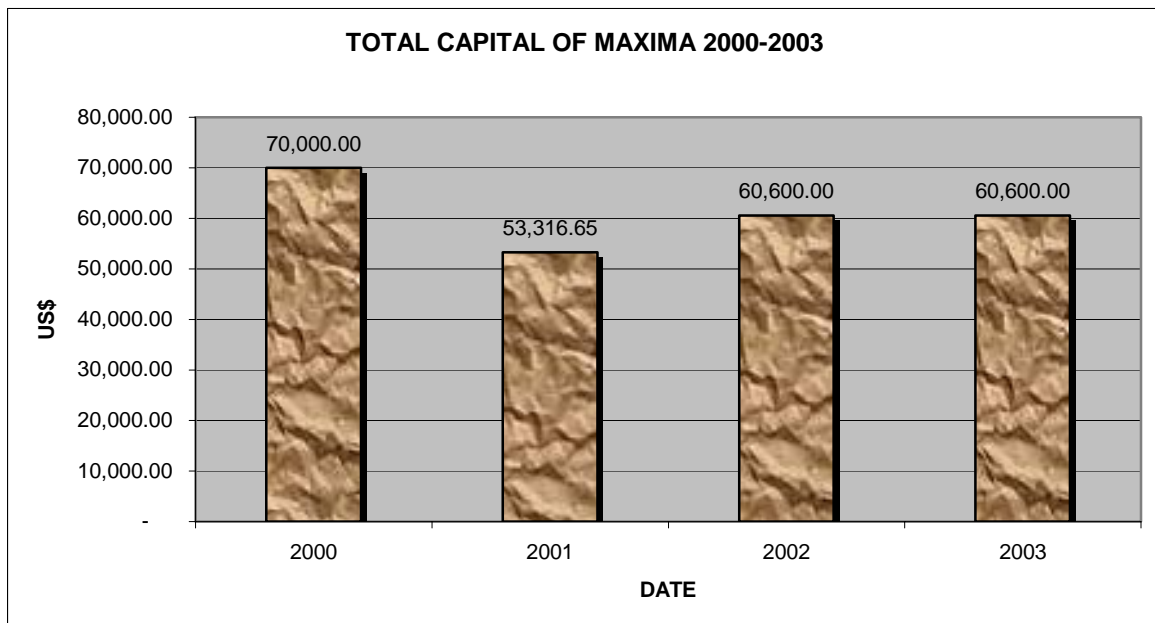


So far the highest loan was provided to Rural Individual Loan. As seen from the chart 2002-2003, it increased by 29% from US\$72,874.08 in 2002 to US\$94,054.90 in 2003. Learning from the past experience, MAXIMA has tried to provide least to Small Business Individual Loan and Rural Group Loan in order to avoid higher risk.

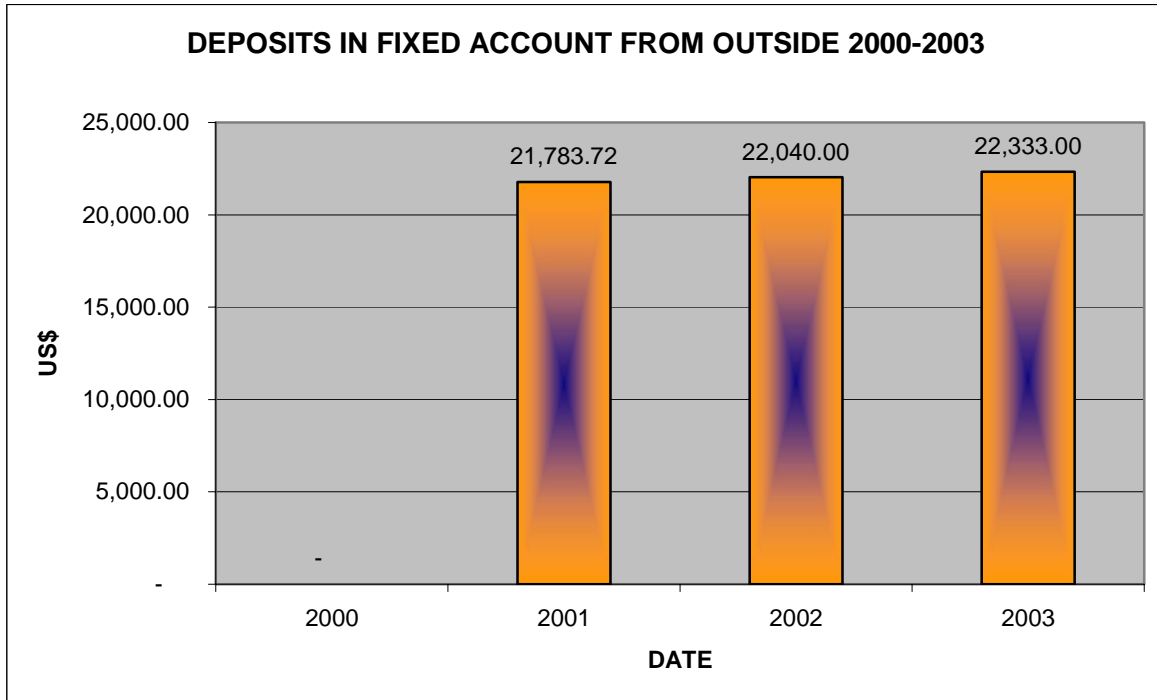
8. OPERATING ACTIVITIES 2000-2003



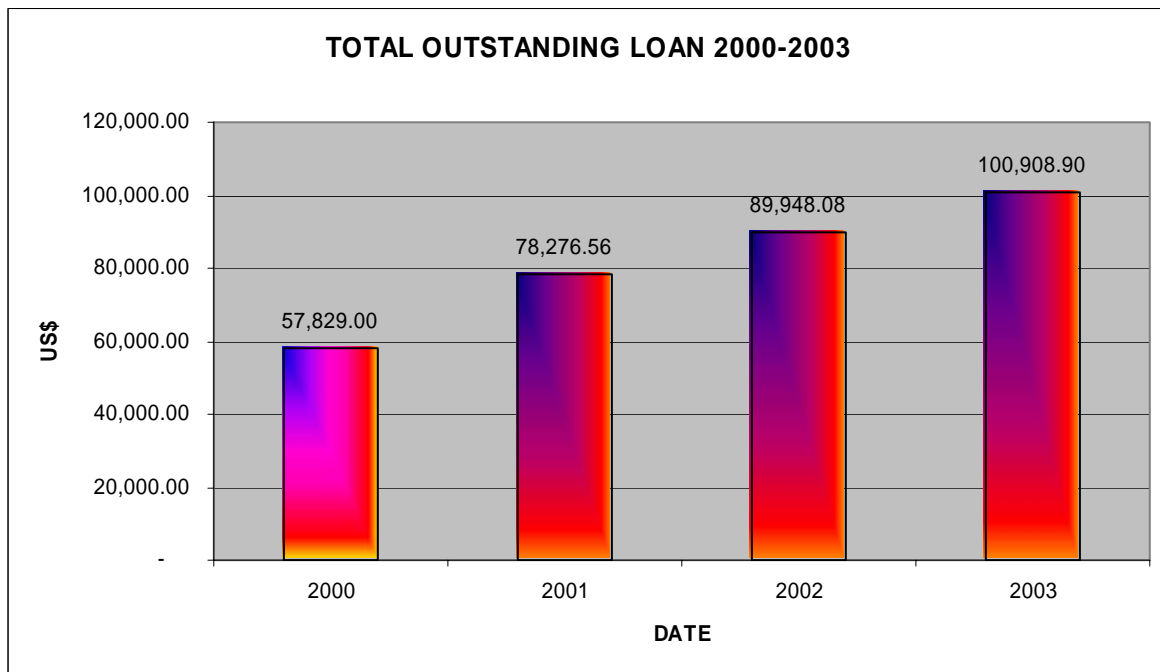
As can be seen from the chart, MAXIMA's total assets increased significantly every year since the start of financial program of MAXAIM in 2000. As we can see in 2000 MAXIMA's total assets was US\$75,023.27 and went up by 59% in 2003, which accounted for US\$119,604.10.



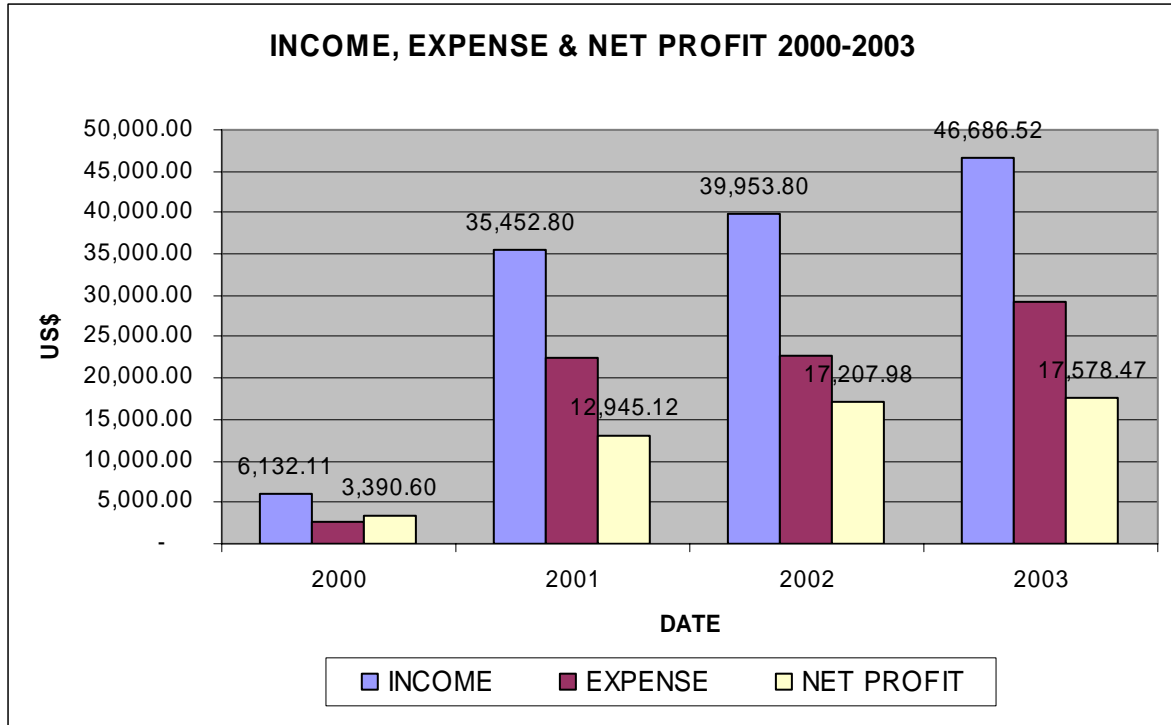
The total capital of MAXIMA went up significantly in 2000, although there was an decrease in 2001 due to the withdrawal of capital by two shareholders from MAXIMA for personal usage.



From the start of micro credit program of MAXIMA in 2000, there was not deposit from outside. The growth of business activities, it attracted many people from private to deposit in MAXIMA. Therefore, there were deposits from other private into Fixed Account of MAXIMA from 2001 up to present time.

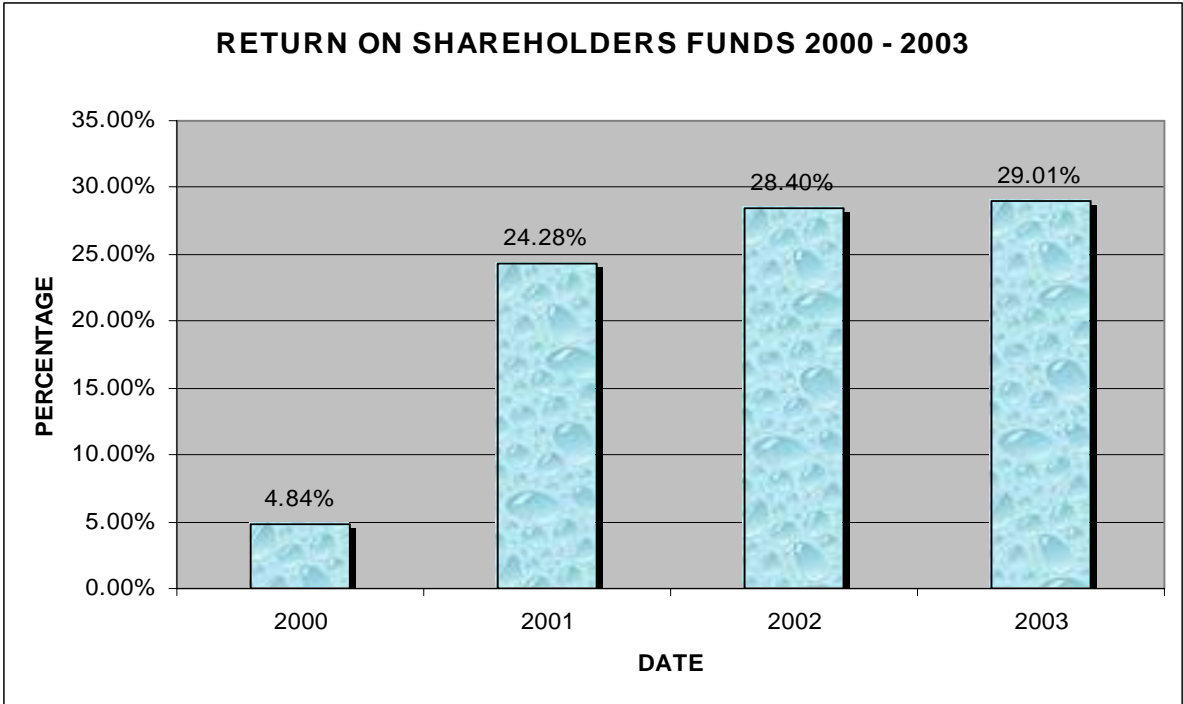


There was dramatically increase in outstanding loan from 2000 to 2003, which was US\$57,829.00 in 2000 and US\$100,908.90 in 2003.



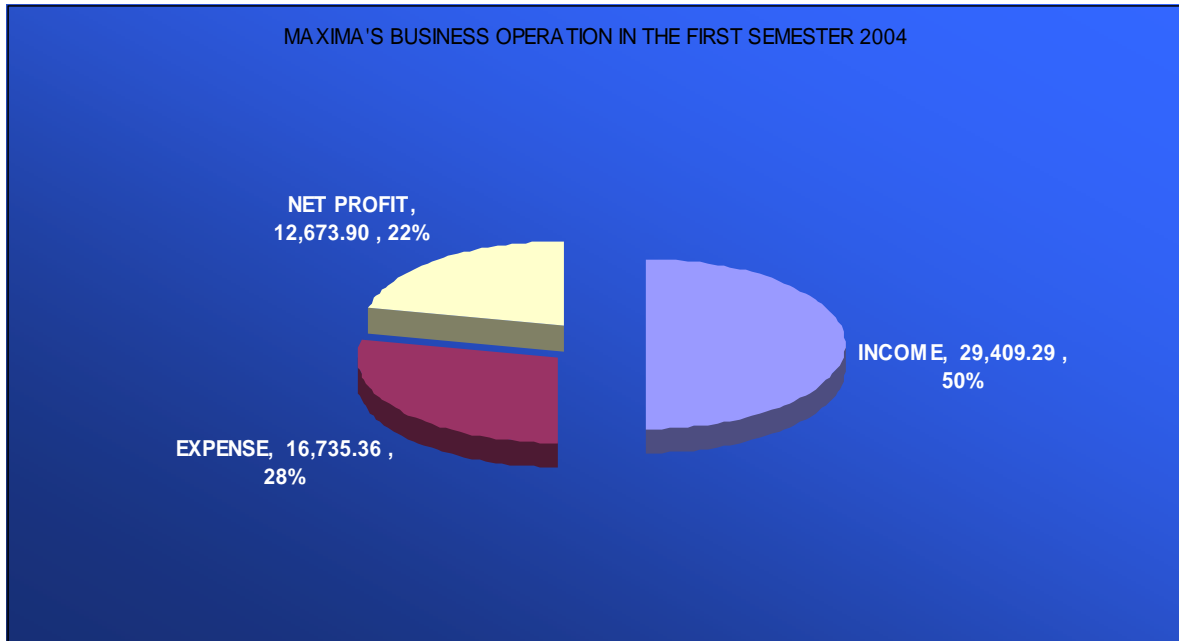
The chart above indicates the income, expense and net profit between 2000 and 2003. The income shows a significant increase from US\$6,132.11 2000 to US\$46,686.52 2003. While, expense and net profit went up similar trend. However, the net profit slightly increased by 2.16% between 2002 and 2003 because, during the period, there was an increase in expenses by 28% from US\$22,745.82 in 2002 to US\$29,108.05 in 2003. The result of increasing in expenses was negatively impacted by the adjustment of US\$5,084.00 bad debt into expenses in 2003, which most was accumulated since the beginning of micro credit program in 2000.



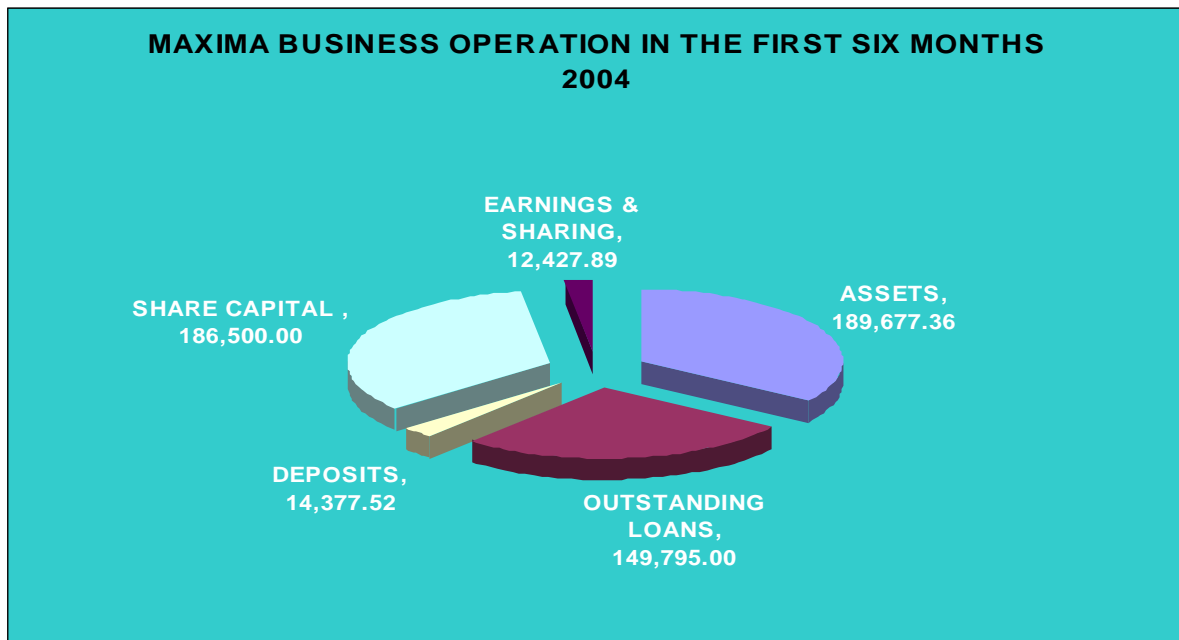


The return on shareholders funds jumped up by 19.44% from 4.84% in 2000 to 24.28% in 2001. The percentage continued to increase significantly to 28.40% in 2002 and slightly went up in the following year. The reason of little growth in 2003 is due to the increase in expense by adjusted bad loan, which accumulated since the start of credit program in 2000. In general, the return on shareholders funds show that MAXIMA has improved its profitability from year to year.

9. OPERATING FIRST SEMESTER 2004



As can be seen from the graph, in the first six month of 2004 the total income is US\$29,409.29 and the next profit accounts for US\$12,673.90, is 22% of the total income.



In the first semester 2004, with the increasing outstanding loan up to US\$149,795 in the end of June, the net profit after depreciation, administrative and operating expenses is US\$12,427.89.

10-EXPANSION PLAN IN US\$ (2004-2007)

The satisfactory achievements of the year 2003 have created zeal among the staff of MAXIMA to bring more successes in the next year. The plan for 2004 includes a target for growing business activities through increasing loan portfolio and gathering more capital. In this sense, MAXIMA is going to issue share for its staff and collect funds from other private institutions put into the capital of MAXIMA up to US\$200,000.00 for the year 2005. In the next three years, the capital of MAXIMA will be increased up to US\$300,000.00 in 2006, US\$400,000.00 in 2007 and US\$500,000.00 in 2008.

The strength of MAXIMA complete advantages are good relation with the local authorities and fast customer service. Recently, ACLEDA, EMT and some other microfinance operators are not strong MAXIMA competitors, since they have different business strategies. However, CLC is smaller than MAXIMA, which has the similar loan offering policies and strategies, should be taken into account. CLC goes to collect at operating areas and fast service as MAXIMA does.

Although the Management sees that there are many potential businesses in micro credit program, some risks and obstacles should be considered:

- Business environment in Cambodia are more complex and depend heavily on the still fragile economic structure.
- Continuously political and economical instability could have a negative impact on microfinance program
- Micro-finance programs are still costly because of the small size of their loans

However, MAXIMA experience during the past four years gives it confidence in the ability to handle the situation and the record shows that MAXIMA is growing very fast in particular for the first six months of 2004.

10- CONCLUSION

For the short term, with the tremendous achievement experienced in the year 2003 MAXIMA will push the organization's present force into the coming year, bringing any required changes and loans to more than 300 new borrowers in the end of year 2004. Especially MAXIMA is going to improve the operating efficiency in order to lower the cost per 1US\$ lent and will be able to significantly increase income. So that within a short period of time MAXIMA became a very successful micro credit provider due to its low cost operation, fast services, direct contact with clients. It has become possible because of some cost-reducing and income-increasing factors learned by MAXIMA through practicing micro finance in 43 villages throughout Phnom Penh and Kandal province.

Looking for the long term, through a planning process, MAXIMA has set the following clear strategies for growth over the next three years:

1. Still encourage a flexible interest rate structure (declining interest rate calculation) to achieve its objectives of growth and stability.
2. Continually work to improve the loan products and underlying policies and procedures to fast respond to the market.
3. Look for other geographical markets to avoid concentration of excessive credit supply in any geographical area.
4. Further improve the monitoring system to evaluate accessibility, efficiency and self-sustainability.
5. Analyze the pricing policy on continual basis and design market responsive loan products to attract better borrowers and build a superior, quality portfolio.
6. Increase more capital by looking for new business partners and investors