

**HATTHA KAKSEKAR LIMITED**

**Financial Statements  
for the year ended 31 December 2014  
and  
Report of the Independent Auditors**



**KPMG Cambodia Ltd**  
4th floor, Delano Center  
No. 144, Street 169  
Sangkat Veal Vong  
Khan 7 Makara, Phnom Penh  
Kingdom of Cambodia

Telephone +855 (23) 216 899  
Fax +855 (23) 217 279  
Internet [www.kpmg.com.kh](http://www.kpmg.com.kh)

## **Report of the independent auditors To the shareholders Hattha Kaksekar Limited**

We have audited the accompanying financial statements of Hattha Kaksekar Limited (“the Company” or “HKL”), which comprise the balance sheet as at 31 December 2014, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 9 to 65.

### **Management’s responsibility for the financial statements**

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

### **Auditors’ responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

For KPMG Cambodia Ltd



Nge Huy  
*Audit Partner*

Phnom Penh, Kingdom of Cambodia

26 February 2015

# Hattha Kaksekar Limited

## Balance sheet As at 31 December 2014

		2014		2013	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>ASSETS</b>					
Cash on hand	5	7,139,818	29,094,758	5,201,162	20,778,642
Deposits and placements with National Bank of Cambodia	6	25,922,366	105,633,642	7,880,614	31,483,053
Deposits and placements with banks	7	23,204,002	94,556,308	14,221,930	56,816,610
Loans to customers	8	249,680,252	1,017,447,027	144,194,570	576,057,307
Other assets	9	4,860,390	19,806,089	3,226,647	12,890,455
Property and equipment	10	4,311,024	17,567,423	3,273,277	13,076,742
Intangible assets	11	1,163,311	4,740,492	1,574,486	6,290,072
Deferred tax assets	17	82,642	336,766	-	-
<b>TOTAL ASSETS</b>		<b>316,363,805</b>	<b>1,289,182,505</b>	<b>179,572,686</b>	<b>717,392,881</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from customers	12	172,333,352	702,258,409	82,473,575	329,481,932
Borrowings	13	57,702,149	235,136,257	47,266,330	188,828,988
Amounts due to shareholders	14	22,970,821	93,606,096	13,393,617	53,507,500
Subordinated debts	19	14,942,778	60,891,820	6,000,000	23,970,000
Provident benefits	15	1,285,208	5,237,223	912,518	3,645,510
Other liabilities	16	6,624,553	26,995,053	3,392,789	13,554,192
Deferred tax liabilities	17	-	-	28,297	113,047
Provision for income tax	17	1,760,229	7,172,933	842,182	3,364,517
<b>TOTAL LIABILITIES</b>		<b>277,619,090</b>	<b>1,131,297,791</b>	<b>154,309,308</b>	<b>616,465,686</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	18	5,271,188	21,480,091	4,036,800	16,127,016
Share premium		10,492,717	42,757,822	5,515,704	22,035,237
Legal reserves		527,119	2,148,010	403,680	1,612,702
Other reserves		635,382	2,589,182	465,272	1,858,762
Subordinated debts	19	729,319	2,971,975	729,319	2,913,629
Retained earnings		21,088,990	85,937,634	14,112,603	56,379,849
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>38,744,715</b>	<b>157,884,714</b>	<b>25,263,378</b>	<b>100,927,195</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>316,363,805</b>	<b>1,289,182,505</b>	<b>179,572,686</b>	<b>717,392,881</b>

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

# Hattha Kaksekar Limited

## Income statement for the year ended 31 December 2014

	Note	2014		2013	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income	20	45,496,801	185,399,464	30,035,239	119,990,780
Interest expense	21	(16,881,286)	(68,791,240)	(9,556,305)	(38,177,438)
<b>Net interest income</b>		28,615,515	116,608,224	20,478,934	81,813,342
Other operating income	22	282,218	1,150,038	480,916	1,921,259
<b>Operating income</b>		28,897,733	117,758,262	20,959,850	83,734,601
General and administrative expenses	23	(19,609,362)	(79,908,150)	(15,093,031)	(60,296,659)
(Reversal of allowance)/allowance for bad and doubtful loans	8	911,897	3,715,980	(510,928)	(2,041,157)
<b>Profit before income tax</b>		10,200,268	41,566,092	5,355,891	21,396,785
Income tax expense	17	(2,078,333)	(8,469,207)	(1,095,896)	(4,378,105)
<b>Net profit for the year</b>		8,121,935	33,096,885	4,259,995	17,018,680

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

# Hattha Kaksekar Limited

## Statement of changes in equity for the year ended 31 December 2014

	Share capital US\$	Share premium US\$	Legal reserves US\$	Other reserves US\$	Subordinated debt US\$	Retained earning US\$	Total US\$
At 1 January 2013	4,036,800	5,515,704	403,680	295,162	729,319	10,906,393	21,887,058
Net profit for the year	-	-	-	-	-	4,259,995	4,259,995
Transfer to other reserves	-	-	-	170,110	-	(170,110)	-
Dividends distribution (Note 24)	-	-	-	-	-	(883,675)	(883,675)
At 31 December 2013	<u>4,036,800</u>	<u>5,515,704</u>	<u>403,680</u>	<u>465,272</u>	<u>729,319</u>	<u>14,112,603</u>	<u>25,263,378</u>
(KHR'000 equivalents - Note 4)							
At 31 December 2013	<u>16,449,960</u>	<u>22,476,494</u>	<u>1,644,996</u>	<u>1,895,983</u>	<u>2,971,975</u>	<u>57,508,857</u>	<u>102,948,265</u>
At 1 January 2014	4,036,800	5,515,704	403,680	465,272	729,319	14,112,603	25,263,378
Capital injection	1,234,388	4,977,013	-	-	-	-	6,211,401
Net profit for the year	-	-	-	-	-	8,121,935	8,121,935
Transfer to legal reserves	-	-	123,439	-	-	(123,439)	-
Transfer to other reserves	-	-	-	170,110	-	(170,110)	-
Dividends distribution (Note 24)	-	-	-	-	-	(851,999)	(851,999)
At 31 December 2014	<u>5,271,188</u>	<u>10,492,717</u>	<u>527,119</u>	<u>635,382</u>	<u>729,319</u>	<u>21,088,990</u>	<u>38,744,715</u>
(KHR'000 equivalents - Note 4)							
At 31 December 2014	<u>21,480,091</u>	<u>42,757,822</u>	<u>2,148,010</u>	<u>2,589,182</u>	<u>2,971,975</u>	<u>85,937,634</u>	<u>157,884,714</u>

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

# Hattha Kaksekar Limited

## Statement of cash flows for the year ended 31 December 2014

	Note	2014		2013	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	25	(10,355,538)	(42,198,817)	(1,240,679)	(4,956,512)
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	10	(2,524,118)	(10,285,781)	(1,940,840)	(7,753,656)
Purchases of intangible assets	11	(47,559)	(193,803)	(83,504)	(333,598)
Proceeds from disposal of property and equipment		122,465	499,045	207	827
Net cash used in investing activities		(2,449,212)	(9,980,539)	(2,024,137)	(8,086,427)
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		27,090,385	110,393,319	13,382,728	53,463,998
Repayments of borrowings		(16,654,566)	(67,867,356)	(6,181,409)	(24,694,729)
Proceeds from amounts due to shareholders		12,964,686	52,831,095	10,539,424	42,104,999
Repayments of amounts due to shareholders		(3,387,482)	(13,803,989)	(7,618,473)	(30,435,800)
Proceeds from subordinated debts		10,000,000	40,750,000	4,000,000	15,980,000
Proceeds from capital injections		5,154,179	21,003,279	-	-
Dividends paid	24	(851,999)	(3,471,896)	(883,675)	(3,530,282)
Net cash generated from financing activities		34,315,203	139,834,452	13,238,595	52,888,186
<b>Net increase in cash and cash equivalents</b>		<b>21,510,453</b>	<b>87,655,096</b>	<b>9,973,779</b>	<b>39,845,247</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>19,956,555</b>	<b>81,322,961</b>	<b>9,982,776</b>	<b>39,881,190</b>
<b>Cash and cash equivalents at the end of the year</b>	26	<b>41,467,008</b>	<b>168,978,057</b>	<b>19,956,555</b>	<b>79,726,437</b>

### Significant non-cash transactions

During the year there were the following significant non-cash transactions:

	2014		2013	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Increase in other reserves as a result of transfer from the retained earnings	170,110	693,198	170,110	679,589
Increase in legal reserves as a result of transfer from the retained earnings	122,027	497,260	-	-
Increase in capital as result of conversion from subordinated debts	1,057,222	4,308,180	-	-

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