

ဆာပါနာ လီမိတက်
SATHAPANA LIMITED
MARUHAN JAPAN GROUP



ANNUAL REPORT 2016-2017

A Leading Microfinance Institution in Myanmar

SATHAPANA makes your life better



Content

• Content	1
• Vision, Mission and Background	2
• Key Performance Indicators	3
• Operational Area	4
• Company Profile and Organizational Chart	5
• Message from Managing Director	6
• Report from Chief Executive Officer	8
• Board of Directors	10
• Management	12
• Board of Directors' Report	15
• Shareholders	16
• Operational Business Review	
Achievement	17
Human Capital Development	19
• Corporate Social Responsibility	21
• Independent Auditor's Report	22
• Statement of Financial Position	24
• Statement of Profit or Loss	25
• Statement of Comprehensive Income	26
• Statement of Changes in Equity	27
• Statement of Cash Flows	28
• Branch Network	29
• Branch Address	30

Vision

To be the leading financial institution
in entrepreneurship building
in Myanmar.

Mission

To empower entrepreneurs and
to generate employments in order to
upgrade their living standards through
access to financial services
in sustainable manner.

Background

SATHAPANA Limited founded in January 2015 by MARUHAN Investment Asia Pte. Ltd. and obtained Temporary Licence in June 2015 to operate Microfinance Business with 15 million US Dollars authorized capital.

The name "SATHAPANA" derived from SATHAPANA Bank Plc. which is one of the leading banks in Cambodia, born out of the merger between a bank (Maruhan Japan Bank Plc.) and a leading Microfinance Institution (SATHAPANA Limited, Cambodia). The word "SATHAPANA" means "to build or to construct" in Cambodian language.

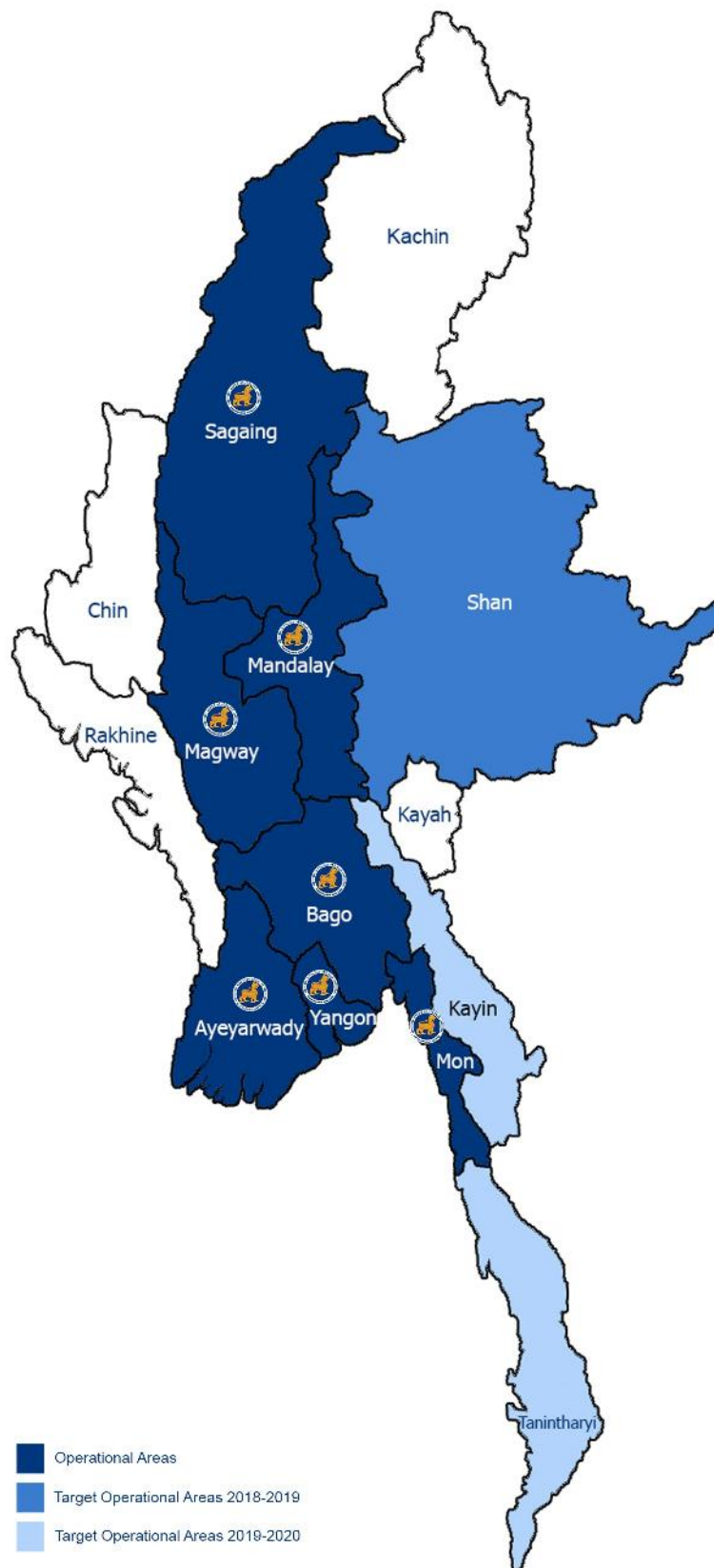
SATHAPANA Limited began its microfinance operations in August 2015 with four branches in Yangon, Bago, Mandalay and Ayeyarwady regions. The institution obtained permanence license in July 2016 and proved its financial strength and commitment to Myanmar economic development through fully injection of 15 million US Dollars authorized capital in FY 2016-2017.

Over the past 2 years, SATHAPANA Limited has made a remarkable growth in human capacity and financial capabilities and claimed to be the top 4 microfinance institution in term of loan portfolio at the end of FY 2016-2017.

Key Performance Indicators

Indicators	2015-2016	2016-2017
	MMK	MMK
Total disbursement each period	4,081,700,000	32,571,758,100
Loan portfolio	3,305,741,600	17,334,529,500
Portfolio growth rate	-	424%
Deposit	203,650,000	1,324,622,905
Deposit growth rate	-	550%
Liquidity (Cash on hand and at bank)	7,398,070,688	904,012,765
Net fixed assets	264,617,188	698,256,323
Total assets	11,281,296,979	19,427,608,129
Portfolio Quality		
Portfolio at risk ratio (>30 days)	0%	0%
On time repayment	100%	100%
Loan written off ratio	0%	0%
Cost Structure (Cost/Avg. Loan Portfolio)		
Salary & incentive cost ratio	30.35%	9.98%
Admin cost ratio	15.49%	4.71%
Finance cost ratio	0.22%	0.61%
Total cost	58.81%	16.56%
Productivity		
Loan portfolio per LO	91,826,156	154,772,585
Active borrower per LO	285	594
Return on average equities	-13.48%	2.78%
Return on average assets ratio	-13.12%	2.55%
Operational self-sufficiency ratio	15.69%	106.98%
Staff and Client Information		
Staff	97	271
Staff growth rate	-	179%
Loan officers	36	112
Borrowers	10,261	66,576
Borrowers growth rate	-	549%
Depositors	10,261	66,576
Depositors growth rate	-	549%
Total incomes	226,427,100	2,929,923,100
Total equities	10,999,720,579	17,567,985,616
Average yield on loan portfolio	24.08%	28.54%

Operational Areas



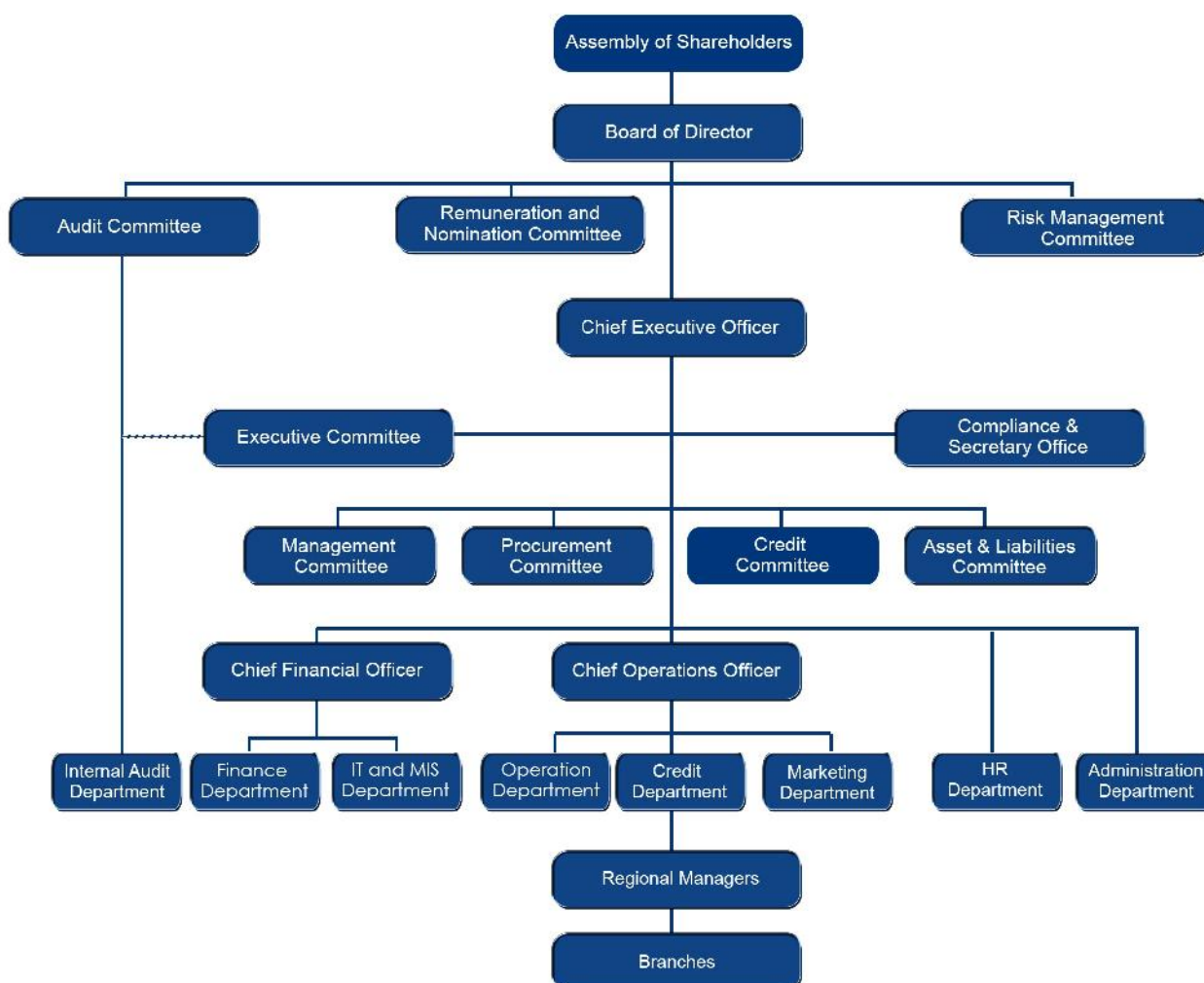
Operational Areas

Region/State	:	7
District	:	11
Township	:	35
Ward	:	310
Village Tract	:	535
Village	:	1156

Company Profile

Company Name	: SATHAPANA Limited
Address	: No. 97/B, Kaba Aye Pagoda Road, Bahan Township, Yangon Region.
Phone Number	: 01-556204
Email	: info@sathapana.com.mm
Website	: www.sathapana.com.mm
Year of Establishment	: 2015
Number of Employee	: 271 (As of 31 st March 2017)
Shareholder	: Maruhan Investment Asia Pte. Ltd.

Organizational Chart



Message from Managing Director



As the Managing Director of the Board of SATHAPANA Limited and the representative of its shareholder, MARUHAN Investment Asia Pte. Ltd., I am delighted to report the excellent achievement of SATHAPANA Limited in the Financial Year 2016-2017. I appreciate strong commitment by management and staff backed by continued economic growth of the Republic of the Union of Myanmar.

Myanmar has undergone dramatic reforms and changes in recent years in the area of politics, economics and social environment. Myanmar's GDP growth slowed to 6.4% in 2016 mainly due to the falling exports and weak commodity prices, but it is expected to recover to 7.5% in 2017 backed by the increase of foreign investments and recovery of construction sector.

SATHAPANA Limited was established in January 2015 with USD15,000,000 authorized capital as a subsidiary of MARUHAN Investment Asia Pte. Ltd. for the purpose of conducting microfinance business in Myanmar. The Company obtained a temporary license from Myanmar Microfinance Supervisory Committee under the Ministry of Planning and Finance in June 2015 and started its operations in August 2015. The name "Sathapana" derived from SATHAPANA Bank Plc. which is one of the leading bank in Cambodia and engaged in commercial banking and microfinance business. SATHAPANA Bank Plc. was established in April 2016 as a result of the merger between MARUHAN Japan Bank Plc., the first Japanese owned Cambodian bank established in 2008, and its subsidiary SATHAPANA Limited which had over 20 years experience in microfinance business in Cambodia and joined MARUHAN Group in 2012. "SATHAPANA" means "to build and construct" in Cambodian language. MARUHAN Group decided to start microfinance business in Myanmar in order to help Myanmar people in accessing to financial services to develop their small businesses and enhance their entrepreneurship by utilizing the Group's abundant capital resources, its long business history, experience, technology and high quality human resources which the Group has developed in Cambodia for over the years.

SATHAPANA Limited has achieved excellent performance in FY 2016-2017. The number of branches has increased to 11 as of March 2017 from 4 in August 2015. The Company has served more than 66,000 customers in 35 townships in 7 states/regions with total 271 staffs and the loan portfolio has reached to 17.3 billion kyats which is 5.2 times higher than the previous year. Quality of the loan portfolio has been maintained very well at 0% of portfolio at risk (PAR) over 30 days.

Board of SATHAPANA Limited is fully aware of the mission and the importance of microfinance for the people and economy of Myanmar and will continue to support the management to further develop the Company's operations and quality of service, invest in advanced technology and human resources, and strengthen internal control and compliance. Board of Directors also fully recognize the importance of complying to the laws and regulations by the relevant authorities in Myanmar.

Message from Managing Director

Board of Directors would like to express our appreciation to the management and staff of SATHAPANA Limited for their commitment and dedication to the work. We would also like to extend sincere gratitude to our valued customers, creditors and business partners for their support of our mission and particularly to Financial Regulatory Department under the Ministry of Planning and Finance for their advice, guidance and support.



Mr. HAN Ken

Managing Director of the Board

Report from Chief Executive officer



Microfinance is being known as an effective momentum of poverty alleviation for the government of most developing countries. It is noticeable that there have been many positive changes in Microfinance regulations framework in Myanmar where the development of the whole sector could be seen under the effort of relevant stakeholders especially the Financial Regulatory Department of the Ministry of Finance and Planning.

There were around 170 Licensed Microfinance Institutions operating and serving approximately 2.5 million clients out of 10.9 million Myanmar household, about 23% of household are being accessible to microfinance services. Meanwhile, the sector has been still dominated by a dozen of Microfinance Institutions. Nevertheless, small institutions still have been growing rapidly, so far, in a healthy manner. Remarkably, SATHAPANA Limited has surpassed its business goal and been ranking as the top four leading Microfinance Institutions in term of loan portfolio outstanding.

Having clear business strategies for adopting is always highly significant and key to the success of SATHAPANA Limited. On behalf of management and staff, I am proud to report the major achievements of the year 2016-17 and the strategic priorities for coming year 2017-18 as following:

ACHIEVEMENTS IN 2016-17

- Number of active client increased sharply by 549% from 10,261 to 66,576.
- The gross loans portfolio grew by 424% from 3.3 billion to 17.3 billion Kyats.
- Number of branch and operating regions had been increased and expanded from 4 to 11 and 4 to 7 respectively.
- Number of employees increased by 226% comparison to same period last year, up from 83 to 271 employees which included nine Cambodian expatriates.
- Monthly profit could be made within 12 months from the operations start date.

STRATEGIC PRIORITIES FOR 2017-18

- To open six new branches in order to expand operational outreach within the existing operating regions.
- To continue enhancing operations workflow and process for a better product/service delivery to ensure a secured rapid growth in the long run, through strengthening regional management functions and employing supplementary systems.
- To continue developing staff capacity by providing them with better in-house and out-door training program and putting much more effort in day-to-day on-the-job training.

Report from Chief Executive officer

- To upgrade Information and Communication Technology (ICT) in order to ease the provision of technical supports to branches, and the company's internal means of communication.
- To build and maintain good relationships with lenders for availing the company of raising funds for supporting the business growth.
- To strengthen internal control and the function of internal audit department for enforcing compliance and transparency.

With the proven achievements and the proactive strategies, I believe that we will be able to bring in another impressive accomplishment in the coming year. We are fully committed to the customer service excellence, the creation of positive impact to as many households as we can reach, and the contribution to economic, social and environmental development.

I would like to express my sincere thanks to the government of Myanmar for putting much effort into the whole sector development, to shareholders for the trust, to board of directors for valuable advices, and to all management and staff members for hard work and dedications. Last but not less, thanks to local authorities and partners for your kind cooperation.



Mr. LY Socheat
Chief Executive Officer

Board of Directors



Dr. HAN Chang-Woo
Director

Japanese, Dr. HAN Chang-Woo is the founder, Chairman and CEO of MARUHAN Corporation of Japan, which operate and manages a variety of entertainment/ amusement facilities such as golf courses, driving ranges, bowling alleys, game centers, restaurants and pachinko parlors (Japanese pinball). He founded MARUHAN Corporation in 1957 and made its business grow rapidly to earn over USD25 billion of annual sales. MARUHAN Corporation is known as the leading company of the industry in Japan. The success in the company's business growth comes from his strong energy towards pursuing customer satisfaction and high challenging spirit. Currently, he has been actively participating in several associations and working as Administrative Director of Han Chang-Woo Tetsu Cultural Foundation, Director of the Kyoto UNESCO Association, Administrative Officer of the Kyoto Chapter United Nations Association of Japan, and Director of Tokyo Philharmonic. He obtained the Bachelor of Political Economics degree from Hosei University.



Mr. HAN Ken
Managing Director

Japanese, Mr. HAN Ken joined MARUHAN Corporation in 2000. Since he was appointed as Director of MARUHAN Corporation in 2007 and then Managing Director in 2014, he has been responsible as Chief Finance Officer looking after Finance and Accounting of MARUHAN Corporation where its business is expanding globally. He also serves for the group's ASEAN business activities as Director and CEO/President of MARUHAN Investment Asia Pte. Ltd., which is a Singapore-based financial headquarters of MARUHAN Japan ASEAN Financial Group, Director of SATHAPANA Bank Plc., and Director of MARUHAN Japan Bank Lao. He obtained his Bachelor of Law degree from DOSHISHA University in 1997.



Mr. HAN Yu
Director

Japanese, Mr. HAN Yu is President/COO of MARUHAN Corporation, leading 15,000 employees, and keeps MARUHAN Corporation as the leading top company in the entertainment industry in Japan, and shares the vision of making MARUHAN Corporation as a world-class entertainment service company. He joined MARUHAN Corporation in 1990, working at several important posts such as Business Executive Chief and Managing Director, he was appointed as Vice President in 2006 and President in 2008. He obtained his Bachelor of Arts degree in English Literature from Hosei University in 1988.

Board of Directors



Mr. WATAHIKI Susumu
Director

Mr. WATAHIKI Susumu joined MARUHAN Corporation in March 2014 and currently serves as Senior Executive of SATHAPANA Bank Plc. and Chief Representative of SATHAPANA Bank Plc, Yangon Representative Office. He has a background of corporate financing, investment banking in various Japanese, European and American banks. He has a Bachelor of Art from Keio University, Economics.



Mr. ISHIMURA Mitsuru
Director

Japanese, Mr ISHIMURA Mitsuru has been a director of SATHAPANA Limited Myanmar since November 15, 2016. He has a strong background in the financial sector with more than 30 years experiences in investment banking, equity capital markets and fixed income markets. Initially starting off with his career at Bank of Tokyo in 1983, he joined Banque Paribas Capital Markets from 1988 to 2000, and worked at HSBC Securities Japan Ltd. as a Managing Director and Head of its Corporate Finance Department from 2000 to 2006. He presently works as an Executive Advisor at Strategic Scenario Inc., Independent Director of MARUHAN Corporation and also an Independent Director of SATHAPANA Bank Plc.. He obtained his Bachelor of Laws from Waseda University in March 1983.



Mr. Norihiko Kato
Director

Japanese, Mr. Kato has been a director of SATHAPANA Limited Myanmar since November 15, 2016. He has extensive banking experiences over 30 years. He started his career at Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) and took positions in Tokyo, New York, Amsterdam and Bahrain in corporate banking, HR, planning and management. He left BTMU in 2009 and worked for Khan Bank LLC in Mongolia as Senior Advisor. Then he joined M&A team of Minebea Co., Ltd. in 2010. Mr. Kato returned to Mongolia and ran Khan Bank, Mongolia's top commercial bank strong in retail and SME banking, as Acting CEO in 2011 and then as CEO from 2012 to 2016. Prior to being appointed as CEO and director of SATHAPANA Bank Plc., he was Head of Overseas Financial Business of MARUHAN Corporation. He got BA in economics from University of Tokyo and MBA from Anderson School of Management at UCLA.

Management



Mr. LY Socheat
Chief Executive Officer

Cambodian, born in 1982, joined SATHAPANA Limited in Myanmar in February 2015 as Chief Executive Officer. He has over 12 years working experience with financial institution. Before Joining SATHAPANA Limited in Myanmar, he served in Peng Heng Specialize Bank and joined SATHAPANA Limited in Cambodia as Credit Officer in 2004, then he was promoted to Operation Assistant in 2005, Senior Operation officer in 2007, Deputy Credit Manager in 2010 and moved to financial field in 2011 as Deputy Finance Manager. Following with many remarkable successes in his job, he was promoted to Procurement Manager in 2013. He obtained Master's degree in Management from Institute of Business Education (IBE) in 2006 and earned Bachelor's Degree in Finance and Banking from National University of Management in 2003.



Mr. SOUNG Sophalrithy
Chief Operations Officer

Cambodian, born in 1983, he joined SATHAPANA Limited Myanmar in February 2015 as Chief Operations Officer. He had worked his way up through many positions in SATHAPANA Limited Cambodia, served as Credit Officer in 2006, then Assistant Operations Department in 2007, Officer Operations Department in 2008, Manager of Credit Control Unit in early 2010, Manager of SME Lending Unit in 2011, and Deputy Head of Credit in early 2013. Mr. SOUNG Sophalrithy obtained his Master's Degree of Business Administration majoring in Financial Management in 2013 from Royal University of Law and Economics (RULE) and earned Bachelor's Degree of Management from National University of Management in 2006.



Mr. SOK Ty
Chief Financial Officer

Cambodian, born in 1982, he joined SATHAPANA Limited in Myanmar in February 2015 as Chief Financial Officer. Mr. SOK Ty obtained Master's Degree of Business Administration majoring in Financial Management in 2012 from Royal University of Law and Economics (RULE) and earned Bachelor's Degree in Accounting from Institute of Management Sciences in 2004. He joined SATHAPANA Limited in Cambodia as Branch Accountant in 2005, and was transferred to work in Head Office as Financial Control Officer in 2008. He was promoted to be a Senior Treasury Officer in 2010. With his strong effort toward finance and treasury related functions he was promoted to Deputy Head of Finance in 2013.



Ms. AUNG KAY THI
Head of Internal Audit Department

Myanmar, born in 1978, joined SATHAPANA Limited Myanmar in October 2016 as Head of Internal Audit Department. She has more than four year accounting and auditing experiences in London, UK and one year experience as a senior manager in Ernts & Young, Myanmar (One of the big four audit firms). She is expertise in Auditing, Accounting, and Taxation and Law. She is a current research candidate of Doctor of Business Administration Program from University of Victoria, Switzerland and she obtained Diploma in Accounting from LCCI, UK in 2001, BA (Hons) English from Dagon University, Myanmar in 2004, BSc (Hons:) in Applied Accounting from Oxford Brooks University, UK in 2011, MBA (Financial Management) from University of Wales, UK in 2013. She has fully completed ACCA in 2011 and now a member of ACCA. She is also CPA holder of Myanmar.

Management



Mr. CHHAY Sokchea
Head of Operations Department

Sokchea, Cambodian national, holds Bachelor's Degrees in Accounting and obtained the diploma in 2009 from Maharishi Vedic University. Since 2008, he has attended several training courses on microfinance operations management and leadership. He has years of experiences in financial sector. Mr. CHHAY Sokchea started working with SATHAPANA Limited in Cambodia in 2008 as accountant and was promoted to Branch Manager in 2011 and then Deposit Control Unit Manager in 2013. With his professional profile, he was selected to help setting up microfinance operations of SATHAPAN Bank Plc., in Myanmar in 2015, as branch manager. He has been serving as Head of Operations since May 2017, after one-year service as deputy head of the department.



Ms. CHERRY NU NU ZAW
Head of Administrative Department

Born in 1973, Myanmar Citizenship, graduated Bachelor Degree of Business Administration from St. John University Thailand in 1996 to 2000. She had attended Foreign Language (Japanese) from TOKYO Language School in 1991 to 1993. She worked over eight years in Administrative Function for Japanese Companies. She started working for SATHAPANA Limited in Myanmar as Deputy Head of Administration Department in early 2015.



Ms. SEINN AYE NU
Deputy Head of HR Department

Myanmar, born in 1990, joined SATHAPANA Limited as Human Resources Officer in March 2015. Then she was promoted to be Senior Human Resources Officer in June 2016 and then promoted to be Deputy Head of Human Resources Department in May 2017. Before joining SATHAPANA Limited, she worked as HR Trainee at HTOO group of companies and as HR executive at Muse and Wittiness Design and Engineering Company. She has 5 years working experience in Human Resources field. She pursued business management from National Management College and she earned bachelor degree in 2010. To fulfill her interest and strengthen her career background, she had learned diplomas and certificates courses related to General Management and Human Resources Management. In 2014, she earned master degree specialized in business administration from Assumption University of Thailand.



Ms. HTET HTET OO
Deputy Head of Finance Department

Myanmar, born in 1991, Joined SATHAPANA Limited in March 2015 as Finance Officer and in June 2017, she has been promoted as Deputy Head of Finance Department. She worked as an accountant for Sinopec Petroleum Company for two years. She has finished ACCA Part II and now pursuing to complete ACCA papers in professional level.

Management



Mr. HAK Sophal
Regional Manager

Cambodian, born in 1979, he joined SATHAPANA Limited in Myanmar in April 2015 as Branch Manager for one year and then he was promoted to Regional Manager of Yangon and Bago regions. Prior to joining SATHAPANA Limited in Myanmar, he served SATHAPANA Limited in Cambodia as Credit Officer 5 years, Branch Manager 4 years and Senior Branch Manager 2 years. Mr. HAK Sophal obtained his Master's Degree of Business Administration majoring in General Management in 2013 from Build Bright University (BBU) and earned Bachelor's Degree in the field of Business Management from National Institution of Business in 2006.



Mr. YON Sambun
Regional Manager

Cambodian, born in 1982, Mr. YON Sambun obtained a Master's Degree of Business Administration majoring in Entrepreneur Management in 2015, and he graduated Bachelor's Degree of Education in Teaching English as a Foreign Language (Bed. TEFL) from Build Bright University in 2010. He started working for SATHAPANA Limited Microfinance as Credit Officer in PUK Branch in 2005, and he was promoted to Chief Point of Service (Sub-Branch) in early 2010. In early 2011, he was transferred to work at Chi Kraeng branch as Chief Credit Officer and then he was promoted to Branch Manager in 2011. In April 2015, Mr. Sambun was nominated for Branch Manager Position of Pathein Branch of SATHAPANA Limited in Myanmar, and then he was promoted to Regional Manager of Ayeyarwady.



Mr. CHHIT Sokhoeurn
Regional Manager

Cambodian, born in 1980, he joined SATHAPANA Limited in Myanmar in April 2015 as Mandalay Branch Manager and he was promoted to Regional Manager of Mandalay and Sagaing regions in May 2016. Prior to joining SATHAPANA Limited in Myanmar, he served SATHAPANA Limited in Cambodia as Credit Officer in 2004 and he was promoted to district branch manager in 2007 and Branch Manager in 2010. Since the company expanded its target market to SME sector, Mr. Sokhoeurn was appointed as Manager of SME Lending Unit in 2013. Mr. CHHIT Sokhoeurn obtained his Master's Degree of Business Administration (MBA) in 2011 and earned Bachelor's Degree of Human Resource Management in 2008 from Chea Sim University of Kamchaymear (CSUK), former Maharishi Vedic University (MVU).

Board of Directors' Report

The directors are pleased to present to their report to the members together with the financial statements of SATHAPANA LIMITED (the "Company") for the financial year ended 31 March 2017.

1. Directors

The directors of the Company in office at the date of this report are:

Mr. Ken Han
Dr. Chang-Woo Han
Mr. Yu Han
Mr. Susumu Watahiki
Mr. Mitsuru Ishimura
Mr. Norihiko Kato

2. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. Directors' interest in shares or debentures

No directors who held office at the end of the financial year had any interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year according to the return on allotment of directors' shareholdings (Form VI) required to be kept under Section 104 of the Myanmar Companies Act.

4. Directors' contractual benefits

Since at the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. Shares Options

No options have been granted during the financial year to subscribe for unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option as at end of the financial year.

6. Auditor

UTW (Myanmar) Limited has expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,



Ken Han
Managing Director



Susumu Watahiki
Director

Shareholders

MARUHAN INVESTMENT ASIA PTE. LTD.

MARUHAN INVESTMENT ASIA PTE. LTD. (the “Company”) was incorporated on 31st January 2012, having Company Registration No. 201202241N. The Company is a private limited company incorporated in the Republic of Singapore. The immediate and ultimate parent of the Company is MARUHAN Corporation, incorporated in Japan.

The registered office of the Company is located at 6 Temasek Boulevard, #29-00 Suntec Tower 4, Singapore 038986. The paid-up capital of the Company was USD195.84 million as of 31st December 2016.

The principal activity of the Company is that of investment holding for commercial banking and microfinance business in the ASEAN region. The Company also provides management services to its subsidiaries and MARUHAN Group companies in the region. As of 31st December 2016, the Company had the following direct subsidiaries:

(1) SATHAPANA Limited

Micro Finance Institution in the Republic of the Union of Myanmar.

Paid-up capital USD15 million (99.99%).

(2) SATHAPANA Bank Plc.

Commercial bank in the Kingdom of Cambodia.

Paid-up capital USD120 million (100%).

SATHAPANA Bank Plc. has a representative office in Yangon, the Republic of the Union of Myanmar.

(3) MARUHAN Japan Bank Lao Company Limited

Commercial bank in the Lao People's Democratic Republic.

Paid-up capital USD37.5 million (99.99%).

(4) MARUHAN Myanmar Company Limited

Consultancy services company in the Republic of the Union of Myanmar.

Paid-up capital USD3.5 million (99.99%).

(5) MARUHAN Investment (Cambodia) Company Limited

Land holding company in the Kingdom of Cambodia.

Paid-up capital USD20,000 (49%).

The Board of Directors of the Company as of 31st December 2016 were:

Dr HAN, Chang-Woo, Chairman

Mr HAN, Ken, President & CEO

Mr HAN Yu,

Mr HAN Koh,

Mr OGURA Keita

Mr ISHIMURA Mitsuru

Operational Business Review

Achievement as of Fiscal Year 2016-2017

Loan

By the end of March 2017, SATHAPANA Limited has its 11 branches covered over 7 regions/states, 11 districts, 35 townships, 310 wards, 535 village tracts and 1156 villages.

Description	2015-2016	2016-2017
Number of customers	10,261	66,576
Increasing of customers	-	549%
Loan portfolio (MMK)	3,305,741,600	17,334,529,500
Portfolio growth rate	-	424%
Number of loans disbursement	10,283	81,928
Total disbursement each period (MMK)	4,081,700,000	32,571,758,100
Portfolio at risk (>30 days)	0%	0%

In Fiscal Year (2016-2017), Loan Portfolio was remarkably increased by 424% and number of customer increased by 549%.

Loan portfolio at risk was maintained at 0% reflecting the improvement and success of the customers as well as the quality of credit risk management of SATHAPANA Limited. However, SATHAPANA Limited keeps providing the training courses and technical support to its staff members to equip them with sufficient knowledge in loan management in order to ensure the sustainability of superior loan quality.



Operational Business Review

Deposit

As a result of increasing in number of clients and loan portfolio, the number of depositor and deposit balance was also increased accordingly. At the end of Fiscal year 2016-2017, the number of depositor and deposit balance rose from 10,261 to 66,576 and 203,650,000 to 1,324,622,905 respectively.

Description	2015-2016	2016-2017
Number of depositor	10,261	66,576
Increasing of depositor	-	549%
Deposit (MMK)	203,650,000	1,324,622,905
Deposit growth rate	-	550%

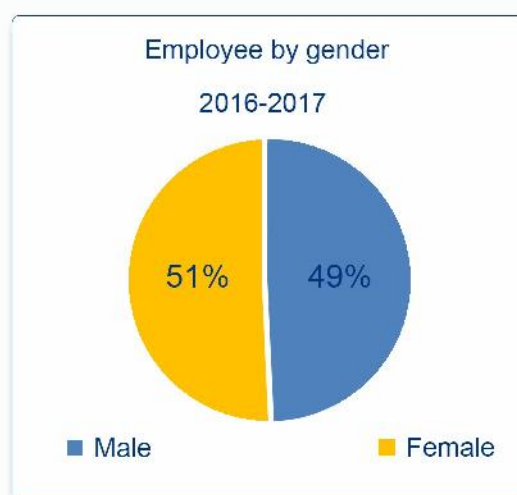
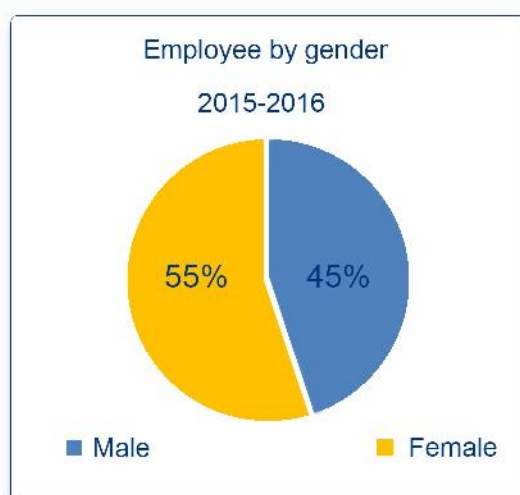


Operational Business Review

Human Capital Development

It is always a wise business strategy to invest in human resource. Gathering the right people on board is an initial part of the investment. Running a good capacity development program is a significant part to make the investment more efficient. Giving people the opportunities to growth within the organization is a best way to sustain the investment.

It is the people who make all the business achievement. SATHAPANA Limited is always keen on making ongoing investment in people as it recognizes that the people is the most valuable asset of the organization. SATHAPANA Limited has recruited more and more people to support the growth of the business. The number of employee has been increased from 97 in FY 2015-16 to 271 in FY 2016-17.



Operational Business Review

SATHAPANA Limited has designed a capacity development program by incorporating not only the technical skills but also the soft skills which can serve for both competence and leadership development.

No	Subjects	2015-2016	2016-2017
A	In-house training		
1	New recruits training	2	5
2	Effective branch management training	0	2
3	Personal grooming training	1	0
4	Internal audit training	0	1
5	The use of operational tools training	0	2
	Total number of in-house training	3	10
B	External training		
1	HR management training	1	2
2	Risk management training	0	2
3	Internal audit training	1	2
4	Business planning training	0	1
5	Diploma in HR management training	0	1
6	English training	1	0
7	Lending to start-up business	0	1
	Total number of external training	3	9



Corporate Social Responsibility

In spirit of humanity and corporate social responsibility, SATHAPANA Limited contributes to social charity and makes generous donation to community as a care and kindness to clients and society.

Donation to 330 Flood Victims

SATHAPANA Limited donated 330 packs of rice and purified water on 3rd September 2016, to flood victims in Ward (9) and (10) of Patheingyi Township, Ayeyarwady Region. The donation event was participated by Regional Chief Officer of Financial Regulatory Department, Local Authorities and Branch Management and Staff of SATHAPANA Limited.



Donation to Fire Victim

SATHAPANA Limited represented by Mandalay and Sagaing Regional Manager, donated the rice, home appliances and other items to client at Mandalay whose house and properties were burned down on March 07, 2017.



Independent Auditor's Report



UTW (Myanmar) Limited
Room 10-A Classic Strand Condo
No. 693/701, Merchant Road
Pabedan Township, Yangon
Tel +95 1 371293
Fax +95 1 371895

To the members of SATHAPANA LIMITED

We have audited the accompanying financial statements of SATHAPANA LIMITED (the "Company"), which comprise the statement of financial position as at 31 March 2017, statement of profit or loss, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards and the provision of the Myanmar Companies Act. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair statement of profit or loss, statement of comprehensive income, statement of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies ; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report

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 SATHAPANA LIMITED as of 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Myanmar Financial Reporting Standards and the provision of the Myanmar Companies Act.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Act, we also report that:

- (a) We have obtained all the information and explanations we have required; and
- (b) Books of account have been maintained by SATHAPANA LIMITED as required by Section 130 of the Myanmar Companies Act.



Daw Moe Moe Aye
(CPA No. 186)
UTW (Myanmar) Limited
Firm Reg: No. C006
Certified Public Accountants

Statement of Financial Position

As at 31 March 2017

	31 March 2017 MMK	31 March 2016 MMK
Assets		
Non-current assets		
Property, plant and equipment	657,038,293	246,814,934
Intangible assets	41,218,030	17,802,254
Loans to customer	9,370,845	1,066,828
	<u>707,627,168</u>	<u>265,684,016</u>
Current assets		
Interest receivables	282,001,400	51,269,400
Other receivables	31,449,575	24,200,000
Prepaid expenses	350,703,861	303,512,935
Loans to customers	17,151,813,360	3,238,559,940
Cash and cash equivalents	904,012,765	7,398,070,688
	<u>18,719,980,961</u>	<u>11,015,612,963</u>
Total assets	<u>19,427,608,129</u>	<u>11,281,296,979</u>
Equity and liabilities		
Current liabilities		
Accrued expenses	290,220,483	18,892,400
Employee pension	8,657,771	16,589,172
Other payables	2,010,300	2,750,500
Interest payables	69,608,500	6,514,500
Customer savings payables	1,321,567,800	203,000,000
	<u>1,692,064,854</u>	<u>247,746,572</u>
Non-current liabilities		
Customer savings payables	3,060,000	652,500
Employee pension	164,497,659	33,177,328
Total liabilities	<u>1,859,622,513</u>	<u>281,576,400</u>
Equity		
Issued capital	18,676,600,000	12,601,600,000
Accumulated Losses	(1,108,614,384)	(1,601,879,421)
Total equity	<u>17,567,985,616</u>	<u>10,999,720,579</u>
Total equity and liabilities	<u>19,427,608,129</u>	<u>11,281,296,979</u>

Statement of Profit or Loss

For the financial year ended 31 March 2017

	1 April 2016 to 31 March 2017 MMK	1 April 2015 to 31 March 2016 MMK
Continuing Operations		
Interest incomes	2,690,666,900	226,330,300
Interest expenses	(100,779,300)	(6,544,600)
Net interest incomes	2,589,887,600	219,785,700
Other items of Incomes (expenses)		
General and administrative expenses	(2,637,967,615)	(1,437,041,481)
Other incomes (expenses)	705,766,731	(274,093,228)
Profit/(Loss) before tax from continuing operations	657,686,716	(1,491,349,009)
Income tax expenses	164,421,679	-
Profit/(Loss) for the year from continuing operations	493,265,037	(1,491,349,009)

Statement of Comprehensive income

For the financial year ended 31 March 2017

	1 April 2016 to 31 March 2017 MMK	1 April 2015 to 31 March 2016 MMK
Profit/(Loss) for the year	493,265,037	(1,491,349,009)
Other comprehensive income	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income/(loss) for the year	493,265,037	(1,491,349,009)

Statement of Changes in Equity

For the financial year ended 31 March 2017

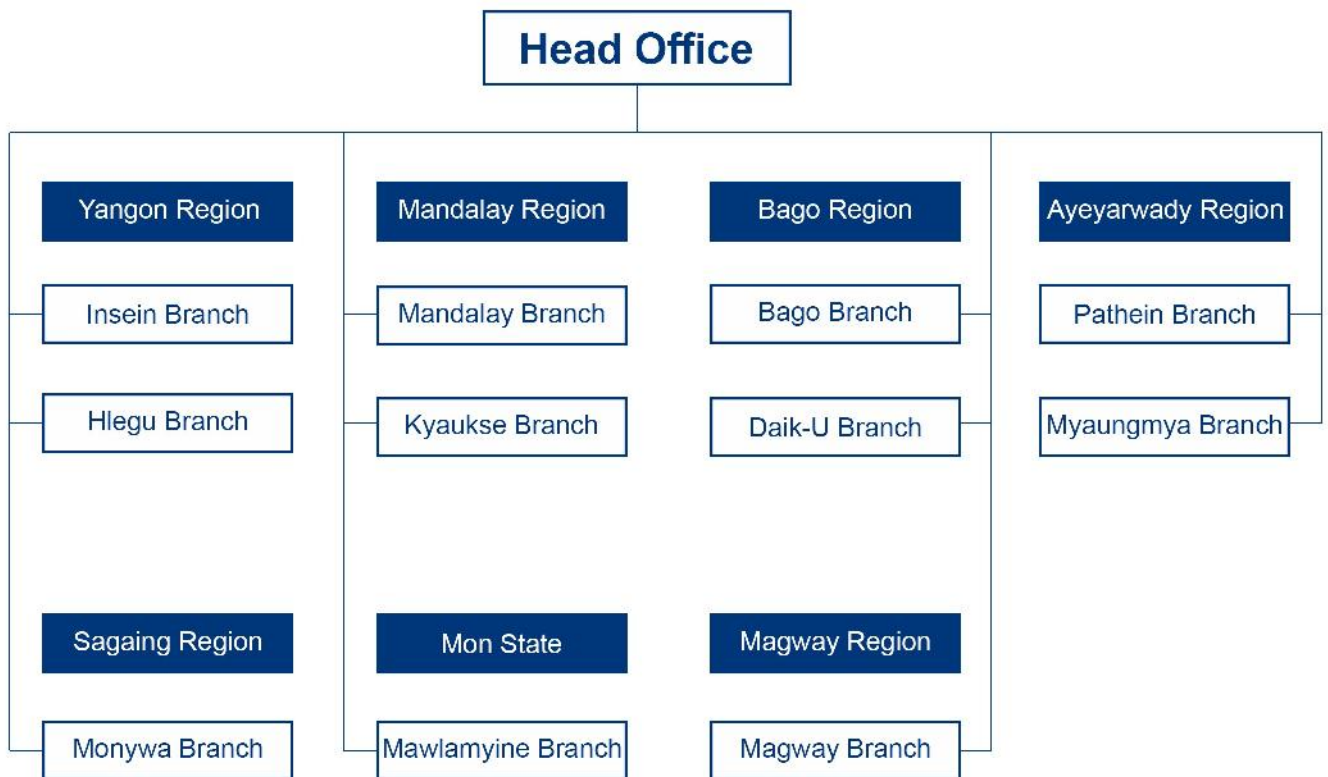
	Issued capital	Advance capital, pending allotment	Accumulated losses	Total equity
	MMK	MMK	MMK	MMK
As at 1 April 2015	25,625,000	77,025,000	(110,530,412)	(7,880,412)
Issuance of shares during the year	12,575,975,000	(77,025,000)	-	12,498,950,000
Total comprehensive loss for the year	-	-	(1,491,349,009)	(1,491,349,009)
At 31 March 2016 and 1 April 2016	12,601,600,000	-	(1,601,879,421)	10,999,720,579
Issuance of shares during the year	6,075,000,000	-	-	6,075,000,000
Total comprehensive income for the year	-	-	493,265,037	493,265,037
At 31 March 2017	18,676,600,000	-	(1,108,614,384)	17,567,985,616

Statement of Cash Flows

For the financial year ended 31 March 2017

	1 April 2016 to 31 March 2017 MMK	1 April 2015 to 31 March 2016 MMK
Operating activities		
Profit/(Loss) before tax from continuing operation	657,686,716	(1,491,349,009)
Adjustments for:		
Depreciation and amortisation	100,465,720	32,045,686
Provision for loan loss	107,230,463	66,114,832
Fixed asset write off/transfer reclassified	(1,397,490)	-
Operating cash flows before changes in working capital	863,985,409	(1,393,188,491)
Changes in working capital:		
Increase in loans and interest receivables	(14,259,519,900)	(3,357,011,000)
Increased in other receivables	(7,249,575)	(23,450,000)
Increased in prepaid expenses	(47,190,926)	(272,063,935)
Decrease in other payables	(740,200)	(167,121,473)
Increase in accrued expenses	230,295,334	66,302,343
Increase in customer savings and interest payables	1,184,069,300	210,167,000
Net cash flows used in operating activities	(12,036,350,558)	(4,936,365,556)
Investing activities		
Purchase of property, plant and equipment	(532,707,365)	(287,866,481)
Net cash flows used in investing activities	(532,707,365)	(287,866,481)
Financing activities		
Proceeds from issuance of shares	6,075,000,000	12,498,950,000
Net cash flows from financing activities	6,075,000,000	12,498,950,000
Net (decrease)/increase in cash and cash equivalents	(6,494,057,923)	7,274,717,963
Cash and cash equivalents at 1 April	7,398,070,688	123,352,725
Cash and cash equivalents at 31 March	904,012,765	7,398,070,688

Branch Network



Branch Address

Head Office (Yangon)

No.97/B, Kaba Aye Pagoda Road, Bahan Township, Yangon Region, Myanmar

Tel: 01-556204, Website: www.sathapana.com.mm, Email: info@sathapana.com.mm

Facebook: www.facebook.com/sathapanamyanmar

Yangon Region

Insein Branch

No. 576, Hlaing River Road, Pauk Taw Ward, Insein Township, Yangon Region

Tel: 01-646339

Hlegu Branch

Holding No. B/12/28, East Min Road, Aung Mingalar Ward, Hlegu Township, Yangon Region

Tel: 0996703034, 09969703035

Mandalay Region

Mandalay Branch

No.693, Holding No. 65, 73rd Street, Between 35th and 36th Street, Mahar Aung Myay Township

Mandalay Region. Tel: 09977917200, 09977917201

Kyaukse Branch

No. 335, West Street of Market, Tasoe Gate, Aye Mya Kyi Lin Ward, Kyaukse Township, Mandalay Region

Tel: 09969703024, 09969703025

Bago Region

Bago Branch

No 738, Yangon-Mandalay Road, No. (7) Ward, Oakthar Myo Thit, Bago Township, Bago Region

Tel: 052-2201318

Daik-U Branch

Opposite of former BOC, Dagon-Mandalay Road, Mintae (6) Ward, Daik-U Township, Bago Region

Tel: 052-40583

Branch Address

Ayeyarwady Region

Pathein Branch

No. 41, Maharbandula Road, No. (3) Ward, Pathein Township, Ayeyarwady Region

Tel: 042-23128

Myaungmya Branch

No.232, U Ba Cho Street, Kyuntaw (3), Pha Yar Chaung Ward, Myaungmya Township

Ayeyarwady Region. Tel: 09969703014, 09969703015

Sagaing Region

Monywa Branch

Opposite of Jade Hotel, Myinmu Road, Nat Lu Htake Pan Ward, Monywa Township, Sagaing Region

Tel: 09969752653, 09969752654

Mon State

Mawlamyine Branch

Holding No. K/68(A), Myo Shaung Road, Myaynigone Ward, Mawlamyine Township, Mon State

Tel: 09969752643, 09969752644

Magway Region

Magway Branch

No. 271, Maehtee Road, Yan Way Ward, Magway Township, Magway Region

Tel: 09969752633

Head Office

No. (97/B), Kaba Aye Pagoda Road, Bahan Township, Yangon Region.

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