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SEILANITHIH

Microfinance Institution



ANNUAL REPORT | 2011



VISION:

“To contribute in improving the standard of living of the people with financial sustainability of Seilanithih Limited through providing financial services with appropriate interest rates.”

MISSION:

“To strengthen and extend the best financial services to people in order to expand their existing business or to start their new business legally through providing credit and savings services.”

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Message From The Chairman



Cambodia economy has demonstrated significant results in 2011 due to strong macro-economic situation even though the country was affected by flood in some areas. The positive signs of country economy have made increase demand for loans, decrease the rate of non-performing loans and increase deposits for the finance and banking sector in Cambodia.

It is my pleasure to congratulate all the company management team and staff for their intensive efforts in the year 2011 in achieving commendable results with increasing number of branches,

loan portfolio, decreasing non-performing loans with a reasonable amount of financial income. The staff turnover rate has decreased during the year despite of management restructuring.

The board of Seilanithih has appointed Mr. Hin Samnang as an independent board member who is experienced in local and international finance. Ms. Marilyn Magampon-Manila was appointed by CARD Inc. to replace Dr. Jaime Aristotle B. Alip. I am pleased to welcome two new board members and look forward to working together. I am grateful for the invaluable contributions and strong commitment of Dr. Jaime Aristotle B. Alip during his tenure on the Board. I am very thankful to him that he kindly accepted to serve Seilanithih as an advisor of the Board of Directors.

Moving to 2012, the company will continue expanding its services to a greater number of Cambodian people in the rural areas and we will improve cost effectiveness of our operations. We will also continue improving our portfolio quality and bring it down to the lowest level at the same time we will continue to improve our internal control system and operational

procedures.

On behalf of the Board and myself, I wish to place my sincere thanks to the company management team and all staff for their efforts and commitment to serve the Company.

I would also like to recognize the contribution of our customers, regulators, shareholders, lenders, donors and the general public. Without your support we may not be what we are now.

Mr. Sun Boreth
Chairman

Message From The Deputy Chief Executive Officer

In year 2011, Seilanithih has restructured its management to move forward. There were numbers of changes has been made including few key positions. Seilanithih has also started implementing Social Performance Management (SPM) activities in order to response our social mission. Due to the restructuring process and integration of SP activities with the operational strategies, our clientele has decreased a bit; however, we are able to ensure better quality of our services. Despite ongoing management restructuring, Seilanithih still manage to establish two new branches in Battambang province. Moreover, loan portfolio grew up to US\$8,269,363 (increased 7.49%). The number of savers has also increased by 3% compared to the year 2010. Seilanithih has also exhibited better capacity to manage portfolio quality, evident by the result, which showed that the PAR > 30 days was decreased from 2.59% to 1.26%.

Total assets has increased to US\$

8,626,520 (increase of 3.69%) compared to previous year. The total number of staff has increased from 187 in 2010 to 207 in 2011 (an increase of 10.7%) and the staff turnover rate has been decreased to 12.7% from 15.8% in the same period as well.

Despite the restructuring process which has required lots of inputs and efforts, Seilanithih still manage to earn a reasonable profit in 2011. The operational self-sufficiency was 109% while financial self-sufficiency was 107%.

I would like to take this opportunity to express my sincere thanks to all staff for their hard work, commitment and cooperation with honesty guided by the mission which set up Seilanithih one of the leading Microfinance Institution in Cambodia. I also express my gratitude to our shareholders, board of directors, donors, lenders, Cambodia Microfinance Association, National Bank of Cambodia and others stakeholders for their constant



supports and providing us strategic guidance in the past year. Last but not least, I would like to thank our valued clients for their continuous supports.

A handwritten signature in blue ink, appearing to read 'Farid Ahmed', written over a light green floral watermark.

Mr. Farid Ahmed
Deputy Chief Executive Officer

Milestones

- 1993** CARE International - Cambodia, funded by the Australian Government, piloted the “Social Economic Improvement for Local Agency (SEILA) Project” in Phnom Penh. This project was intended to extend credit to vulnerable groups in the area. Also, they started village banking projects in Pursat and Banteay Meanchey provinces thru fund from UNDP/CARERE.
- 1996** Seilanithih NGO was established from the merging of the three (3) CARE Cambodia Projects with CARE acting as advisor. Those three (3) provinces became the first three branches of Seilanithih NGO.
- 1998** Seilanithih NGO started to pilot Individual loan product with loan size up to US\$ 500 to 100 clients in Phnom Penh branch.
- 2001** Registered with the National Bank of Cambodia (NBC) as a Rural Credit Operator. A new branch was established in Malai District of Banteay Meanchey.
- 2002** Branch was opened in Battambang province.
- 2003** Transformed into a private limited company and obtained licensed from the NBC as Microfinance Institution.
- 2007** Awarded with permanent license by the NBC. A new branch is established in Siem Reap province.
- 2008** Branch opening in Kampong Cham province.
- 2009** Catalyst Microfinance Investors International (CMI) Holding becomes a shareholder.
- 2010** Three new branches were established.
- 2011** Two new branches were set up.



Performance Highlight

REPORTING PERIOD	2011-DEC	2010-DEC	2009-DEC
Provinces	7	7	7
Districts	89	95	79
Branch Offices	25	23	20
Employees	207	187	169
Clients	13,846	14,395	10,433
% Group Loan clients	31.71%	33.68%	28.47%
% Individual Loan clients	68.29%	66.32%	71.53%
Loan Outstanding	\$8,269,363	\$7,692,876	\$6,291,573
% Group Loan amount	7.61%	11%	15%
% Individual Loan amount	92.39%	89%	85%
PAR> 30 days	1.26%	2.59%	2.85%
No of Savers	15,968	15,447	11,017
Savings amount	\$407,366	\$465,934	\$406,212
Operational Self-Sufficiency	109%	113%	108%
Financial Self-Sufficiency	107%	110%	107%
Operating costs	\$1,731,424	\$1,539,831	1,303,139
Total Assets	\$8,626,520	\$8,319,403	\$7,711,766
Total Liabilities	\$6,678,732	\$6,384,574	\$6,142,529
Share Equity	\$1,947,788	\$1,934,829	\$1,568,237
Share Capital	\$1,000,000	\$1,000,000	\$1,000,000
Net Profit Before Tax	\$174,700	\$305,776	\$164,862
Net Profit After Tax	\$148,740	\$205,575	\$106,034
Return on Assets (%)	1.8%	2.5%	1.1%
Return on Equity (%)	7.7%	11.2%	6.6%

Cambodian Business Environment Overview

Brief on Cambodian Economy

“Year 2011, Cambodia economy has shown a significant result due to macro-economic situation remains its better sustainability even though it was affected by flood in some areas. Cambodia economy growth was estimated approximately 6.9%, which was contributed by the increase of agriculture 1.4%, industry 14.1% including textile 21% and service 5%.

Net International Reserve increased by over USD 3,000 million which can guarantee the import for 4.9 months.”
(Source: From speech delivered by H. E. CHEA CHANTO, Governor of National Bank of Cambodia during 2011 achievement and 2012 plan celebration)

The Cambodia Credit Bureau (CBC) is on the starting point of providing information, analyzing tools and reporting credit services to organizations and consumers in the Kingdom of Cambodia. It will help businesses in Cambodia manage their credit risks, prevent frauds and automate decision making that we believe will significantly reduce receiving multiple loans by a single client at one time. *(Source: <http://www.creditbureau cambodia.com>)*

Cambodia Security Exchange (CSX) was inaugurated on July 11, 2011. The establishment of the Security Market is very crucial for companies as well as the entire national economy through: 1. Corporate Governance Promotion, 2. The increase of efficiency of company management by having a clear mechanism of risk management, accountability and transparency in the business, and the maintenance of the code of business conducts, all of which are the pre-conditions to attract long-term capital from the public both inside and outside the country for expanding the business and strengthening the capacity to compete in the national and international market, 3. Last but not least, provision of a new instrument to the public investors for saving and investment. *(Source: <http://www.secc.gov.kh>)*

Banking Sector

Today, Bank sector is more significant strong, safe and remarkable growth including extent, operations outreach and trust from the public. The sector plays a critical role in contributing the Cambodia economic development. As of Dec 2011, there are 3 international commercial banks opened its branches in Cambodia including ICBC, Mega

International Commercial Bank and MB Bank. Currently, there are 31 commercial banks, 7 specialized banks, and 32 Licensed Microfinance Institutions, wherein seven having Deposit-Taking Licensed are operating in Cambodia. Within the whole banking system, loan outstanding was increased by 33.5% and amount of deposit increased by 20.4%. The quality of loan was also much improved showing by NPL continuously downing to 2.43%. Even though the inflation was a bit increased, but our local KHR currency is remained in a good position: KHR to US exchange rate was increased only 3.1% for the year. *(Report published by NBC website, from speech delivered by H. E. CHEA CHANTO, Governor of National Bank of Cambodia during 2011 achievement and 2012 plan celebration)*

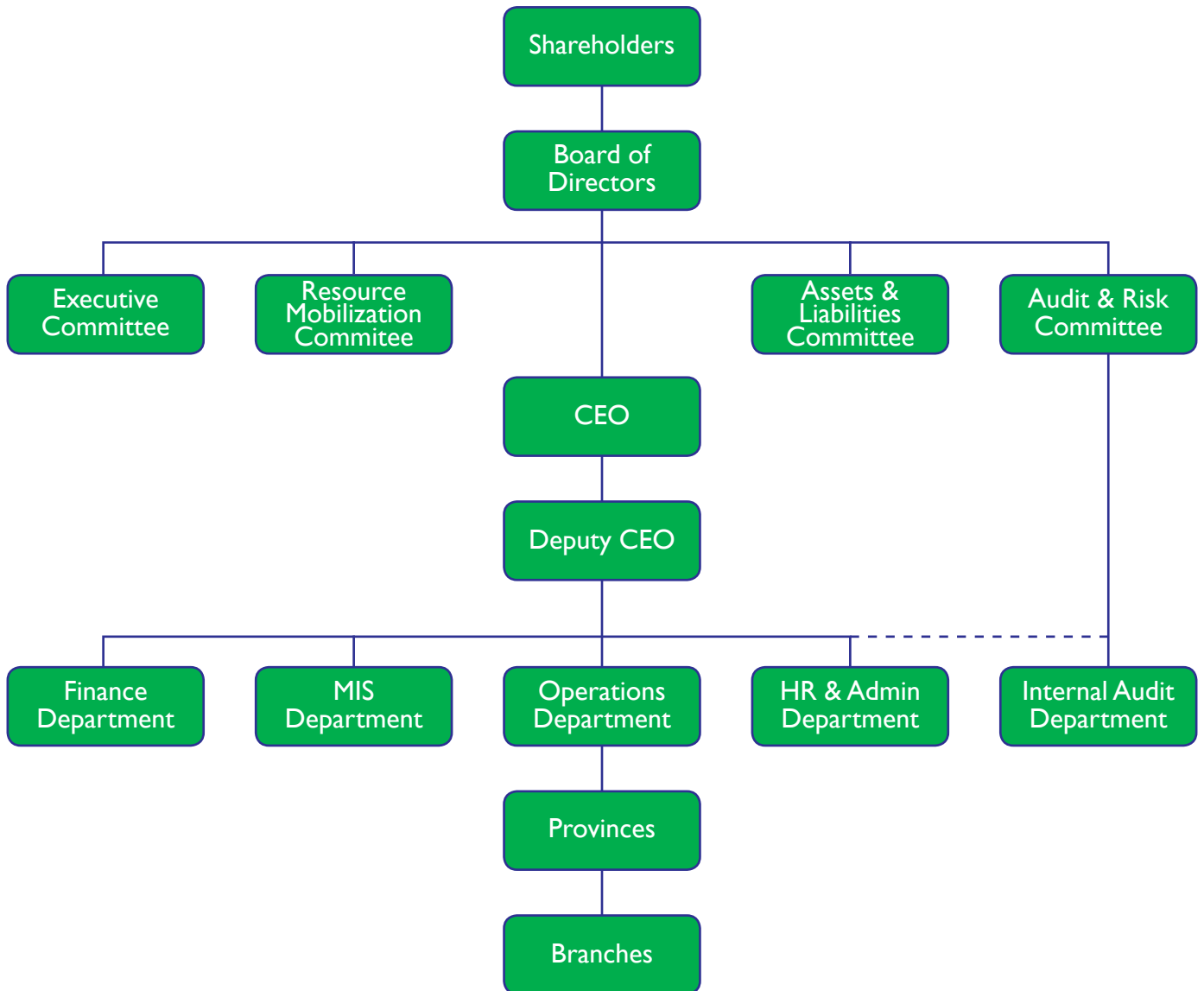
Microfinance

Microfinance Institutions (MFIs) in Cambodia have continued to show significant growth and we recognized that it has made a successful contribution to the economic development of Cambodia. As the data of December 2011 collected from 28 MFIs and 2 NGOs showed gain compared with the data of December 2010, it demonstrated that a total number of borrower increased by 16%, loan outstanding increased by 51%, depositor increased by 48%, deposit balance increased by 180%, number of employee increased by 25% and Non-Performing Loans (NPL) declined by 79% (from 1.07% to 0.22%). *(Source: CMA report 31, Dec 2011)*



Organizational Chart

Seilanithih Organizational Chart



In the beginning, Seilanithih was started with two shareholders in 2003. Then it has added another two shareholders in 2007 & CMI was become the 5th shareholder in 2009. Over the time, through addition of the new shareholders Seilanithih's paid-up capital has increased from US\$ 227,450 to US\$1,000,000 by the year 2010.

41.29%

Seilanithih NGO is created in 1996 by CARE international - Cambodia thru the integration of SEILA Projects in Phnom Penh, and the Village Bank in Pursat and in Banteay Meanchey. It is registered with the Ministry of Interior. Seilanithih NGO's objective is to contribute in improving the standard of living of the people through providing financial services.

35.00%

Catalyst Microfinance Investors (CMI)

International holding is a private company limited by shares incorporated under the laws of Mauritius. CMI is managed by ASA in Bangladesh and Sequoia in the UK and in the Netherlands. ASA is one of the world's leading Microfinance institutions (MFIs). ASA currently serves around 5 Million clients in Bangladesh in an extraordinarily efficient manner. CMI is a private equity fund that invests in emerging, high potential microfinance institutions, selected and managed by a team of globally renowned microfinance practitioners and corporate finance specialists.

13.29%

Seilanithih Staff Association (SSA) former SAMAKUM BOKALOEK SEILANITHIH KROUP (SBSK) was created in 2003 by Seilanithih staff in order to enhance internal solidarity among themselves. It was spin-off as a Bokkaloek Seilanithih Company (SBC)

Ltd in 2008 under the law and general provisions of the Kingdom of Cambodia. In 2010, again it was changed to Seilanithih Staff Association (SSA).

5.42%

Mr. Sun Boreth is a private individual shareholder. He has joined Seilanithih since 2001 as a Board Member/ Advisor and placed investment in 2006.

5.00%

Center for Agriculture and Rural Development (CARD) Inc., founded in 1986, is one of the leading microfinance institutions in the Philippines dedicated to empower the socially and economically challenged families of the country. CARD has joined Seilanithih with an initial investment of 3.11% (USD-10,330) of the total shareholding in 2006.

Expression of clients



My business has improved



My income increased



Thank Seilanithih for giving me a chance



I am proud of my business because of loan from Seilanithih



My pigs grow well



**Dr. Jaime Aristotle B. Alip,
Board Advisor**

Filipino, has been appointed as a board member since 2006, then as Board Advisor in 2011. Dr. Alip obtained his doctorate degree in Organizational Development from the Southeast Asia Interdisciplinary Development Institute (SAIDI), Manila, Philippines in 2002. He is an alumnus of the Harvard Business School, Harvard University, USA, having completed the three years OPM Program in 2007. Currently, he is the Founder and the Managing Director of the CARD MRI, Philippines. He has approximately thirty-year experiences with financial sector focused on microfinance, micro-insurance and rural development. Dr. Alip held various key positions in the government such as Undersecretary (Deputy Minister) of DSWD, Assistant Secretary (Assistant to Minister) of the Department of Agrarian Reform of the Philippine Government. He also serves as consultant/advisor in several international organizations like FAO, World Bank, Asian Development Bank, Oxfam America and Catholic Relief Services among others.



Mr. Sun Boreth, Chairman

Mr. Boreth (born in 1965) is a Cambodian national with a Master Degree in Education (MA) from the University of Massachusetts (USA). He has initially been a Board Advisor in 2001, a member of the Board of Directors and became a shareholder in 2006. Mr. Boreth has over 20 years of development experience in Cambodia, working with international governments, non-government organizations and private sector. He has received training on management, micro-finance and rural development policy in Cambodia, Australia, USA, Thailand and the Philippines. Furthermore, Mr. Boreth has sound understanding of development policies on agriculture, poverty alleviation, ecologically sustainable development and governance and commercial businesses operations in Cambodia. Mr. Boreth also currently serves on the Boards of various development NGOs in Cambodia.



**Md. Shafiqul Haque Choudhury,
Board Member**

Md. Shafiqul Haque Choudhury, Bangladeshi, was appointed as a BOD member in 2009. He is the President and Founder of ASA, Bangladesh. ASA is known as a world leading MFI and its microfinance model "ASA Cost-effective and Sustainable Microfinance Model" is well reputed and being adopted by many MFIs in the world. He is also the Board member and Director of CMI (Catalyst Microfinance Investors) and CEO of ASA International, implementing microfinance in 7 countries across Asia and Africa. Md. Shafiqul Haque Choudhury has many years experiences in the field of Microfinance. In term of education, Md. Shafiqul Haque Choudhury is equipped with Master degree in Sociology from Dhaka University, Bangladesh.

Board of Directors



**Mr. Kuch SETHA,
Board Member**

Cambodian, served as the Chairman of the BOD from 1996 until the first half of 2006. During the time of his leadership, Seilanithih has successfully transformed into a licensed microfinance institution in 2003. He has been the CEO of Seilanithih until the 3rd quarter of 2011. He obtained MBA in 2005 at Chamroeun University of Poly-Technology (CUP), Cambodia. He obtained Diploma on Rural Social Leadership in 1990 in the SEASOLIN, Xavier University in the Philippines and Diploma on Agronomy at the College of Agriculture in Thailand. He has attended numerous training courses on Microfinance, Staff Management and Business Management in Cambodia and abroad. He gained experiences more than 14 years in the field of microfinance and staff management. Currently, he is a PhD candidate at CUP and pursuing another MBA in Microfinance at SAIDI in the Philippines.



**Mr. Kuch KUNTHEN,
Board Member**

Cambodian, has been re-appointed as board member on May, 2010. Mr. Kunthen obtained a Master of Business Administration in the field of Finance and Banking. Mr. Kunthen has studied numerous courses on Management and Microfinance in Cambodia, Indonesia, and in the Philippines. Mr. Kunthen has over 15 years experience in Microfinance sector.



**Mr. Sovann LY,
Board Member**

Cambodian, has been appointed as a board member on April 5, 2008. He is serving as the Chairman of the Audit and Risk Committee since 2007. He obtained an MBA from Chamroeun University of Poly-Technology in Cambodia in 2005. He is pursuing CPA, ACCA through Cam-Ed in Cambodia. He received several training courses in accounting, audit, management, financial analyses, financial management, and business planning in Cambodia and abroad. He has several years of experiences in the field of accounting, audit and finance with Internal NGO and Microfinance Institutions. He is currently working with International Organization Lutheran World Federation Cambodia Programme as Finance and Administration Manager.



**Mr. Samnang Hin,
Board Member**

Cambodian, has been appointed as a board member since 2011. Mr. Samnang holds a Bachelor Degree of Business Administration with concentration in Accounting from California State University, Long Beach, CA, USA. After his graduation in 1995, he started his career in Accounting and Financial filed holding various positions from Accountant, Finance Manager to Senior Financial Analyst for publicly listed companies in the United States. He joined Sokha Hotels and Resorts Group in 2004 as an Assistant Managing Director. And in 2008, he held position of Vice Chairman and Chief Financial Officer for a few companies in Cambodia. He is currently holding the position of Managing Director at Helistar Cambodia Co., Ltd. Phnom Penh, Cambodia.



**Ms. Marilyn Magampon-Manila,
Board Member**

Filipino, has been appointed as a board member since 2011. Ms. Manila obtained Master in Entrepreneurship from Asian Institute of Management (AIM), Makati, Philippines in 2008. Her career in development began in year 2000 when she started working with the Center for Agriculture and Rural Development (CARD) Inc. During the span of 12 years with CARD Inc, her experience has widened from the various position she held. Her expertise includes managing partnership projects and resource mobilization. She has attended local and international seminars, workshops and professional engagements on various subjects relating to her expertise and to microfinance in general. She is currently holding the position of Treasurer, Board of Trustees for CARD MRI OFW Foundation (Hong Kong).

Executive Committee

The Executive Committee was established by the Board in the fourth quarter of 2008 in order to monitor management activities, whether the management is complying with the existing policies, business plan and annual plan, and monitor the Operations, Finance and Internal Control of the Company.

Committee Composition

- 1- Mr. Sun Boreth, Chairman
- 2- Mr. Farid Ahmed, Proxy of Md. Shafiqul Haque Choudhury
- 3- Mr. Kuch Kunthen, Member
- 4- Mr. Kuch Seta, Member
- 5- Ms. Mary Grace Vergavera, Secretary

Roles and Responsibilities of Executive Committee

The Executive Committee regularly monitors Seilanithih operational activities to:

- Ensure that the Company financial and operational performances are within and inline the budget and plan;
- Review and approve the recruitment of all Director positions of the Company;
- Provide strategic guidance to ensure effective management of the overall operations of the

Company;

- Serve as a decision making body on behalf of the Board of Directors, when the Board is not in session;
- Review the Company's policies, products and services, and formulate appropriate recommendations to the Board for approval and/ or changes.

Activities and Achievements of Executive Committee

The Executive Committee has conducted ten meetings in 2011 to monitor overall performance of the company. All key management staff were required to present their respective department's achievements and challenges to the Executive Committee for setting up the strategy and improving the company performance.

As Mr. Dara was being promoted as the Head of Finance Department, Ms. Mary Grace was appointed to become the ExCom secretary in the middle of the year 2011.

Highlighted activities of Excom for 2011:

- Start processing the NBC requirement for the new Independent Board Member Mr. Hin Samnang.

- ExCom decided to pilot test the three currency loan in some provinces to enhance competitiveness.
- ExCom creates a follow-up matrix tool that to be use during the meeting to monitor the updates of the previous decision made.
- Payroll preparation was decentralized in the branches during the year of 2011.
- Staff evaluation and appraisal form was also review and amended and also endorsed the salary scheme and staff promotion policy to the Board.
- Some cost cutting measures was decided and implemented to minimize personnel and operational cost in 2011.
- Creation of Resource Mobilization committee.
- Closely monitoring the financial and operational updates and status, strengthening field staff, management accountability and transparency was being improved as part of the management streamlining and organization restructuring.

The ExCom plays a major role to help and guide the management team during the year to address management issue's in a timely manner.

The Audit and Risk Committee was established on 26 September 2007. The Committee is made up of 3 members, with one non-executive independent BOD member who is appointed as committee chairman. The committee has been established to oversee and strengthen the department capacity and to improve internal control mechanism of the organization.

Committee Composition

1. Mr. Ly Sovann, Chairman
2. Mr. Sun Boreth, Member
3. Ms. Marilyn Magampon-Manila, Member
4. Mr. Kim Sophea, Secretary.

Roles and Responsibilities of Audit and Risk Committee

The Audit and Risk Committee works to ensure that the information included in the financial reports to the Board is complete, accurate, reliable, relevant,

verifiable and timely. Moreover, the Audit and Risk Committee also report to board of directors about any pertinent issues.

Key functions include:

- **Values and Ethics:** The audit committee shall review, at least annually, the arrangements established by Seilanithih management to exemplify and promote public service values and to ensure compliance with laws, regulations, policies, and standards ethical conduct.
- **Risk Management:** The audit committee shall review, at least annually, the corporate risk profile and departmental risk management arrangements.
- **Management Control Framework:** The audit committee shall review, at least annually, agency's internal arrangements, including the adequacy of

management-led audit.

- Internal Audit Function.

Activities and Achievements of Audit and Risk Committee for the year 2011

During year of 2011, the Audit and Risk Committee met nine times for the whole year in January, March, April, May, June, August, September, November, and December. The committee undertakes regular monitoring of internal and external auditing to ensure that the company's business operations are soundly conducted and are accurately reported. The committee's responsibility understands how management evaluates its performance in setting an appropriate tone and creating corporate culture that supports workplace integrity. The Audit Committee also met to discuss and review the semi yearly un-audited financial results and the annual audited financial statements of the company.



Lending Partners

ACLEDA Bank Plc is a public limited company, formed under the Banking and Financial Institution Law of the Kingdom of Cambodia. Originally, it was founded in January 1993, as a national NGO for micro and small enterprises' development and credit.

Seilanithih Staff Association (SSA) former SAMAKUM BOKALOEK SEILANITHIH KROUP (SBSK) was created in 2003 by Seilanithih staff in order to enhance internal solidarity among themselves. It was spin-off as a Bokkaloek Seilanithih Company (SBC) Ltd in 2008 under the law and general provisions of the Kingdom of Cambodia. In 2010, again it was changed to Seilanithih Staff Association (SSA).

Catalyst Microfinance Investors (CMI) International holding is a private company limited by shares incorporated under the laws of Mauritius. CMI is managed by ASA in Bangladesh and Sequoia in the UK and the Netherlands. CMI is a private equity fund that invests in emerging, high potential microfinance institutions, managed by a team of globally renowned microfinance practitioners and corporate finance specialists.

Developing World Markets (DWM) is an asset manager and investment

bank dedicated to making socially positive investments in order to promote sustainable economic and social development on a global scale. Since 2003, DWM has been investing in MFIs worldwide. Arranges financing for MFIs in the developing world, enabling low-income entrepreneurs with no legitimate alternative access to capital to start and run their own microenterprises.

ETIMOS is an international financial consortium with Headquarters in Padua, Italy, and three regional offices in Sri Lanka, Argentina and Senegal. It collects savings in Europe and invests in developing and emerging countries financing microfinance institutions, producers cooperatives linked to Fair trade markets and social enterprises.

MicroCredit Enterprises is a non-profit organization based in Sacramento, California (United- States), which leverages private capital to promote micro-enterprises throughout the developing world by issuing loans and guarantees to microfinance institutions (MFIs).

Oikocredit Ecumenical Development Co-operative Society, U.A. incorporated under the laws of the Kingdom of Netherlands is a co-operative society founded in 1975. Its registered

office is in Amersfoort, Netherlands. Its objective is to mobilize financial credit and resources in order to further development of the poor areas in the world, and to promote economic growth together with social justice and self-reliance.

Rural Development Bank (RDB) was established by the Royal Government of Cambodia in 1998 as a wholesaler. RDB's goals are to raise the rural agriculture development and general economy in order to join poverty reduction and raise people's living

standard.

Saving Banks Foundation for Organization Cooperation is a joint organization of the Savings Banks Finance Group in Germany. It is essentially funded by interest returns from the invested capital and by donations from the member institutes of the Savings Banks Finance Group. The implementation of the international projects is sponsored, among others, by the Federal Ministry for Economic cooperation and Development (BMZ), the KfW Banking Group, the EU and the World Bank.



Management Team



Mr. Kuch Setha, CEO
(Transferred from CEO to Board Advisor on September 08, 2011)

Cambodian, served as the Chairman of the BOD from 1996 until the first half of 2006. During the time of his leadership, Seilanithih has successfully transformed into a licensed microfinance institution in 2003. He has been the CEO of Seilanithih until the 3rd quarter of 2011. He obtained MBA in 2005 at Chamroeun University of Poly-Technology (CUP), Cambodia. He obtained Diploma on Rural Social Leadership in 1990 in the SEASOLIN, Xavier University in the Philippines and Diploma on Agronomy at the College of Agriculture in Thailand. He has attended numerous training courses on Microfinance, Staff Management and Business Management in Cambodia and abroad. He gained experiences more than 14 years in the field of microfinance and staff management. Currently, he is a PhD candidate at CUP and pursuing another MBA in Microfinance at SAIDI in the Philippines.



Mr. Farid Ahmed, Deputy CEO

Mr. Farid, Bangladeshi, joined Seilanithih as the Deputy CEO in the last quarter of 2010, after serving as a consultant for over a period of one year. Mr. Farid has a Masters degree in accounting (1987) and over 18 years of experience in the field of microfinance and social development, having worked with two of the largest MFIs in the world in Bangladesh: BRAC and ASA. He has received trainings related to organizational management, financial management, human resources management, credit management and internal auditing. Mr. Farid was one of the key members of the Technical Assistance Team that implemented the UNDP sponsored MicroStart Support Project (MSP) and Microfinance Sector Strengthening Project (MSSP) in the Philippines and has provided consultancy services and trainings to a various MFIs in Bangladesh and other countries.



Mr. Kuch Kunthen, Head of Operations Department

Cambodian with a Master of Business Administration in the field of Finance and Banking. Mr. Kunthen has studied numerous courses on Management and Microfinance in Cambodia, Indonesia, and in the Philippines. Mr. Kunthen has over 15 years experience in Microfinance. He is currently serving as Head of Operations Department.



Mr. Kim Sophea, Head of Internal Audit Department

Mr. Sophea joined Seilanithih in 2010 with years of experience in banking, having held various positions with ACLEDA Bank. Mr. Sophea has a Masters degree in Finance and Banking (2009) and is pursuing his ACCA certification at Cam-Ed. Mr. Sophea has served as Assistant Vice-President and Manager of Account Reconciliation Unit in Operation Department, Assistant Vice-President Manager of E-Banking and Trade Finance Audit Unit, Assistant Vice-President & Assistant Manager of Internal Audit Development in Internal Audit Division (Headquarter) and Chief of Branch Accountant at ACLEDA BANK Plc, (Battambang-Pailin Branch) for two years. Mr. Sophea has participated in training courses related to management and leadership, corporate governance, effective internal control and audit, risk management, accounting, and practical and advanced auditing.



Mr. Leav Dara, Head of Finance Department

He joined Seilanithih in 1999 as a Branch Accountant then was promoted to be a Product Development Officer in 2006, Research Development and Marketing Manager in 2009. He was being chosen as the Acting Head of Finance Department in May 2011 and become Head of Finance Department in December 2011. He obtained MBA in Business Administration major in Finance and Accounting from Build Bright University. He has more than 11 years experience in accounting, research, product development and marketing in Microfinance sector. He has attended numerous local and international training courses related to financial analysis, risk management, customer services and social performance.



Mr. Hay Samnang, Acting Head of HR & Admin Department

Mr. Samnang joined Seilanithih in 2000 as a Credit Officer. Shortly thereafter, Mr. Hay was promoted to higher positions and since 2011 serving as Acting HR Director. Mr. Samnang has an MBA in Business Administration in the field of management from the University of Management and Economics and has over 14 years of experience in the microfinance sector, having served as a Credit Officer with ACLEDA Bank before joining Seilanithih. Mr. Samnang has attended numerous trainings related to branch management, human resource management, accounting, MFI performance analysis, credit management and best practices in microfinance.



Mr. Ngoun Vanthy, Acting Head of MIS Department

Mr. Vanthy, Cambodian national, joined Seilanithih in 2011 with over 10 years of experience in computer science and information technology. Mr. Vanthy has a Bachelors degree in Computer Science and Engineering from the Royal University of Phnom Penh (2002) and has worked for the USAID Cambodia Micro, Small and Medium Enterprise (MSME) Project and CAMBOSIX Co.,LTD related to IT and server system management.

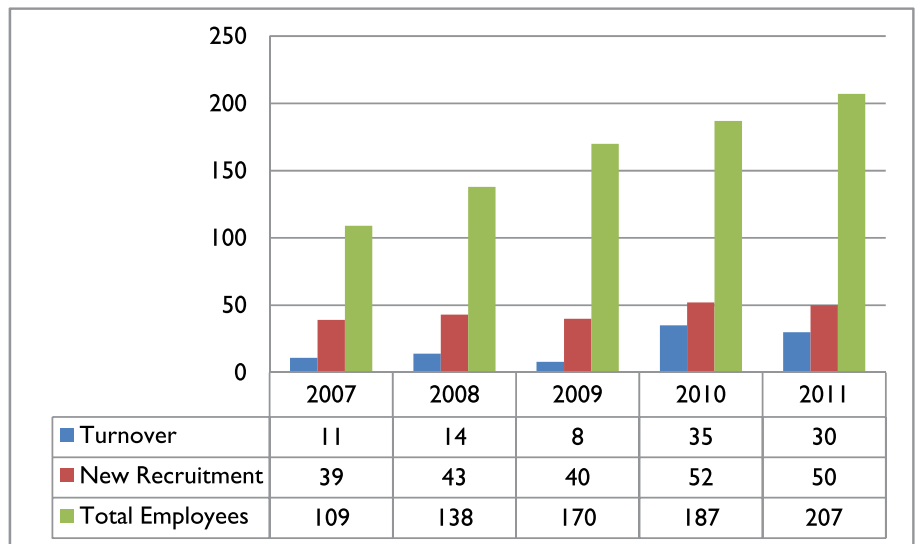
Staff Evolution and Staff Capacity Building

Staff Development

The number of Seilanithih staff gradually grew up to 207 members in 2011 from 187 in 2010, which showed an increase of 10.7% compared to the last year. At the end of 2011, female staff represents 16.42% of the total staff. Staff turnover

rate was a bit improved than the last year, decreased to 12.7% from 15.8%.

To be competitive with in the market, the company has developed a clear and transparent Human Resource policies and procedures related to staff recruitment, appraisal, compensation and discipline.



Staff Development and Capacity Building

Since staff development and capacity building plays a crucial role in ensuring the working quality of the company, Seilanithih has organized trainings for its newly recruited and promoted staff to ensure that they have enough skills and capacity to perform their responsibilities, as well as to make them productive, effective and efficient. eilanithih has also allocated a budget in each year for its staff development and

capacity building on skill development trainings, refresher trainings, training on the new products or new policies, specialized courses, and others capacity building programs deem needed. Each staff member is also given an opportunity to attend a short course or degree program. There were 12 internal and 20 external training courses conducted during the year for staff. The training courses were related to orientation for newly recruited staff, refreshment trainings, orientation on new products, orientation on new policies, practical

audit skill, practical human resource management, social performance management, IT policy development, advanced audit skill, Sage ACCPAC, corporate governance workshop, land & loan contract law and judicial procedure, effective HR policy, procedure & manual development, strategy realignment workshop, effective internal audit & control for MFIs/ Banks, risk management, practical research methodology, experience and practical on taxation, labor law practices & working conditions in HR, labor law application for legal

documentation in HR & admin, practical training on calculation methods for overtime and other payments under the Cambodian labor law, effective role of administration in an organization, HR symposium and so on.

Seilanithih also sends some managers and staff on study tours to learn best practices of microfinance and banking from other well-experienced countries. As result, in 2011, there were 7 staff went to Laos, Germany, and in the Philippines.



Products and Services

Seilanithih has designed products to serve low income people, micro and small entrepreneurs, and farmers for both in rural and urban areas. Depending on the clients' business and income sources, they can choose between declining or balloon payment method.

Group Loan is offered to poor Cambodian people with low income micro-entrepreneurs, and farmers. A solidarity group consists of 2 to 5 persons together with the loan size up to US\$600 and its equivalent to KHR and THB with the loan term ranges from 1-12 months both in balloon and declining repayment mode depending on the business types.

IFAD Loan is the loan for agriculture and specific for only the people who

were trained on AIP by the provincial department of agriculture forestry and fishery. IFAD Loan is provided in two provincial branches only (Pursat Branch and Banteay Meanchey Branch). AIP training completed clients have to create a solidarity group of 2 - 5 members and can get the loan up to US\$600 and its equivalent to KHR and THB for the maximum 12 months period. They can choose either balloon or declining repayment mode to repay their loans.

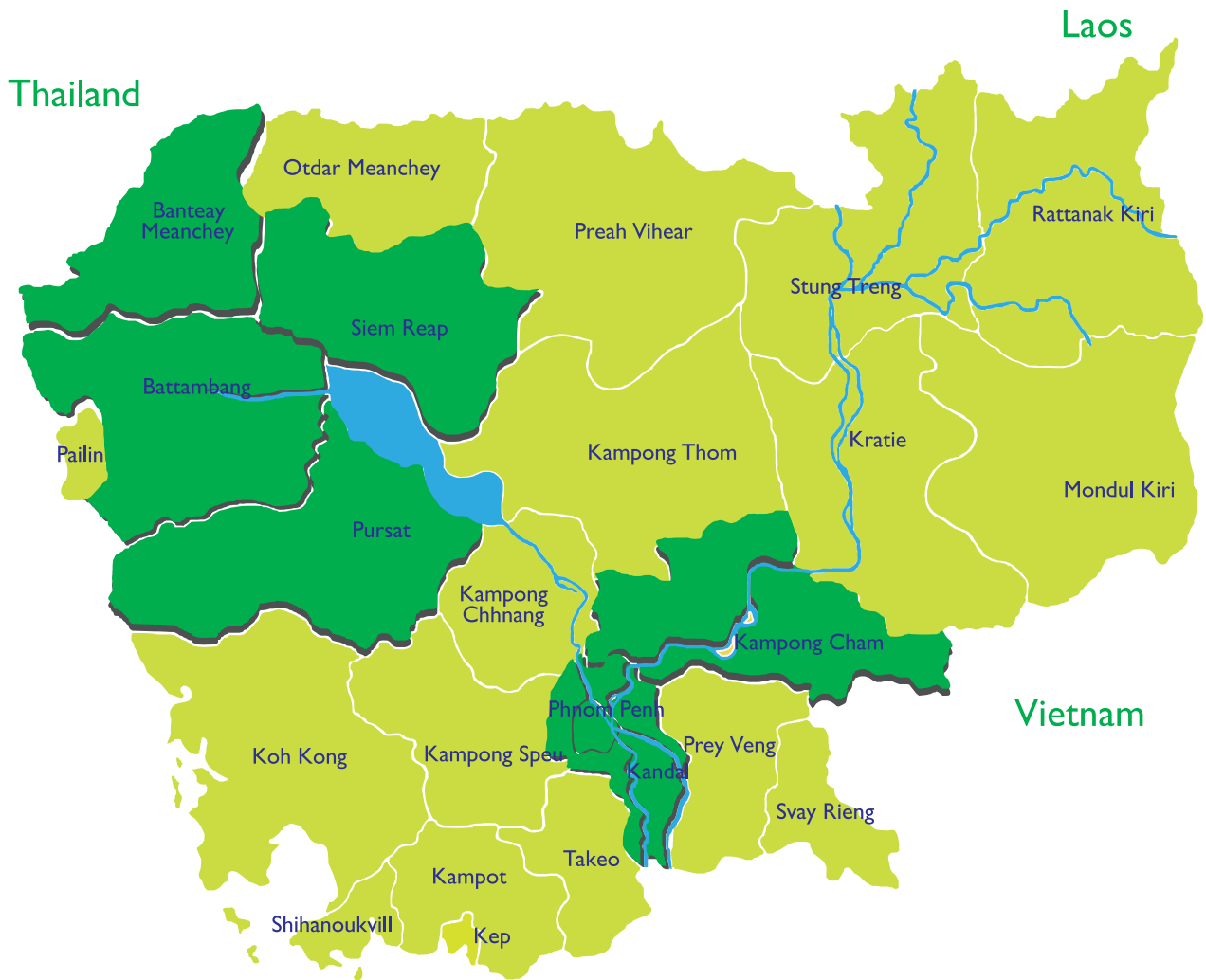
Individual Loan is offered to both poor and moderate poor clients who are engaged in micro and small entrepreneurship and farming. Clients can borrow money individually with a loan size up to US\$10,000 and its equivalent

to KHR and THB with the term range from 1-24 months declining or balloon repayment mode depending on the type of business.

Compulsory Saving The borrowers must deposit their saving before or on the disbursement date. An additional amount of deposit is required if the next cycle loan amount is bigger than the previous loan amount. Groups and individual loans clients must deposit their compulsory saving at least 3% of the amount disbursed. They can also deposit additional amount in their savings account. Seilanithih provides incentive on savings balance at the rate of 6% per annum for deposits in KHR and Baht currencies and 3% per annum deposit in US\$ currency.



Operational Coverage



Operational Performance

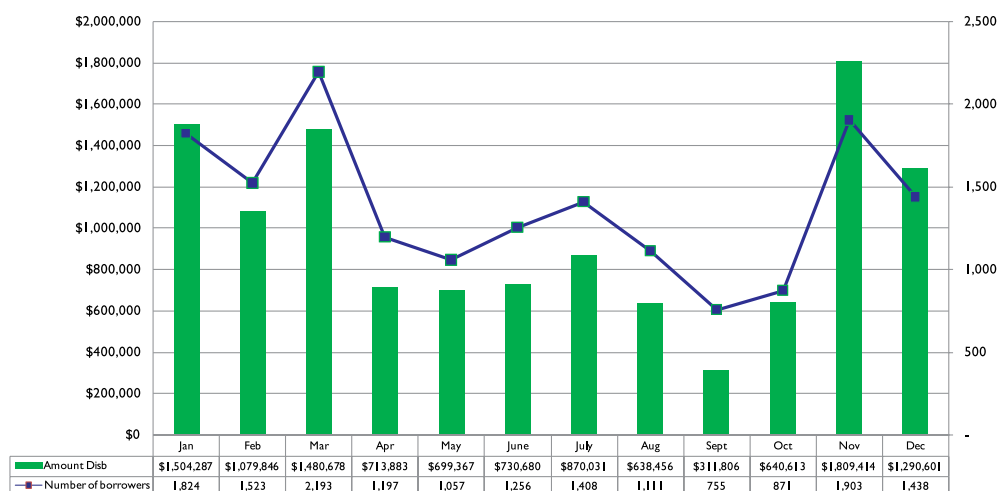
Seilanithih still continued its growth in terms of expanding number of branches, size of loan portfolio. During the year, the company has established two new branches and increased its loan portfolio US\$ 576,487 (7.49% growth). As of December 31, 2011, Seilanithih served 13,846 clients with loan outstanding US\$ 8, 269, 363 and operated through 25 branches which cover its operation in Phnom Penh City, Kandal, Pursat, Battambang, Banteay Meanchey, Siem Reap and Kampong Cham province.

Borrower and Portfolio Structure

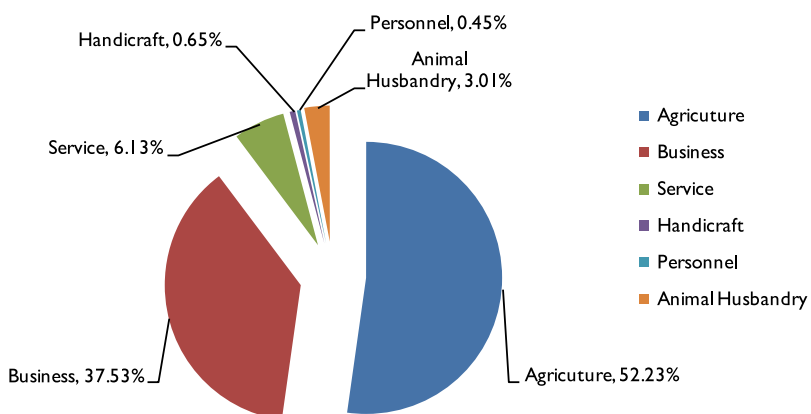
Loan Disbursement

The total loan disbursement in 2011 was US\$ 11,769,661 to 16,536 clients, which is an increased by 7% compared to the data of 2010. The total amount was given to utilise in different sectors such as agriculture and livestock, business, consumption, services and handicrafts.

Trend of Disbursement during 2011: Number of Borrowers and Amount of Loan



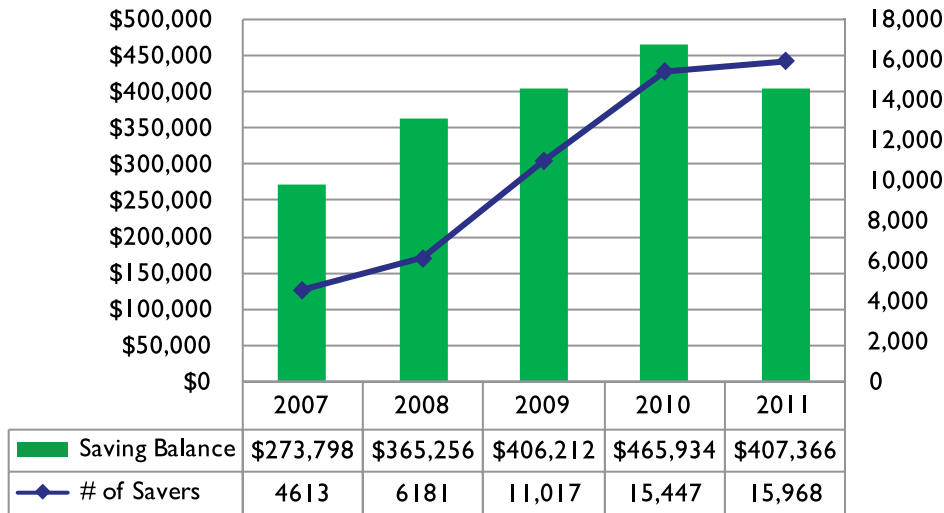
Amount Disbursement by Loan Purposes



Savings

The total amount of savings was US\$ 407,366 with 15,968 clients. The savers showed increased by 3% compare to the previous year. The growth of savings is depends on the amount of loan disbursement due to its compulsory nature, yet it showed significant growth in the number of savers.

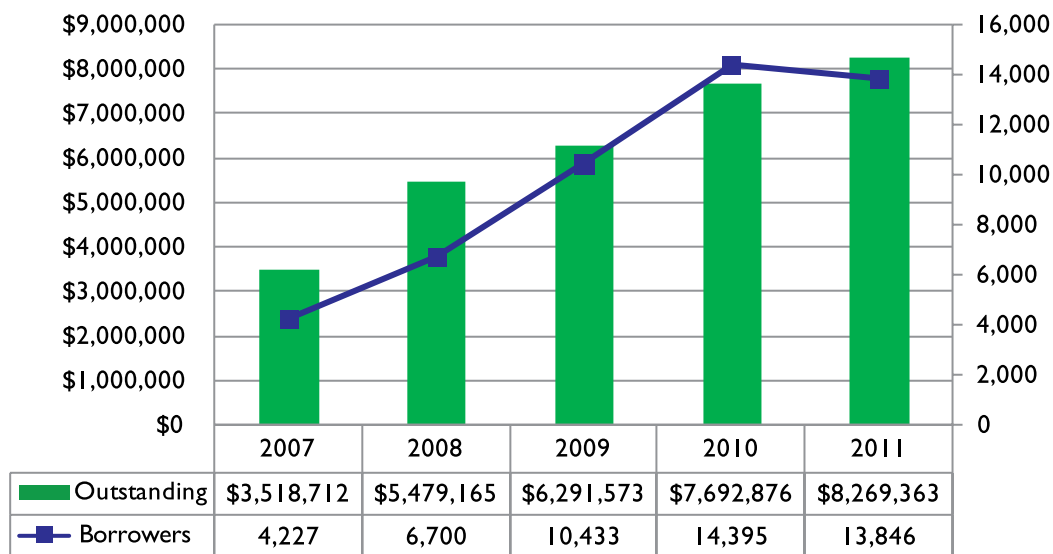
Savings and Savers: 2007-2011



Loan Outstanding

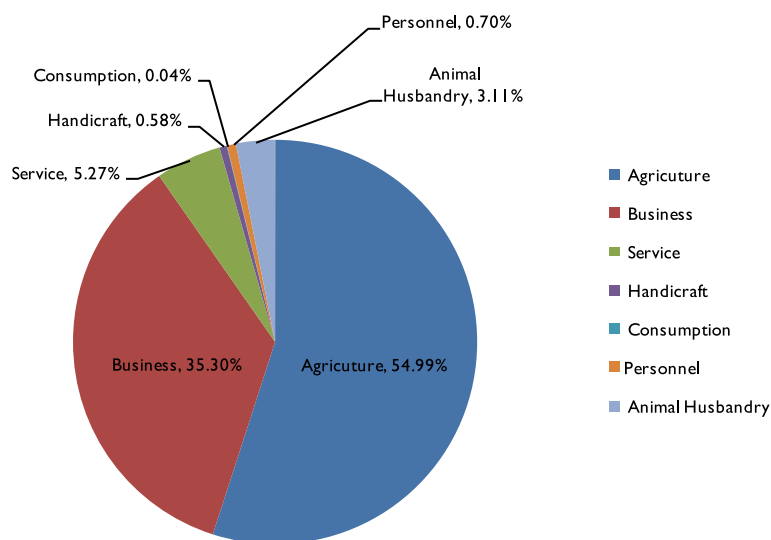
At the end of year 2011, total loan outstanding amount was US\$ 8,269,363, which was increased by 7.49% compared to year 2010. The loan outstanding amount composed of group and individual loan, where the proportion of group and individual loan were 7.61% and 92.39%, respectively.

Loan Outstanding and Borrowers: 2007-2011



Loan Category

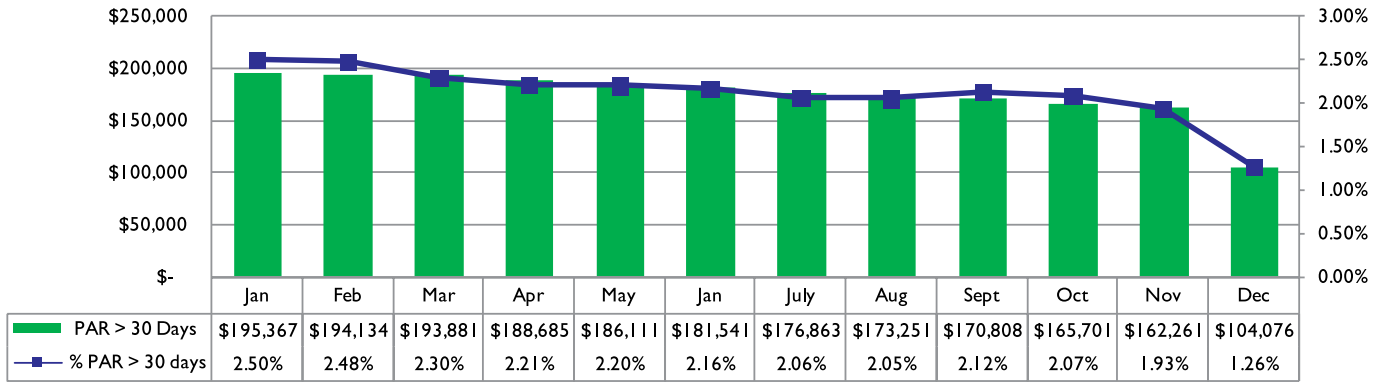
Seilanithih offers loan to support different types of livelihood opportunities. As of December 31, 2011, loan in agriculture sector consist of 54.99% of total portfolio mostly in farming crops such as rice, corn, potato, green bean, soybean, sesame, etc. Business sector represented 35.30%, which mainly involved in buying and selling in the form of micro and small business activities. Service sector is constituted by 5.27% consisting of renting house, taxicab, tailoring, motor-taxi, repairing shop, etc. Animal husbandry sector represented 3.11% mostly engaged in raising ducks, pigs, chickens, fish, etc. Handicrafts and consumption sectors represented by 0.58% and 0.04% of total portfolio respectively, relating to purchase fixed assets, furniture, home improvement, etc. Personnel loan showed 0.70% for the purpose of buying motor only.



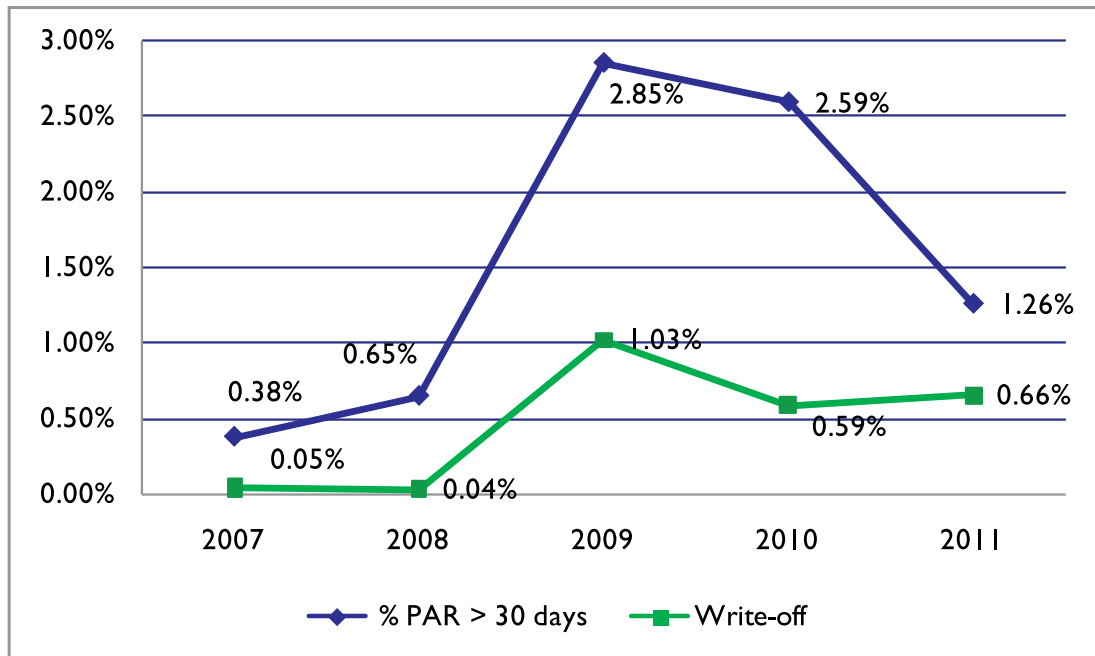
Loan Portfolios Quality

During the whole year of 2011, Seilanithih sets strong commitment to improve the loan portfolio quality as well as pay deep attention to disbursement to new loans. As a result, Portfolio at risk was decreased from 2.59% to 1.26% (1.33% decrease). Due to the intensive portfolio monitoring from all staff levels, hard work of well trained field staff; especially credit officers, well established credit policies and procedures, good ethic of staff and good working relationship among staff and clients, strong focus of our staff on clients and advices from management and Board. Beside, the Kredit system is providing very detail data and information for staff and management to monitor, analyze and follow up the portfolio on a timely basis. Better economic environment in the county was also contributed to the loan portfolio quality.

Trend of Portfolio Quality during 2011



Portfolio Quality and Write-off: 2007- 2011



Social Performance Management



In response to our social responsibilities, Seilanithih started implementing Social Performance Management (SPM) in 2011 with the technical support from PlaNet Finance. Seilanithih committed to extend the best financial services to people in order to expand their existing business or to start their new business legally through providing credit and savings services. Seilanithih is one of MFIs in Cambodia has selected by PlaNet Finance and Cambodia Microfinance Association (CMA) to roll out SPM and Agricultural products for clients. Seilanithih's commitment to SPM is supported throughout the organization, both at the management/ staff and board/

governance levels. In addition to Board's agreement to implementation of SP work, Operations Department is also assigned to implement SPM. The department leads and monitors the implementation of SPM in cooperation with all other departments in order to ensure that effective social performance standards and controls are in place and being effectively executed.

With technical assistant from PlaNet Finance, Seilanithih has set its social goal clearly and tools and mechanism. As the data of December 2011, Seilanithih achieves its social goal as following:

SOCIAL GOALS			
OUTREACH		AMOUNT	
TYPES OF CLIENTS	NUMBER	LOANS GRANTED/ SAVINGS DEPOSITED	PERCENT TO TOTAL PORTFOLIO/ DEPOSIT
Borrowers from rural areas	12,717	7,537,236	91.15
Borrowers from upland communities	1,338	553,572	6.69
Borrowers below \$300 loan disbursed	5,183	589,787	7.13
Women borrowers	9,829	5,335,605	64.52
Group borrowers	4,390	629,462	7.61
Unsecured/ Uncollateralized borrowers	2,564	194,980	2.36
Agriculture-loans	8,043	4,547,425	54.99

SOCIAL PERFORMANCE TOOLS AND MECHANISMS

A. Poverty Targeting and Monitoring

Poverty Line definition	<ul style="list-style-type: none"> Adopted the poverty line of the world bank
Poverty assessment/ measurement	<ul style="list-style-type: none"> On the process of mainstreaming Progress out of Poverty Index (PPI)
Poverty tracking	<ul style="list-style-type: none"> On the process of mainstreaming Progress out of Poverty Index (PPI)
Social performance reporting	<ul style="list-style-type: none"> SP report prepared annually

B. Social performance reporting

Transparent pricing	<ul style="list-style-type: none"> Interest rate and related charges included in the loan documents Provide written documents to every client related to loan and interest and interest charges as well as separate principle and interest payment schedule; provide one set loan document to every client during disbursement. Member of MF Transparency Endorsed to Smart Campaign Submitting data to the MIX Market Submitting data to National Bank of Cambodia (NBC) Submitting data to Cambodia Microfinance Association (CMA) Submitting data to Credit Bureau of Cambodia (CBC)
Client satisfaction study	<ul style="list-style-type: none"> Annual conduct of client satisfaction study
Client feedback system	<ul style="list-style-type: none"> Branch-level staff designated to receive and respond to the complaints made by clients. Client complaint box in all branches Dedicated telephone to accept client complaint
Market research for product development	<ul style="list-style-type: none"> Annual conduct of research on product development

C. Non-Financial Services

Social responsibility activities	<ul style="list-style-type: none"> Donate to flood victims or other national disaster programs. Donate to community activities in our operations areas.
Financial literacy program	<ul style="list-style-type: none"> Conduct of pre-disbursement orientation to clients

D. Personnel Policies

Other policies	<ul style="list-style-type: none"> Maternity/ Paternity benefit, health and accident insurance, two bonuses working uniform, pension fund and all government approved holidays are provided on top of full range of benefits under the labor laws of Cambodia as stated in the Human Resource Manual
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Prepared with technical assistance from PlaNet Finance, funded by European Union and Agence Française Développement

External Audit Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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DIRECTORS' REPORT

The Board of Directors ("the Directors") hereby submits its report together with the audited financial statements of Seilanithih Limited ("the Company") for the year ended 31 December 2011.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide credit to local customers through its head office and branches in Phnom Penh and its various provincial and district offices in the Kingdom of Cambodia.

FINANCIAL PERFORMANCE AND DIVIDENDS

During the year, no dividends were declared and paid in respect of the Company's profit for the year ended 31 December 2010 (2010: US\$79,525).

BAD AND DOUBTFUL LOANS

Before the financial statements of the Company were drawn up, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad loans and the making of allowance for bad and doubtful loans, and satisfied themselves that all known bad loans had been written off and that adequate allowance had been made for bad and doubtful loans.

At the date of this report, the Directors are not aware of any circumstances that 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.

ASSETS

Before the financial statements of the Company were drawn up, the Directors took reasonable steps to ensure that any assets that were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company have been written down to an amount that they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the assets in the financial statements of the Company misleading in any material respect.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances that have arisen that would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no charge on the assets of the Company that has arisen since the end of the year that secures the liabilities of any other person; and
- (b) no contingent liability in respect of the Company that has arisen since the end of the year other than in the ordinary course of business.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of 12 months after the end of the year that, in the opinion of the Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company that would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

There were no items, transactions or events of a material and unusual nature that, in the opinion of the Directors,

materially affected the financial performance of the Company for the year ended 31 December 2011.

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the financial performance of the Company for the current year.

THE BOARD OF DIRECTORS

The members of the Board of Directors during the year and as at the date of this report are:

- Mr. Sun Boreth, Chairman
- Mr. Kuch Setha, Member
- Md. Shafiqul Haque Choudhury, Member
- Mr. Kuch Kunthen, Member
- Dr. Jaime Aristotle B. Alip, Member – resigned on 5 August 2011
- Ms. Marilyn Magampon-Manila, Member – appointed on 14 November 2011
- Mr. Hin Samnang, Member – appointed on 30 November 2011
- Mr. Ly Sovann, Member

DIRECTORS' INTERESTS

No Directors held any interest in the equity of the Company, except the following Directors who directly and indirectly hold the shares of the Company at the end of the year:

Directors	2011		2010	
	Holding %	Number of shares of US\$10 each	Holding %	Number of shares of US\$10 each
Mr. Sun Boreth	5.42%	5,424	5.42%	5,424
Mr. Kuch Setha	2.86%	2,860	2.86%	2,860
Mr. Kuch Kunthen	0.53%	529	0.53%	529

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed, to which the Company was a party, with the object of enabling the Directors of the Company to acquire benefit by means of the acquisition of shares or debentures of the Company or any other body corporate.

No director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or with a firm of which the director is a member, or with a Company in which the director has a material financial interest other than as disclosed in the financial statements.

THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring 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 2011 and its financial performance and cash flows for the year then ended. In preparing these

financial statements, the Directors are required to:

- i) adopt appropriate accounting policies that are supported by reasonable and prudent judgements and estimates, and then apply them consistently;
- ii) comply with the disclosure requirements and the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there has been any departure from such standards in the interest of fair presentation, ensure that this has been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- v) effectively control and direct the Company and be involved in all material decisions affecting its operations and performance and ascertain that such matters have been properly reflected in

the financial statements.

The Directors confirm that the Company has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, present fairly, in all material respects, the financial position of the Company as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards, were approved by the Board of Directors.

Signed in accordance with a resolution of the Board of Directors.



 Mr. Sun Boreth
 Chairman

Date: 10 May 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Seilanithih Limited

We have audited the accompanying financial statements of Seilanithih Limited ("the Company"), which comprise the balance sheet as at 31 December 2011, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibilities for the financial statements

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

Auditor's responsibility

Our responsibility is to express an

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

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

the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

For PricewaterhouseCoopers (Cambodia) Ltd.



Phnom Penh, Kingdom of Cambodia
 Date: 10 May 2012

BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	2011		2010	
		US\$	KHR'000 (Unaudited)	US\$	KHR'000 (Unaudited)
ASSETS					
Cash on hand	4	13,054	52,727	27,876	112,981
Balances with the Central Bank	5	50,166	202,620	50,120	203,136
Balances with banks	6	181,134	731,602	408,103	1,654,042
Loans to customers	7	8,097,655	32,706,426	7,481,867	30,324,007
Other assets	8	160,338	647,601	245,248	993,989
Property and equipment	9	46,099	186,193	73,789	299,067
Intangible assets	10	23,553	95,131	32,400	131,317
Deferred tax assets	11	54,521	220,210	-	-
Total assets		8,626,520	34,842,510	8,319,403	33,718,539
LIABILITIES					
Compulsory deposits	12	407,366	1,645,353	465,934	1,888,431
Current tax liabilities	24	151,930	613,644	134,700	545,939
Other liabilities	13	295,907	1,195,168	285,302	1,156,326
Borrowings	14	5,592,765	22,589,177	5,380,334	21,806,494
Provision for provident fund and severance pay	15	230,764	932,057	118,304	479,488
Total liabilities		6,678,732	26,975,399	6,384,574	25,876,678
EQUITY					
Share capital	16	1,000,000	4,039,000	1,000,000	4,053,000
Reserves		82,524	333,314	31,115	126,109
Subordinated debts	17	465,669	1,880,839	464,061	1,880,839
Retained earnings		399,595	1,613,958	455,180	1,844,844
Currency translation differences		-	-	(15,527)	(62,931)
Total equity		1,947,788	7,867,111	1,934,829	7,841,861
Total liabilities and equity		8,626,520	34,842,510	8,319,403	33,718,539

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011		2010	
		US\$	KHR'000 <i>(Unaudited)</i>	US\$	KHR'000 <i>(Unaudited)</i>
Interest income	18	2,490,114	10,057,570	2,482,295	10,060,741
Interest expense	19	(584,512)	(2,360,842)	(557,874)	(2,261,063)
Net interest income		1,905,602	7,696,728	1,924,421	7,799,678
Fee and commission expenses		(29,287)	(118,289)	(25,174)	(102,030)
Other operating income	20	46,337	187,138	67,761	274,635
Personnel expenses	21	(1,083,485)	(4,376,193)	(973,153)	(3,944,188)
Depreciation and amortization	22	(51,340)	(207,365)	(83,259)	(337,449)
General and administrative expenses	23	(596,599)	(2,409,656)	(483,419)	(1,959,298)
Operating income		191,228	772,363	427,177	1,731,348
Provision for bad and doubtful loans	7	(17,371)	(70,166)	(127,366)	(516,214)
Grant income		843	3,405	5,965	24,176
Profit before income tax		174,700	705,602	305,776	1,239,310
Income tax expense	24	(25,960)	(104,852)	(100,201)	(406,115)
Profit for the year		148,740	600,750	205,575	833,195

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

31 DECEMBER 2011

	Share capital US\$	Reserves US\$	Subordinated debts US\$	Retained earnings US\$	Currency translation differences US\$	Total US\$
Balance at 1 January 2010	1,000,000	4,477	451,149	128,138	-	1,583,764
Dividends paid	-	-	-	(79,525)	-	(79,525)
Reserves	-	26,509	-	(26,509)	-	-
Profit for the year	-	-	-	205,575	-	205,575
Currency translation differences	-	129	12,912	227,501	(15,527)	225,015
Balance at 31 December 2010	1,000,000	31,115	464,061	455,180	(15,527)	1,934,829
<i>Equivalent to KHR'000 (unaudited)</i>	<i>4,053,000</i>	<i>126,109</i>	<i>1,880,839</i>	<i>1,844,844</i>	<i>(62,931)</i>	<i>7,841,861</i>
Balance as at 1 January 2011	1,000,000	31,115	464,061	455,180	(15,527)	1,934,829
Reserves	-	51,394	-	(51,394)	-	-
Profit for the year	-	-	-	148,740	-	148,740
Currency translation differences	-	15	1,608	(152,931)	15,527	(135,781)
Balance as at 31 December 2011	1,000,000	82,524	465,669	399,595	-	1,947,788
<i>Equivalent to KHR'000 (unaudited)</i>	<i>4,039,000</i>	<i>333,314</i>	<i>1,880,839</i>	<i>1,613,958</i>	<i>-</i>	<i>7,867,111</i>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011		2010	
		US\$	KHR'000	US\$	KHR'000
			<i>(Unaudited)</i>		<i>(Unaudited)</i>
Cash flows from operating activities					
Cash used in operations	25	(2,398,400)	(9,302,919)	(2,467,261)	(9,999,809)
Interest received		2,592,369	10,470,578	2,404,410	9,745,074
Interest paid		(549,889)	(2,221,002)	(553,338)	(2,242,679)
Income tax paid	24	(63,251)	(255,471)	(32,532)	(131,852)
Provident fund and severance paid	15	(29,424)	(118,844)	(86,523)	(350,678)
Net cash used in operating activities		(448,595)	(1,427,658)	(735,244)	(2,979,945)
Cash flows from investing activities					
Purchases of property and equipment		(12,868)	(51,974)	(8,966)	(36,339)
Purchases of intangible assets		(1,800)	(7,270)	(3,000)	(12,159)
Proceeds from sales of property and equipment		9,087	36,702	13,900	56,337
Net cash (used in)/from investing activities		(5,581)	(22,542)	1,934	7,839
Cash flows from financing activities					
Proceeds from borrowings		2,431,141	9,819,378	2,489,124	10,088,420
Repayments on borrowings		(2,218,710)	(8,961,370)	(2,391,915)	(9,694,431)
Dividends paid		-	-	(79,525)	(322,315)
Net cash from financing activities		212,431	858,008	17,684	71,674
Net decrease in cash and cash equivalents		(241,745)	(592,192)	(715,626)	(2,900,431)
Cash and cash equivalents at the beginning of the year		436,099	1,767,509	1,151,725	4,801,542
Currency translation differences		-	(390,318)	-	(133,602)
Cash and cash equivalents at the end of the year	26	<u>194,354</u>	<u>784,999</u>	<u>436,099</u>	<u>1,767,509</u>

Head Office:

#35, St.360, Sangkat Boeng Keng Kang I, Khan Chamkarmorn, Phnom Penh, Cambodia.

Tel & Fax: (855) 23 990 225, website: www.seilanithih.com.kh

01- Phnom Penh Branch:

#45F, St 371, Trapang Chhouk Village, Sangkat Toek Thla, Khan Sen Sok, Phnom Penh.

Tel: (855) 23 63 95 797, Email: pnp_kdl@seilanithih.com.kh

02- Mukh Kampul Branch:

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Tel: 024 65 43 366, Email: mkp@seilanithih.com.kh

03- Dangkor Branch:

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04- Pursat Branch:

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06- Kravanh Branch:

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07- Battambang Branch:

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08- Samlot Branch:

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09- Maung Russey Branch:

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10- Thmor Koul Branch:

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11- Bavel Branch:

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12- Banteay Meanchey Branch:

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13- Poy Pet Branch:

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14- Phreah Net Phreah Branch:

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15- Mongkol Borey Branch:

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16- Thmor Puok Branch:

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17- Sampov Loun Branch:

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18- Malai Branch:

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22- Puok Branch:

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23- Kralanh Branch:

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25- Chamkar Leu Branch:

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