



Annual Report 2012

សីលានិធិ

ធ្វើអោយជីវិតលោកដ៏យូរ!





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 Chairperson

On behalf of the board of directors, I am pleased to express my gratitude to all the company management team and staff for their strong efforts in 2012. Despite facing many adversities and challenges, and having only the acting Chief Executive Officer, the management was able to achieve positive result in 25 branches, and was able to reduce the non-performing loan, and also generate a reasonable amount of financial income. I have been appointed as the new Chairperson since 27 August 2012, and am extremely thankful for the support from all the board members. I would also like to thank Dr. Jaime Aristole B. Alip for his strong commitment and his contribution as an advisor for the board of directors for a major part of the year. Due to the funding constraints during the year, although there was a reduction in the total loan portfolio and the number of clients, Seilanithih maintained a good portfolio quality with low non-performing loan and write-offs.

Moving to 2013, the company will continue to expand its services to

a greater number of Cambodian people in the urban and rural areas. The focus during the year will be to not only reduce the cost of our operations with higher productivity and better efficiency levels, but also increasing loan portfolio. The organization will have a stronger management team, with a new CEO joining in early 2013, and other vacant positions also getting filled up soon. Moreover, we will continue to provide more effective oversight and successfully execute strategies to introduce stronger risk management policies. Seilanithih will continue to have an effective information sharing and an effective management system to make well-informed and smart decisions to respond to the market situation promptly.

Finally, I would like to recognize the contribution of our valued customers, suppliers, lenders, regulators, donors, National Bank of Cambodia, and general related public ministries.

Without your support we may not be what we are now.



Ms. Marilyn Magampon-Manila
Chairperson

Message From The Deputy CEO

In September 2012, Seilanithih implemented the pilot test with Planet Finance in the program of Financial Literacy (FinLit) in branch Mukampol and including Social Performance Management (SPM). We now strive to balance in social goals and financial goals.

According to the integration of SPM and FinLit, our operation performance has been better than before. Seilanithih has continued focusing on Social Performance Management, showing that 93.04 % of our clients are in rural areas, 66.14% are women, and some clients in branch Mukampol received non-financial service from our staff in pilot test. We will continue to provide and expand the non-financial services to clients to improve their technical know how to make their cash flow more efficient and effective. Furthermore, keeping in mind that many lending areas have high market penetration, all our branches use Credit Bureau in order to avoid overlap loan and over-indebtedness. In addition, we plan to expand our operation by opening the new branches in 2013 in the urban areas. Moreover, we were able to earn more profit even though our

loan portfolio decreased. On the other hand, our operation activities kept going on well in response to our clientele need. The number of savers and the borrowers decreased, as the loan portfolio came down. Despite the decreasing loan portfolio and savings, the portfolio quality is better than last year: PAR > 30 days decreased from 1.26 % in 2011 to 0.40%. Our Capital Adequacy ratio has become much stronger to be 30% by the end of 2012.

Finally, I would like not only to express my gratitude and sincere thanks to all staff for their hard work, having shown strong commitment and cooperation with honesty guided by the mission which, has kept Seilanithih sustainable, but also our shareholders, board of directors, donors, lenders, Cambodian Microfinance Association, National Bank of Cambodia, and other stakeholders for their constant support and providing us with strategic guidance throughout the year.

Last but not least, I do really want to say thanks to our value clients for their continued support.



Mr. Md. Farid Ahmed
Deputy CEO

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 through funds 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.
- 2006** CARD International investor became a shareholder.
- 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	2012-DEC	2011-DEC	2010-DEC
Provinces	7	7	7
Districts	69	89	95
Branch Offices	25	25	23
Employees	201	207	188
Clients	11,502	13,846	14,395
% Group Loan clients	32.24%	31.71%	33.68%
% Individual Loan clients	67.76%	68.29%	66.32%
Loan Outstanding	\$6,729,433	\$8,269,363	\$7,692,876
% Group Loan amount	7.11%	7.61%	11%
% Individual Loan amount	92.89%	92.39%	89%
PAR> 30 days	0.40%	1.26%	2.59%
No of Savers	14,637	15,968	15,447
Savings amount	\$354,104	\$407,366	\$465,934
Operational Self-Sufficiency	125.52%	109%	113%
Financial Self-Sufficiency	121.28%	107%	110%
Operating costs	\$1,561,733	\$1,731,424	\$1,539,831
Total Assets	\$7,225,935	\$8,626,520	\$8,319,403
Total Liabilities	\$4,866,786	\$6,678,732	\$6,384,574
Share Equity	\$2,359,149	\$1,947,788	\$1,934,829
Share Capital	\$1,000,000	\$1,000,000	\$1,000,000
Net Profit Before Tax	\$486,807	\$174,700	\$305,776
Net Profit After Tax	\$406,178	\$148,740	\$205,575
Return on Assets (%)	5.1%	1.8%	2.5%
Return on Equity (%)	18.9%	7.7%	11.2%

Cambodian Business Environment Overview

Brief on Cambodian Economy

In year 2012, Cambodian economy grew fast, which was remarkable. According to the prediction of government in 2012, the growth of economy was 7% compared to 7.1% in 2011. This growth is fuelled by growth in the agriculture, tourism and garment sectors, along with investments made by international investors, and the implementation of government policy, especially in the agriculture sector. Moreover, exporting agricultural products really contributed in supporting in the macro-economic and pushed the economic growth in Cambodia. (Source: From speech delivered by H. E. CHEA CHANTO, Governor of National Bank of

Cambodia during 2012 achievement and 2013 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

Bank sector has been improving, reporting safe and remarkable growth including extent, operations outreach and trust from the public. The bank sector plays a vital role in contributing the Cambodia economic, development. As of December 2012, there are 32 commercial banks, 7 specialized banks, and 32 Licensed Microfinance Institutions. Within the whole banking system, amount of deposit increased by 22% and number of savers increased by 17.61%. Number of borrowers increased by 54.89%. Moreover, during this growth of microfinance, NBC took action and the quality of loan has also improved with NPL declined continu-

ously to 2.40%. In year 2012, banks and microfinance expanded their branch network in 11 places in country and opened overseas branches in Lao and Myanmar. The product of banks and microfinance increased gradually, with ATMs in 613 places to operate, including other services of banks.

(Report published by NBC website, from speech delivered by H. E. CHEA CHANTO, Governor of National Bank of Cambodia during 2012 achievement and 2012 plan celebration)

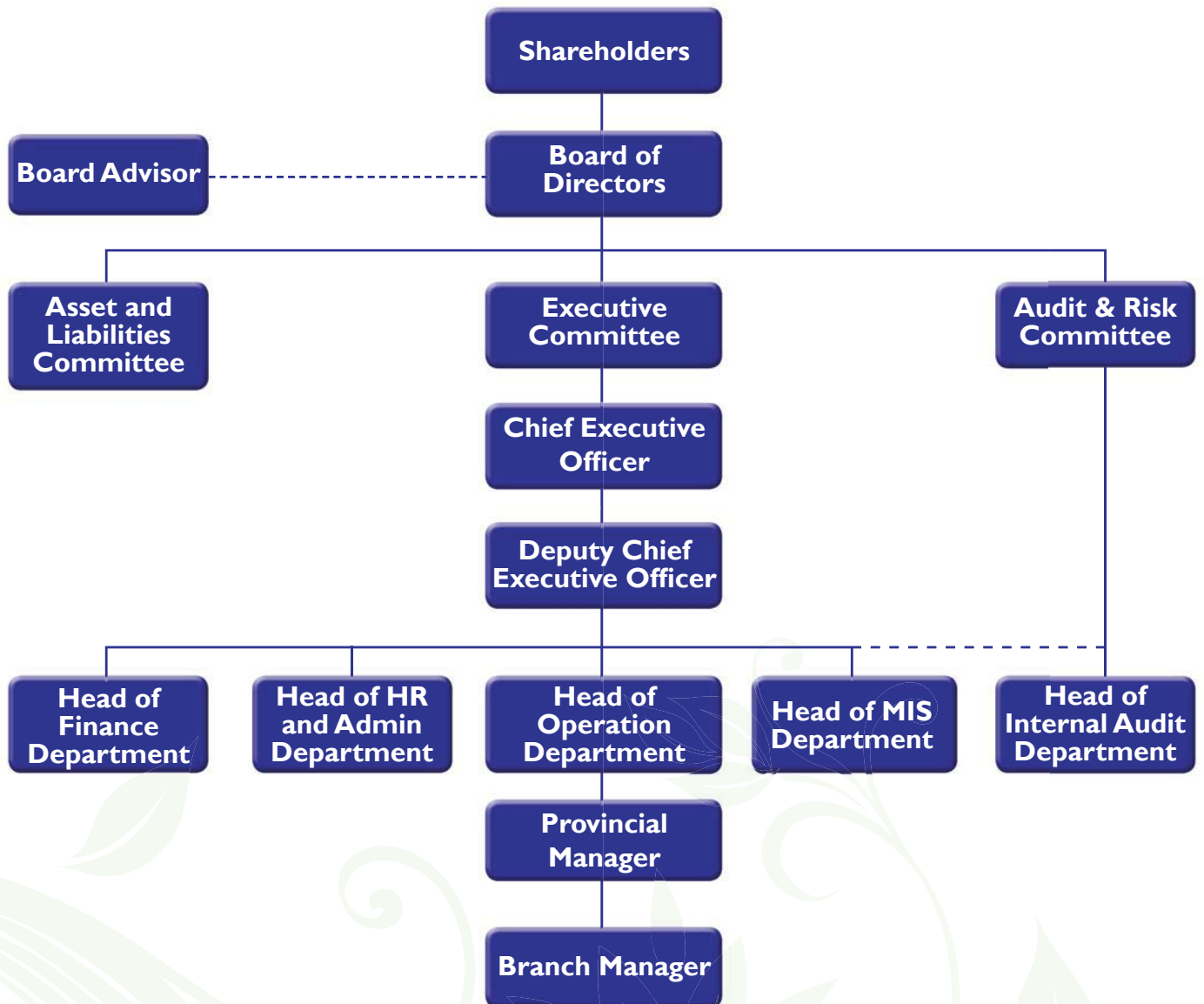
Microfinance

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 2012 collected from 33 active member MFIs and 4 Ordinary member MFIs showed gain compared with the data of December 2011, it demonstrated that a total number of borrower increased by 3.76%, loan outstanding increased by 10.35%, depositor increased by 16.70%, deposit balance increased by 24.41%, number of employee increased by 4.62% and Non-Performing Loans (NPL) declined by 11.56% (from 0.320% to 0.283%). [Source: CMA report 31, Dec 2012]

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 became the 5th shareholder in 2009. Over 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 2009.

41.29%

Seilanithih NGO is created in 1996 by CARE international - Cambodia through 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

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 is also registered as an international NGO in the Royal Government of Cambodia. CARD has joined Seilanithih in 2006 as shareholder.

Expression of clients



My cassava grow well



Loan of Seilanithih makes my life better



Seilanithih makes my business better



I like the products and services of Seilanithih.



My pigs grow well



My products can be sold to market



Ms. Marilyn Magampon-Manila,
Chairperson

Filipino, has been appointed as a board member since 2011. Ms Marilyn 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 positions 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).



Mr. Sun Boreth, *Board Member*

Mr. Boreth (born in 1965) is a Cambodian national with a Master of Education degree (MED) from the University of Massachusetts (USA). He has been a member of the Board of Directors from 2001 and became a shareholder in 2006. Mr. Boreth has over 20 years of development experience in Cambodia, working with international governments and non-government organizations and projects such as Agricultural Quality Improvement Project (AQIP), Development Alternatives, Inc. (DAI) and others. He has received training on management, micro-finance and rural development policy in Cambodia, Australia, USA, Thailand and the Philippines. Furthermore, Mr. Sun has sound understanding of development policies on agriculture, poverty alleviation, ecologically sustainable development and governance and commercial businesses operations in the Cambodian context. Mr. Sun also currently serves on the Boards of various development NGOs in Cambodia.



Mr. Mohammed Azim Hossain,
Board Member

Mr. Azim, Bangladeshi, was appointed as the board member on 26 November, 2012. He is a director Investment and Treasury, CMI/ASA International Ex.Director-Finance and MIS,ASA Bangladesh. He obtained the Master of Commerce from Dhaka University (Major subjects: Accounting, Finance, Management, Economics statistics, and Business Communication).And he got Diploma in "Project Management from Aarhus Technical College, Denmark from August 19, 1992 to October 21, 1992. He also had experiences in designing implementing managing finance programs, including monitoring and evaluation. He also had experience in financial management accounting system design, budget preparation, and budget variation analysis, financial forecasting and accounting format design all in microfinance context. Prepare credit and savings manual on credit planning, designed reporting and monitoring formats, responsible for ASA MIS Data management, database structure design, data processing, creating tabular and graphical outputs through statistical analysis, conversant with participatory approaches in projects planning, implementation and project monitoring and evaluation, conducted training for microfinance programs, accounts keeping and rural development.

Board of Directors



Mr. Kuch Kunthen, Board Member

Mr. Kunthen, 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 Philippines. Mr. Kunthen has over 15 years experience in Microfinance sector. He is currently serving as Board Member and Head of Operations Department.



Mr. Ly Sovann, Board Member

Mr. Sovann is a Cambodian national with an MBA from Chamroeun University of Poly-Technology (2005) and is currently pursuing ACCA certification at Cam-Ed. Mr. Sovann has served as an independent Board Member since April 5, 2008 and also serves as the Chairman of Audit and Risk Committee since 2007. He has several years of experiences in the field of accounting, audit and finance with international NGO and microfinance institutions in Cambodia. He has received training courses in accounting, audit, management, financial analyses, financial management, and business planning in Cambodia and abroad, and is currently working with International Organization Lutheran World Federation Cambodia Programme as Finance and Administration Manager.



Mr. Huot Hak, Board Member

Mr. Huot Hak was appointed as a board member on 27 February, 2013. He works as a civil servant, ministry communication senate, national assembly, and inspection. He is the lecturer of law in RULE University since 1998. He obtained Doctor of Business Administration (DBA) in field economic. And by profession he is a lawyer.



Mr. Phov Samphy, Board Member

Mr. Phov Samphy was appointed as a board member on 27 February, 2013. He is the Director General, FED Rice Impexp Co.Ltd since July, 2012. Moreover, he is a member of council of jurists, office of the council of Ministers since March 2004. He obtained Diplôme d'Etudes Approfondies Administration publique (DEA), University Lumière-Lyon-2, Lyon, France September 1998-October 1999. He also got the Master of Public law of University Lumière-Lyon-2, Lyon France in September 1997-1998. He obtained Bachelor of law from University Lumière-Lyon-2, Lyon France in September 1993 and June 1997 Cambodia + France. He studied law at faculty of law and economics, Phnom Penh. And he got the certificate of professional legal studies Administrative and Judicial School of Phnom Penh in September 1991 and 1993. He is a senior lecturer at Royal School of Administration Phnom Penh since August 2007. And he was a legal expert in legal department, International Court of Justice (ICJ), The Hague, Netherlands; he was a senior lecturer of commercial and Banking Law, Urbanism law, Criminal Law and Administrative law, Royal University of law and Economics Sciences of Phnom Penh from October 1999 to September 2004.

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- Ms. Marilyn Magampon-Manila, Chairperson
- 2- Mr. Azim Hossain, Member
- 3- Mr. Farid Ahmed, Member
- 4- 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 in line with 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 2012 to monitor overall performance of the company. All key management staff was required to present their respective department's achievements and challenges to the Executive Committee for setting up the strategy and improving the company performance.

Highlighted activities of ExCom for 2012

- Management streamlining and improvement is one of the focuses for 2012. An ACTIVITY TRACKER tool was created for the management use to help them monitor and become

more efficient/proactive to address company issues in a timely manner.

- Operation and Funding situation was closely monitored every month.
- Legal Advisor was hired to help with legal matters.
- Social Performance Report was published on the website every month.
- Excom decided that two Short Term Technical Assistance from SBFIC project in Human Resources and Marketing Unit to be selected.
- Organogram and Board Committee was re-structured as a result of the August BOD meeting.
- Compliance Unit was established as a NBC recommendation.
- Management meeting was scheduled every 2nd of the month.
- Newly designed letterhead was approved.
- ExCom assigned Mr. Kuch Kunthen to participate in Living in peace Client Business Award.

The ExCom play a major role to help and guide the management team during the year to address management issues 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 reports 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 2012

During the 2012, The Audit and Risk Committee met seven times for the whole year in January, March, April, June, August, September, and December.

The Audit Committee expressed its agreement on the consultation on the Internal Audit work plan and took note of the planned audit assignments.

The Audit Committee received continuous and proper support from both audit functions during the period under review, and has been working towards harmonizing and coordinating the efforts of the two.

Internal Audit conducted in twenty

five branches and each branch audited twice. The internal Audit Department has carried out risk assessments within the specific audit fields allowing the identification of high risk areas and therefore audit tasks which are likely to have the highest impact. A standardized risk assessment approach is used to rank and prioritize potential audit tasks. Lessons learned from previous audits as well as action taken on recommendations are highly valuable when selecting and planning future audits. Internal Audit uses monitoring system to collect this information in a structured and regular manner. In addition, communication with the auditees during this process increases efficiency and help to improve the selection of audit tasks.

In year 2012, the audit teams received further skills development through the provision of various audit training related to microfinance, audit and fraud risk management. Audit training course are going to be provided in 2013 in order to equip the auditor updated audit knowledge and skills effectively to monitor Seilanithih MFI's operation in the future. The plan audit is used to conduct two audits per branch in 2013.



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 them. It was spin-off as 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 reknowned 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 promote 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

organism 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. Sanjay Gandhi, Chief Executive Officer

Sanjay Gandhi, an Indian National, joined Seilanithih as CEO in February 2013. He is a professionally qualified Chartered Accountant, from the Institute of Chartered Accountants of India. He has 22 years of working experience. After two years as Auditor, he headed a team of professionals (from 1993-2001) responsible for lending to corporate clients in North India (based at New Delhi). The total corporate portfolio of long and short term funding was in excess of USD100 million. From 2003, Mr. Gandhi joined as the Head of Rating team of M-CRIL, a rating agency specializing in financial ratings of Micro Finance Institutions (MFIs). From 2003-2006, he was also the representative of the implementing partner of UNOPS in Myanmar Delta region, which involved numerous visits to Myanmar. He left M-CRIL in 2008 as Director (Ratings). That was followed by two years of various consultancy contracts as the International Consultant on a microfinance project funded by the Bill Gates Foundation, to promote micro finance in Indonesia and the Philippines. Prior to joining Seilanithih, Mr. Gandhi's last assignment was with Planet Ratings. During the nine years of conducting ratings of MFIs, Mr. Gandhi conducted ratings in more than 25 countries in Asia, Africa and Eastern Europe. In Cambodia, he has conducted 6 MFI ratings and has also provided trainings on Internal Controls and Risk management to MFI staff.



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 1 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 various MFIs in Bangladesh and other countries.



Mr. Kuch Kunthen, Head of Operations Department

Mr. Kunthen, 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 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 became 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 decreased to 201 members in 2012 from 207 in 2011, which shows a decrease of 1.07% compared to the last year. At the end of 2012, female staff represents 16.92% of the total staff. Staff turnover rate was a bit higher than the last year: increased to 13.73% from 12.66%. To be competitive 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

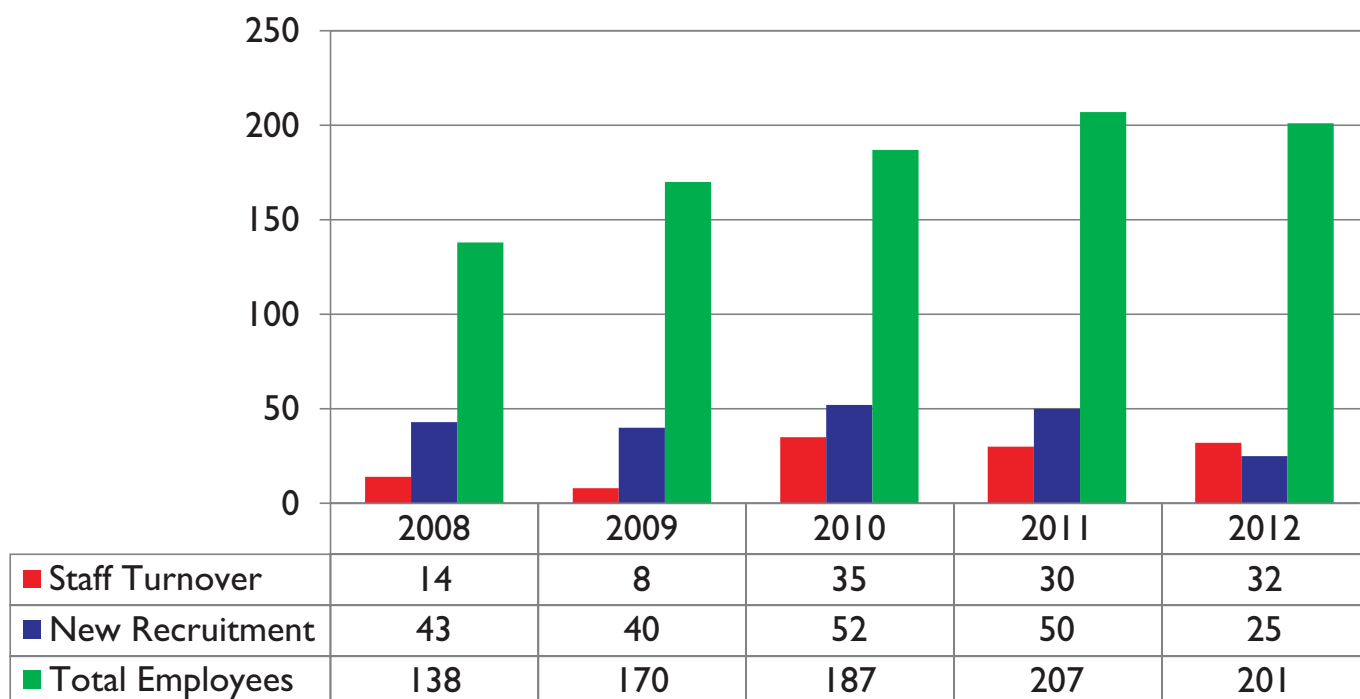
Since staff development and capacity building plays a crucial role in ensuring the working quality of the company, Seilanithih has organized training for its newly recruited and promoted staff to ensure that they have enough skills and capacity to perform their responsibilities, as well as to make them

productive, effective and efficient.

Seilanithih has also allocated a budget in each year for its staff development and capacity building on skill development training, refresher trainings, training on the new products or new policies, specialized courses, and other capacity building programs needed.

Each staff member is also given an opportunity to attend a short course or degree program. There were 3 internal and 18 external training courses conducted during the year for staff.

The training courses were related to



orientation for newly recruited staff, refreshment training, orientation on new products, orientation on new policies, practical audit skill, practical human resource management, social performance management, IT policy development, advance audit skill, practical office management and admin skills, Risk Management , 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, Anti-Money Laundering and Counter Terrorism for Bank and Micro-finance, Internal Control and Fraud Prevention, Financial Literacy, 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, Improvement industrial (IR) and Human Resource Management (HRM), effective role of administration in an

organization, HR symposium and so on Seilanithih also sent some managers and staff on study tours to learn best practices of microfinance and banking from other well-experienced countries. The staff participated in Finance Literacy Workshop and Regional Meeting. As result, in 2012, there were 6 staff went to Hanoi 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 from US\$100 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 from US\$100 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 client's who are engaged in micro and small entrepreneurship and farming. Clients can borrow money individually with a loan size from US\$100 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.

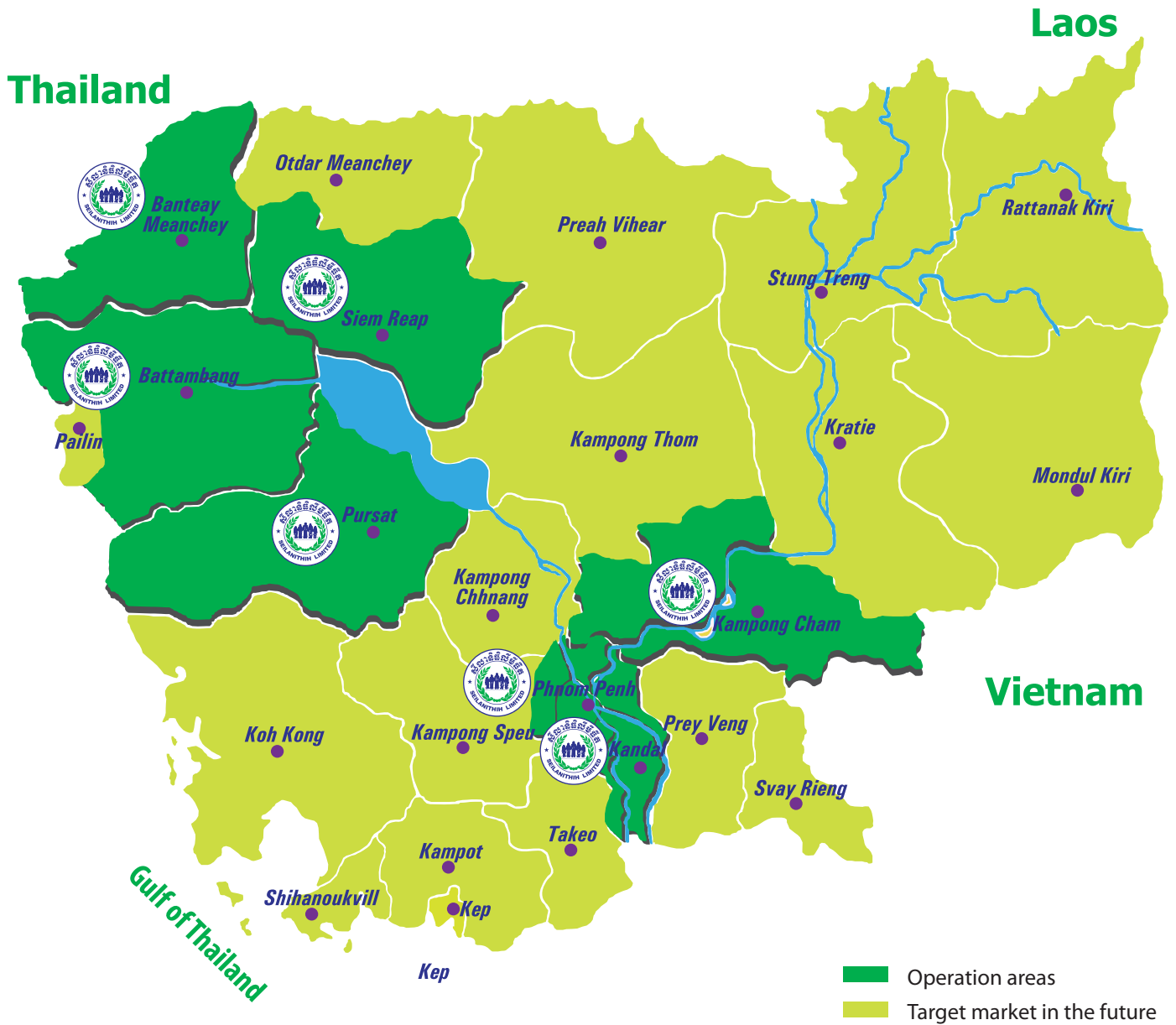
An additional amount of deposit is required if the next cycle loan amount is bigger than the previous loan amount. Groups and individual loans clients must deposit their compulsory saving at least 3% of the amount disbursed.

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

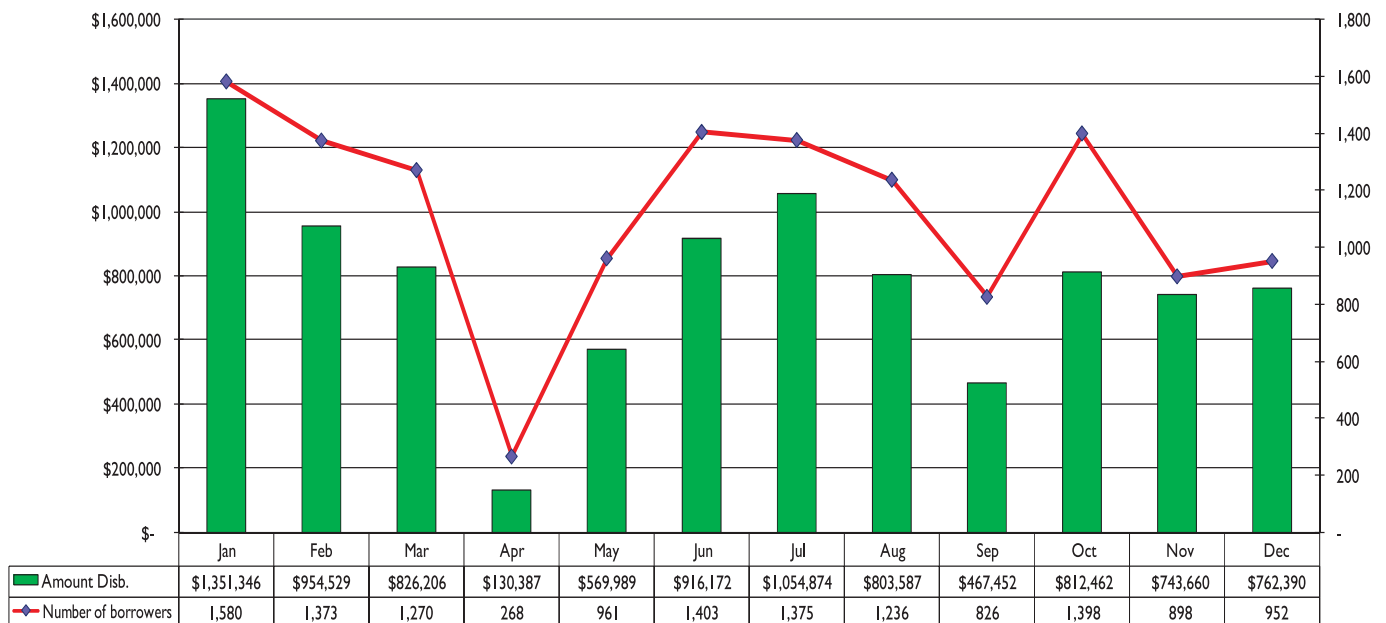
Seilanithih still continues its growth in terms of expanding number of branches, size of loan portfolio. As of December 31, 2012, Seilanithih has 11,502 clients with loan outstanding US\$ 6,729,433 and operations through 25 branches which cover its operation in Phnom Penh City, Kandal, Pursat, Battambang, Banteay Meanchey, Siem Reap, and Kampong Cham province.

Borrower and Portfolio Structure

Loan Disbursement

The total loan disbursement in 2012 was US\$ 9,393,054 to 13,540 clients, which is a decrease of 20.20% compared to the data of 2011. The total amount was given to utilize in different sectors such as agriculture, livestock, business, services, and handicrafts.

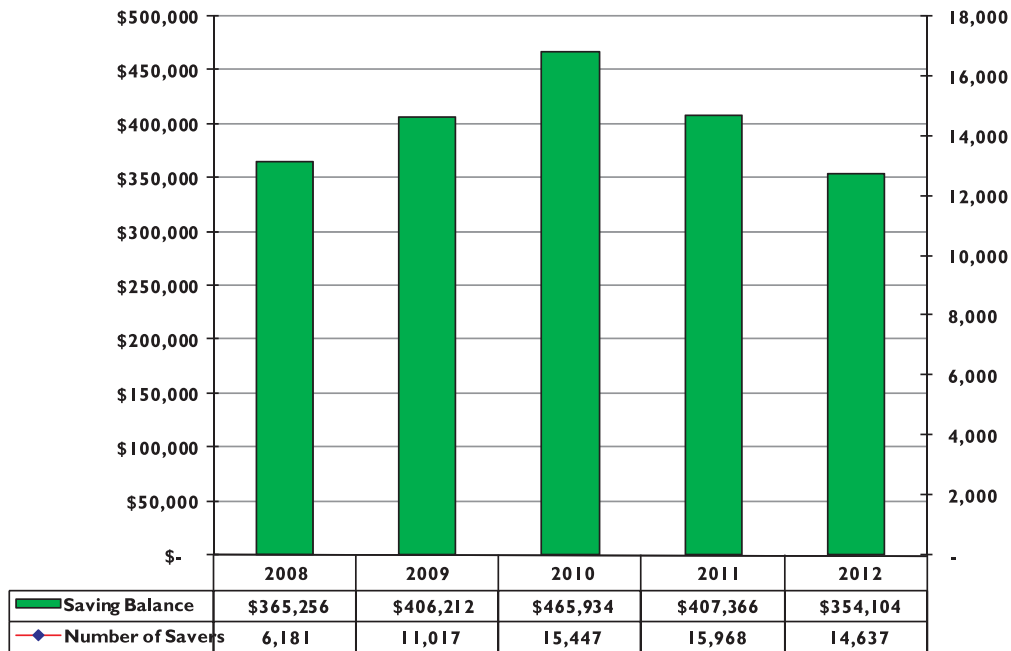
Trend of Disbursement during 2012: Number of Borrowers and Amount of Loan



Savings

The total amount of savings in 2012 was US\$ 354,104 with 14,637 clients. The savers decreased by 8.34% compared to the previous year. The growth of savings depends on the amount of loan disbursement due to its compulsory nature, yet it shows significant growth in the number of savers.

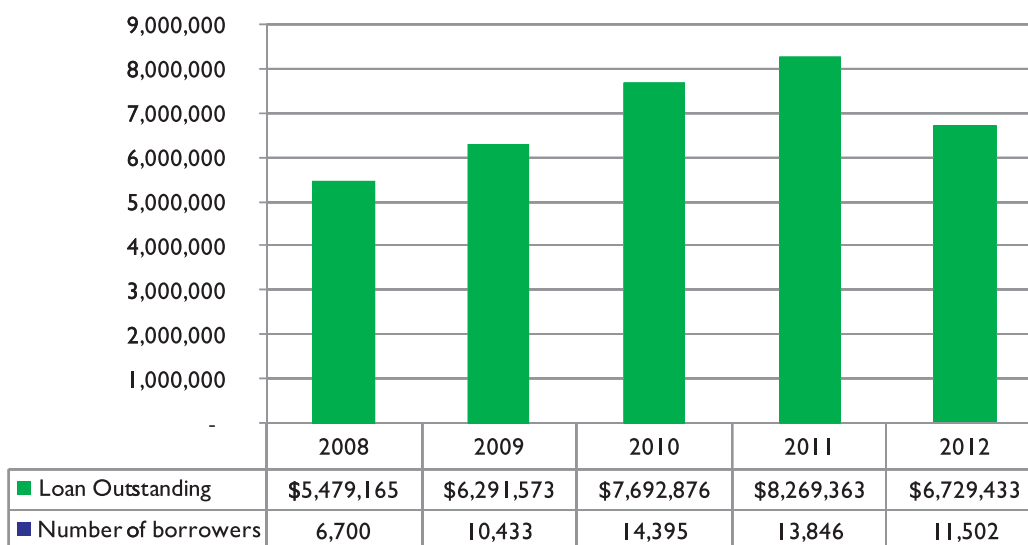
Saving Balance and Borrowers: 2008-2012



Loan Outstanding

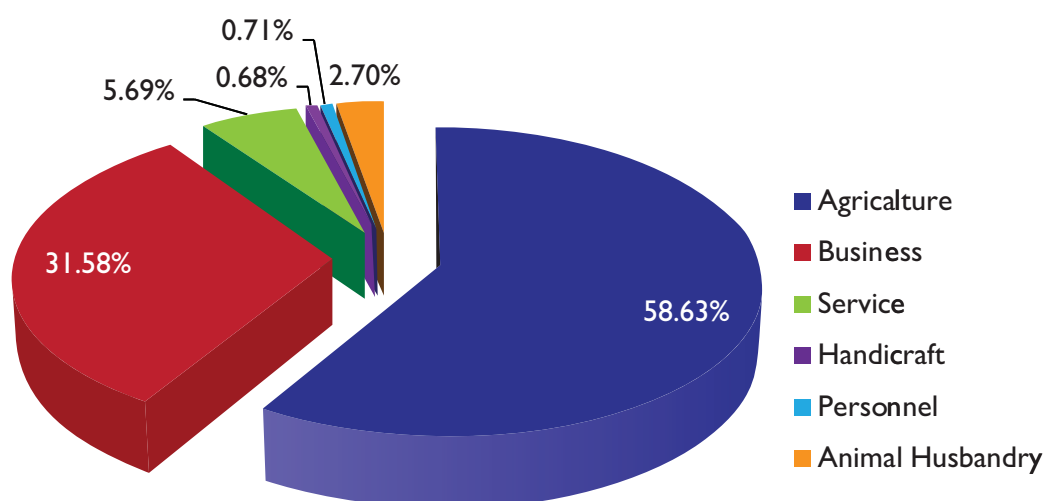
At the end of year 2012, total loan outstanding amount was US\$ 6,729,433 which is a decrease of 18.62% compared to year 2011. The loan outstanding amount composed of group and individual loan, where the proportion of group and individual loan were 7.11% and 92.89%, respectively.

Loan Outstanding and Borrowers: 2008-2012



Loan Category

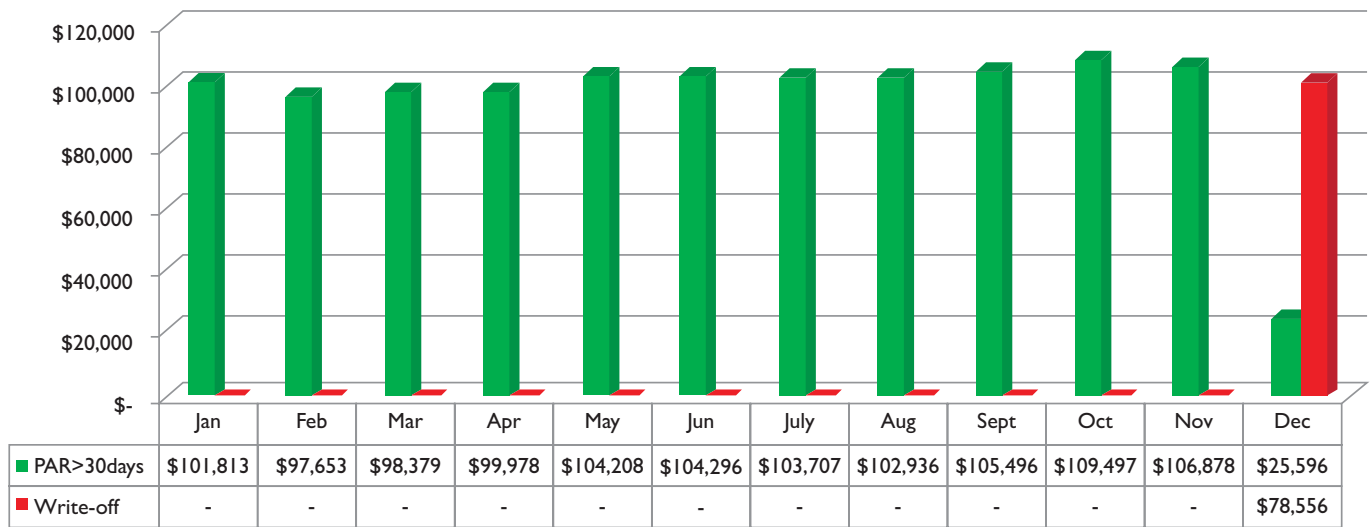
Seilanithih offers loan to support different types of livelihood opportunities. As of December 31 2012, loan in agriculture sector consist of 58.63% of total portfolio mostly in farming crops such as rice, corn, potato, green bean, soybean, sesame, etc. Business sector represented 31.58%, which mainly involved in buying and selling in the form of micro and small business activities. Service sector is constituted by 5.69% consisting of renting house, taxicab, tailoring, motor-taxi, repairing shop, etc. Animal husbandry sector represented 2.70% mostly engaged in raising ducks, pigs, chickens, fish, etc. Handicrafts sector represented 0.68% relating to manmade of total portfolio. Personnel loan showed 0.71% for the purpose of buying motor only.



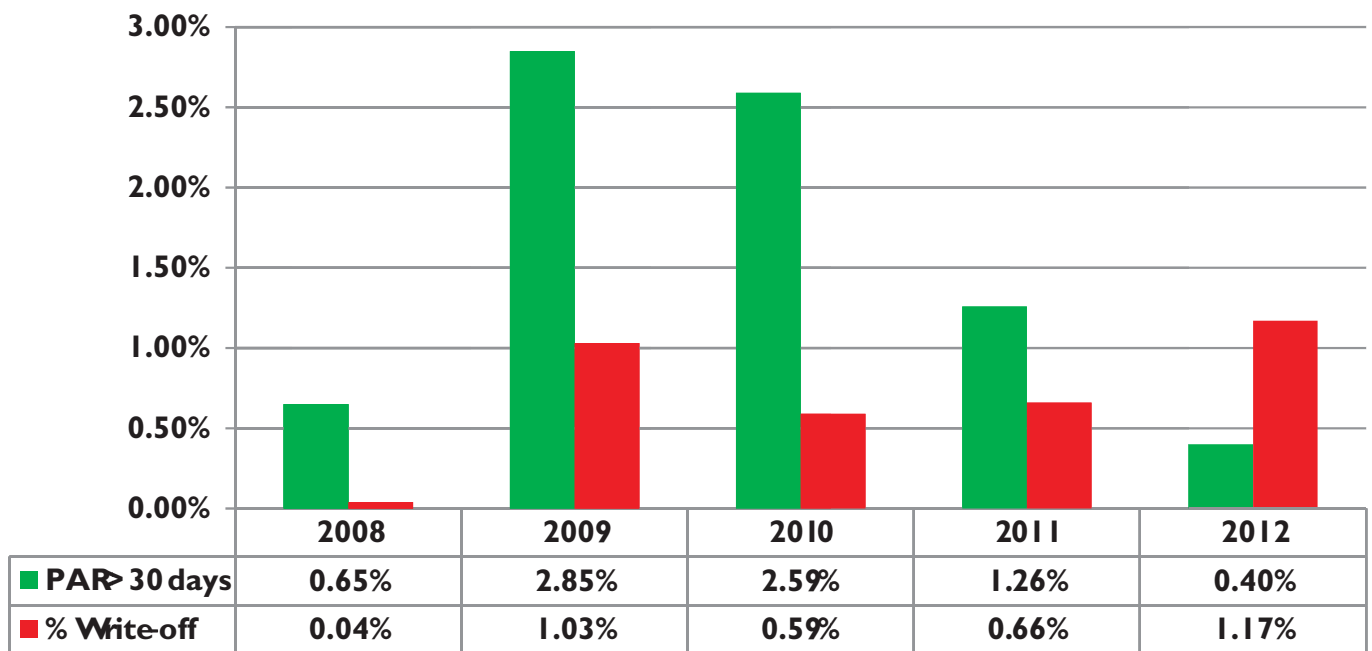
Loan Portfolios Quality

During the whole year of 2012, Seilanithih sets strong commitment to improve the loan portfolio quality as well as pay deep attention to disbursement of new loans. With collection efforts and write off during 2012, the PAR fell, as can be seen in the graph below. The PAR plus write off improved from 1.92% in 2011 to 1.57% in 2012. This happened with 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 detailed 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 2012



Portfolio Quality and Write-off: 2008- 2012



Social Performance Management (SPM) and Seilanithih



In response to our social responsibilities, Seilanithih has been implementing Social Performance Management (SPM) 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 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. Moreover, Seilanithih has been implementing Pilot

test Financial Literacy (FinLit) in Mukampol branch under technical support from Planet Finance. FinLit can not only improve the quality of performance of Seilanithih, but also provide knowledge of education to clients in order to manage their cash flow in having good repayment to Seilanithih.

With technical assistant from Planet Finance, Seilanithih has set its clearly social goal and tools and mechanism.

As the data of December 2012, 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	10,805	6,285,815	93.04%
Borrowers from upland communities	901	410,556	6.10%
Borrowers below \$300 loan disbursed	4,254	476,551	7.08%
Women borrowers	8,352	4,451,431	66.14%
Group borrowers	3,708	478,168	7.10%
Unsecured/ Uncollateralized borrowers	2,243	173,458	2.57%
Agriculture-loans	6,810	3,945,616	58.63%

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"> In the process of mainstreaming Progress out of Poverty Index (PPI)
Poverty tracking	<ul style="list-style-type: none"> In the process of mainstreaming Progress out of Poverty Index (PPI)
Social performance reporting	<ul style="list-style-type: none"> SP report prepared annually

B. Customer Care and Product Enhancement

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 principal and interest payment schedule; provide one set loan document to every client during disbursement. Member of MF Transparency Smart Campaign Submitting data to the MIX Market Submitting data to National Bank of Cambodia (NBC) Submitting data to Cambodia Microfinance Association (CMA)
Client feedback system	<p>Branch-level staff designated to receive and respond to the complaints made by clients.</p> <p>Client complaint box in all branches Dedicated telephone to accept client complaint</p>
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 after disbursement.

D. Personnel Policies

Employees satisfaction study	Annual conduct of staff satisfaction study
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

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 2012

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Finance

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 2012.

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

The financial performance for the year ended 31 December 2012 is set out in the income statement on page 8.

During the year, no dividends were declared (2011: nil).

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 realized 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 realize.

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 2012.

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:

- Ms. Marilyn Magampon-Manila, Chairperson-appointed on 23 November 2012
- Mr. Sun Boreth, Member resigned from his position as Chairman on 23 November 2012
- Mr. Kuch Setha, Member removed on 27 February 2013
- Md. Shafiqul Hague Choudhury, Member resigned on 26 November 2012
- Md. Azim Hossain, Member appointed on 26 November 2012

- Mr. Kuch Kunthen, Member
- Mr. Hin Samnang, Member resigned on 27 August 2012
- Mr. Ly Sovann, Member
- Mr. Hout Hak, Member appointed on 27 February 2013
- Mr. Phov Samphy, Member appointed on 27 February 2013

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:

	2012		2011	
	Holding %	Number of shares of US\$10 each	Holding %	Number of shares of US\$10 each
Directors				
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

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 2012 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 approved by the Board of Cambodia and Cambodian Accounting Standards.

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

Ms. Marilyn Magampon-Manila
Chairperson

Date: 17 May 2013

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 2012, 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 judgment, 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 2012, 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 Pricewaterhouse Coopers
(Cambodia) Ltd.


By Kuy Lim
Director



Date: 17 May 2013

BALANCE SHEET AS AT 31 DECEMBER 2012

	2012		2011	
	US\$	KHR'000	US\$	KHR'000
ASSETS				
Cash on hand	16,245	64,900	13,054	52,727
Balances with the Central Bank	50,241	200,713	50,166	202,620
Balances with banks	246,714	985,624	181,134	731,602
Loans to customers	6,644,082	26,543,106	8,097,655	32,706,426
Other assets	158,463	633,065	160,338	647,601
Property and equipment	29,184	116,590	46,099	186,193
Intangible assets	14,574	58,223	23,553	95,131
Deferred tax assets	66,432	265,396	54,521	220,210
Total assets	<u>7,225,935</u>	<u>28,867,617</u>	<u>8,626,520</u>	<u>34,842,510</u>
LIABILITIES				
Compulsory deposits	354,104	1,414,647	407,366	1,645,353
Current tax liabilities	155,784	622,358	151,930	613,644
Other liabilities	271,011	1,082,695	295,907	1,195,168
Borrowings	3,753,603	14,995,642	5,592,765	22,589,177
Provision for provident fund and severance pay	332,284	1,327,473	230,764	932,057
Total liabilities	<u>4,866,786</u>	<u>19,442,815</u>	<u>6,678,732</u>	<u>26,975,399</u>
EQUITY				
Share capital	1,000,000	3,995,000	1,000,000	4,039,000
Reserves	147,080	587,585	82,524	333,314
Subordinated debts	470,798	1,880,839	465,669	1,880,839
Retained earnings	741,271	2,961,378	399,595	1,613,958
Total equity	<u>2,359,149</u>	<u>9,424,802</u>	<u>1,947,788</u>	<u>7,867,111</u>
Total liabilities and equity	<u>7,225,935</u>	<u>28,867,617</u>	<u>8,626,520</u>	<u>34,842,510</u>

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012		2011	
	US\$	KHR'000	US\$	KHR'000
Interest income	2,443,953	9,763,599	2,490,114	10,057,570
Interest expense	(497,028)	(1,985,628)	(584,512)	(2,360,842)
Net interest income	1,946,925	7,777,971	1,905,602	7,696,728
Fee and commission expenses	(16,386)	(65,463)	(29,287)	(118,289)
Other operating income	95,783	382,661	21,833	88,170
Personnel expenses	(1,013,906)	(4,050,552)	(1,103,901)	(4,458,654)
Depreciation and amortization	(35,519)	(141,901)	(51,340)	(207,365)
General and administrative expenses	(512,308)	(2,046,681)	(576,183)	(2,327,195)
Operating income	464,589	1,856,035	166,724	673,395
Reversal of bad and doubtful loans	22,218	88,758	7,133	28,802
Grant income	-	-	843	3,405
Profit before income tax	486,807	1,944,793	174,700	705,602
Income tax expense	(80,629)	(322,113)	(25,960)	(104,852) 406,178
Profit for the year	406,178	1,622,680	148,740	600,750

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital US\$	Reserves US\$	Subordinated debts US\$	Retained earnings US\$	Currency translation differences US\$	Total US\$
Balance 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>In KHR'000 equivalent</i>	4,039,000	333,314	1,880,839	1,613,958	-	7,867,111
Balance as at 1 January 2012	1,000,000	82,524	465,669	399,595	-	1,947,788
Reserves	-	64,505	-	(64,505)	-	-
Profit for the year	-	-	-	406,178	-	406,178
Currency translation differences	-	51	5,129	3	-	5,183
Balance as at 31 December 2012	1,000,000	147,080	470,798	741,271	-	2,359,149
<i>In KHR'000 equivalent</i>	3,995,000	587,585	1,880,839	2,961,378	-	9,424,802

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012		2011	
	US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities				
Cash generated from/(used in) operations	77,755	310,627	(2,398,400)	(9,687,153)
Interest received	2,458,477	9,821,616	2,592,369	10,470,578
Interest paid	(504,161)	(2,014,123)	(549,889)	(2,221,002)
Income tax paid	(88,686)	(354,301)	(63,251)	(255,471)
Provident fund and severance paid	(26,046)	(104,054)	(29,424)	(118,844)
Net cash generated from/(used in) operating activities	1,917,339	7,659,765	(448,595)	(1,811,892)
Cash flows from investing activities				
Purchases of property and equipment	(7,421)	(29,647)	(12,868)	(51,974)
Purchases of intangible assets	(2,000)	(7,990)	(1,800)	(7,270)
Proceeds from sales of property and equipment	90	360	9,087	36,702
Net cash used in investing activities	(9,331)	(37,277)	(5,581)	(22,542)
Cash flows from financing activities				
Proceeds from borrowings	1,621,500	6,477,893	2,431,141	9,819,378
Repayments on borrowings	(3,460,662)	(13,825,345)	(2,218,710)	(8,961,370)
Net cash (used in)/generated from financing activities	(1,839,162)	(7,347,452)	212,431	858,008
Net increase/(decrease) in cash and cash equivalents				
	68,846	275,036	(241,745)	(976,426)
Cash and cash equivalents at the beginning of the year	194,354	784,999	436,099	1,767,509
Currency translation differences	-	(8,548)	-	(6,084)
Cash and cash equivalents at the end of the year	263,200	1,051,487	194,354	784,999

Head Office:

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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:

National Road N°6A, Kroum Village, Prek Anhchanh Commune, Mukh Kampul District, Kandal Province.

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

03- Dangkor Branch:

#B1, Prey Pring Cheung Village, Sangkat Chaom Chao, Khan Por Sen Chey, Phnom Penh.

Tel: 023 69 12 095, Email: dangkor@seilanithih.com.kh

04- Pursat Branch:

#5, National Road N°5, Sthani Vallage, Sangkat Svay At, Pursat City, Pursat Province.

Tel: 052 63 43 555, Email: pur@seilanithih.com.kh

05- Bakan Branch:

National Road N°5, Khnach Romeas Village, Boeung Khnar Commune, Bakan District, Pursat Province.

Tel: 052 65 50 888, Email: bakan@seilanithih.com.kh



06- Kravanh Branch:

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Tel: 052 64 14 666, Email: kravanh@seilanithih.com.kh

07- Battambang Branch:

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Tel: 053 64 61 777, Email: btb@seilanithih.com.kh

08- Samlot Branch:

#81, Group 5, Otuntoeum Village, Tasanh Commune, Samlot District, Battambang Province.
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09- Maung Russey Branch:

Kansai Banteay Village, Maung Commune, Maung Ruessey District, Battambang Province.
Tel: 053 67 57 000, Email: maungrs@seilanithih.com.kh

10- Thmor Koul Branch:

#253, Group N°19, Poy Yong Village, Tapoung Commune, Thmor Koul District, Battambang Province.
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11- Bavel Branch:

Group N°1, Bavel Village, Bavel Commune, Bavel District, Battambang Province.
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12- Banteay Meanchey Branch:

##5-6, Bei Village, Sangkat Preah Ponlea, Sereysorporn City, Banteay Meanchey Province.
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13- Poy Pet Branch:

Yeang Thmei Village, Koub Commune, Ou chrov District, Banteay Meanchey Province.
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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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19- Phnom Proek Branch:

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20- Kamrieng Branch:

Doung Village, Boeng Raing Commune, Kamrieng District, Battambang Province.
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21- Siem Reap Branch:

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22- Puok Branch:

#186, Group N°11, Kork Thmey Village, Puok Commune, Puok District, Siem Reap Province.
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23- Kralanh Branch:

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24- Kampong Cham Branch:

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25- Chamkar Leu Branch:

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