



គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ ស៊ីលានីតិ
Seilanithih, A Licensed Microfinance Institution



Makes Life a Success

2007 ANNUAL REPORT

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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.”



Message from the Chairman

Year 2007 saw another year of significant success and growth for Seilanithih Limited. The Company has continued to demonstrate strong financial performance and has excelled to become one of the leading Microfinance Institutions (MFIs), providing loans and financial services to urban and rural households and small enterprises in the Kingdom of Cambodia. The year also marked a significant milestone for the company as it obtained a permanent micro-financing license from the National Bank of Cambodia.

The Board of Directors took an active role in working to improve the company governance structure by streamlining its financial and operation procedures, resulting in the establishment of the Finance and Audit Committee, the adoption of a new staff policy and a new chart of accounts. Seilanithih also strived to develop strategic partnership with internal and external financial institutions in order to expand its loan portfolio and geographic coverage areas to further reach out to more small business partners and rural households. Capitalizing on the country economic stability with improved financial regulations by the central Bank, and strong market confidence, the Company opened a new branch office in Siem Reap and district office in Kandal provinces. As articulated in this report, our loan portfolio grew by 102%, while the number of our clients grew from 3,580 to 4,227 by the end of the year. Coupled with this achievement, the Company received considerable high rating from the Crisil rating grade mFR4.

The reporting period also saw a strong focus on the human resource and capacity development for the management and field staff. The Company engaged

its key partner, CARD Inc, a Philippines based institution to provide technical support and on the job training to strengthen staff capacity to effectively perform their duties.

On behalf of the Board of Directors and Shareholders, I like to thanks the company Chief Executive Officer for his leadership, and all the senior management and field staff for their superb performances. I also like to thanks our lending partners for their support and displayed confidence in Seilanithih. A major appreciation goes to our clients for this mutual productive partnership.

As we move to 2008, we will continue to expand and engage with our clients, financial partners and shareholders to push forward for more growth and success.

Boreth Sun, Chairman



Message from the Chief Executive Officer

In order to boost growth remarkably, Seilanithih served both urban and rural areas by extending its financial activities and delivering financial services to the people effectively and efficiently.

Seilanithih was re-born in the year 2007. Unlike the previous years, the institution has started its proactive mode from its reactive condition before. This year was marked with various great achievements with which some are enumerated:

- To capture larger portion of the market share, Seilanithih expanded to a new branch in Siem Reap province and a new district office in Kandal province. So far, the total number of branch and district offices had increased from six to eight offices and the numbers of villages covered widened from 435 to 634 villages.
- Seilanithih's outreach increased to 4,227 active clients with the total amount of US\$ 3,515,896.00 loan portfolio. Seilanithih also exhibited and maintained a sound financial performance and operations quality. The Portfolio at Risk over 30 days decreased to 0.38% from 0.96% of 2006. Repayment rate was outstanding at 99.65%. Operational self-sufficiency and financial self-sufficiency fostered performances of 119% and 117% in 2007 respectively. Total assets increased from US\$ 1,893,720.00 to US\$ 3,854,592.00.
- February 5, 2007 set the institution to its great pride to be among the first microfinance institutions to be awarded by the National Bank of Cambodia with Permanent License to conduct business of microfinance.

- During the year, BlueOrchard Finance SA., Oikocredit, and ACLEDA Bank Plc have become our donors and partners that supported the broadening operations of Seilanithih.
- Knowing the importance of strengthening capacities of the staff, Seilanithih sent its staff and Managers to several local and/or international trainings. As well, it continuously supported the study of its staff, especially the Management Team, to earn their Bachelor or Master Degrees. As of 2007, four (4) among the Management Team graduated in their Bachelor Degrees.
- Moreover, strict Head Office monitoring was institutionalized to support branch internal control and the internal audit department.

Seilanithih would not achieve all of these without the supports from its staffs and donors. I wish to take this opportunity, on behalf of Seilanithih, to thank all staff for their loyalty, perseverance and cooperation guided by the mission of bringing Seilanithih to the top performing Microfinance Institutions in Cambodia. I also wish to thank our shareholders, our Board of Directors, donors, lenders and the National Bank of Cambodia for their belief and supports with the institution. Most importantly, I would like to give our sincerest gratitude to our dear valued clients for staying with Seilanithih and giving us the opportunity to help them grow.

Kuch Setha, CEO



Seilanithih Background

- 1993** CARE Cambodia was funded by the Australian Government to pilot a unique and innovative urban poverty alleviation program in Phnom Penh, called "SEILA Project" (Social Economic Improvement for Local Agency). The project was intended to support one of the poorest peri-urban areas for income generation and job creation services known as "Credit Extension to Vulnerable groups in Phnom Penh Project". At the same time, CARE Cambodia had received an initial infusion fund from UNDP/ CARERE, to set up for another two Village Banks projects:
- CARE Village Bank (VB) in Pursat Province.
 - CARE Village Bank (VB) in Banteay Meanchey Province.
- 1995** CARE Cambodia planned to transform the said three projects into a Cambodian localization for microfinance development organization
- 1996** Seilanithih was established from the merging of the three CARE Cambodia Projects. Phnom Penh, Pursat and Banteay Meanchey became the first three (3) branches of Seilanithih that continued the operations after the SEILA Project. This led to the birth of Seilanithih NGO. There was gradual hand over of responsibilities and accountabilities from CARE Cambodia to Seilanithih, with CARE acting as an advisor
- 1997** Agence Française de Développement (AFD) became the main donor 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
- 2000** Seilanithih NGO borrowed loan fund from Rural Development Bank (RDB)
- 2001** Registered with National Bank of Cambodia (NBC) as a Rural Credit Operator.

RDB selected Seilanithih NGO to provide International Fund for Agricultural Development (IFAD) funding to the target clients of Agricultural Improvement Project (AIP) in Banteay Meanchey Province

Set-up a new branch in Malai District (Branch N° 4) of Banteay Meanchey province thru the borrowed loan fund from RDB

2002

The youngest branch was created in Battambang province, as Branch N°5.

Again, RDB selected Seilanithih NGO to provide IFAD funding to the target clients of AIP in Pursat Province

2003

Seilanithih NGO transformed into a Private Limited Company thru the awarding of license to operate as a microfinance institution from the NBC. Known as a Microfinance Institution, Seilanithih registered capital of over KHR 925 million from two shareholders (Seilanithih NGO and the Staff association)

2006

New organizational chart was designed in order to re-enforce and accelerate operations of Seilanithih and it got two new shareholders which are CARD Inc. from the Philippines and Mr. Sun Boreth, a private individual investor. Futhermore, Seilanithih also got loan fund from ETIMOS in Italy which is a new partner in the end of the year.

2007

Seilanithih obtained permanent license as a microfinance institution from National Bank of Cambodia (NBC). Seilanithih also got loan fund from new partners such as BlueOchard Finance SA in Switzerland, Oikocredit in Netherlands and ACLEDA Bank Plc in Cambodia.



Cambodian Economy

Cambodia is one of the poorest countries in East Asia with total population over 14.8 million people. The rural economy is the dominant component of the Cambodian economy, with about 80 percent of the population representing 85 percent of the total households living in rural areas engaged in agriculture. Among the rural population, about 75 percent are farmers depending on agriculture especially for subsistence and about 80 percent are poor. The rural economy is dominated by the agriculture sector, which accounts for about one third of GDP. Production in the agricultural sector decreased to 5.3 percent in 2006 compared with 16.6 percent in 2005. However, it is expected to expand gradually because of productivity gains, reflecting as increase in the area under irrigation, the use of improved agricultural inputs, and greater commercialization in farming.

Estimates for 2007 are for a GDP of US\$8.251 billion (per capita US\$571) and annual growth of 9.5 percent. The per capita income is rapidly increasing, but is low compared with other countries in the region. The outturn was buttressed by stronger industrial production and robust expansion in services and construction activity.

The latest 2004 household survey finds that 35 percent of the population lives below the national poverty line, down from 47 percent a decade earlier. Inflation for 2006 was 2.6 percent, and the current inflation for 2007 is 5.8 percent.

The major strategy for alleviation of poverty is strong and sustainable economic growth delivered through a competitive and equitable economic system that allows the benefits of growth and wealth expansion to reach the poor. For the poor, commercial and competitive microfinance services are one of the key tools with civil infrastructure, particularly roads and irrigation being developed and delivered by the government.

Source: NBC, ADB





Microfinance Environment

In 2000, the National Bank of Cambodia (NBC) started to issue and revise regulations in order to transform NGOs into registered and licensed MFIs according to their scope of operations. After receiving license and registration certificates, those institutions have been regulated and supervised by the NBC. Since 2002, some NGOs have been licensed and some others have been registered. By the end of 2007, there are 17 licensed MFIs, 26 registered NGOs as rural credit operators, around 60 small unregistered NGOs operating in the rural area, and one institution which hold a commercial bank license. Among those institutions, the majority of them were transformed from NGOs, while others were local private companies.

So as to ensure the prosperity and sustainability of microfinance sector in Cambodia, Cambodia Microfinance Association (CMA) was established in 2004 by 7 MFIs: CEB, Amret, HKL, Maxima, Seilanithih, CREDO, and PCA and at the present time, there are 13 MFIs as members. CMA plays a vital role such as creating local and international networks as well as seeking equity and loan funds, new technologies and conflict resolution between microfinance operators. All of these activities have led each member MFIs to become stronger and more successful and thereby attract support from the international market, smoothly growing expansion.

According to the Workshop on Credit Bureau on February 26, 2008, showed that:

- At the end of 2007, 17 MFIs and 1 Commercial bank (former MFI) reaching to total of 791,191 families.
- The total loan portfolio is US\$ 469.7 millions
- Outreach has spread within all 24 provinces/cities in the country, throughout 458 branches offices. MFIs reached to the most population rather than bank.

There were several articles in the PRAKAS on licensing MFIs of which the major ones will be mentioned herewith. A licensed MFI is only allowed to conduct banking operations as defined in the Law on Banking and Financial Institutions. A licensed MFI should have a minimum registered capital of KHR 250 million (around US\$ 62,500) and a contributor of capital which will directly or indirectly holds 20 percent of the capital or voting rights shall be considered as an influential shareholder in accordance with the provisions of the Law on Banking and Financial Institutions. Further, a licensed MFI should maintain a capital adequacy ratio (CAR) of at least 20 percent between "eligible capital" and its "weighted risks". In accordance with the PRAKAS on Licensing of Microfinance Deposit Taking Institutions recently, an institution requesting a license to collect deposits from the public shall have a minimum paid capital equal to KHR10,000 million (around US\$ 2.5 million).

Source: NBC, CMA

Seilanithih's Operation Areas



- Operation areas
- Target market in the future



City & Provinces:	6
Districts:	40
Communes:	205
Villages:	634
Branches:	6
District Offices:	2



Shareholders

Seilanithih NGO was created in 1996 by the integration of 3 projects of CARE International - Cambodia including SEILA Project in Phnom Penh, CARE VB in Pursat and CARE VB in Banteay Meanchey. Seilanithih NGO's objective is to contribute in improving the standard of living of the people through providing financial services.

SAMAKUM BOKALOEK SEILANITHIH KROUP (SBSK) is the Seilanithih Staff Association. It was created in 2003 by Seilanithih staff in order to enhance internal solidarity within themselves. They integrated with Seilanithih NGO for the same goal and strategy of creating Seilanithih MFI in 2003.

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



Center for Agriculture and Rural Development (CARD) Inc. is an NGO located in the Philippines, invested in Seilanithih in 2006.

Microfinance Institution "Seilanithih" started its operations late 2003 with US\$225,017 registered capital. It started with two shareholders, Seilanithih NGO and SBSK.

Shareholders' Information in 2003		
Shareholders	Amount in US\$	% of capital
Seilanithih NGO	185,309.00	82.35 %
SBSK	39,708.00	17.65 %
Total	225,017.00	100.00 %

As of December 2007, Seilanithih Limited's capitalization increased up to US\$337,199 resulting from the capital increasing of Seilanithih NGO and SBSK and the addition of two new shareholders. To strategize, Seilanithih plan to increase more capital investment by inviting new private investors in order to continuously expand its operations.

Current Shareholders' Information		
Shareholders	Amount in US\$	% of capital
Seilanithih NGO	246,677.00	73.16 %
SBSK	69,675.00	20.66 %
Mr. Sun Boreth	10,355.00	3.07 %
CARD Inc.	10,493.00	3.11 %
Total	337,199.00	100.00 %



Donors & Partners

CARE international in Cambodia: The first donor and assistance provider of Seilanithih.

Agence Francaise Développement (AFD): became the main donor of Seilanithih with the previous providing grants and donations to the latter.

National Bank of Cambodia (NBC): The Regulatory body for MFIs, Banks and other financial institutions.

Rural Development Bank (RDB): A wholesale lender; provided the several credit facilities to Seilanithih Limited since March 2001 with loan amount ranging from US\$50,000 to US\$350,000.

Consultative Group to Assist the Poorest (CGAP)/ The World Bank: A donor and consultant for building a financial system in Cambodia that works effectively in Micro, Meso and Macro levels. CGAP collaborated with several donors to design a second stage of the aid effectiveness initiative: Country-level Effectiveness. Seilanithih was rated in 2005 by Planet Rating and by CRISIL in 2007 which were both co-financed by CGAP.

Planet Finance: A rating agency and donor, Seilanithih is a member of its network.

Mekong Private Sector Development Facility (MPDF) and Cambodia Institute of Banking (CIB)/ International Finance Corporation (IFC): provide trainings to MFIs and Banking sectors.

CARD Inc.: One of Seilanithih's shareholders and provided training to Staff of Seilanithih limited.

Conсорizio ETIMOS S.C: An international Micro-finance fund provider in Italy, provided loan to Seilanithih amounting to US\$ 50,000 in 2006 with three year term.

BlueOrchard Finance SA.: An international Micro-finance fund provider in Switzerland, provided loan to Seilanithih amounting to US\$ 600,000 in 2007.

Oikocredit: An international fund provider based in the Netherlands, provided loan to Seilanithih amounting to US\$ 1,000,000 in 2007.

ACLEDA Bank Plc: A local Bank fund provider which signed two contracts with Seilanithih for revolving credit agreements in 2007 amounting to US\$ 400,000.



Board of Directors



Mr. BORETH SUN (Chairman)

Born in 1963 in Cambodia, Boreth Sun received his Master Degree in Education (Minor in political science) from the University of Massachusetts, USA, in 1992. He joined the Company as a Director in 2003 and was elected as Chairman in 2006. Mr. Sun has over 20 years of experience working in public and private sectors in the USA and Cambodia.



Mr. KUCH SETHA (Board member)

Born in 1961, is the founder of Seilanithih NGO and served as the Chairman of BoD from 1996 until the first half of 2006. During the time of his leadership, Seilanithih has been transformed into a licensed microfinance institution since 2003. He has been the CEO of Seilanithih Ltd. since 1996. He obtained MBA in March 2005 at CHAMROEUN University of Poly-Technology (CUP), Cambodia. He obtained Diploma on Rural Social Leadership in March 1990 at the SEASOLIN, Xavier University, Philippine and Diploma on Agronomy at the College of Agriculture in Thailand. From 1992, he has attended numerous training courses on Microfinance, Staff Management and Business Management in Cambodia and other countries. He has experiences more than 13 years in the field of microfinance and staff management. At the present time, he is a PhD candidate at CUP.



Mr. KUCH KUNTHEN (Board member)

Appointed by the SBSK Board to represent the Staff Association. Born in 1963, has joined Seilanithih since 2000 and was promoted as the Operations Director in 2005. He graduated Bachelor Degree in Finance and Banking in 2007. He obtained a Pedagogy and Associate Degree from the Institute of Public Administration in Thailand in 1992. He has had the courses on Management and Microfinance in Cambodia, Indonesia, and the Philippine since 1996. He has experiences more than 10 years in microfinance sector.



Dr. JAIME ARISTOTLE B. ALIP (Board member)

Dr. Jaime Aristotle B. Alip is the Founder and Managing Director of CARD MRI. He was awarded the Medal of Honor by the Vietnam Women's Union in 1995 for his work in micro credit for poor women in Vietnam. He was also given the Secretary's Award of the Department of Agrarian Reform, Philippine Government in 1998 for his contribution in agrarian reform program. Dr. Alip was recently awarded as Special Fellow of the Graduate School of International Social Development of the Nihon Fukushi University, Japan.

Dr. Alip obtained his doctorate degree in Organizational Development from the Southeast Asia Interdisciplinary Development Institute (SAIDI), Manila, the Philippines in 2002. He received his master and bachelor degrees in agricultural economics/marketing from the University of the Philippines at Los Banos in 1978 and 1983 respectively. He finished the OPM Management Program of the Harvard Business School, Harvard University, USA in 2007.

Dr. Alip has served in various key positions in the Philippine Government: Undersecretary of the Department of Social Welfare and Development (2002-2003); Assistant Secretary of the Department of Agrarian Reform (1996-1998); Deputy Executive Director of the Agricultural Credit Policy Council (1988-1992). He has extensive international experience in the field of microfinance and rural development in Vietnam, Laos, Cambodia, China, Myanmar, Bhutan, and East Timor, serving in various capacities as advisor, expert and/or consultant.



Executive Team



Mr. KUCH SETHA (CEO)

Born in 1961, is the founder of Seilanithih NGO and served as the Chairman of BoD from 1996 until the first half of 2006. During the time of his leadership, Seilanithih has been transformed into a licensed microfinance institution since 2003. He has been the CEO of Seilanithih Ltd. since 1996. He obtained MBA in March 2005 at CHAMROEUN University of Poly-Technology (CUP), Cambodia. He obtained Diploma on Rural Social Leadership in March 1990 at the SEASOLIN, Xavier University, Philippine and Diploma on Agronomy at the College of Agriculture in Thailand. From 1992, he has attended numerous training courses on Microfinance, Staff Management and Business Management in Cambodia and other countries. He has experiences more than 13 years in the field of microfinance and staff management. At the present time, he is a PhD candidate at CUP.



Mr. KUCH KUNTHEN (Operations Director)

Born in 1963, has joined Seilanithih since 2000 and was promoted as the Operations Director in 2005. He graduated Bachelor Degree in Finance and Banking in 2007. He obtained a Pedagogy and Associate Degree from the Institute of Public Administration in Thailand in 1992. He has had the courses on Management and Microfinance in Cambodia, Indonesia, and the Philippine since 1996. He has experiences more than 10 years in microfinance sector.



Mr. SEN CHETTANA (Finance Director)

Born in 1968, and joined Seilanithih since 1998. He has been promoted as Finance Director since 2003. He is completing his Bachelor Degree in Financial and Banking at Build Bright University. He has worked as an Accountant for more than 3 years in a Commercial Bank and had over 10 years experience in Microfinance. He was sent to the Philippines to join the training on the Best Practice in Microfinance of CARD MRI in June 2006.



Mr. CHET VATHANAK (Human Resource Director)

Born in 1978, has joined Seilanithih since 2003 as a Portfolio Quality Officer, Human Resource Officer and was promoted as a Human Resource Director since 2005. He obtained his MBA from Panansastra University of Cambodia (PUC) in 2006 and was awarded Trainer Certificate of Microfinance through Distance Learning program from Tokyo Distance Learning Center (TDLC) in 2006. He was a Training Coordinator and Program Manager in a local NGO and was the Executive Director of the International Institute for Education Improvement in Cambodia from 2002 to 2003.



Ms. SEK MANY (Administration Director)

Born in 1970, she joined Seilanithih in 2001 as an Administration Officer. She was promoted to Administration Director in 2006. She received her Bachelor Degree of Business Administration at Build Bright University in 2007. She was sent to the Philippines to join the training course on the Best Practice in Microfinance of CARD MRI in June 2006. She has attended several short training courses, workshops and seminars locally and internationally. She had experience of more than 7 years in commercial banking.



Mr. LIM REAMSOHEAT (MIS Director)

Born in 1981, he has joined Seilanithih since 2005 as MIS Officer and become the MIS Director in 2007. He graduated in BBA of Management Information System from the National University of Management in Phnom Penh. He has attended technical courses such as Infrastructure of networking, Database programming, IT and Management Information System Security. He has more than 4 years of experience in computer programming and information and security management system.



Mr. CHHUON SOKCHETH (Marketing Unit Chief)

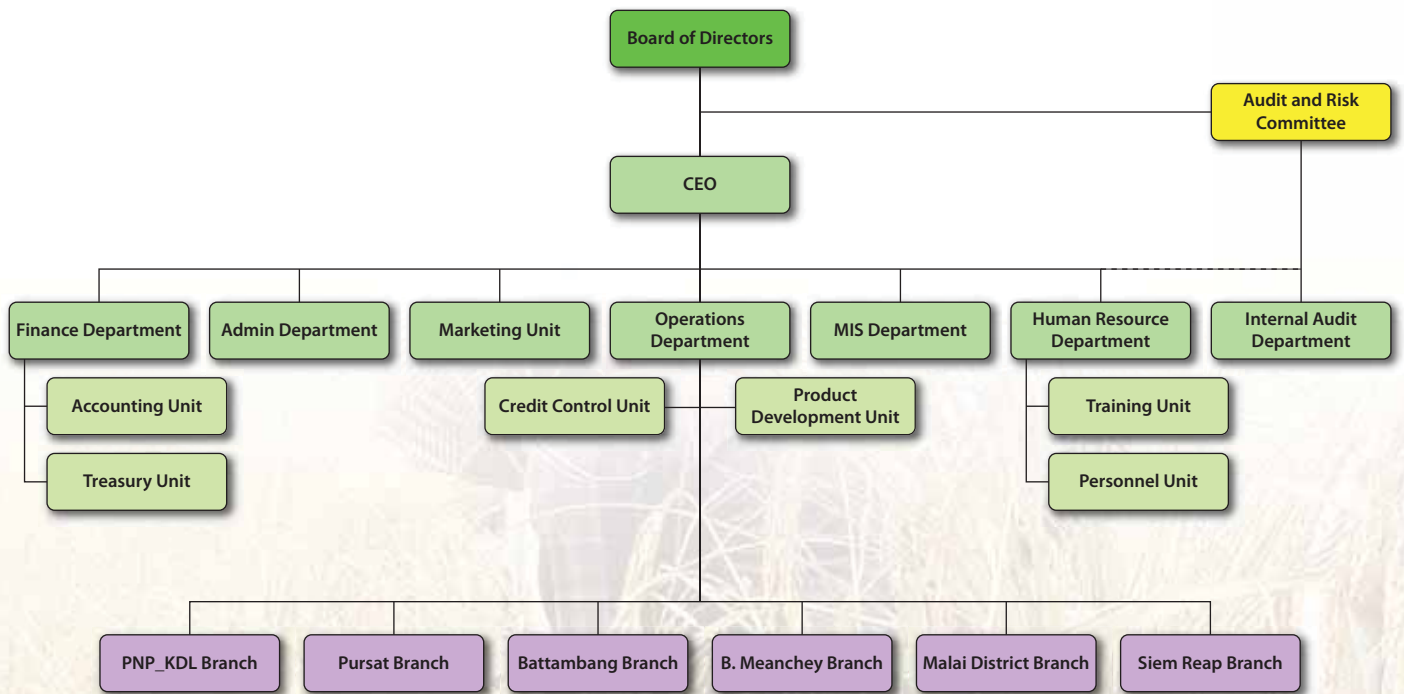
Born in 1981, he has joined Seilanithih since 2006. He obtained his Diploma on Economic Planning from Planning and Statistics Training Center in 2001. He graduated in 2003 with a Bachelor Degree of Economics Science in the field of Enterprise Management from the Royal University of Law and Economics. He has over 5-year of experience in credit union, microfinance and banking sectors.



Mr. SIN SOK (Senior Internal Auditor)

Born in 1982, he has joined Seilanithih MFI since 2004. He obtained his Bachelor Degree in the field of Finance and Banking at Royal University of Law and Economics (RULE) in 2003, and his Master Degree in the field of Financial Management at RULE in 2007. He is completing his Bachelor of English Languages at Build Bright University. He has attended numerous courses related to audit and microfinance conducted by Cambodia Institute of Banking (CIB).

Organizational Chart



Audit & Risk Committee

History

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 within the committee appointed as the Committee Chairman. In light of the growth of the organization and in compliance with National Bank of Cambodia (NBC) PRAKAS and recommendation by the external audit firm, the committee has been established to oversee and strengthen the Department capacity and to improve internal control mechanism of the organization.

Responsibilities

The Roles and Responsibilities of the Committee are as follows:

- Choose the auditing firm, approve the audit fee, define range of the audit, and consult with auditors on the audit plan.
- Review the procedures and results for internal audit and control.
- Consult with independent auditors regarding adequacy of internal control.
- Review annual and quarterly financial statements
- Review regulatory and inspection reports of supervisory authorities.
- Review reports and recommendations generated by internal and external auditors and ensure that corrective action is implemented by management.
- Review the annual budget and business plan and make suggestions before presentation to the full board.
- Make recommendations to the Board of Directors on resolutions related to its activities.

- Have individual meeting with the internal audit manager at least 3 times per year to develop audit plan and procedure in responding to the new cases incurred.
- Hold regular meeting with the committee member to discuss about the implemented results.

Committee Composition:

The committee consists of:

- 1- Mr. Ly Sovann, Chairman
- 2- Mr. Sun Boreth, Member
- 3- Ms. Rosafe Manalo, Proxy of Dr. Jaime Aristotle B. Alip, Member
- 4- Mr. Sin Sok, Committee Secretary

Achievements and Activities of the Committee

During 2007, the Committee has held 3 meetings to discuss about the findings and issues from internal audit reports and formulated recommendations and strategies to improve audit procedures. In addition, the committee has discussed external audit report of 2007 and internal control to improve and strengthen the Department capacity to support the institution as a whole.



Operations Department

The Operations Department has continued to play a key role in the company's growth. In 2007 Seilanithih Limited has grown significantly in terms of capital investment, and client portfolio. The Company expanded its commercial operations by opening a new branch office in Siem Reap province and a new district office in Kandal province; and is maintaining an excellent portfolio performance in terms of PAR, repayment rate, and delinquency management. By the end of 2007, Seilanithih has established six branches and two district offices, with coverage areas including Phnom Penh City, Kandal, Pursat, Battambang (including Samlot District), Banteay Meanchey (including Malai District), and Siem Reap Provinces; providing loan and saving services to 40 districts, 205 communes, and 634 villages.

Products

Seilanithih continues to innovate and develop new financial products in response to the market demands. Loan conditions, interest rate, loan size have been continuously reviewed and updated to satisfy the market demands and clientele needs.

Group Loan: To be qualified for this loan type, clients need to form a solidarity group of 2 to 5 persons and together can apply for loan with the sizes range from KHR100,000 to KHR3,000,000 or from Baht1,000 to Baht 30,000 with the interest rate of 3% or 3.5%

per month based on the currency. The lifecycle of the loan ranges from 1 to 12 months with balloon or declining repayment.

Individual Loan: This is a loan portfolio where clients can borrow money individually with the loan sizes of KHR400,000 to KHR20,000,000 or Baht4,000 to Baht200,000 or US\$100 to US\$5,000 with monthly interest rate of 2.5% to 3.5% respectively based on the loan size. The cycle of the loan ranges from 1 to 24 months with declining or balloon repayment depending on the kind of loan.

Consumption Loan: This is an individual loan for family or personal purpose. The consumption loan size is ranging from KHR400,000 to KHR20,000,000 or Baht4,000 to Baht200,000 or US\$100 to US\$5,000 with interest rate of 2.5% to 3.5% respectively based on the loan size. The cycle of the loan ranges from 1 to 24 months with declining repayment only.

IFAD Loan: This loan is conditioned by IFAD for agriculture and is specifically designed for people who were trained on AIP by the Provincial Department of Agriculture. However this loan type is provided only in two provincial branches in Pursat Branch and Banteay Meanchey Branch. The said people have to create a solidarity group and can get loan from KHR100,000 to KHR2,500,000 or Baht1,000 to Baht25,000 for the most 12 months

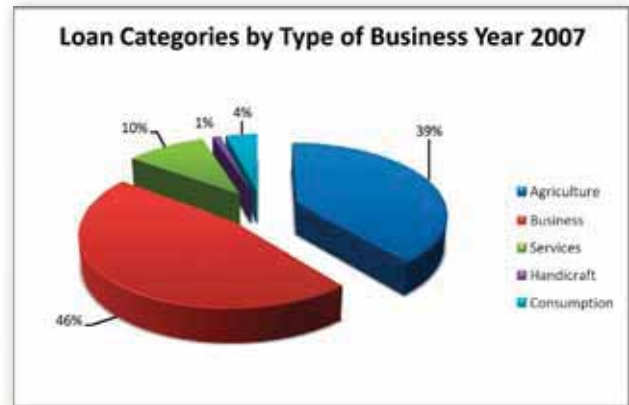
loan cycle with 3% monthly interest rate. The clients can repay their loan in balloon or declining method based on agreement between the company and the borrower-groups.



Compulsory Savings: Seilanithih's loans require compulsory savings from clients. Those clients must deposit their savings during or before loan disbursement and additional amount of deposit will be done if the clients want to borrow in the next loan cycle. Compulsory savings of group loan or individual loan in KHR and Baht currency are 5% of the total loan amount disbursed while it is 3% of loan amount disbursed for individual loan in US\$. Seilanithih accepts additional amount of deposit if the clients want to. Seilanithih also provides interest rate of 6% per annum for deposit in KHR and Baht currency and 3% per annum for deposit in US\$ to the principal balance of compulsory savings.



Loan Category



Seilanithih offers loan to clients in different types of businesses.

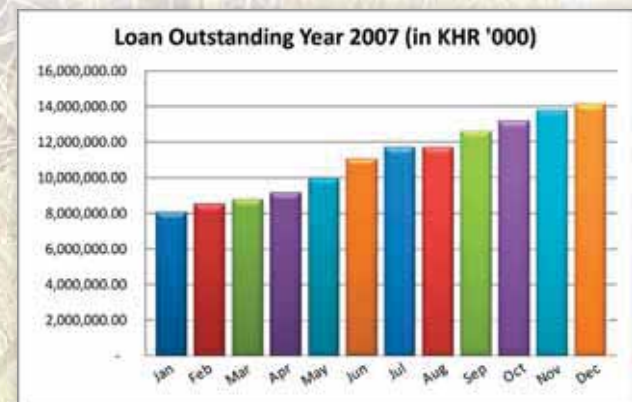
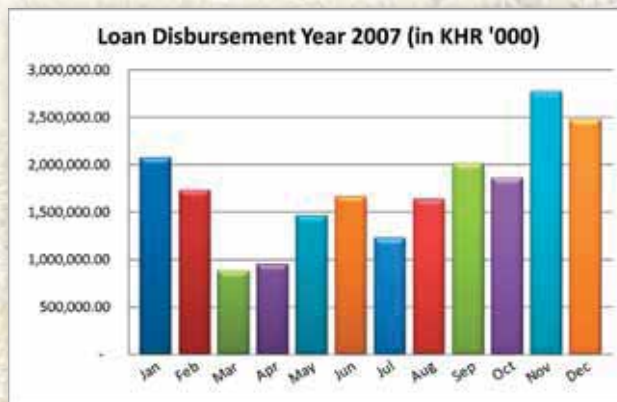
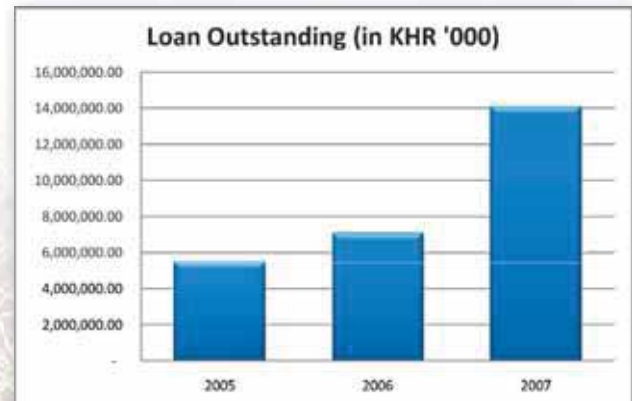
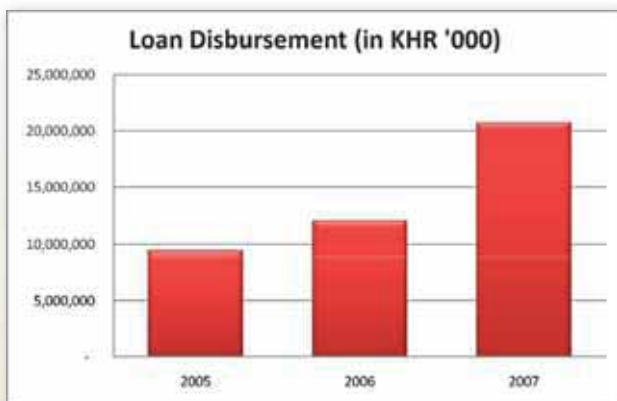
In 2007, loan in business sector represented 46% of the total loan portfolio, relating to buying and



selling in the form of micro and small business activities. Agriculture sector holds 39% of the total portfolio mostly crops production such as rice, corn and livestock. Service sector constituted 10% of the total portfolio consisting of house rental, car rental, car and motorbike taxi, and repair shops. Handicraft sector represented 1% of the total portfolio while consumption loans, which are used for purchasing fixed assets, furniture, home improvement, etc., represented 4% of the total portfolio.

Loan Disbursement

The total loan disbursement in 2007 was KHR 20.74 billion (US\$5.11 Million) to 5,355 clients. This showed an increase by 72% compared to the loan disbursement in 2006. The actual loan disbursement is 103% of the target. The average loan size per borrower is KHR 3,820,000 (US\$955) which is increased by KHR1,320,000 (US\$330) from 2006. The increase of loan size is to satisfy the actual demands.



Portfolio Quality and Repayment Rate

Seilanithih has strengthened the management and staff in terms of capacity building, self-reliance and motivation. At the end of 2007, the portfolio at risk greater than one day was 0.41% and repayment rate was 99.65% compared to 0.68% and 99% of 2006, respectively.

Operation Highlights

Operation Areas	31-12-07	31-12-06	31-12-05
# of Villages	634	435	459
# of Communes	205	155	158
# of Districts	40	32	33
# of District Office	2	1	1
# of Branch Office	6	5	5

Loan Outstanding			
Loan Outstanding (Gross Portfolio)	\$3,518,712	\$1,744,838	\$1,333,244
Loan Outstanding (Net Portfolio)	\$3,515,896	\$1,740,690	\$1,327,612
Number of Clients	4,227	3,580	3,808
Average Loan Outstanding per Client	\$832	\$487	\$349

Saving Outstanding			
Amount of Saving Outstanding	\$273,798	\$182,448	\$143,305
Number of Savers	4,613	3,942	4,115
Average Saving Outstanding per Saver	\$59	\$46	\$35

Amount of Loan Disbursement			
Amount of Loan Disburse (YTD)	\$5,115,311	\$2,917,526	\$2,285,907
Number of Clients Disburse (YTD)	5,355	4,731	4,770
Average Loan Disburse per client (YTD)	\$955	\$617	\$479

Efficiency & Productivity			
Amount of L/O / CO	\$85,822	\$64,575	\$55,317
Credit Officer Productivity	103	133	159
Number of Credit Officers	41	27	24

Repayment Rate			
Capital	99.65%	99%	98%
Interest	99.73%	99%	99%

Portfolio at Risk			
Amount of PAR> 1 Day	\$14,415	\$11,945	\$20,117
% PAR> 1 Day	0.41%	0.68%	1.51%

Provision			
Amount of Provision	\$2,816	\$1,307	\$5,632
% Provision	0.08%	0.07%	0.42%



Sources of Funds

A. Debt Financing

Seilanithih finances its portfolio thru commercial loans from both local and international institutions. As of 31 December 2007, Seilanithih's borrowings stood at KHR9, 099 million (2006: KHR2,946 million), comprising of loans from RDB under IFAD, The Asian Development Bank (ADB) Funds, Consorzio ETIMOS S.C , Dexia Micro-Credit Fund, ACLEDA Bank and Oikocredit's Fund.

In 2007, Seilanithih received loan funds from RDB amounting to US\$ 350,000, and the Dexia Micro-Credit (BlueOrchard) amounting to US\$ 600,000. As well, ACLEDA bank has disbursed loan to Seilanithih in revolving credit agreement in the amount of US\$400,000 while Oikocredit has disbursed loan to Seilanithih the sum of US\$1,000,000.

B. Equity Financing

Net profit in 2007 reached at KHR1,008 million (2006:KHR19 million) due to an increasing retained earning, and the main contribution of access to more financial borrowing that led to portfolio growth (50% compared to the previous year).

C. Financial Results

Unit in US\$ 000

	31-Dec-03 Audited	31-Dec-04 Audited	31-Dec-05 Audited	31-Dec-06 Audited	31-Dec-07 Audited	Change %
Assets	1,386	1,163	1,533	1,894	3,855	103.54%
Loans (Net of Provision)	1,290	1,049	1,328	1,741	3,516	101.95%
Liabilities	497	503	842	1,001	2,787	178.42%
Paid-up Capital	232	230	224	337	342	
Shareholders' Equity	889	660	691	905	1,068	18.01%
Total Income	573	577	595	786	1,128	43.51%
Profit before Tax	93	(144)	86	89	177	98.88%
Profit after Tax	93	(149)	81	80	163	103.75%

Highlights of 2007

Assets increased 103.54% equivalent to US\$3.85 million

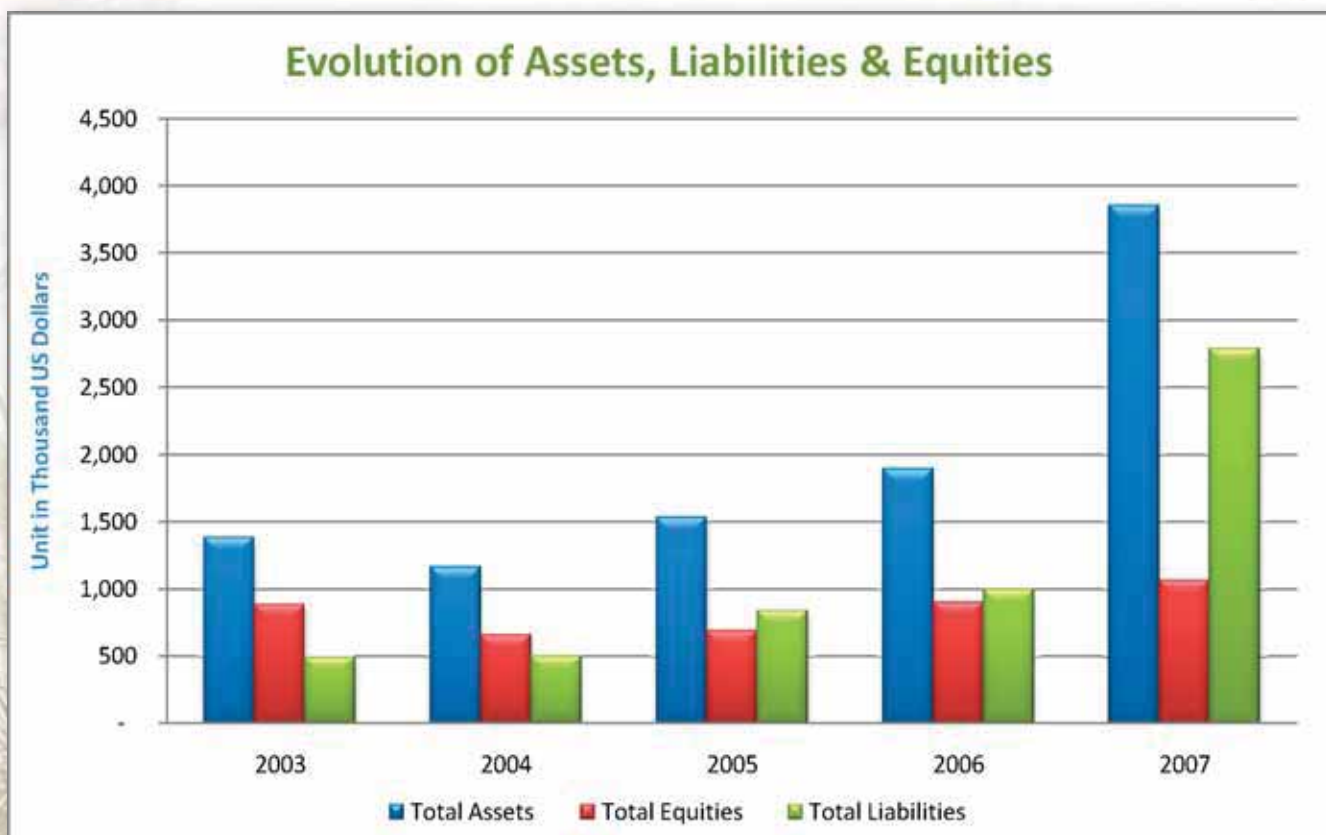
Loans up 101.95% equivalent to US\$3.52 million

Net profit after Tax improved by 103.75% equivalent to US\$ 0.163 million

Shareholders' Equity increased by 18.01% equivalent to US\$1.068 million

Total Income increased by 43.51% equivalent to US\$1.128 million

Evolution of Assets, Liabilities and Equities





The Human Resource Department is created to assist the company's top management in developing and implementing applicable personnel policies, programs and procedures and in coordinating them with the middle or line management in establishing a pleasant atmosphere in the organization so that personnel at all levels contribute their best towards the success of the company.

Going through several years of success, HR department had developed clear and transparent policies and procedures to manage the staff effectively, related to the staff recruitment, staff's performance appraisal, compensation, and disciplinary actions for staff cases. In 2007, HR department has further modified new staff policy manual, staff appraisal policy and staff incentive policy in order to set clear direction and motivate staff to perform their task effectively and efficiently with their satisfaction.

Staffing Information for the Last Five Years

Seilanithih total staffing is remarkably increasing year by year due to high demand of labors in the market and the rapid growth of the microfinance sector in the recent years. Below is the staffing trend/information of Seilanithih for the last five years (2003 to 2007).

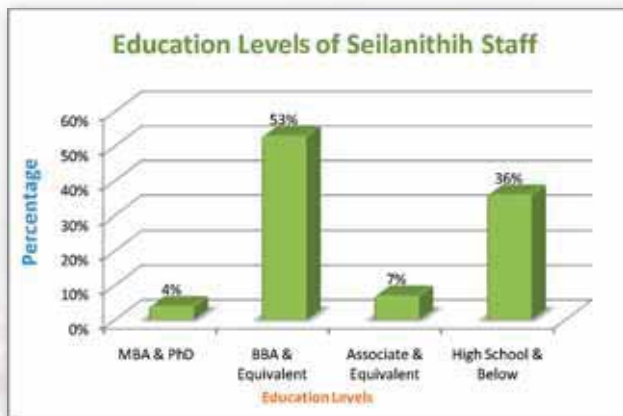


Employees' Turnover Rate: 2003=17%, 2004=17%, 2005 =11%, 2006 = 16%, 2007 = 10%

On the other hand, the staff turnover of Seilanithih decreased from 16% in 2006 to 10% in 2007 due to the improvements in the policies implemented by the management.

Seilanithih views staff as great assets of the Company and has endeavored to support staff with their career path and development. The Company is providing opportunities to every manager and key staff to gain higher academic degree such as Bachelor Degree, Master Degree or Doctoral Degree in Business Administration or related to staff's areas

of responsibilities. By the end of 2007, Seilanithih staff have earned and graduated with Degrees and Diplomas as follows:



Training Program

In 2007 the Department has designed and conducted several training courses for Seilanithih staff at all levels. Staffs were trained either in-house or with external resources.

The internal training focuses on strengthening staffs' orientation on company Policies, Procedures and Forms for newly recruited staffs, Manager's roles and responsibilities for Branch Managers and District Supervisors, new updated Credit and Saving policy for operation staffs, and new updated human

resource department policies and procedures for all staffs.

The external trainings participated by the staff were on updated AccPac program for accountants, Duties and Responsibilities of Directors and Managers, Land Law and Contract Law, Performance analysis for MFIs, Financial Statement model for small and medium enterprises, CAS, Internal Audit, Risk Management, Basic and Advance Corporate Finance, Operacy and Strategic Planning and Management training, and so on.

In 2007 also saw four senior management members and top executive of Seilanithih Limited attended the second World Congress on Agricultural and Rural Finance in Bangkok, Thailand.

As the Company continues to expand and grow, the coming year 2008 will see more intensive staff capacity development program. It is anticipated that the Chief Executive Officer of Seilanithih Limited will be granted a scholarship by CARD Inc to study in the Philippines for an MBA degree in Microfinance, while other key management members of the company will under go through similar capacity development program in their related fields.





Internal Audit Department

The internal audit department, was established in 1999, aims to assist the institution in accomplishing its objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of the organization's risk management, governance processes, and internal control.

The internal audit committee was created in 2007. This is very important committee for board, as it empowers a board to fulfill its risk assessment responsibilities. Moreover, this committee provides oversight for safeguarding the institution's financial resources. Both internal and external auditors should report directly to audit committee. Although it is the responsibility of management to design and implement an effective internal control system, the audit committee has a role of overseeing the control procedures. This committee reviews the proposed budget carefully and, in some cases, may make budget suggestions to the staff before the budget is considered by the full board.

Moreover, the full year result of the internal audit department from audit activities in 2007 showed that the number of errors committed by the operations has decreased, and most operations have shown strong commitment to comply with institutional policies and procedures.

Improvement and revision in the internal audit policies and procedures are currently being done by the internal audit department in consultation with the internal audit committee. It is expected that by 2008, the internal audit policy manual and working guidelines will be finalized and be implemented.





MIS Department

The current system was the internally developed software based on loan tracking system called MANREP (Management Report).

The existing MIS prompted Seilanithih to improve its loan and saving products, as well as to provide checklist and balance to strengthen the internal system. The MIS also improved inter-loan control, reduced overall MIS risk, increased MIS potential and facilitated for a more efficient operation in monitoring. The MANREP system generates report about the loan, savings and delinquency report of the institution. Each branch has its MANREP System and it submits daily and month-end reports to the Head Office for consolidation and validation.

The upgrade of MIS equipped Seilanithih with internal infrastructure to continue developing and expanding both its internal capacity and quality of service. The MIS department has the ability to assist Seilanithih in increasing the institutional capability to expand and reach more goals; with these improvements, we have realized that Seilanithih is able to provide more products and services to the clients.

The core of MIS Department success and further goals:

MIS department provides guidelines for planning, developing, implementing, and managing the right

information system for Seilanithih microfinance institution.

- Defined information systems and explain why we are important to the operation of Seilanithih microfinance.
- Presented a systematic process to understand what is needed to create and manage the information system for Seilanithih microfinance.
- Identified specific information needed to make operational decisions in Seilanithih microfinance.
- Analyzed critical microfinance processes (in the context of an information system) and streamlining for efficiency.
- Used framework tools to evaluate information system software options
- Clarified the processes required to (1) plan; (2) conceptualize and assess; (3) select; (4) develop and acquire; (5) implement; and (6) manage, maintain, and optimize an information system for Seilanithih microfinance.

However, Seilanithih feels the need to significantly upgrade its Management Information System (MIS) to better position itself in handling bigger operation area in the future.



Marketing Unit

Marketing Unit was created in March 2006 with the recruitment of a Marketing Officer in order to approach the outstanding performance. The main duties and responsibilities of Marketing Unit are to strengthen customer services, conduct marketing research, launch promotion and advertising, and develop marketing strategy.

Customer Services

In an effort to approach the outstanding performance, Marketing Unit has provided its trainings on "Communication skill and Selling Skill" to the new and existing staff of Seilanithih. This unit is trying to build strength/capacity on customer services and promotion to operations staff while morality staff is being focused. It has also orientated workflows of all level staff towards the organizational structure of Seilanithih to ensure the professional manner.

Marketing Research

Aiming to stay competitive and relevant within the dynamic of the market, Marketing Unit has conducted its research on client satisfaction and clients drop out to the operating areas and surveyed about the essential information from the competitive institutions. As a result of research and surveys, the policy of Seilanithih has been reformed and interest

rate has been cut down from 4%-3.5% per month. The Unit will continue to conduct market researches to ensure that Seilanithih's products and services remain relevant and competitive.

Communications

To ensure transparency in internal communications, all information about reformation and revolution of Seilanithih has been shared between the Head Office and the branches.

For external communication, Seilanithih has developed website, annual reports, calendars, diaries, leaflets, posters, T-shirts, fliers, banners and other publications. Moreover, Seilanithih also frequently participated in product exhibition of MFI clients organized by the National Bank of Cambodia (NBC).





Client's Profile

"Because of our efforts and patience, our family's economy has been greatly improving as evidenced by our newly built big house, having a pair of boar and sow and 20 other pigs for meat, additional 5 buffalos and able to buy 5-hectare lot. My children and my cousin's children have enough dresses, can go to school, and we have our own motorcycle to send them to school", a 36 year-old woman, Seng Thoeun, living in Kraham village, Phtas Rong commune, Kravanh district, Pursat province said. She added, "this is the result of Seilanithih supporting my family and I'm very happy for such support".

She narrated that, "before I got loan from Seilanithih, we were facing too many difficulties and shortage of money in our daily lives. There are plenty of dependent members in our family, such as my three children and the three children of my cousin. They needed to go to school but they didn't have ability to earn money to support themselves. My family experienced more and more difficulties in our day-to-day living, because we do not have enough cows or buffalos to help us in our farming, we also do not have big rice field. We only had a small house then. My husband and I decided to purchase and retail rice, hoping that we could improve our living. Due to shortage in capital, we decided to borrow money from money-lender with 15% interest rate per month. But all the profits we earned from our rice retailing were just used to pay for the interest of our loan. Thus, what happened was contrasting to what we had thought."

Fortunately, in 2003, Seilanithih started its promotion about credit and saving policy to her area. She discussed with her husband and encouraged her neighbors to build up a group and to apply for loans from Seilanithih. In the

first cycle, she got KHR 1 Million loan from Seilanithih with only 3% monthly interest rate, which is much lower from the interest rate of the money-lender.

Her family used the money of her first loan to grow rice. With attentive caring, they were able to get high productivity. After that she had paid off her first loan from Seilanithih and they used their remaining income to support a better living. In the next year, she borrowed KHR 2.5 Million from Seilanithih to buy pigs, and revived her rice retailing business that could earn extra profits. She bought food for the family and supported her monthly interest payment thru her income from the rice retailing together with some of her husband's salary, a primary school teacher. "In this loan cycle, my family's living condition started to improve. My children and my cousin's children are able to live in a better condition, making me much happy", she stated. "In the year after, in this cycle, I have borrowed KHR 2 Million from Seilanithih. Including my previous savings and my loan, I bought some more pigs, expanded the pigpen, and the rest was used to buy a small rice mill."

Mrs. Seng Thoeun said enthusiastically for Seilanithih that "Currently, there are several institutions emerging that provide loans to people with the same interest rates, forms and conditions. But for me, I will stay loyal with Seilanithih because in our time of difficulties and when my family faced problems, it was only Seilanithih that helped us out. Any way, my family and I like Seilanithih staffs. They are gentle, friendly and skillful. More importantly, my family knows and trusts them."

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STATEMENT BY DIRECTORS

We, the directors of Seilanithih Limited, do hereby state that in our opinion:

- i) The results of the operations of the Company for the year ended 31 December 2007 have not been materially affected by any item, transaction and event of any material and unusual nature nor has any such item, transaction and event occurred in the interval between the end of the year and the date of this report other than as disclosed in the financial statements, and
- ii) The accompanying financial statements of the Company have been drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2007 and of the results of its operations and cash flows for the year ended on that date, in accordance with the guidelines of the National Bank of Cambodia and the accounting policies set out in the notes to the financial statements.

On behalf of the Board of directors



Mr. Boreth Sun
Chairman

Date: 25 April 2008

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF SEILANITHIH LIMITED

We have audited the accompanying financial statements of Seilanithih Limited (the "Company"), comprising of the balance sheet as at 31 December 2007 and the related statements of income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility

The Board of directors is responsible for the preparation and fair presentation of these financial statements in accordance with the guidelines of the National Bank of Cambodia ("NBC") and the accounting policies set out in the notes to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian Standards on Auditing and the guidelines of the National Bank of Cambodia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

(continued)

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF SEILANITHIH LIMITED *(continued)*

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2007 and of the results of its operations and its cash flows for the year ended on that date, in accordance with the National Bank of Cambodia's guidelines and the accounting policies set out in the notes to the financial statements.

Emphasis of matters

Without qualifying our opinion, we draw attention to:

- Note 3.9 to the financial statements which indicated that the Company's accounting policy with respect to translation reserve has been voluntarily changed regarding exchange difference arising on translation which is now recognised in the statement of income. The tax effect of this change has not been quantified in the financial statements.
- Note 10 to the financial statements which indicated that the Company accepts both compulsory and voluntary savings. Under the provisions of NBC's Prakas B7-02-45 dated 25 February 2002, licenced Micro-finance institutions shall deposit 5% of its deposits from customers (excluding compulsory savings) into an account maintained with NBC. The Company has yet to deposit the amount of reserve required to be deposited with NBC.

The accompanying financial statements are prepared for jurisdiction of Cambodia and the guidelines issued by the National Bank of Cambodia. It is not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions other than Cambodia.


Saksom Meas
Managing Partner

Morison Kak & Associés
Certified Public Accountants
Registered Auditors



Date: 25 April 2008

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 KHR'000	2007 USD	2006 KHR'000
ASSETS				
Cash in hand	4	15,674	3,915	60,544
Balances with banks inside Cambodia	5	864,862	216,054	272,483
Balances with central bank		2,087	521	468
Statutory deposit with central bank	6	68,384	17,083	46,286
Loans and advances to customers	7	14,074,133	3,515,896	7,060,236
Property and equipment	8	350,843	87,645	198,683
Other assets	9	53,954	13,478	42,227
TOTAL ASSETS		15,429,937	3,854,592	7,680,927
LIABILITIES AND SHAREHOLDERS' FUNDS				
CURRENT LIABILITIES				
Deposits of borrowers	10	1,096,016	273,800	740,008
Interests payable	11	99,260	24,796	81,591
Provisions for income tax	12	16,872	4,214	10,809
Other liabilities	13	842,795	210,541	281,998
TOTAL CURRENT LIABILITIES		2,054,943	513,351	1,114,406
LONG-TERM BORROWINGS	14	9,099,496	2,273,169	2,946,176
TOTAL LIABILITIES		11,154,439	2,786,520	4,060,582
SHAREHOLDERS' FUNDS				
Share capital	15	1,367,680	341,664	1,367,680
Residual reserve	16	25	6	25
Capital reserve	17	18,641	4,657	18,641
Retained earnings		353,161	88,223	27,891
Current year earnings		655,153	163,665	325,270
Subordinated debt	18	1,880,838	469,857	1,880,838
TOTAL SHAREHOLDERS' FUNDS		4,275,498	1,068,072	3,620,345
TOTAL LIABILITIES & SHAREHOLDERS' FUNDS		15,429,937	3,854,592	7,680,927

Signed and authorised for release on behalf of the Board



Mr. Kuch Setha
Chief Executive Officer

Date: 25 April 2008



Mr. Sen Chettana
Finance Director

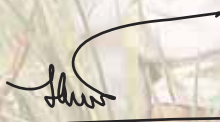
Date: 25 April 2008

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2007

STATEMENT OF INCOME	Note	2007		2006
		KHR'000	USD	KHR'000 (As restated)
Interest income	19	3,848,969	961,521	2,782,694
Interest expense	20	(782,264)	(195,419)	(359,251)
Net interest income		3,066,705	766,102	2,423,443
Other operating income	21	667,513	166,754	406,130
Payroll and other staff cost	22	(1,811,158)	(452,450)	(1,448,721)
Depreciation expense		(163,061)	(40,736)	(116,646)
Other operating expenses	23	(1,026,229)	(256,365)	(908,980)
Operating profit before provision for impairment		733,770	183,305	355,226
(Provision for)/ recovery of impaired loans		(23,930)	(5,978)	6,418
Profit before income tax		709,840	177,327	361,644
Income tax expense	24	(54,687)	(13,662)	(36,374)
Net profit after income tax		655,153	163,665	325,270

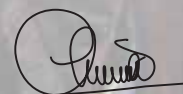
STATEMENT OF RETAINED EARNINGS	2007		2006
	KHR'000	USD	KHR'000
Unappropriated profits/(losses) at beginning of year	353,161	88,223	(265,232)
Effect of change in accounting policies	-	-	293,123
Net profit for the year	655,153	163,665	325,270
Unappropriated profits at end of year	1,008,314	251,888	353,161

Signed and authorised for release on behalf of the Board



Mr. Kuch Setha
Chief Executive Officer

Date: 25 April 2008



Mr. Sen Chettana
Finance Director

Date: 25 April 2008

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital KHR'000	Residual reserve KHR'000	Subordinated debt KHR'000	Translation reserve KHR'000	Capital reserve KHR'000	Retained earnings KHR'000	Total KHR'000
Balance at 1 January 2006	925,720	23	1,880,838	293,123	18,641	(265,232)	2,853,113
Translation reserve	-	-	-	40,758	-	-	40,758
Capital increase during the year	441,960	-	-	-	-	-	441,960
Residual value	-	2	-	-	-	-	2
Net profit for the year	-	-	-	-	-	284,512	284,512
Balance as at 31 December 2006	1,367,680	25	1,880,838	333,881	18,641	19,280	3,620,345
Balance at 1 January 2007	1,367,680	25	1,880,838	333,881	18,641	19,280	3,620,345
Effect of change in accounting policies	-	-	-	(333,881)	-	333,881	-
Balance at 1 January 2007 (as restated)	1,367,680	25	1,880,838	-	18,641	353,161	3,620,345
Net profit for the year	-	-	-	-	-	655,153	655,153
Balance as at 31 December 2007	1,367,680	25	1,880,838	-	18,641	1,008,314	4,275,498
Balance as at 31 December 2007 (USD equivalents)	341,664	6	469,857	-	4,657	251,888	1,068,072

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2007

	2007		2006
	KHR'000	USD	KHR'000
Cash flows from operating activities			(As restated)
Profit before income tax	709,840	177,327	361,644
Adjustments for:			
Depreciation of property and equipment	163,061	40,736	116,646
Gains on disposals of property and equipment	(5,866)	(1,465)	(6,000)
Recovery of impaired loans	(23,930)	(5,978)	(6,418)
Operating profit before working capital changes	843,105	210,620	465,872
Increase/(decrease) in cash attributable to changes in working assets and liabilities:			
Statutory deposit with central bank	(22,098)	(5,521)	-
Loans and advances to customers	(6,989,968)	(1,746,183)	(1,574,762)
Other assets	(11,728)	(2,930)	(27,524)
Deposits of borrowers	356,008	88,935	148,589
Interests payable	17,669	4,414	19,849
Other liabilities	560,797	140,094	(166,097)
Cash used in operating activities	(5,246,215)	(1,310,571)	(1,134,073)
Income tax paid	(48,623)	(12,147)	(27,429)
Net cash used in operating activities	(5,294,838)	(1,322,718)	(1,161,502)
Cash flows from investing activities			
Proceeds from disposals of property and equipment	5,866	1,465	6,000
Purchases of property and equipment	(315,221)	(78,746)	(88,519)
Net cash used in investing activities	(309,355)	(77,281)	(82,519)
Cash flows from financing activities			
Proceeds from long-term borrowings	9,206,900	2,300,000	5,843,915
Repayments of long-term borrowings	(3,053,578)	(762,822)	(5,268,816)
Proceeds from issue of shares	-	-	441,960
Net cash generated from financing activities	6,153,322	1,537,178	1,017,059
Net changes in cash and cash equivalents	549,129	137,179	(226,962)
Cash and cash equivalents at beginning of year	333,495	83,311	560,457
Cash and cash equivalents at end of year	882,624	220,491	333,495
Represented by:			
Cash in hand	15,674	3,915	60,544
Balances with banks inside Cambodia	864,862	216,054	272,483
Balances with central bank	2,087	521	468
	882,623	220,490	333,495



Seilanithih's Addresses

HEAD OFFICE

#46, Street 141, Sangkat Vealvong,
Khan 7 Makara, Phnom Penh, Cambodia.

Tel : 023 990 225

Tel/Fax : 023 367 089

E-mail : info@seilanithih.com.kh

Website : www.seilanithih.com.kh

Phnom Penh - Kandal Branch

#45 A-A, Street 2004, Trapang Chhouk Village, Sangkat Tek
Thla, Khan Russey Keo, Phnom Penh.

Tel/Fax : 023 995 797

E-mail : pnk_kdl@seilanithih.com.kh

Mukh Kampul District Office

Prek Thmey village, Prek Anhchanh commune,
Mukh kampul district, Kandal province.

Tel : 012 554 604

Pursat Branch

#465, National Road N°5, Peal Nhek 1 Village, Phtasprey
Commune, Sampovmeas District, Pursat Province.

Tel/Fax : 052 951 451

E-mail : pur@seilanithih.com.kh

Battambang Branch

Road N°5, #21, Rumchek 5 village, Ratanak Commune
Battambang District, Battambang Province.

Tel/Fax : 053 953 169

E-mail : btb@seilanithih.com.kh

Samlot District Office

#081, Group5, Otuntoeum village, Tasanh commune,
Samlot district, Battambang province.

Tel : 012 673 035

Banteay Meanchey Branch

#138-139c, Bei Village, Preah Ponlea Commune,
Sereysorphorn District, Banteay Meanchey Province.

Tel/Fax : 054 710 124

E-mail : bmc@seilanithih.com.kh

O Chrov District Office

#15H, Balelay village, Poypet commune, O Chrov district,
Banteay Meanchey province.

Tel : 054 967 747

Malai District Branch

#57, Group4, Kandal Village, Malai Commune,
Malai District, Banteay Meanchey Province.

Tel : 016 918 668

E-mail : malai@seilanithih.com.kh

Siem Reap Branch

#441, Street Loktaneuy, Dorkpour Village, Slakram Commune,
Siem Reap District, Siem Reap Province.

Tel/Fax : 063 965 787

E-mail : srp@seilanithih.com.kh

welcome to **SEILANITHIH** website

www.seilanithih.com.kh



Head Office:

#46 Street no. 141, Sangkat Veal Vong,
Khan 7 Makara, Phnom Penh, Cambodia

Tel: (855-23) 990 225 / 367 089

Fax: (855-23) 367 089

Email: info@seilanithih.com.kh

Website: www.seilanithih.com.kh

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