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SEILANITHIH
Microfinance Institution

Annual Report 2013





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.”

Table of Content

pages

Vision & Mission.....	02
Message from Chairman.....	04
Message from Deputy Chief Executive Officer.....	05
Milestones.....	06
Clients Success Stories With Seilanithih.....	07-08
Products and Services.....	09-10
Cambodian Microfinance Factor Overview.....	11
Social Highlights for 31 December 2013.....	12-13
Borrower and Portfolio structure.....	14-16
Staff Evolution and Staff Capacity Building.....	17-19
Organization Chart.....	20
Board of Directors.....	21-22
Management Team.....	23-25
Executive Committee.....	26
Audit & Risk Committee.....	27
Shareholders.....	28
Lending Partners.....	29-30
Social Performance Management(SPM) and Seilanithih.....	31-33
Report of Board Directors.....	34-37
External Audit Report.....	38-44
Contact Us.....	45-47

Message from the Chairman



On behalf of the Board of Directors, I would like to express my great appreciation and respect to our staff and management team at all levels for their effort and commitment to making Seilanithith as secure as it is today.

Our market survey conducted in 2013 revealed that more people than initially thought are in need of micro-loans. And, a greater number of people are interested in new financial products and services that Seilanithih currently does not offer. These needs present great opportunities for us. Building on the successes of 2013, I am confident that we will be able to meet the people's calls.

Seilanithih faced some challenges during 2013, due to which the growth was affected, but 2014 is looking bright in every way. With the new leadership and stronger Board, we

will embark on a more concerted effort to meet our mission to provide the best financial services to people in order for them to start and expand their businesses. We will do so by asking our shareholders to contribute more funding, attract new investors, diversify our products and services, and expand our business operations to more locations and more provinces.

My pledge from here onward to our shareholders, Board Members, staff and all stakeholders is to work more closely and cooperatively to ensure that we attract more investment to our MFI in order to make expansion possible for 2014 and beyond. With the start of a new journey in 2014, now we will only move forward rapidly.

Finally, I would like to thank our management team and staff at all levels, suppliers, the Cambodia Microfinance Association, the National Bank of Cambodia, donors, shareholders, and all partners of Seilanithih for their support.

Mr. Huot Hak
Chairman

Message from the Deputy CEO

I would like to take this opportunity to thank our shareholders, Board of Directors and staff for making 2013 a year filled with new developments and progress.

Besides hiring Mr. Sanjay Gandhi as our CEO, Seilanithih in 2013, the year also brought in the new Chairman of the Board of Directors, Mr. Hout Hak, a skilled leader that has been recognized by the National Bank of Cambodia. I am so grateful to have both Mr. Hout and Mr. Gandhi to lead and steer the direction of Seilanithih.

On top of the above-mentioned, we have moved our Seilanithih head quarter office into a new modern space that is more conducive for a microfinance operation and accessible to staff, stakeholders, business partners and suppliers. This move has already boosted staff moral, improving operational efficiency, raising brand recognition and gaining trust and confidence from the community and stakeholders. Adding to the office move, we have been updating our branding throughout to improve our visual identity and appeal to our target markets better, as well as committed more to staff capacity trainings on key areas.

In terms of Seilanithih's 2013 portfolio, our non-performing loan remained at only 0.53%, while our write-off loan was at only 0.63%. These figures are lower than last year's figures, respectively. These successes are owed to the hard work of our branch offices' staff and their strong rapport and adept communication with local authorities and our clients.

Earlier in the year members of our management team attended the Client Protection Principles workshop conducted by the Cambodian Microfinance Association (CMA) and funded by Agence Française de Développement (AFD). Seilanithih appreciates the learning from this workshop and endeavors to improve protection of all our clients and those needing loans. With the added capacity, we have applied for client protection certification and are waiting for approval. Building off the workshop, we are currently incorporating the client protection principles to our operations and offering financial literary trainings to our clients throughout the provinces. 2014 has much in store for Seilanithih. I am confident and hopeful that our new leadership will lead us to more prosperous days ahead. I am



encouraged by the strong support from our Board of Directors to diversify our financial products and services as well as expanding our location to meet the high demand from clients and prospective clients. Doing so will not only provide people with much needed financial services; it will also open up more job opportunities at Seilanithih. I would like to thank all our leaders, staff and clients for their support.

A handwritten signature in blue ink, appearing to read 'Kuch Kunthen', written over a horizontal line.

Mr. Kuch Kunthen
Deputy CEO

Milestones

- 2013** Hired a new Chairman, Chief Executive Officer and welcomed two new Shareholders.
- 2011** Established two new branches in Kamrieng and Bavel.
- 2010** Established three new branches in Thmorkol, Thmorpouk, and Phnom Preok.
- 2009** Catalyst Microfinance Investors International (CMI) Holding becomes a shareholder.
- 2008** Branch opening in Kampong Cham province.
- 2007** Awarded with permanent license by the NBC. Establish a new branch in Siem Reap province.
- 2006** CARD international investor becomes a shareholder.
- 2003** Transformed into a private limited company and obtained licensed from the NBC as a Microfinance Institution.
- 2002** Opened branch in Battambang province.
- 2001** Registered with the National Bank of Cambodia (NBC) as a Rural Credit Operator. Established a new branch in Malai District, Banteay Meanchey province.
- 1998** Seilanithih NGO started to pilot Individual loan product with loan size up to US\$ 500 to 100 clients in Phnom Penh branch.
- 1996** Seilanithih NGO was established through the merging of CARE Cambodia's projects in Banteay Meanchey, Phnom Penh and Pursat, with CARE serving as advisor. These three provinces became the first three locations for Seilanithih NGO branches.
- 1993** CARE International - Cambodia, funded by the Australian Government, piloted the "Social Economic Improvement for Local Agency (SEILA) Project" in Phnom Penh. The project was intended to extend credit to vulnerable groups in the area. CARE also implemented village banking projects in Pursat and Banteay Meanchey provinces through funds from UNDP/CARERE.

Client Success Stories with Seilanithih

Mr. Keo Samen is a 35-year old craftsman who earns a living making metal doors and windows in Battambang province. With a \$1,800 loan from Seilanithih Mr. Keo was able to purchase more raw materials to produce more doors and windows to meet the increase in customer the demand.

Since the loan, Mr. Keo has been able to expand his business, generating more income. With more financial flexibility, Mr. Keo renovated his house/business from occupying a space that was 4 meters by 8 meters to a space that is now 7 meters by 23 meters. On top of that, he's purchased some land and a used car.

Mr. Keo is really thankful for the Seilanithih micro loan. "Without the loan, I wouldn't have all that I have today," he says. Mr. Keo also hopes to open up another business very soon.

Ms. Ya Mao is 39 years old merchant who sells fish and groceries in Sampovloun District of Battambang province.

She took out a loan of 100,00 Thai Baht from Seilanithih and used it to supplement the cost of goods and raise a farm.

The loan was essential to supporting and helping her grow her business. With the extra income from her thriving business, she's expanded her house, business and purchased a used car.

She says that her life is much better than before and will spread the word about Seilanithih to her customers.

Ms. Pheng Bo is a 26-year old cook selling papaya salad and fried noodles in Siem Reap province.

She wanted to replace the roof of her house from palm leaf, which leaked when it rained, to zinc. In order to do so, she needed to expand her business. With the 1,000,000 Riel she borrowed from Seilanithih, she was able to do all of the above.

She says her house is much more comfortable to live in now since getting the palm leaf roof replaced and her business is doing great.

Ms. Ven Sambath is a 53-year old farmer who plants corn and cassava in Battambang province.

She lived in a small house with a thatch roof and was of short of money to pay for the seeds of her crops when she came to borrow money from Seilanithih.

Ms. Ven borrowed 6,000,000 Riels and used that money to purchase the seeds, pay for the replacement her old roof and had enough money left to invest in a small push tractor for her farm.



Products and Services

Seilanithih offers financial products and services to low-income people, micro and small entrepreneurs, and farmers living in rural and urban areas of Cambodia. Clients have the option between Declining or Balloon payment methods depending on the profile of their business and income sources.

Group Loan

Group Loan is offered to low-income people, low-income generating farmers and micro-entrepreneurs. To get a Group Loan, a solidarity group must be formed. 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 ranging from 1 to 12 months both in Balloon and Declining repayment methods, depending on the business types.

IFAD Loan

IFAD Loan is a loan for agriculture and specifically intended only for people who are trained on AIP by the Provincial Department of Agriculture, Forestry and Fishery. The IFAD Loan is only offered in two provincial branches, Pursat and Banteay Meanchey. To qualify for this loan, clients have to complete the AIP training and create a solidarity group of 2 to 5 members. The loan ranges from US\$100 to US\$600 and its equivalent to KHR and THB for a maximum 12 months period, with a Balloon or Declining repayment methods to repay the loan.

Individual Loan

Individual Loan is offered to both low-income and middle-income clients 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. The repayment terms range from 1 to 24 months, with a Balloon or Declining repayment methods depending on the type of business.



Compulsory Saving

Compulsory Saving is available to borrowers who deposit their savings 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 THB currencies and 3% per annum deposit in US\$ currency.

Products and Services			
Reporting period	2013-Dec	2012-Dec	2011-Dec
Provinces	7	7	7
Districts	70	69	89
Branch Offices	25	25	25
Employees	191	201	207
Number of outstanding loan	8,480	11,502	13,846
% Group Loan clients	32.82%	32.24%	31.71%
% Individual Loan clients	67.18%	67.76%	68.29%
Loan portfolio	\$4,784,663	\$6,729,433	\$8,269,363
% Group Loan amount	6.03%	7.11%	7.61%
% Individual Loan amount	93.97%	92.89%	92.39%
PAR> 30 days	0.52%	0.40%	1.26%
Number of Depositors	12,467	14,637	15,968
Savings Balance	272,468	\$354,104	\$407,366
Operational Self-Sufficiency	100.09%	125.52%	109%
Financial Self-Sufficiency	95.10%	121.28%	107%
Operating costs	\$1,450,239.00	\$1,561,733	\$1,731,424
Total Assets	\$5,847,595.00	\$7,225,935	\$8,626,520
Total Liabilities	\$3,482,956.00	\$4,866,786	\$6,678,732
Share Equity	\$2,364,639.00	\$2,359,149	\$1,947,788
Share Capital	\$1,000,000.00	\$1,000,000	\$1,000,000
Net Profit Before Tax	\$12,369.00	\$486,807	\$174,700
Net Profit After Tax	\$1,328.00	\$406,178	\$148,740
Return on Assets (%)	0.0%	5.1%	1.8%
Return on Equity (%)	0.1%	18.9%	7.7%

Cambodian Microfinance Factor Overview

The microfinance sector in many Asian countries experienced a difficult crisis in 2010 -2011. On top of the global recession in 2009, this crisis was in part due a plethora of Microfinance Institutions (MFIs) charging extremely high interest rates to their borrowers, which in turn led to a sea of debt distress from the borrowers, mainly micro-entrepreneurs. The global financial turmoil also severely damaged many of the international financial institutions upon which Cambodian MFIs rely for funding. As a result, many Cambodian banks and MFIs downgraded their outlooks for 2010 and beyond.

In recent years, with the global economy slowly improving, the microfinance sector has been experiencing healthy growth. State regulators, using lessons learned from the global recession, have been paying closer attention to dangerous activities within the financial industry and the MFI sector. In Cambodia, state regulators have been moving towards more stringent procedures and policies to protect the consumers of financial products and services. As of May 2011, the legislature enacted a law mandating all MFIs to share with their customers more detailed information on operations and products and services. In March 2012, the Credit Bureau of Cambodia was established to reduce customer risk by centralizing client borrowings.

Access to microcredit in the country remains critical. There are currently over 32 banks in Cambodia, but the majority of them serve only the urban elite in Phnom Penh and a few provincial capitals. According to a 2009 CGAP report, only approximately 5 percent of the total population has access to formal financial services. The National Bank of Cambodia, which has sole responsibility for supervising the Cambodian banking sector, divides financial institutions into three categories: commercial banks, specialized banks, and MFIs. As of the end of 2010, commercial banks are required to have at least 37.5 million USD in registered capital and may engage in a full range of banking activities. Specialized banks must have at least 7.5 million in capital, though they may only engage in specific activities enumerated in their charters.

Today, even with many MFIs charging 20% to 27% interest rate per year, 1.2 million people are customers of the 30 MFIs licensed by the National Bank of Phnom Penh, with a repayment rate of 98%. In March 2010, the Cambodia Microfinance Association (CMA), the country's main microfinance support network, reported that their members operated in all 24 provinces and had over 1 million borrowers with a gross loan portfolio of almost 510 million USD, and 770,000 depositors with 750 million USD in aggregate deposits. These figures represent a nearly 20 percent increase in gross loan portfolio and a 56 percent growth of total deposits from December 2008. Despite this rapid expansion, some observers still see room for growth in the Cambodian microfinance industry, as MFIs increase their ability to mobilize savings more efficiently and use better information and financial training to reduce loan losses. The efforts of the National Bank of Cambodia (NBC) to encourage transparency, promote responsible lending practices and solicit feedback are regarded by many as a model for public-private partnership in microfinance.

Social Highlight for 31 December 2013

SOCIAL GOALS			
OUTREACH			AMOUNT
TYPES OF CLIENTS	NUMBER	LOANS GRANTED/ SAVINGS DEPOSITED	PERCENT TO TOTAL PORTFOLIO/DEPOSIT
Borrowers from rural areas	7,993	4,476,534	93.56%
Borrowers from upland communities	606	268,793	5.62%
Borrowers below \$300	3,101	297,296	6.21%
Women borrowers	6,282	3,244,440	67.81%
Group borrowers	2,783	288,541	6.03%
Unsecured/ Uncollateralized borrowers	1,598	104,623	2.19%
Agriculture-loans	4,309	2,380,814	49.76%
SOCIAL PERFORMANCE TOOLS AND MECHANISMS			
A. Poverty Targeting and Monitoring			
Poverty Line definition	Adopted the poverty line of World Bank		
Poverty assessment/ measurement	In the process of mainstreaming Progress out of Poverty Index (PPI)		
Poverty tracking	In the process of mainstreaming Progress out of Poverty Index (PPI)		
Social performance reporting	SP report prepared monthly and 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	Branch-level staff designated to receive and respond to the complaints made by clients. Client complaint box in all branches was put to accept client complaint.		
Market research for product development	Annual conduct of research on product development		
C. Non-Financial Services			
Financial literacy program	Conduct after disbursement		
Other policies	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		



PlaNet Finance



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Cambodia Microfinance Association



Monthly Progress Report

Project Title	Improving Financial Inclusion and Social Impact toward Food Security in Southeast Asia
Component	Financial Literacy
Participating MFI	SEILANITHIH Microfinance Institution
Pilot Testing Area	Mukampol District, Kandal Province
Reporting Period	01/12/13 to 31/12/13

Achievements to Date

Indicators	Unit	Achievements this Period	Accumulated achievements to date
Number of clients trained	Client	10	296
Female	6	6	192
Male	4	4	104
Number of non-clients trained	Client	4	134
Female	2	2	83
Male	2	2	51
Total	14	14	430

Operational Performance

As of December 31 2013, Seilanithih has 8,480 clients with loan outstanding of US\$ 4,784,663. It operates out of 25 branches in the following provinces and municipalities: Phnom Penh City, Kandal, Pursat, Battambang, Banteay Meanchey, Siem Reap and Kampong Cham.

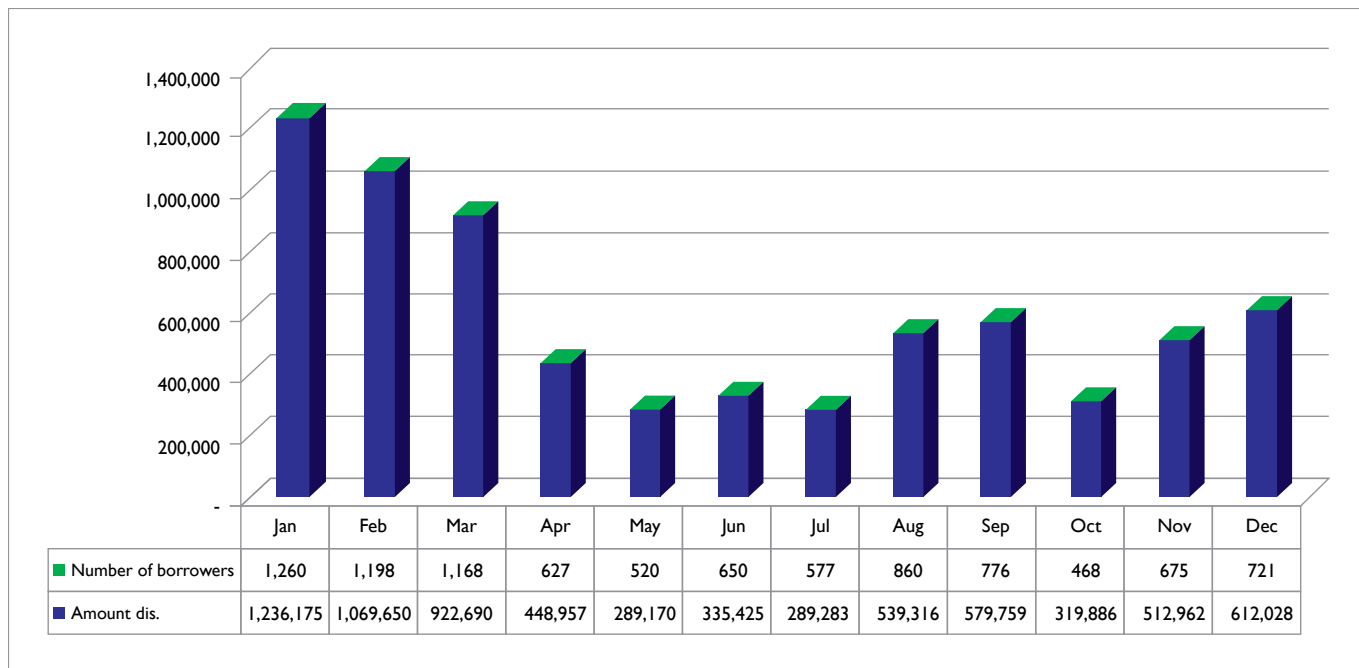


Borrower and Portfolio Structure

Loan Disbursement

The total loan disbursement in 2013 was US\$ 7,155,300 to 9,500 clients, which is a decrease of 23.82% compared to the data of 2012. The total amount was given to utilize in different sectors such as agriculture, livestock, business, services and handicrafts.

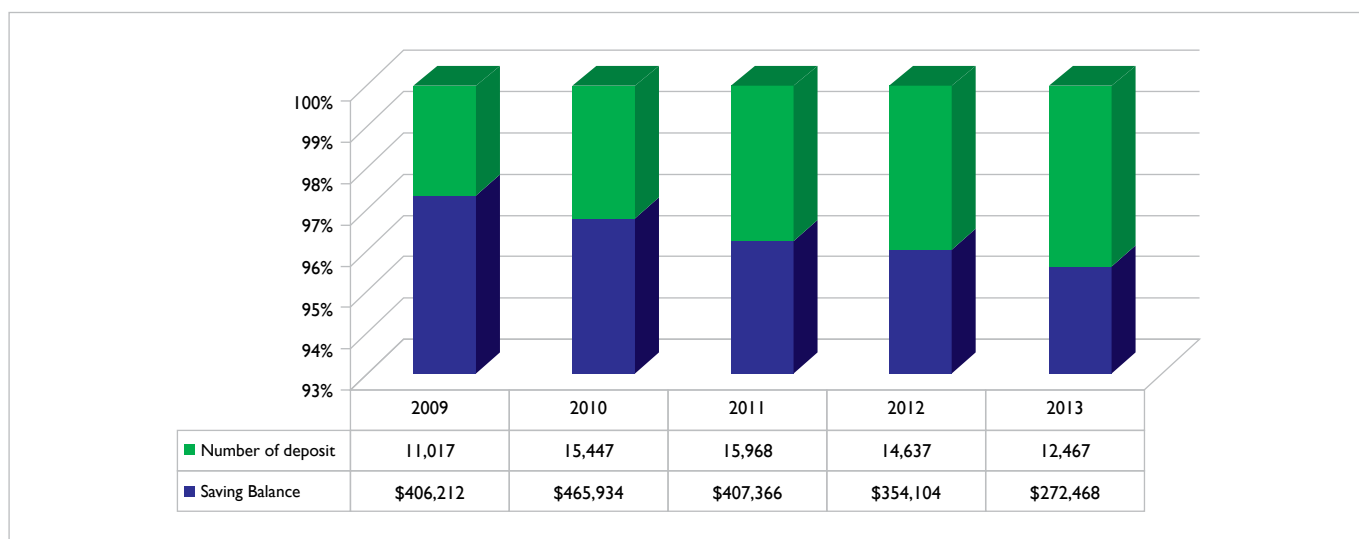
Trend of Disbursement during 2013: Number of Borrowers and Amount of Loan



Saving

The total amount of savings in 2013 was US\$ 272,468 with 12,467 clients. The savings decreased by 23.05% 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.

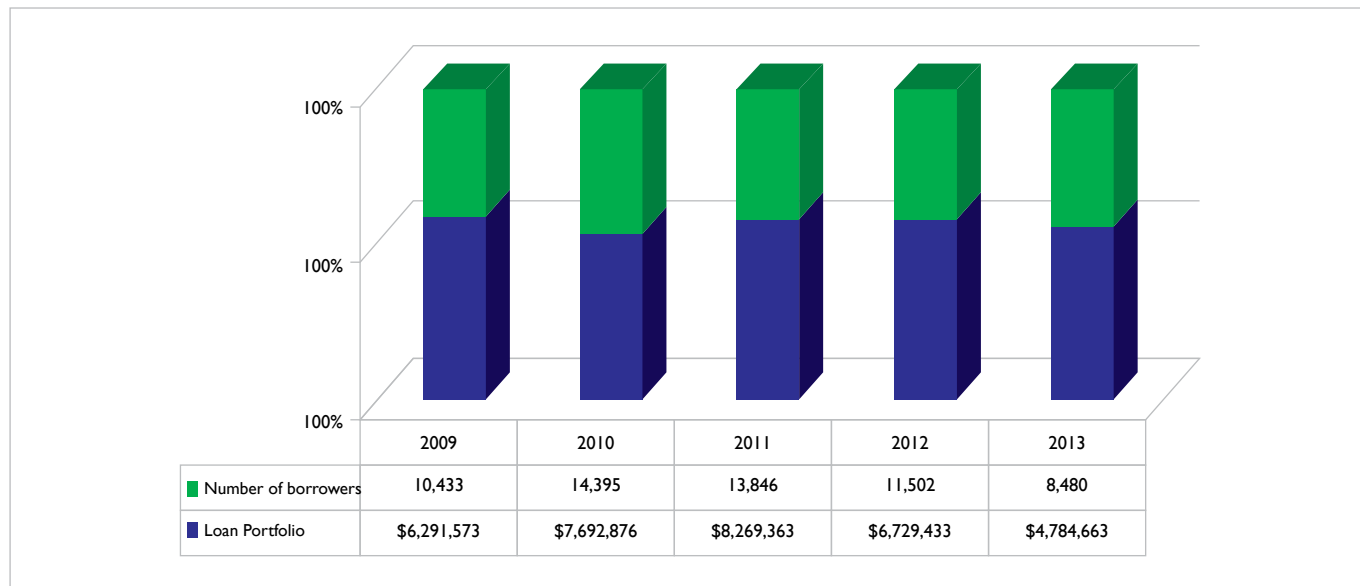
Portfolio Quality and Write-off: 2009- 2013



Loan Outstanding

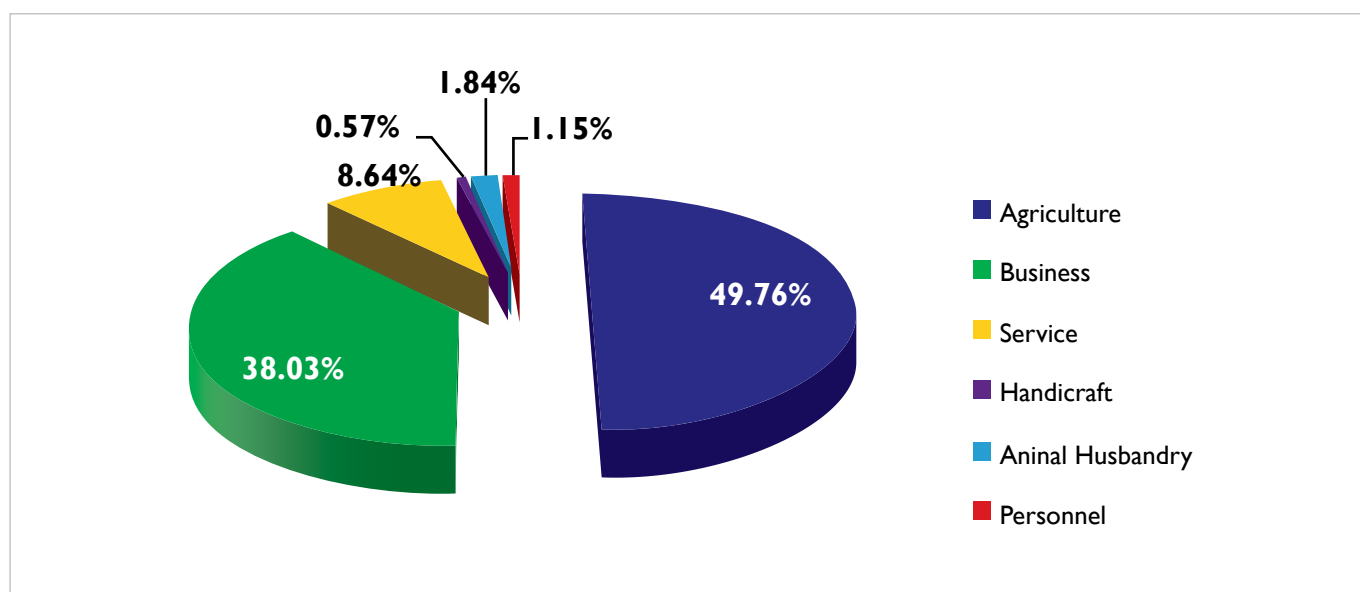
At the end of year 2013, total loan outstanding amount was US\$ 4,784,663, which is a decrease of 28.90% compared to year 2012. The loan outstanding amount composed of group and individual loan, where the proportion of group and individual loan were 6.03% and 93.97%, respectively.

Loan Outstanding and Borrowers: 2009-2013



Loan Category

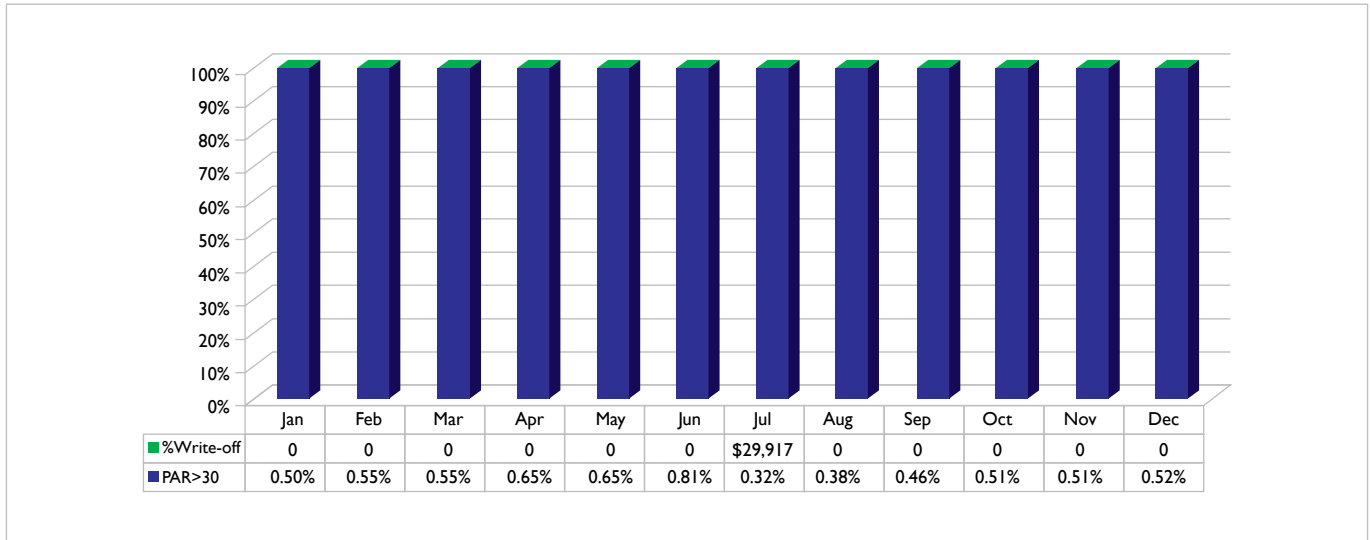
Seilanithih offers loans to support various types of livelihood opportunities. As of 31 December 2013, loans in the agriculture sector consist of 49.76% of total portfolio, mostly in farming crops such as rice, corn, potatoes, green beans, soybeans, sesame, etc. The business sector represented 38.03%, which mainly involved in buying and selling in the form of micro and small business activities. The service sector is constituted by 8.64%, consisting of renting homes, taxicabs, tailoring, motor-taxis, repair shops, etc. The animal husbandry sector represented 1.84%, mostly engaged in raising ducks, pigs, chickens, fish, etc. The handicrafts sector represented 0.57%, relating to manmade of total portfolio. Personnel loan showed 1.15%, for the purpose of buying motor only.



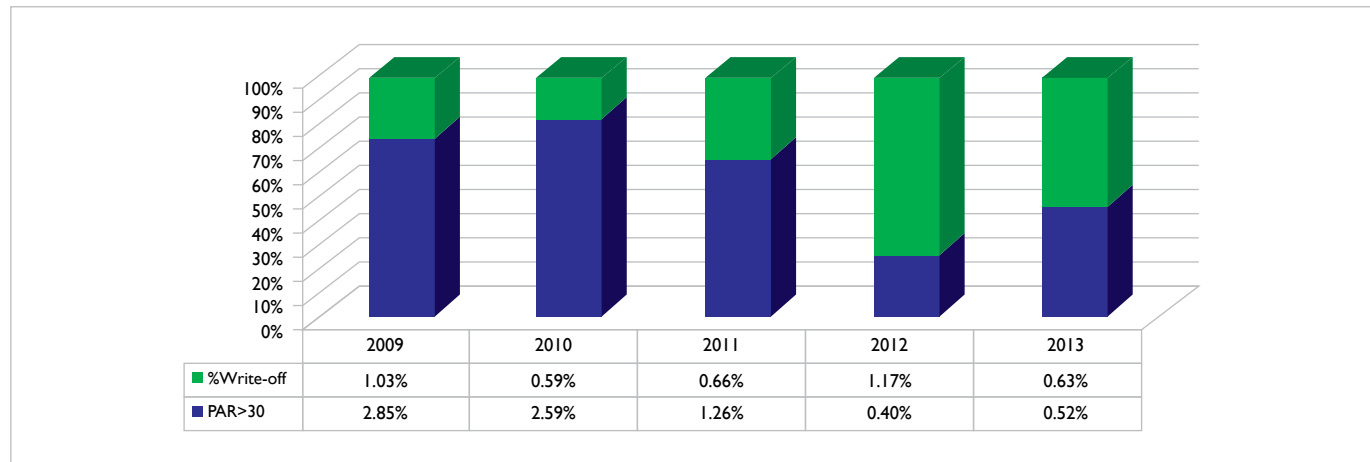
Loan Portfolios Quality

During year 2013, Seilanithih committed to improving the loan portfolio quality as well as pay deep attention to disbursement of new loans. Owing to collection efforts and write-off during 2013 the PAR fell, as can be seen in the graph below. The PAR plus write-off improved from 1.57% in 2012 to 1.15% in 2013. This is the result of a variety of factors such as improved economic environment, better trained staff and increased staff capacity, newly established credit policies and procedures, and commitment to intensive portfolio monitoring among others. The Kredit system also provided detailed data and information for staff and management to monitor, analyze and follow up the portfolio on a timely basis.

Trend of Portfolio Quality during 2013



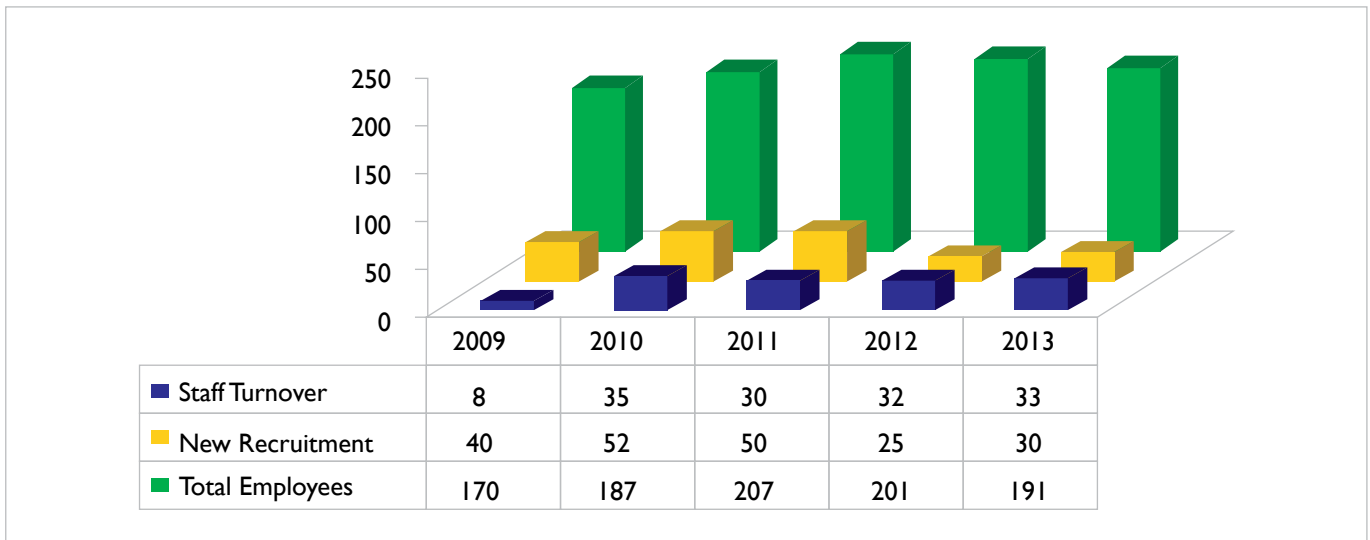
Portfolio Quality and Write-off: 2009- 2013



Staff Evolution and Staff Capacity Building

Staff Development

From 2012 to 2013, the number of Seilanithih staff gradually decreased from 201 to 191, a decrease of 5.23%. At the end of 2013, female staff represents 17.28% of the total staff. Staff turnover rate remained stable, decreasing to 14.73% from 15.92%. To be competitive in the market, Seilanithih has developed a clear and transparent Human Resource policies and procedures related to the staff recruitment, appraisal, compensation and discipline.



Staff Development and Capacity Building

Staff development and capacity building plays a crucial role in ensuring quality performance of the company. As such Seilanithih implements trainings for its newly recruited and promoted staff members to ensure that they have the skills and capacity to perform and advance in their respective roles.

Each year, Seilanithih has allocated a budget for staff development. Activities for staff development includes skills development trainings, refresher trainings, product trainings, company policy trainings, specialized courses and other capacity building activities as needed. Each staff member is also given an opportunity to attend short courses or degree programs. In total there were 45 internal and 15 external trainings, workshops and study tours for Seilanithih’s staff in 2013.

The following are some of the topics covered in the trainings, workshops and study tours: practical audit skill, social performance management, IT policy development, Risk Management, land & loan contract law and judicial procedure, HR policy, Anti-Money Laundering and Counter Terrorism for Banks and Micro-finance, Internal Control and Fraud Prevention, Financial Literacy, Improvement industrial (IR) and Human Resource Management (HRM).



Seilanithih Management Refreshment Capacity



Seilanithih Staff Social Performance Training

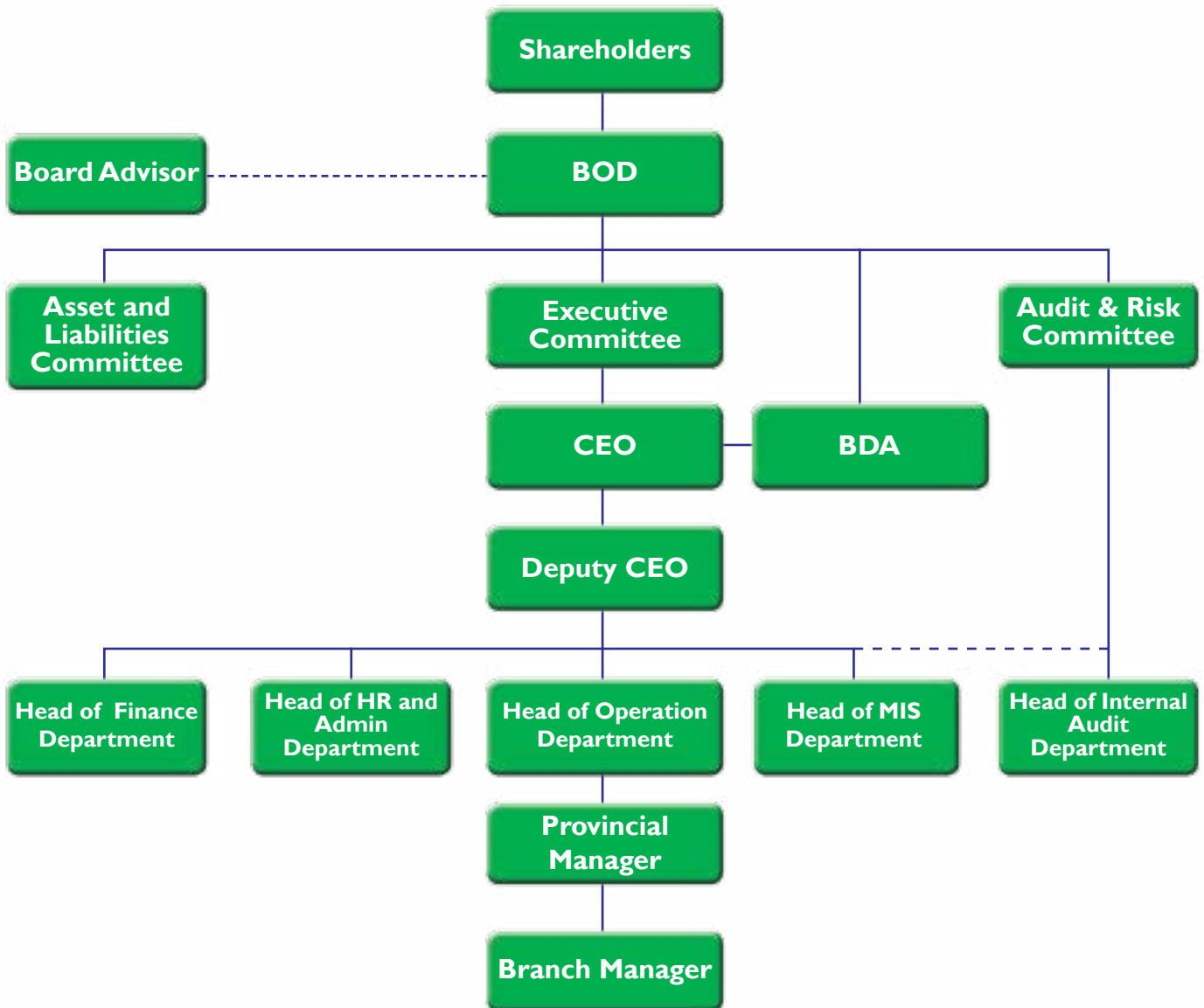


Seilanithih Board of Directors and Management Team



Seilanithih CEO and Provincial Managers

Seilanithih Organization Chart



Board of Directors



Mr. Huot Hak

Board Chairman

Mr. Huot Hak was elected as a board member on 27 February 2013. He was officially recognized by National Bank of Cambodia (NBC) as the Chairman of Seilanithih on 30 December 2013.

Mr. Huot Hak came to Seilanithih with over 20 years of experience in the public and private sector in the legal affairs. He is currently serves as a lecturer of law at the Royal University of Law and Economics in Phnom Penh since 1998. By profession he is a lawyer, and is serving as a member of the Council of Jurist and has held a number of positions in the public sector.

Mr. Huot was educated in Cambodia and abroad. He has a Doctor of Business Administration (DBA) degree in economics from USA and he received a Master of Public Management from Ecole Nationale d'Administration (ENA in France), Bachelor of Law from Cambodia.



Mr. Sun Boreth

Board Member

Mr. Sun 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 since 2001 and became a shareholder in 2006.

Mr. Sun has over 20 years experience in development, serves on the Board of other prominent organizations in Cambodia, and has worked with international governments and non-government organizations in a wide ranging of project for organizations such as the Agricultural Quality Improvement Project (AQIP) and Development Alternatives, Inc. (DAI) among others. He has received training on management, micro-finance and rural development policy in Cambodia, Australia, USA, Thailand and the Philippines.



Mr. Phov Samphy

Board Member

Mr. Phov Samphy was appointed as a Board member on 27 February 2013. He has a Diplôme d'Etudes Approfondies, Administration Publique (DEA) (1999), a Master of Public Law (1998), a Bachelor of Law (1997) from University Lumière-Lyon 2 (Lyon, France), and a Diploma in International Civil Services (2002) from Ecole Nationale d'Administration (ENA) (France).

Mr. Phov Samphy is a member of the Council of Jurists, Office of the Council of Ministers and the Director General of FED Rice Battambang Co, Ltd.

From 1999 to 2004, Mr Samphy was a senior lecture of Commercial and Banking Law, Urbanism law, Criminal Law and Administration law at the Royal University of Law and Economics Sciences of Phnom Penh, and from 2005 to 2007, he worked as a legal expert of the United Nations for the International Court of Justice, based in The Hague, Netherland.



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 NGOs 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. Kuch Kunthen

Board Member

Mr. Kunthen is one of the most senior staff and plays three vital roles for Seilanithih. He has over 15 years of experience in the microfinance sector and has a Master of Business Administration degree with concentration in Finance and Banking. Mr. Kunthen has studied numerous courses on Management and microfinance in Cambodia, Indonesia, and Philippines.

Management Team



Mr. Sanjay Gandhi

Chief Executive Officer

Mr. Sanjay Gandhi, an Indian National, joined Seilanithih as CEO in February 2013. Mr. Gandhi has over 22 years of experience in the financial sector and is a certified Chartered Accountant from the Institute of Chartered Accountants of India.

He's worked in over 25 countries throughout Africa, Asia and Eastern Europe, serving as Auditor, Head of Rating, Director, Representative, and as an independent consultant. He has worked for organizations such as M-CRIL, UNOPS, and the Bill Gates Foundation among others. And, he has overseen and directed a total corporate portfolio of long and short term funding in excess of USD100 million.

Prior to joining Seilanithih, Mr. Gandhi's last assignment was with Planet Ratings. In Cambodia, he has conducted 6 MFI ratings and has also provided trainings on Internal Controls and Risk management to MFI staff.



Mr. Kuch Kunthen

Deputy CEO

Mr. Kunthen is a Cambodian national with over 15 years of experience in the microfinance sector. He holds a Master of Business Administration degree with concentration in Finance and Banking. Mr. Kunthen has studied numerous courses on Management and microfinance in Cambodia, Indonesia, and Philippines.

He is one of the most senior staff at Seilanithih and serves a dual role as Deputy CEO and Head of Operation Department.



Ms. Mary Grace Vergavera

Deputy Head of Finance Department

Ms. Mary Grace, a Filipino national joined Seilanithih in 2011 thru the CARD Inc. – SEILANITHIH Ltd.

Technical Assistance Contract Agreement. She is a graduate of Bachelor of Science in Accountancy at the Divine Word College, Philippines. Ms. Mary Grace has over 11 years experience in Microfinance sector in the field of Operation, Human Resources, Audit and Finance being a CARD Inc. Senior Staff.

She works in the Cambodia Team as one of the international experts in operation, finance and administration. She had international exposure experience about Microfinance practice in Bangladesh and Laos. Had attended numerous capacity building training for Microfinance operation.



Mr. Sim Saren

Head of HR & Admin Department

Mr. Sim Saren, a Cambodian national, with a Master Degree of Industrial Supply Chains at Marseille Luminy University, France, joined Seilanithih in 2013 as Head of HR and Admin department. Mr. Sim Saren has worked with various international companies with many years of experience in varied capacities in many different industries in France and in Cambodia.

In Cambodia: He has worked in the mobile industry as Regional Manager for Mfone. As an Independent Consultant at PSG Co. Ltd., Mr. Sim Saren also provides a consulting service in the areas of marketing strategy and coaching the team's management on HR recruitment policy.

In France: As a Project Manager at SIEMENS, Export Manager at ROSSIGNOL, and was a Supply Chain Engineer and Logistics Engineer...



Mr. Chea Pheng

Acting Head of Operation

Mr. Chea Pheng has more than 13 years of experience in the microfinance sector. He joined Seilanithih in 1999 as Community Bank Assistant then as a Credit Officer in 2000, Portfolio Officer in 2003, and Assistant to Operation Manager in 2006, Regional Manager in 2008, Deputy Head of Operations Director in 2011. He is currently serving as Acting Director of Operations Department.

He obtained MBA in Business Administration in the field of Management from Build Bright University. He has attended numerous local and international training courses related to microfinance sector, product development and customer service.



Mr. Leav Dara

Head of Internal Audit Department

Mr. Leav joined Seilanithih in 1999 as a Branch Accountant. In 2006 Mr. Leav was promoted to Product Development Officer, then to Research Development and Marketing Manger in 2009. In 2011 he was promoted once again, this time to Head of Finance.

Mr. Leav has an MBA in Finance and Accounting and has over 11 years of experience in accounting, research, product development and marketing in the microfinance sector. He has also attended numerous local and international training courses related to financial analysis, risk management, customer services and social performance.



Mr. Ngoun Vanthy

Head of MIS Department

Mr. Vanthy, a 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. specifically in IT and server system management.

Executive Committee

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

Committee Composition

- Mr. Huot Hak, Chairperson
- Mr. Sun Boreth, Member
- Mr. Phov Samphy, Member
- Mr. Sim Saren, Secretary

Roles and Responsibilities of Executive Committee

The Executive Committee regularly monitors Seilanithih's operational activities to:

- Ensure that the Company's financial and operational performances are inline 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;
- Nominate a Business Development Advisor to streamline the management team;
- 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 2013 to monitor overall performance of the Company. All key management staff members were required to present their respective department's achievements and challenges to the Executive Committee for setting up the strategy and improving the Company's performance.

Highlighted Activities of ExCom for 2013

- Management streamlining and improvement are two of the main objectives in 2013. An ACTIVITY TRACKER tool was created for management to use to help them monitor and become more efficient and proactive in addressing Company issues;
- The operations and funding situation were closely monitored every month;
- A Legal Advisor was hired to help with legal matters;
- The Social Performance Report was published on the Seilanithih website every month;
- ExCom agreed to the Technical Assistance from SBFIC project on Human Resources and Marketing Unit;
- The Chart and Board Committee was restructured as a result of the August Board meeting;
- The Compliance Unit was established as recommended by the NBC;
- Management Meeting was scheduled every Month;
- Newly designed letterhead was approved;
- The ExCom plays a major role to help and guide the management team during the year to address the management goals in a good condition.

Audit and Risk Committee

The Audit and Risk Committee was established on 26 September 2007. The Committee is made up of 3 members, with one non-executive independent Board Member appointed as Committee Chairman. The Committee has been established to oversee and strengthen the department's capacity and to improve internal control mechanism of the Company.

Committee Composition

- Mr. Ly Sovann, Chairman
- Mr. Sun Boreth, Member
- Mr. Leav Dara, 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 on any pertinent issues.

Key functions include:

- Values and Ethics: The Audit and Risk Committee shall review, at minimum, annually the arrangements established by Seilanithih's management to exemplify and promote public service values; and to ensure compliance with laws, regulations, policies, standards and ethical conduct;
- Risk Management: The Audit and Risk Committee shall review, at minimum, annually the corporate risk profile and departmental risk management arrangements;
- Management Control Framework: The Audit and Risk Committee shall review, at minimum, annually the Company's internal arrangements, including the adequacy of management-led audits.
- Internal Audit Function

Activities and Achievements of the Audit and Risk Committee for the year 2013

During 2013, The Audit and Risk Committee met seven times, in February, March, June, July, September and December. The Committee expressed its agreement on the consultation on the Internal Audit work plan and took note of the planned audit assignments. It received continuous and proper support from both audit functions during the period under review and has been and is working towards synergizing and coordinating the efforts of the two.

The Internal Audits Department audited twenty-five branches, with some branches being 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 actions taken on recommendations are highly valuable when selecting and planning future audits. The Internal Audit Department uses a 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.

The auditing teams received further skills development through the provision of various audit training related to microfinance, audit and fraud risk management. Audit training courses will continue in 2014 in order to updated audit knowledge and skills effectively to monitor Seilanithih's operation in the future. The plan for the audit going forward is to conduct two audits per branch each year.

Shareholders

In 2003, Seilanithih had only two shareholders. In 2007, two more shareholders came on board, with CMI becoming the 5th shareholder in 2009. As the result of additional shareholders, Seilanithih's paid-up capital increased from US\$ 227,450 to US\$ 1,000,000 by fiscal year 2009.

Below is list shareholders and the breakdown of their percentage of investments in Seilanithih respectively:

SEILANITHIH NGO: 41.29% Shares

Seilanithih NGO was created in 1996 by CARE international - Cambodia through the integration of the 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.

Catalyst Microfinance Investors (CMI) International Holding: 35.00%

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. It is a private company limited by shares incorporated under the laws of Mauritius. It 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.

Seilanithih Staff Association (SSA): 13.29%

SSA, formerly SAMAKUM BOKALOEK SEILANITHIH KROUP (SBSK), was created in 2003 by Seilanithih's staff in order to enhance internal solidarity among themselves. It was renamed, Bokkaloek Seilanithih Company (SBC) Ltd. in 2008 under the law and general provisions of the Kingdom of Cambodia. In 2010, SBC reverted it's name back to Seilanithih Staff Association (SSA).

Mr. Sun Boreth: 5.42%

Mr. Sun is a private individual shareholder. He joined Seilanithih since 2001 as a Board Advisor and became a board member in 2006.

Center for Agriculture and Rural Development (CARD) Inc.: 5.00%

CARD was founded in 1986 and is one of the leading microfinance institutions in the Philippines dedicated to empower the socially and economically challenged families of the country. It joined Seilanithih as a shareholder in 2006 and is registered as an international NGO in Cambodia.

ACLEDA Bank Plc

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

Lending Partners

Seilanithih Staff Association (SSA)

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ETIMOS

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

MicroCredit Enterprises

MicroCredit Enterprises is a non-profit organization based in Sacramento, California (USA). It 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. is incorporated under the laws of the Kingdom of Netherlands and 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)

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.

Savings Banks Foundation for International Cooperation

Savings Banks Foundation for International Cooperation is a joint organism of the Savings Banks Finance Group in Germany. It is 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.



Renewing Agreement between Seilanithih and Savings Banks Foundation for International Cooperation



Oikocredit Funder

Social Performance Management (SPM) and Seilanithih

In December 2013, CMA assessed Seilanithih on its implementation of the Client Protection Principle (CPP). In the assessment, Seilanithih earned the most points in its responsiveness to its clients.

CMA concluded, among others, that Seilanithih's strong points are in the following:

- Flexible interest rate, loan terms and pre-payment terms;
- Does not pressure clients or use aggressive sales techniques;
- Consistent practice in repayment capacity analysis;
- Use of CBC information, consultation with local authorities and other MFI staff;
- Good portfolio quality-good monitoring and reporting of PAR;
- Good use of leaflets, poster, calendars, information board to disclose product information; Good use of Khmer in verbal communication to clients and in documents and forms;
- Provides clients with adequate time to review terms and conditions;
- Participates in the MFT initiative;
- Has a code of conduct and communicate it properly to staff through training and the employment contract;
- No zero tolerance to PAR's policy,
- Field staff base pay meets minimum wage;

In response to our social responsibilities and requirement from social donors and investors, Seilanithih has been implementing the Social Performance Management (SPM). Seilanithih's commitment to SPM is supported throughout the organization, both at the management/staff and Board/governance levels. In addition to the Board's agreement to implementation of SPM, the Operations Department is also assigned to implement SPM. Seilanithih's Marketing Manager leads and monitors the implementation of the SPM in cooperation with all other departments in order to ensure that effective social performance standards and controls are in place and effectively executed.

Seilanithih works to balance its financial goals with and its social goals. It was one of the MFIs in Cambodia selected by PlaNet Finance and Cambodia Microfinance Association (CMA) to roll out SPM and Agricultural products for clients. With technical and materials support from Planet Finance, Seilanithih implemented a pilot test on Financial Literacy (FinLit) education for clients in the Mukampol branch. FinLit improved Seilanithih's quality of performance and provided financial literacy knowledge to clients in order better manage their cash flow. The technical assistance from PlaNet Finance, has enabled Seilanithih to clearly set its social goals and use the tools and mechanisms properly.

Despite of concluding the pilot project under PlaNet Finance, Seilanithih will continue to conduct and enhance the social activities to clients. It is 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.



Client Activities



Social Client Performance



Seilanithih Conducted Social Performance Training to Clients



Etimos Funder Field Visiting

Report of the Board of Directors

The Board of Directors ("BoD") of Seilanithih Limited ("the Company") is pleased to present its report and the Company's financial statements as at and for the year ended 31 December 2013.

THE COMPANY

The Company was incorporated as a private limited liability company in Cambodia on 18 September 2003 under Registration No. Co.6503/03P issued by the Ministry of Commerce. The Company obtained its three-year license from the National Bank of Cambodia ("NBC") to conduct a business as a micro-finance institution in the Kingdom of Cambodia on 23 December 2003. On 5 February 2007, the Company obtained a permanent micro-finance license from the NBC. Under this license, the Company is authorized to grant credit for micro and low-income households and small enterprises operating in the Kingdom of Cambodia.

The Company was initially established in 1996 from the merger of three CARE Projects, which were started in 1993 under a program called the Social Economic Improvement for Local Agency (SEILA) Programme.

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.

RESULTS OF OPERATIONS

The financial results of the Company for the year are as follows:

	2013 US\$	2012 US\$
Profit before income tax	12,369	515,812
Income tax expense	(11,041)	129,307
Profit after income tax	1,328	386,505
Profit after income tax - KHR'000	5,306	1,544,089

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the year other than those disclosed in the financial statements.

BAD AND DOUBTFUL LOANS

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

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad loans or the amount of the provision for bad and doubtful loans in the financial statements of the Company inadequate to any material extent.

CURRENT ASSETS

Before the financial statements of the Company were drawn up, the BoD took reasonable steps to ascertain that any current assets, other than loans, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected to realize.

At the date of this report, the BoD is not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading or inappropriate in any material respect.

VALUATION METHODS

At the date of this report, the BoD is not aware of any circumstances that have arisen which 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:

- no charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- no contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of micro-financing business.

No contingent or other liabilities of the Company have become enforceable, or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the BoD, 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 BoD is not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

The results of the operations of the Company for the financial year were not, in the opinion of the BoD, substantially affected by any item, transaction or event of a material and unusual nature.

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

EVENTS SINCE THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date requiring disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

SEILANITHIH LIMITED

REPORT OF THE BOARD OF DIRECTORS (continued)

THE BOARD OF DIRECTORS

The members of the BoD during the year and at the date of this report are:

Mr. Huot Hak	Chairman (appointed in 2013)
Ms. Marilyn Magampon-Manila	Chairman (resigned in 2013)
Mr. Sun Boreth	Member
Md. Shafiqul Hague Choudhury	Member (resigned in 2013)
Md. Azim Hossain	Member (resigned in 2013)
Mr. Kuch Kunthen	Member (resigned in February 2014)
Mr. Kuch Setha	Member (removed in February 2013)
Mr. Ly Sovann	Member
Mr. Phov Samphy	Member

AUDITOR

The auditor of the Company is Ernst & Young (Cambodia) Ltd.

DIRECTORS' INTERESTS

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

	2013		2012	
	Holding %	Number of shares at US\$10 each	Holding %	Number of shares at US\$10 each
Mr. Sun Boreth	5.42%	5,424	5.42%	5,424
Mr. Kuch Setha	2.86%	2860	2.86%	2860
Mr. Kuch Kunthen	0.53%	529	0.53%	529

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed, to which the Company was a party, whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

No director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or with a firm which the director is a member, or with a company which the director has a material financial interest other than those disclosed in the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The BoD is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended. In preparing these financial statements, the BoD is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with Cambodian Accounting Standards, and relevant regulations and guidelines issued by the NBC or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

- 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
- set overall policies for the Company, ratify all decisions and actions that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.

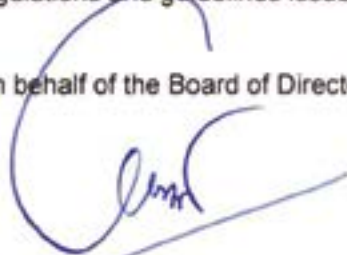
The BoD is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The BoD confirms that the Company has complied with these requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the NBC.

On behalf of the Board of Directors.



Mr. Huot Hak
Chairman of the Board of Directors

Phnom Penh, Kingdom of Cambodia

25 April 2014

External Audit Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Summary Contents

Independent auditors' report

Balance sheet

Income statement

Statement of changes in equity

Statement of cash flows

Notes to the financial statements



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Reference: 61071065/16540083

INDEPENDENT AUDITORS' 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 2013 and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 of financial statements that give a true and fair view 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 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 give a true and fair view of the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia.



Other matter

The financial statements of the Company as at and for the year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 17 May 2013.



Maria Cristina M. Calimbas
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

25 April 2014

SEILANITHIH LIMITED

BALANCE SHEET
as at 31 December 2013

	Notes	2013		2012	
		US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1) (As restated – Note 25)
ASSETS					
Cash on hand		15,856	63,345	16,245	64,900
Balances with the National Bank of Cambodia	3	50,279	200,865	50,241	200,713
Balances with other banks	4	445,663	1,780,424	246,714	985,624
Loans to customers	5	4,775,776	19,079,225	6,644,082	26,543,106
Other assets	6	443,355	1,771,203	188,919	754,731
Property and equipment	7	20,672	82,585	29,184	116,590
Software	8	6,666	26,631	14,574	58,223
Deferred tax assets	10	89,328	356,865	60,945	243,475
TOTAL ASSETS		5,847,595	23,361,143	7,250,904	28,967,362
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Compulsory deposits	9	272,468	1,088,510	354,104	1,414,647
Current tax liabilities	10	33,215	132,694	111,040	443,605
Other liabilities	11	204,220	815,859	427,690	1,708,622
Borrowings	12	2,694,677	10,765,235	3,753,603	14,995,642
Provision for provident fund and severance pay	13	278,376	1,112,112	241,156	963,419
Total liabilities		3,482,956	13,914,410	4,887,593	19,525,935
SHAREHOLDERS' EQUITY					
Share capital	14	1,000,000	3,995,000	1,000,000	3,995,000
Reserves	15	327,259	1,307,400	326,860	1,305,806
Subordinated debts	16	512,298	2,046,631	512,298	2,046,631
Retained earnings		525,082	2,097,702	524,153	2,093,990
Total shareholders' equity		2,364,639	9,446,733	2,363,311	9,441,427
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,847,595	23,361,143	7,250,904	28,967,362

SEILANITHIH LIMITED

INCOME STATEMENT for the year ended 31 December 2013

	Notes	2013		2012	
		US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1) (As restated – Note 25)
Operating income					
Interest income	17	1,853,290	7,403,894	2,474,409	9,885,264
Interest expense	18	(370,088)	(1,478,502)	(497,028)	(1,985,627)
Net interest income		1,483,202	5,925,392	1,977,381	7,899,637
Fees and commissions expenses		(16,586)	(66,261)	(16,386)	(65,462)
Other operating (loss) income	19	(84,684)	(338,313)	141,376	564,797
Personnel expenses	20	(1,014,884)	(4,054,462)	(1,060,950)	(4,238,495)
Depreciation and amortization		(28,776)	(114,960)	(35,519)	(141,898)
General and administrative expenses	21	(406,579)	(1,624,282)	(512,308)	(2,046,670)
Total operating (loss) income		(68,307)	(272,886)	493,594	1,971,909
Reversal of provision for bad and doubtful loans and loan loss recovered	22	80,676	322,301	22,218	88,761
Profit before income tax		12,369	49,415	515,812	2,060,670
Income tax expense	10	(11,041)	(44,109)	(129,307)	(516,581)
Net profit for the year		1,328	5,306	386,505	1,544,089

SEILANTHIH LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2013

	Share capital US\$	Reserves US\$	Subordinated debts US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2013, as previously reported – Note 25	1,000,000	147,080	470,798	741,271	2,359,149
Restatements – Note 25	-	179,780	41,500	(217,118)	4,162
Balance as at 1 January 2013, as restated - Note 25	1,000,000	326,860	512,298	524,153	2,363,311
Reserves	-	399	-	(399)	-
Net profit for the year	-	-	-	1,328	1,328
Balance as at 31 December 2013	1,000,000	327,259	512,298	525,082	2,364,639
KHR'000 equivalent (Note 2.3.1)	3,995,000	1,307,400	2,046,631	2,097,703	9,446,733
Balance as at 1 January 2012, as previously reported – Note 25	1,000,000	82,524	465,669	399,595	1,947,788
Restatements – Note 25	-	81,749	46,629	(99,360)	29,018
Balance as at 1 January 2012, as restated - Note 25	1,000,000	164,273	512,298	300,235	1,976,806
Reserves	-	162,587	-	(162,587)	-
Net profit for the year	-	-	-	386,505	386,505
Balance as at 31 December 2012	1,000,000	326,860	512,298	524,153	2,363,311
KHR'000 equivalent (Note 2.3.1)	3,995,000	1,305,806	2,046,631	2,093,990	9,441,427

SEILANITHIH LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 December 2013

	Notes	2013		2012	
		US\$	KHR'000 equivalent (Note 2.3.1)	US\$	KHR'000 equivalent (Note 2.3.1) (As restated – Note 25)
Operating activities					
Profit before income tax		12,369	49,415	515,812	2,060,670
<i>Adjustments for:</i>					
Depreciation and amortisation	7 & 8	28,776	114,960	35,519	141,898
Gain on disposal of property and equipment	19	(9,825)	(39,251)	(90)	(360)
Operating profit before changes in working capital		31,320	125,124	551,241	2,202,208
<i>Changes in operating assets and liabilities:</i>					
Loans to customers		1,868,306	7,463,882	1,453,573	5,807,024
Other assets		(254,436)	(1,016,472)	(28,581)	(114,181)
Compulsory deposits		(81,636)	(326,136)	(53,262)	(212,782)
Others liabilities		(223,470)	(892,763)	70,048	279,842
Provision for provident and severance pay	13	37,220	148,694	72,127	288,147
		1,377,304	5,502,329	2,065,146	8,250,258
Income tax paid	10	(117,249)	(468,410)	(147,603)	(589,674)
Net cash generated from operating activities		1,260,055	5,033,919	1,917,543	7,660,584
Investing activities					
Acquisition of property and equipment		(10,244)	(40,925)	(7,491)	(29,927)
Payment for software		(2,112)	(8,437)	(2,134)	(8,525)
Proceeds from sale of property and equipment		9,825	39,251	90	360
Net cash used in investing activities		(2,531)	(10,111)	(9,535)	(38,092)
Financing activities					
Proceeds from borrowings		1,699,600	6,789,902	1,621,500	6,477,893
Repayment of borrowings		(2,758,526)	(11,020,313)	(3,460,662)	(13,825,345)
Net cash used in financing activities		(1,058,926)	(4,230,411)	(1,839,162)	(7,347,452)
Net increase in cash and cash equivalents		198,598	793,397	68,846	275,040
Cash and cash equivalents at beginning of year		263,200	1,051,487	194,354	784,999
Foreign exchange difference		-	-	-	(8,552)
Cash and cash equivalents at end of the year	4	461,798	1,844,884	263,200	1,051,487

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Seilanithih New Logo



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