

For our clients to trust us, WE try to improve our performance

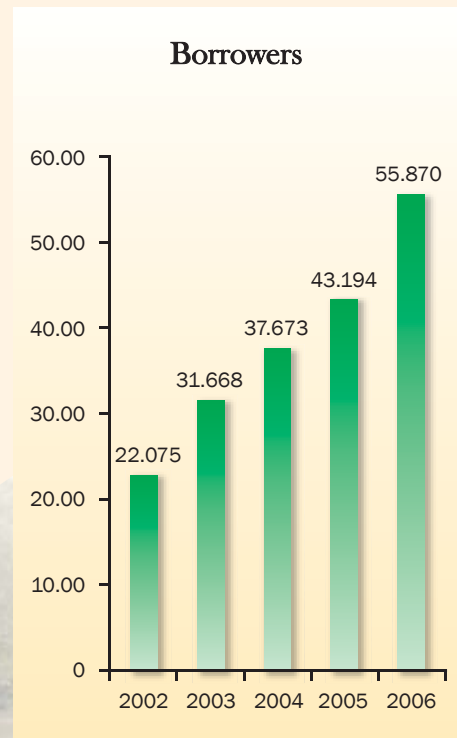
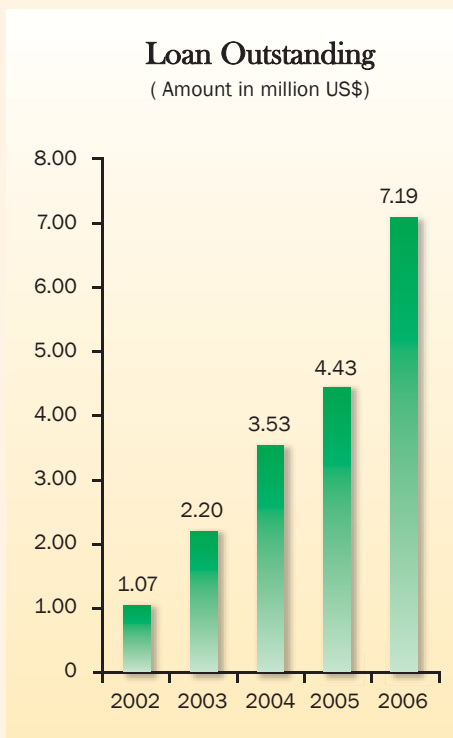
Financial and Operational Indicators

	2006	2005
Number of Branches	10	10
* District Offices	7	n.a
Number of Staff	230	191
Number of Provinces Covered	8 Provinces and 1 City	8 Provinces and 1 City
Number of Villages covered	2,309	1,765
Total Number of Borrowers	55,870	43,194
% Women Borrowers	88.80%	86.00%
Gross Loan Portfolio (in KHR '000)	29,185,896	18,201,624
Average Loan Outstanding per borrower	522,483	421,392
Total Assets (in KHR'000)	31,140,124	21,011,228
Operational Self-Sustainability (OSS)	166%	138%
PAR >30 days	0.35%	1.51%



We are committed to grow with our clients

- Expanding area of operations and growing our geographical presence to serve more rural families.
- Continuing research and development of financial products and services that are competitive and sensitive to the needs and preferences of the clients
- Securing equity investments, commercial funding, and grants for capacity building in order to better fulfill TPC's mission of improving the standard of living and quality of life for poor, rural Cambodian families.
- Implementing staff development and incentive programs to cultivate our highly trained local staff.



Financial Statements and Auditors' report

31 December 2006

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Corporate Information

Corporate Information

Company	Thaneakea Phum (Cambodia) Ltd.	
Registration No	Co. 1413/02E	
Registered office	No. 94, Street 360, Sangkat Boeung Keng KangIII, Khan Chamkamon, Phnom Penh Kingdom of Cambodia	
Shareholders	Catholic Relief Services ("CRS") Ms. Elizabeth Obed Abrera Mr. Richard Balmadier	
Board of Directors	Mr. Mark Taylor Pierce	CRS/SEAPRO Regional Director
	Mr. Richard Balmadier	CRS/KH representative
	Mr. Mark David Palmer	CRS/HQ representative
	Mr. Tun Kang	Branch Manager
Auditor	KPMG Cambodia Ltd	
Principal bankers	National Bank of Cambodia Acleda Bank Plc. Canadia Bank Plc. Rural Development Bank of Cambodia	

Report of the Board of Directors

The Board of Directors have pleasure in submitting their report together with the audited financial statements of Thaneakea Phum (Cambodia) Ltd. ("the Company" or "TPC") for the year ended 31 December 2006.

Principal activity

The principal activity of the Company is to provide micro-finance services to the rural population of Cambodia, through its head office in Phnom Penh and its various provincial offices. Its corporate objective is to provide needed financial services to low-income households, particularly women in the rural areas, in a manner that is viable and sustainable for the economic development of Cambodia.

Financial results

The financial results of the Company for the year ended 31 December 2006 were as follows:

	KHR'000
Profit before income tax	3,890,965
Income tax	<u>(720,209)</u>
Profit after income tax	<u><u>3,170,756</u></u>

Reserves and provisions

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

Bad and doubtful loans

Before the income statement and balance sheet of the Company were prepared, the Board of Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad loans and the making of allowance for bad and doubtful loans, and satisfied themselves that all known bad loans had

been written off and adequate allowance had been made for bad and doubtful loans.

At the date of this report, the Board of Directors is not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Company, inadequate to any substantial extent.

Current assets

Before the income statement and balance sheet of the Company were prepared, the Board of Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company had been written down to an amount which they might be expected to realise.

At the date of this report, the Board of Directors is not aware of any circumstances, which would render the values attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

At the date of this report, the Board of Directors is not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company as misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

- (a) any 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;
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

Change of circumstances

At the date of this report, the Board of Directors 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 Board of Directors, 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 Board of Directors, to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

Significant events

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

The Board of Directors

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

- Mr. Mark Taylor Pierce
CRS/SEAPRO Regional Director Chairman
- Mr. Richard Balmadier
CRS/KH representative Vice Chairman
- Mr. Mark David Palmer
CRS/HQ representative Member
- Mr. Tun Kang
Branch Manager/
Employee representative Member

Directors' interests

The directors who held office at the end of the financial year and their interests in the shares of the Company are as follows:

Number of registered shares of KHR100,000 each

Balance at		Balance at	
1.1.2006	Bought	Sold	31.12.2006
Mr. Richard Balmadier			
400	-	-	400

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, 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 a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Responsibilities of the Board of Directors in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2006, and of the results of its operations and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards, accounting principles generally followed in Cambodia and the guidelines issued by the National Bank of Cambodia or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified

in the financial statements;

- (iii) maintain adequate accounting records and an effective system of internal controls;
- (iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- (v) control and direct effectively the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

On behalf of the Board of Directors



Mark Taylor Pierce

Chairman

Date: 28 April 2007

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders

Thaneakea Phum (Cambodia) Ltd.

We have audited the accompanying financial statements of Thaneakea Phum (Cambodia) Ltd. ("the Company" or "TPC"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 18 to 33.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards, accounting principles generally followed in Cambodia and guidelines issued by the National Bank of Cambodia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The financial statements of the Company for the year ended 31 December 2005 were audited by another firm of auditors whose report dated 31 March 2006 expressed an unqualified opinion on the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles 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 opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Thaneakea Phum (Cambodia) Ltd. as at 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards, accounting principles generally followed in Cambodia and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements.



KPMG Cambodia Ltd
Phnom Penh
28 April 2007

Balance Sheet

As at 31 December 2006

	Note	2006 KHR'000	2005 KHR'000
Assets			
Cash on hand	3	58,556	96,262
Deposits and placements with banks	4	582,833	1,951,439
Statutory deposits	5	202,700	200,000
Loans to customers	6	29,123,220	17,995,229
Other receivables	7	583,431	350,752
Property and equipment	8	582,209	415,484
Intangible assets	9	<u>7,175</u>	<u>2,062</u>
Total assets		<u>31,140,124</u>	<u>21,011,228</u>
Liabilities and shareholders' funds			
Deposits from customers	10	561,030	2,077,577
Borrowings	11	13,500,761	5,602,015
Deferred grant income	12	51,511	68,681
Other liabilities	13	678,727	394,924
Provision for income tax	14	<u>640,786</u>	<u>331,478</u>
Total liabilities		<u>15,432,815</u>	<u>8,474,675</u>
Shareholders' funds			
Share capital	15	4,000,000	4,000,000
Reserves		788,740	788,740
Hybrid capital	16	3,966,092	3,966,092
Retained earnings		<u>6,952,477</u>	<u>3,781,721</u>
Total shareholders' funds		<u>15,707,309</u>	<u>12,536,553</u>
Total liabilities and shareholders' funds		<u>31,140,124</u>	<u>21,011,228</u>

The accompanying notes form part of these financial statements