



MYANMAR

ANNUAL REPORT 2014





## VISION

A world free from all forms of **exploitation** and **discrimination** where everyone has the opportunity to **realise their potential**.

## MISSION

Our mission is to **empower people and communities** in situations of poverty, illiteracy, disease and social injustice. Our interventions aim to **achieve large-scale, positive changes** through economic and social programmes that enable women and men to **realise their potential**.

## VALUES

**Integrity**  
**Innovation**  
**Inclusiveness**  
**Effectiveness**



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# CHAIRPERSON'S STATEMENT

It gives me great pleasure to present the annual report and the audited financial statements for the year ending 31 December 2014.

Myanmar is gradually moving towards a more democratised government, thus opening up an array of opportunities for its people. Since the reform process, Myanmar has received significant attention from different international development agencies and organisations.

BRAC, as one of the pioneers of South-South collaboration in the development sector, responded to the call for working with the marginalised communities and helping them come out of their impoverished condition. This initiated inter-country visits between BRAC authorities and delegates from Myanmar which facilitated the scope for poverty reduction interventions such as microfinance and other priority sectors identified by the government.

This year BRAC Myanmar Microfinance Company received its licence to operate and intends to expand and penetrate into the grass-root level. The programme with its microfinance plus approach aims to integrate with other development interventions such as education, health and agriculture. The information gathered during this process will be used to develop other services directed towards building infrastructure and community mobilisation. We disbursed USD 401,949 as loans among 2,483 women borrowers. The repayment rate is 100 per cent signifying a culture of integrity and creditworthiness among the poor communities.

Myanmar has a young workforce and abundant natural resources. If the public, private and social development sector work in harmony and make proper use of these resources, Myanmar would be able to overcome the obstacles in its path towards development.



Our forty years of experience in developing the capacity and professionalism of our staff as well as staff of government and other organisations in various countries can also benefit Myanmar nationals. As a goodwill gesture we provided scholarships for several Myanmar nationals to attend masters' programme on governance and public health in BRAC University in Bangladesh.

I would like to take this opportunity to thank our team in Myanmar who have worked diligently towards the launch and implementation of our programme even under difficult circumstances. I extend my sincere thanks to the members of the governing body, whose leadership and foresight is paramount in making strategic decisions to steer BRAC Myanmar towards its mission I would also like to thank the government of Myanmar and our development partners for their continued support and acknowledgement of our contribution to aid with the country's growth and development.

A handwritten signature in black ink, appearing to read 'Fazle Hasan'.

**Sir Fazle Hasan Abed, KCMG**  
Founder and Chairperson

# BRAC INTERNATIONAL

## GOVERNANCE AND MANAGEMENT

### 1. GOVERNANCE

#### 1.1 THE LEGAL STATUS OF BRAC INTERNATIONAL

BRAC International is registered as Stichting BRAC International under the laws of the Netherlands, with its seat in The Hague. All of BRAC International's development entities operate under this umbrella. Development programmes include health, education, agriculture, livelihoods, targeting the ultra poor, human rights and legal services. BRAC International Holdings BV is a wholly owned subsidiary of Stichting BRAC International and was incorporated in 2010. BRAC International's microfinance programmes, social enterprises and investment companies are consolidated under this wing. The social programmes supporting the enterprises currently include seed production, feed mills, training centres and tissue culture lab. BRAC International has introduced programmes in Afghanistan, Haiti, Sri Lanka, Pakistan, Uganda, Tanzania, South Sudan, Sierra Leone, Liberia, the Philippines and Myanmar in each of these countries, it is legally registered with the relevant authorities.

#### 1.2 GOVERNING BODY

BRAC International is governed by a governing body. The governing body is elected from amongst distinguished individuals with sound reputation in the sector of social development, businesses or professions who have demonstrated their personal commitment to pro-poor causes. These individuals are elected in the governing body to bring their diverse skills, knowledge and experiences to the governance of BRAC International. At present, there are 10 members in the governing body. The governing body usually meets four times a year, in accordance with the rules of Stichting BRAC International. The composition of the present governing body of Stichting BRAC International is as follows:

#### Members of the governing body

##### Chairperson:

Sir Fazle Hasan Abed, KCMG

##### Members:

Dr Mahabub Hossain  
Muhammad A (Rume) Ali  
Ms Susan Davis  
Ms Sylvia Borren  
Dr Debapriya Bhattacharya  
Ms Shabana Azmi  
Mr Shafiq ul Hassan (Quais)  
Ms Parveen Mahmud  
Ms Irene Zubaida Khan

The composition of the present governing body of BRAC International Holdings BV is as follows:

##### Chairperson:

Sir Fazle Hasan Abed, KCMG

##### Members:

Dr Mahabub Hossain  
Muhammad A (Rume) Ali  
Ms Susan Davis  
Ms Sylvia Borren  
Orangefield (Netherlands) BV

Details about the roles of the governing body are available in the Deed of Incorporation of Stichting BRAC International and BRAC International Holdings BV.

#### 1.3 FINANCE AND AUDIT COMMITTEE

Composition of the present finance and audit committee is as follows:

1. Dr Mahabub Hossain, Chair
2. Ms Susan Davis, Member
3. Ms Sylvia Borren, Member
4. Ms Parveen Mahmud, Vice-Chair
5. Mr Faruque Ahmed, Member
6. Mr SN Kairy, Secretary of the Committee

The primary function of the finance and audit committee is to assist the governing board in fulfilling its responsibilities on:

- The financial reporting and budgeting processes
- The system of internal controls and risk assessment
- The compliance with legal and regulatory requirements
- The qualifications, independence, and performance of the external auditors
- The qualifications, independence, and performance of the internal audit function

#### 1.4 LOCAL BOARDS

Each country entities have a local board. We have aimed to pursue microfinance and development activities through separate entities in most of our countries. The local board members are appointed by Stichting BRAC International board. The business of the local entities is managed by these local boards. Further details of the roles of the local board are available in the respective incorporation documents of these entities.

#### 1.5 ACCOUNTABILITY AND TRANSPARENCY

The internal audit department normally conducts audits at all our cost centres on a sample basis. All departments or units in which irregularities are detected through the course of regular internal audit are then audited. Audits take place at least once a year and twice or more in locations and on programmes where a closer watch is warranted.

External audit of Stichting BRAC International, BRAC International Holdings BV and all of our legal entities are undertaken annually. Financial transparency is ensured by BRAC International's finance and accounts division, which prepares financial statements following the International Financial Reporting Standards (IFRS) and the laws of relevant countries.

BRAC International strives for excellence and transparency in financial reporting. In Uganda, BRAC has been recognised as the best NGO in the Financial Reporting Awards in both 2011 and 2012. It received the first runner-up award in the same category in 2013 and 2014, for its preparation, disclosure and maintenance of a commendable financial reporting platform.

### 2. MANAGEMENT

At all levels of BRAC International's management, there is a clear-cut policy regarding the authority of each level of staff. Staff members are equipped and empowered to act as effective managers. This is clearly set out in BRAC International's Human Resources Policies and Procedures



(HRPP) and the Table of Authority. The staff is empowered to take decisions at the relevant levels and areas of management, including recruitment, deployment, capacity building, transfer, leave, financial transactions, purchase and procurement. These are described in detail to staff at the area, regional and country office levels.

The HRPP also contains all policies relating to staff salary, benefits, recruitment and promotion procedures, and payments. Every staff member receives orientation on HRPP. The Stichting board appoints officers, namely the executive director, senior directors, group chief financial officer (CFO), chief people officer (CPO) and finance director to manage affairs from the secretariat in Dhaka. BRAC International's management policies clearly define the authority of each level of staff. The appropriate staff are empowered to take decisions at the area, regional, country levels and the head office. Procedural manuals and policy documents are available to the staff. Day-to-day decisions are taken by area managers, regional coordinators and programme heads as appropriate, while larger policy decisions involve country representatives, executive director, senior directors, group CFO, finance director and CPO, in particular cases, the executive director, the chairperson and the governing body.

## 2.1 FINANCIAL MANAGEMENT

Matters relating to finance and accounts from branch offices to the country head offices are supervised and controlled by the country finance and accounts department. The branch offices prepare project-wise monthly cash requisitions, which are sent to the area/regional offices. The area/regional offices check and monitor the accuracy of the requisition and transmit them to the country office. After checking, the country office disburses funds as per the requisitions. The area and branch offices send monthly expenditure statements along with bank statements to the country office's finance and accounts department. The country office then consolidates all the expenditure statements and prepares monthly financial statements and reports to BRAC International's head office (herein after secretariat) and donors, as required. A comprehensive accounting manual and statement of standard operating procedure guides the finance and accounts personnel to prepare the financial statements and reports in accordance with the accounting standards. It also guides them to run the financial activities in a systematic and efficient way.

In consultation with different level of stakeholders, the country office prepares

project-wise budgets, which are then sent to the secretariat. The secretariat reviews and performs analytical procedures on the project budgets of its country offices, which are recommended by the finance director and finally approved by the group CFO. The secretariat consolidates all BRAC International country financials and produces the BRAC International budget and consolidated audited financials. The budget and the consolidations are submitted to the BRAC International governing body for approval.

## 2.2 INFORMATION TECHNOLOGY

The country IT department provides data to the country MIS and finance teams by managing financial and programme-related information. This data is used by country and head office personnel to prepare various financial and managerial reports and to monitor project progress. The IT team based in the secretariat also provides support relating to software update, troubleshooting and Enterprise Resource Planning (ERP) development. Country IT team is reportable to the respective country management and the worldwide operations are centrally administered by the secretariat.

## 2.3 HUMAN RESOURCE MANAGEMENT

In 2014, the human resources management team continued to improve BRAC International's human resources capacity, visibility, and practices through strategic interventions. The focus was a consolidation of systems and processes and embedding of new initiatives. Based on the human resources value proposition, a number of new initiatives were put in motion to drive organisational change through the following:

### Human Resources Policies and Procedures (HRPP) Manuals and Orientation Programme:

In 2013, country-specific human resources policies and procedures (HRPP) manuals were developed. To provide all staff with a clear understanding of the new HRPP, virtual training-of-trainers workshops were conducted. An expanded country-wide rollout of these workshops, driven by the BRAC International HR team, was completed in 2014.

### Performance Management System (PMS):

The new performance management system received significant focus in 2014. From country management to root level, a PMS orientation workshop was given to all staff. Clear guidelines were provided for more focused performance management, to discuss performance-related rewards and help develop low performers through a new performance improvement process.

### Human Resources Management

**Capacity:** In 2014, country-level HR departments were strengthened and reorganised. BRAC South Sudan, BRAC Uganda, BRAC Tanzania, BRAC Myanmar and BRAC Afghanistan have newly recruited senior HR professionals, under which training has been centralised to provide impetus to staff learning and development. BRAC Uganda and BRAC Tanzania have new microfinance dedicated HR personnels to address the unique needs of those programmes.

### Job Grading and Salary Scale Review:

A database of job descriptions was developed to allow structured evaluation of each position and salary surveys were conducted in each country with a view to compensation redesign.

### Enterprise Resource Planning (ERP):

To streamline HR processes, enhance staff data management and provide analytic capacity, an HR module in the new ERP system has been designed and piloted in-house.

**Gender Audit:** The HR management team at BRAC International embarked on an analysis of gender disaggregated data across countries to assess whether any sort of discrimination existed in recruitment, performance management, or rewards.

**Training and Development:** A number of new plans have been devised for strategic in-country capacity development with individual development plans set in line with performance appraisals. The first diversity management workshop was rolled out in December 2014 in Dhaka to cover staff transferred overseas as a precursor to a global diversity campaign. To build local capacity, the young professionals (YP) programme was launched in 2013 to fast-track high calibre fresh graduates into management positions across BRAC International. After completion of a six-month managerial and development competency training, 17 YPs were placed in specific roles in their respective countries in June 2014. They are regularly monitored through a three-way feedback process that includes mentor, mentee, and supervisor forms, including discussions with the YP point person at BRAC International.

BRAC International places high priority on training and developing the capacity of its staff. To date, BRAC has training centres in Liberia, Uganda and Afghanistan. In other countries, BRAC hires training facilitation centres near the area offices.

With enhanced recruitment and retention practices, this year saw an overall increase in hiring national staff and reduced staff turnover in the respective countries.



## HIGHLIGHTS 2014

Over the last four decades, **BRAC microfinance** has grown to become one of the world's largest providers of financial services to the poor, providing tools that enable the financial inclusion of millions of people, across seven countries. Through its innovative, client-focused and sustainable approach, BRAC continues to show that microfinance can have a powerful impact on the lives of the poor. The BRAC microfinance programme is a critical component of our holistic approach to supporting livelihoods.

This year BRAC Myanmar Microfinance Company Limited received the license to initiate microfinance programme in Myanmar.

We have disbursed our first microloan of USD **401,949** to **2,483** women borrowers through **3** new branch offices based in Hlegu, Thanatpin, and Bago. **3,862** marginalised women in **173** village organisations from **two** regions of Myanmar have become members of BRAC's microfinance programme.

To allow the management of the programme to gradually be handed over to national staff, our commitment to provide capacity-building of national staff remains a high priority. Our **67** national staff in the country office is heading administration, human resource, training, communications, and IT departments of whom **55** are female. We have provided **5** scholarships to Myanmar nationals to attend masters courses on governance and public health.



## Improving the socioeconomic situation in Myanmar

Myanmar has undergone a series of political and economic reforms. The country is experiencing rapid economic growth. Since 2010, the elected government initiated plans to expand international trade and investment by bringing reforms to its financial and banking services. The microfinance industry in the country is still in its early stages. Many microfinance providers do not have a clear focus on sustainability and outreach. To address these issues, BRAC started its microfinance operations in Myanmar in 2014 with the goal to increase access to credit services for marginalised families, and to strengthen the institutional structures for efficient and effective management of microcredit systems.

Our pro-rural and pro-poor holistic development model will help to ensure that the growth is more equitable between urban and rural areas, and between the rich and the poor. BRAC's microfinance activities work through a unique credit-plus approach, addressing the special needs of various target populations such as rural women, landless poor, marginal farmers, migrant workers and small entrepreneurs. The borrowers, most of whom are women, use these loans to engage in various income-generating activities to improve their socioeconomic status. We offer microloans ranging from USD 100 to USD 500, voluntary savings services, death benefits and loan insurance products.

As part of its capacity-building commitment, BRAC arranged exposure visits and provided scholarships to Myanmar nationals to take post-graduate courses on governance and public health.

## Case Story



### Daw Khin sees a secure future

“When the programme organiser from BRAC asked us questions about how we can improve the lives of the people of our own locality, it made us think in a way we have never thought before.”

Daw Khin Aye Mu lives with her three daughters and one son in Tha Nat Pin township of Bago region. She has a home-based bakery business. Assisted by one of her daughters, she bakes cakes and bread. She earns about USD 4 (Kyats 4,000) per day from her business. My life was not as secure or promising as it is now. Even just a few years back, I had struggled to make ends meet.

Before BRAC started its work in our area, there were no other microfinance providers. I heard about BRAC's microfinance programme from one of my neighbours. After several discussions with the programme organiser, I joined the Tha Nat Pin township branch and started attending the village organisation meetings.

I took my first loan of USD 250 (Kyats 250,000) in 2014, and with that I bought materials for my bakery. I never had any idea about savings. When the programme organiser explained the importance of savings, I wanted to be better prepared for my family's future.

The income from my bakery business helps me to lead a better life. I have been attending meetings regularly and now I am the president of my village organisation in Tharafe Street. It is an important responsibility and I work hard to maintain discipline. I feel proud about my work.

# SUPPORT PROGRAMMES

## Finance and accounts division

The finance and accounts division is monitored by the country head of accounts, country accountants, and the branch accountants in BRAC Myanmar. The division plays a crucial role in developing budgets, managing costs, analysing cash flows and profitability. They ensure that all payments to government authorities comply with the laws of Myanmar. Other than the country head of accounts, all other accountants are locally recruited. So far nine local staff have been hired and trained as accountants.

## Human resource department

Since its inception in 2013, BRAC Myanmar has rapidly grown its workforce. Under the leadership of a local country head of human resource and training, the human resource department (HRD) has conducted vigorous recruitment, pre-service orientation training, performance management orientation workshops and microfinance management courses. Expatriate staff continue to receive mandatory language and cultural training.

BRAC Myanmar has developed a country specific sexual harassment elimination (SHE) policy and child protection policy (CPP) and is currently developing a country-specific human resource policy and procedures (HRPP) manual. The goal is to maximise job satisfaction, enhance transparency and ensure procedural justice for all employees.

With a vision to build local capacity, three employees from the Myanmar civil service were fully sponsored by BRAC International to complete their masters in governance studies at BRAC University's Institute of Governance Studies.

## Internal audit department

Internal audit department (IAD) is an independent support programme designed for objective assurance and consulting services to add value and improve BRAC International's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of control and governance processes. Internal audit is a catalyst for improving the effectiveness and efficiency of our programmes by providing insight and recommendations based on data analysis. With a commitment to integrity and accountability, the internal audit department provides value to governing bodies and executive management as an objective source of independent advice. The department also assists management by providing risk-based audit reports for efficiency and effectiveness based on the internal audit charter, the terms of reference for the audit review committee and the internal audit manual approved by the finance and audit committee.



Since commencement of BRAC Myanmar's operation in 2014, IAD has been providing support from the head office as per requirement. Physical verification of fixed assets and cash as of December 2014 was conducted following instruction of the head office internal audit team.

IAD will start its full function in Myanmar from 2015. Additionally, internal assessment will be done through ongoing monitoring of the performance of internal audit activity from head office and periodic assessments by peer review will evaluate conformance with the definition of internal auditing, the code of ethics, and the standards.

## Risk management services

This year we have started risk management services and organisational-wide risk management processes in BRAC Myanmar. The internal audit department of BRAC International provided extensive support in identification of risks. They put control measures in place to mitigate the negative impact along with preparation and update of risk register for the running programme.

At the operational level, the country risk management committee monitors and improves the embedding and strengthening of risk management culture at the branch level, oversee the management of handling/ commissioning of key risks and the overall management of closure of incidents impacting the programmes activities.

At the strategic level, the finance and audit committee receives bi-annual risk management reports on progress against the framework, emerging risks, performance against the key risks and reporting of the risk register review. Next year, risk management services will continue refinement of the organisational metrics and top risks with dashboards to ease monitoring with primary effort focused on analysis and mitigation of key areas of concern. We will also help to support efforts towards achieving BRAC Myanmar's strategies and objectives using data to measure progress.

## Information technology

The information technology (IT) division plays a crucial role in supporting both operational and financial staff to carry out their activities effectively and efficiently. Through the service pack software, the IT division supports the management make effective decisions. The department also ensures availability of all required hardware and software for staff.

BRAC Myanmar rolled out a cloud-based, real-time enterprise resource planning (ERP) system called Sbi Cloud, developed and managed by BRAC IT services. All operational and accounts staff and managers have been trained to use the software.

## Procurement and logistic

The procurement and logistics department purchases goods, equipment and related services. The department aims to operate in a timely manner and is responsive to the end users. The main duties carried out by the division are to take care of the printing materials and stationeries, deliver them to the destinations on time, ensure the safety of the employees, and also protect BRAC's properties.

## Administration

The administration department of BRAC Myanmar ensures all strategies; policies and operations are carried out maintaining accordance with country's rules and regulations. The department maintains liaisons with local and national government authorities. They also make sure that all financial, operational and other reports are checked for consistency and transparency before submitting to authorities. Additionally they ensure that all legal requirements of immigration laws for expatriate staff are maintained.

## Quality control

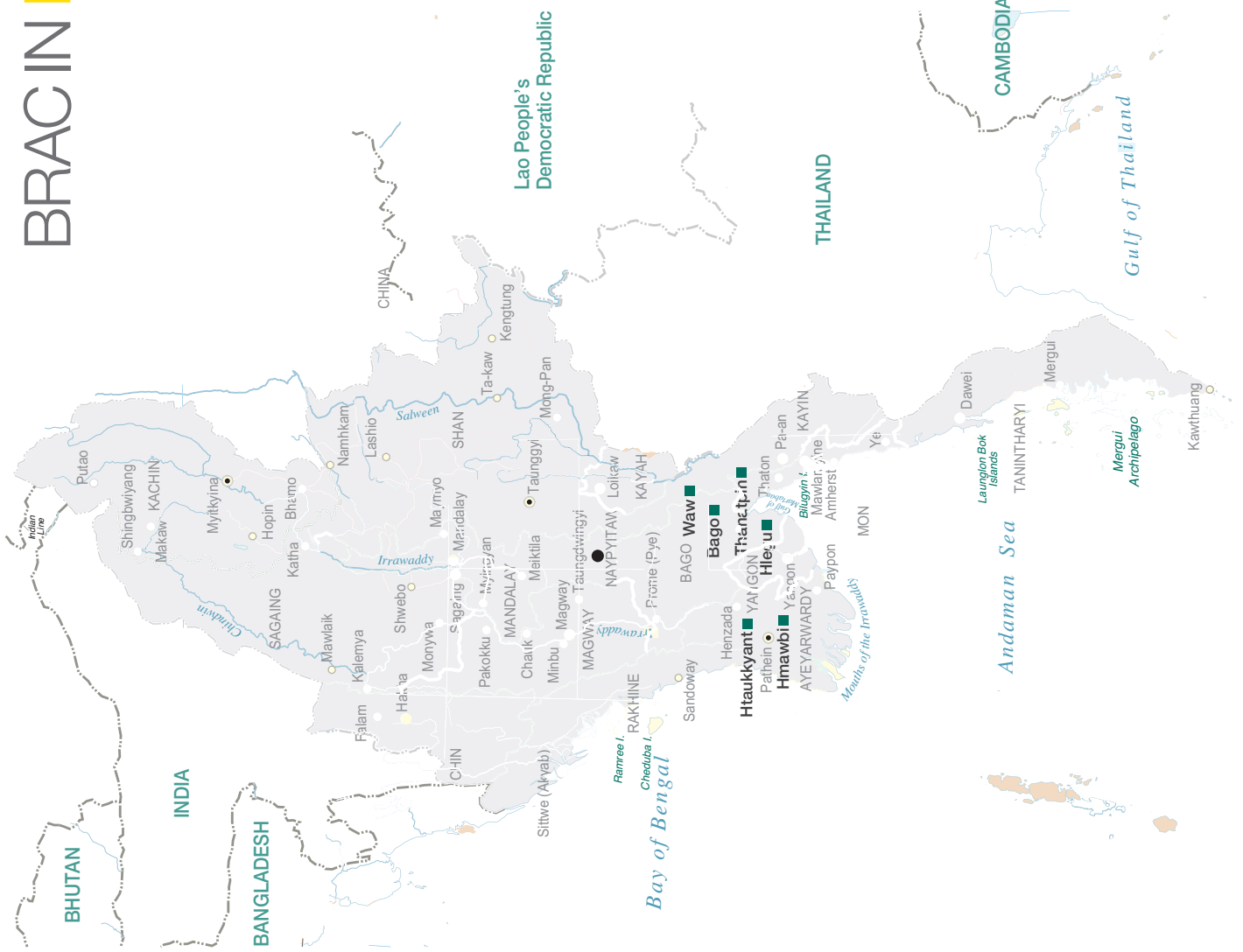
BRAC Myanmar has set up a new quality control department to look after internal monitoring and process auditing. The department is responsible for the selection of new branch office locations to support BRAC's expansion in Myanmar.

## Compliance services

Our integrated compliance services are focused on internal compliance, which continues to evolve with the commitment of excellence, develop compliance culture, and instil a sense of compliance with individuals' job responsibility. This year, internal compliance has been started by developing an internal compliance questionnaire for all frontline managers of all programmes in branch offices.



# BRAC IN MYANMAR



**Branch programmes**  
 ■ Microfinance

# BRAC ACROSS THE WORLD

## USA

Initiated: 2007

An independent charity to raise profile and funds for BRAC globally

## UK

Initiated: 2006

An independent charity to raise profile and funds for BRAC globally

## SIERRA LEONE

Initiated: 2008

*Programme Focus:*  
MF, EHC, Ag, P&L, HRLE, ELA and FSN

*Population reached:*  
1.1 million

## SOUTH SUDAN

Initiated: 2007

*Programme Focus:*  
MF, Ag, BEP, AGI, EHC, MLP, NP, YLP and TUP

*Population reached:*  
1.3 million



## HAITI

Initiated: 2010

*Programme Focus:*  
BLBC

## NETHERLANDS

Initiated: 2009

BRAC International registered as a charity (Stichting)

## LIBERIA

Initiated: 2008

*Programme Focus:*  
MF, SEP, Ag, P&L and EHC

*Population reached:*  
0.56 million

## UGANDA

Initiated: 2006

*Programme Focus:*  
MF, SEP, BEP, SP, EHC, Ag, P&L, ELA and KI

*Population reached:*  
4 million

## TANZANIA

Initiated: 2006

*Programme Focus:*  
MF, SEP, Ag, P&L, BEP and ELA

*Population reached:*  
2.64 million

AFSP - Agriculture and Food Security Programme Ag - Agriculture Programme AGI - Adolescent Girls Initiative ARCs - Adolescent Reading Centres  
DECC - Disaster, Environment and Climate Change EHC - Essential Health Care ELA - Empowerment and Livelihood for Adolescents FSN - Food Security and Nutrition  
HRLS - Human Rights and Legal Aid Services IDP - Integrated Development Programme KI - Karamoja Initiative  
P&L - Poultry and Livestock RS - Road Safety SEP - Small Enterprise Programme SP - Scholarship Programme

## AFGHANISTAN

Initiated: 2002

*Programme Focus:*  
MF, SEP, BEP, ARCs, EHC,  
NSP and TUP

*Population reached:*  
4.72 million

## PAKISTAN

Initiated: 2007

*Programme Focus:*  
MF, SEP, BEP, TUP, EHC and  
Ag

*Population reached:*  
2.77 million



## MYANMAR

Initiated: 2013

*Programme Focus:*  
MF

*Population reached*  
2,483 borrowers

## PHILIPPINES

Initiated: 2012

*Programme Focus:*  
BEP

*Population reached:*  
38,084 learners



## BANGLADESH

Initiated: 1972

*Programme Focus:*  
MF, BEP, HNPP, TUP, IDP, WASH, HRLS, CEP, AFSP, DECC, GJD, RS, MGP  
and Enterprises

*Population reached:*  
120 million

**BEP** - BRAC Education Programme   **BLBC** - BRAC Limb and Brace Centre   **CEP** - Community Empowerment Programme  
**GJD** - Gender Justice and Diversity   **HNPP** - Health, Nutrition and Population Programme   **HRLE** - Human Rights and Legal Empowerment  
**MF** - Microfinance   **MGP** - Migration Programme   **MLP** - Malaria Programme   **NP** - Nutrition Programme   **NSP** - National Solidarity Programme  
**TUP** - Targeting the Ultra Poor   **WASH** - Water, Sanitation and Hygiene   **YLP** - Youth Lead Programme



# GOVERNANCE

## BRAC Myanmar

### **Board of Directors of BRAC Myanmar Microfinance Company Limited**

Mr Muhammad A ( Rumeel) Ali

Mr Faruque Ahmed

Mr Shib Narayan Kairi

Mr Shameran Abed

# MANAGEMENT

|                       |  |
|-----------------------|--|
| Kazi Faisal Bin Seraj | Country Representative, BRAC Myanmar<br>General Manager, BRAC Myanmar Microfinance Company Ltd |
| Mahbuba Yeasmin       | Programme Manager, Microfinance  |
| U Than Htay           | Head of Administration and Liaison   |
| Md Rafiqul Islam      | Head of Accounts   |
| Lian Huai             | Head of Human Resource   |
| Mohsin Chowdhury      | Head of Quality Control  |
| Upoma Antara Husain   | Financial Analyst  |
| Aung Kyaw Kyaw        | IT Officer   |

# DEVELOPMENT PARTNERS







# FINANCIALS

## Net Income

BRAC Myanmar Microfinance completed its first year of operation in 2014 by registering pretax loss of USD 363,346.

Interest income earned during the period is USD 21,923 which is 6% of total cost.

## Operating expenses

Total operating expenses for the year was USD 386,933.

## Provisions for Impairment losses

This year amount charged for impairment on loans was USD 6,236 representing 2% of Gross portfolio. Portfolio At Risk (PAR>30) is NIL.

## Financial Position

In 2014 the company's total assets stands at USD 742,478. Net Loans and advances to customers is USD 306,042 which is 41% of total assets.

## Performance Review

| In USD                        | 2014      | 2013      |
|-------------------------------|-----------|-----------|
| <b>Income Statement</b>       |           |           |
| Operating Income              | 29,984    | -         |
| Net (Loss)/ Profit before tax | (363,346) | (134,775) |
| <b>Financial Position</b>     |           |           |
| Total Asset                   | 742,478   | 90,907    |
| Net Equity                    | 356,612   | (30,175)  |
| Loans to Customers (net)      | 306,042   | -         |
| Cash at Bank                  | 370,110   | 8,317     |
| <b>Returns and ratio</b>      |           |           |
| Return on Asset               | -48%      | -         |
| Cost to Income                | 7.5%      | -         |
| <b>Operational Statistics</b> |           |           |
| Total borrowers               | 2,433     | -         |
| PAR>30                        | -         | -         |

BRAC MYANMAR  
MICROFINANCE COMPANY LIMITED  
FINANCIAL STATEMENTS

For the year ended 31 December 2014

# **TOP** INTEGRATED ACCOUNTING & CONSULTANCY SERVICES

Building (6), Room (323), Kyaikkasan Housing, Marlarnew Street, Tamwe (B) Ward, Tamwe Township, Yangon.  
Tel : 01-8603760, 01-545990, 09 50 37962 FAX : 01-545990, 01-8603760 G-mail : usw.topaudit@gmail.com

Report of the Auditors  
To the Member of BRAC Myanmar Microfinance Co., Ltd

Ref: ToP /BMM IO7O32Ot5  
Date: 10<sup>th</sup> March, 2015

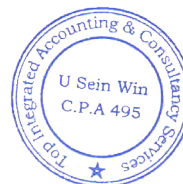
We have audited the accompanying Balance Sheet of "BRAC Myanmar Microfinance Co., Ltd" as at 31<sup>st</sup> December, 2014 and related Income and Expenditure Statement for the period ended on that date.

We conducted our audit in accordance with Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements, presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are properly drawn up and so as to give a true and fair view of the Balance Sheet as at 31<sup>st</sup> December, 2014 and Income Statement for the period ended on that date.



U Sein Win  
Certified Public Accountant





**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

|   | Notes | 2014<br>Kyats      | 2013<br>Kyats       | 2014<br>USD    | 2013<br>USD     |
|---|-------|--------------------|---------------------|----------------|-----------------|
| <b>ASSETS</b>                             |       |                    |                     |                |                 |
| Cash and Cash Equivalents                 | 11    | 379,732,806        | 8,208,845           | 370,110        | 8,317           |
| Loan to Customer                          | 12    | 313,999,553        | -                   | 306,042        | -               |
| Other assets                              | 13    | 37,473,800         | 72,872,400          | 36,524         | 73,832          |
| Property & Equipments                     | 14    | 37,494,788         | 8,644,369           | 29,801         | 8,758           |
| <b>Total assets</b>                       |       | <b>761,782,365</b> | <b>89,725,614</b>   | <b>742,478</b> | <b>90,907</b>   |
| <b>LIABILITIES AND NET ASSETS</b>         |       |                    |                     |                |                 |
| <b>Liabilities</b>                        |       |                    |                     |                |                 |
| Related party payables                    | 15    | 296,848,199        | 107,198,267         | 289,326        | 108,610         |
| Members Savings                           | 16    | 61,555,726         | -                   | 59,996         | -               |
| Other liabilities                         | 17    | 36,571,388         | 12,310,497          | 36,545         | 12,473          |
| <b>Total liabilities</b>                  |       | <b>395,898,713</b> | <b>119,508,764</b>  | <b>385,866</b> | <b>121,083</b>  |
| <b>Capital fund</b>                       |       |                    |                     |                |                 |
| Share Capital                             | 18    | 871,700,000        | 48,000,000          | 849,610        | 48,632          |
| Share Money Deposit                       | 19    | -                  | 55,240,200          | -              | 55,968          |
| Retained earnings                         |       | (505,816,348)      | (133,023,350)       | (492,998)      | (134,775)       |
| <b>Total capital fund</b>                 |       | <b>365,883,652</b> | <b>(29,783,150)</b> | <b>356,612</b> | <b>(30,175)</b> |
| <b>Total liabilities and Capital fund</b> |       | <b>761,782,365</b> | <b>89,725,614</b>   | <b>742,478</b> | <b>90,907</b>   |

The notes form an integral part of these financial statements



Director Finance  
BRAC International



Director




Director

**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the period ended 31 December 2014

|  | Notes | 2014<br>Kyats        | 2013<br>Kyats        | 2014<br>USD      | 2013<br>USD      |
|--|-------|----------------------|----------------------|------------------|------------------|
| Service charge on loans                              | 4     | 22,492,886           | -                    | 21,923           | -                |
| Interest expense                                     | 5     | 1,865,966            | -                    | 1,819            | -                |
| <b>Net income from service charge</b>                |       | <b>20,626,920</b>    | <b>-</b>             | <b>20,104</b>    | <b>-</b>         |
| Membership and Other Fees                            | 6     | 9,619,800            | -                    | 9,376            | -                |
| Other Income   | 7     | 352,500              | -                    | 344              | -                |
|  |       | 9,972,300            | -                    | 9,720            | -                |
| <b>Total operating income</b>                        |       | <b>30,599,220</b>    | <b>-</b>             | <b>29,824</b>    | <b>-</b>         |
| Impairment losses on loans and advances to customers | 8     | 6,398,933            | -                    | 6,237            | -                |
| <b>Operating income after impairment charges</b>     |       | <b>24,200,287</b>    | <b>-</b>             | <b>23,587</b>    | <b>-</b>         |
| Staff costs  | 9     | 210,551,249          | 24,858,324           | 205,216          | 25,186           |
| Other operating expenses                             | 10    | 182,319,023          | 107,764,135          | 177,699          | 109,184          |
| Depreciation   | 14    | 4,123,013            | 400,891              | 4,019            | 406              |
| <b>Total Operating cost</b>                          |       | <b>396,993,285</b>   | <b>133,023,350</b>   | <b>386,933</b>   | <b>134,775</b>   |
| <b>Net (Loss)</b>                                    |       | <b>(372,792,998)</b> | <b>(133,023,350)</b> | <b>(363,346)</b> | <b>(134,775)</b> |

The notes form an integral part of these financial statements.



Director Finance  
BRAC International



Director




Director

**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the period ended 31 December 2014**

|                            | Share Capital      | Share money deposit | Retained Earnings    | Total Capital Fund  | Total Capital Fund |
|----------------------------|--------------------|---------------------|----------------------|---------------------|--------------------|
|                            | Kyats              | Kyats               | Kyats                | Kyats               | USD                |
| At 1 January 2013          | -                  | -                   | -                    | -                   | -                  |
| Share money deposit        | 48,000,000         | 55,240,200          | -                    | 103,240,200         | 104,600            |
| Deficit for the year       | -                  | -                   | (133,023,350)        | (133,023,350)       | (134,775)          |
| <b>At 31 December 2013</b> | <b>48,000,000</b>  | <b>55,240,200</b>   | <b>(133,023,350)</b> | <b>(29,783,150)</b> | <b>(30,175)</b>    |
| At 1 January 2014          | 48,000,000         | 55,240,200          | (133,023,350)        | (29,783,150)        | (29,028)           |
| Share Capital              | 823,700,000        | (55,240,200)        | -                    | 768,459,800         | 748,986            |
| Deficit for the year       | -                  | -                   | (372,792,998)        | (372,792,998)       | (363,346)          |
| <b>At 31 December 2014</b> | <b>871,700,000</b> | <b>-</b>            | <b>(505,816,348)</b> | <b>365,883,652</b>  | <b>356,612</b>     |





**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**CASH FLOWS STATEMENT**  
For the period ended 31 December 2014

|   | Notes | 2014<br>Kyats        | 2013<br>Kyats       | 2014<br>USD      | 2013<br>USD     |
|---|-------|----------------------|---------------------|------------------|-----------------|
| Cash flow from Operating Activities                         | 20    | (112,490,046)        | (85,986,095)        | (109,639)        | (87,119)        |
| Loan disbursements  |       | (412,400,000)        | -                   | (401,949)        | -               |
| Loan collection   |       | 92,453,331           | -                   | 90,110           | -               |
| <b>Net cash flow from Operating Activities</b>              |       | <b>(432,436,715)</b> | <b>(85,986,095)</b> | <b>(421,478)</b> | <b>(87,119)</b> |
| <b>Cash flow from Investing Activities</b>                  |       |                      |                     |                  |                 |
| Acquisition of fixed assets                                 |       | (26,054,850)         | (9,045,260)         | (25,395)         | (9,164)         |
| Short term deposits   |       | -                    | -                   | -                | -               |
| <b>Net cash flow from Investing Activities</b>              |       | <b>(26,054,850)</b>  | <b>(9,045,260)</b>  | <b>(25,395)</b>  | <b>(9,164)</b>  |
| <b>Cash flow from Financing Activities</b>                  |       |                      |                     |                  |                 |
| Members Savings   |       | 61,555,726           | -                   | 59,996           | -               |
| Share Capital   |       | 823,700,000          | 48,000,000          | 802,827          | 48,632          |
| Share money deposit   |       | (55,240,200)         | 55,240,200          | (53,840)         | 55,968          |
| <b>Net cash flow from financing activities</b>              |       | <b>830,015,526</b>   | <b>103,240,200</b>  | <b>808,982</b>   | <b>104,600</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |       | <b>371,523,961</b>   | <b>8,208,845</b>    | <b>362,109</b>   | <b>8,317</b>    |
| Cash and cash equivalents at beginning of the year          |       | 8,208,845            | -                   | 8,001            | -               |
| <b>Cash and cash equivalents at end of the period</b>       | 11    | <b>379,732,806</b>   | <b>8,208,845</b>    | <b>370,110</b>   | <b>8,317</b>    |



**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**Notes to the financial statements for the period ended 31 December 2014**

**1.00 THE REPORTING ENTITY**

BRAC Myanmar Microfinance Company Limited is a wholly owned subsidiary company of BRAC International Holdings B. V., a private limited liability company registered under the laws of Netherlands, with its registered office in The Hague. BRAC Myanmar Microfinance Company Limited is incorporated as a limited liability company under the company Act on 15th October 2013 with its registration number 559 FC/13-14 and registered office in Yangon, Myanmar. The objectives of the company is to operate microfinance business in myanmar with a mandate to contribute towards alleviating poverty and attaining Millennium Development Goals through promoting employment and income generating activities for the poor women .

**2.00 BASIS OF PREPARATION**

**2.01 Statement of Compliance**

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the Myanmar Companies Act.

The financial statements were issued by the Board of Directors on 31 March 2015.

**2.02 Basis of Measurement**

The financial statements are prepared under the historical cost convention.

**2.03 Functional and Presentation Currency**

These financial statements are presented in Myanmar Kyats, which is the entity's functional currency.

The financial statements include figures, which have been translated from Myanmar Kyats (MMK) to United States Dollars (US \$) at the year end rate of US\$ 1: 1026 MMK. These figures are for memorandum purposes only and do not form part of the audited financial statements.

**2.04 Use of estimation and Judgements**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

**3.00 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policy set out below have been applied consistently to all period presented in this financial statements.

### 3.a Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

### 3.b Depreciation

Depreciation is recognized in profit or loss and calculated to write off the cost of the property and equipment on a reducing balance basis over the expected useful lives of the assets concerned, and intangible assets on a straight line basis.

The estimated useful lives for the current and comparative periods are as follows: -

|                      |        |
|----------------------|--------|
| Furniture & Fixtures | 10%    |
| Computer/Laptop      | 20%    |
| Equipments           | 33.33% |
| Motorcycles          | 20%    |

Management and directors review the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the statement of comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the operating result for the reporting period.

### 3.c Foreign currency Transactions.

Transactions in foreign currencies are translated to MMK at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to MMK at the foreign exchange rate applicable for settlement. The foreign currency gain or loss on the monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in the foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to MMK at the foreign exchange rate ruling at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to MMK at foreign exchange rates ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

### **3.d Loans and advances to customers**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company does not intend to sell immediately or in the near term. Loans and advances are shown at the gross amount adjusted for any provision for impairment losses.

Loans originated by the company by providing finance directly to borrowers is categorized as loans to group members and is carried at amortized cost, which is defined as fair value of the cash consideration given to originate those loans as is determinable by reference to market prices at origination date and subsequently measured at the original effective interest rate at reporting date. All loans and advances are recognized when cash is advanced to borrowers.

### **3.e Impairment**

Brac Myanmar Microfinance Co., Ltd generally provides for an allowance for loan impairment at 2% of loan disbursements made. Management regularly assesses the adequacy of allowance for impairment based on the age of the loan portfolio. At the year end BRAC Myanmar Microfinance Co., Ltd calculates the required provision for loan losses based on loan principal outstanding balance.

### **3.f Revenue recognition**

Revenue is recognized on an accruals basis.

#### **(i) Interest income on Loans and Advances**

Interest income on Loans and advances (Service charges) on regular loans that is, loans where no amounts are overdue as at the end of the reporting period are recognized on an accrual basis as income.

Service charge previously accrued but not received on loans subsequently classified as non-performing is reversed. Service charge is included in income thereafter only when its receipt becomes probable, generally when it is realized. Loans are returned to the accrual basis only when the full amounts of the outstanding arrears of loans are received and future collectability is reasonably assured.

#### **(ii) Membership fees and Other charges**

Membership fees and other charges are recognized on an accrual basis when the service has been provided.

#### **(iii) Other Income**

Other income comprises of house rent received from local staff for using the office residence.

### **3.g Other Assets**

Other assets comprise prepayments, deposits and other recoverable which arise during the normal course of business; they are carried at original invoice amount less provision made for impairment losses. A provision for impairment of trade receivable is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables. The amount of the provisions is the difference between the carrying amount and the recoverable amount.



### **3.h Cash and Cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the balance sheet date and include: cash in hand, deposits held at call with banks, net of bank overdraft facilities subject to sweeping arrangements.

### **3.i Provisions and Other Liabilities**

A provision is recognised if, as a result of a past event, Myanmar Microfinance Company Limited has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Other accounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

### **3.j Income Tax**

Current income tax is the expected tax payable on taxable income for the year, using tax rates enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### **3.k Related Party Transactions**

Related parties comprise directors, subsidiaries of BRAC International and key management personnel of the company and companies with common ownership and/or directors.

### **3.l Comparatives**

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**Notes to the financial statements for the period ended 31 December 2014**

|   | 2014<br>Kyats      | 2013<br>Kyats     | 2014<br>USD    | 2013<br>USD   |
|---|--------------------|-------------------|----------------|---------------|
| <b>4.00 SERVICE CHARGE ON LOANS</b>     |                    |                   |                |               |
| Service charge on loans                 | 22,492,886         | -                 | 21,923         | -             |
|   | <b>22,492,886</b>  | <b>-</b>          | <b>21,923</b>  | <b>-</b>      |
| <b>5.00 INTEREST EXPENSES</b>           |                    |                   |                |               |
| Interest expenses                       | 1,865,966          | -                 | 1,819          | -             |
|   | <b>1,865,966</b>   | <b>-</b>          | <b>1,819</b>   | <b>-</b>      |
| <b>6.00 MEMBERSHIP &amp; OTHERS FEE</b> |                    |                   |                |               |
| Membership fee                          | 1,931,500          | -                 | 1,883          | -             |
| Loan appraisal fee                      | 4,124,000          | -                 | 4,019          | -             |
| Sales of passbook                       | 1,936,500          | -                 | 1,887          | -             |
| Death benefit fee                       | 386,300            | -                 | 377            | -             |
| Insurance premium                       | 1,241,500          | -                 | 1,210          | -             |
|   | <b>9,619,800</b>   | <b>-</b>          | <b>9,376</b>   | <b>-</b>      |
| <b>7.00 OTHER INCOME</b>                |                    |                   |                |               |
| Non-operational (note-3.f.iii)          | 352,500            | -                 | 344            | -             |
|   | <b>352,500</b>     | <b>-</b>          | <b>344</b>     | <b>-</b>      |
| <b>8.00 IMPAIRMENT LOSS</b>             |                    |                   |                |               |
| Charge for the year (12.01)             | 6,398,933          | -                 | 6,237          | -             |
|   | <b>6,398,933</b>   | <b>-</b>          | <b>6,237</b>   | <b>-</b>      |
| <b>9.00 STAFF COSTS</b>                 |                    |                   |                |               |
| Salaries and benefit                    | 210,425,779        | 17,204,139        | 205,093        | 17,431        |
| Per Diem                                | 125,470            | 7,654,185         | 122            | 7,755         |
| <b>Total</b>                            | <b>210,551,249</b> | <b>24,858,324</b> | <b>205,216</b> | <b>25,186</b> |

**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**Notes to the financial statements for the period ended 31 December 2014**

|  | 2014               | 2013               | 2014           | 2013           |
|--|--------------------|--------------------|----------------|----------------|
|  | Kyats              | Kyats              | USD            | USD            |
| <b>10.00 OTHER OPERATING EXPENSES</b>  |                    |                    |                |                |
| Occupancy expenses (Note-10.01)        | 66,254,197         | 29,351,832         | 64,575         | 29,738         |
| Registration cost                      | -                  | 4,141,805          | -              | 4,196          |
| Travel and transportation              | 17,523,602         | 3,447,330          | 17,080         | 3,493          |
| WiFi and Mobile Bill                   | 9,574,860          | 829,723            | 9,332          | 841            |
| Maintenance and general expenses       | 14,451,063         | 7,926,415          | 14,085         | 8,031          |
| Air Tickets & VISA cost at BD          | 23,940,360         | 5,715,658          | 23,334         | 5,791          |
| Stationary expenses                    | 6,032,214          | 255,145            | 5,879          | 259            |
| Food & Beverage                        | 13,446,583         | 1,510,785          | 13,106         | 1,531          |
| Myanmar deligation to Bangladesh       | -                  | 51,198,651         | -              | 51,873         |
| Entertainment cost                     | 2,463,474          | 39,533             | 2,401          | 40             |
| Bank Charge                            | 675,604            | 88,159             | 658            | 89             |
| Training cost                          | 2,633,560          | 413,955            | 2,567          | 419            |
| Exchange loss                          | 9,399,648          | 1,839,644          | 9,161          | 1,864          |
| Staff Insurance expense                | 340,960            | 18,500             | 332            | 19             |
| Uniform cost                           | 249,500            | -                  | 243            | -              |
| Visibility & Communication exp.        | 5,538,536          | -                  | 5,398          | -              |
| HO logistics expenses                  | 6,746,462          | -                  | 6,575          | -              |
| Member death benefit                   | 100,000            | -                  | 97             | -              |
| Audit fee                              | 2,948,400          | 987,000            | 2,874          | 1,000          |
| <b>Total</b>                           | <b>182,319,023</b> | <b>107,764,135</b> | <b>177,699</b> | <b>109,184</b> |
| <b>10.01 Occupancy expenses</b>        |                    |                    |                |                |
| Rent                                   | 63,886,000         | 29,017,800         | 62,267         | 29,400         |
| Utilities                              | 2,368,197          | 334,032            | 2,308          | 338            |
| <b>Total</b>                           | <b>66,254,197</b>  | <b>29,351,832</b>  | <b>64,575</b>  | <b>29,738</b>  |
| <b>11.00 CASH AND CASH EQUIVALENTS</b> |                    |                    |                |                |
| Cash in hand                           | 3,491,870          | 2,052,664          | 3,403          | 2,080          |
| Cash at Bank (KBZ)                     | 279,506,531        | 6,156,181          | 272,424        | 6,237          |
| Cash at Bank (Myanmar Economic Bank)   | 96,734,405         | -                  | 94,283         | -              |
| <b>Total</b>                           | <b>379,732,806</b> | <b>8,208,845</b>   | <b>370,110</b> | <b>8,317</b>   |

**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**Notes to the financial statements for the period ended 31 December 2014**

| 2014  | 2013  | 2014 | 2013 |
|-------|-------|------|------|
| Kyats | Kyats | USD  | USD  |

**12.00 LOAN AND ADVANCES TO CUSTOMERS**

**Group Loans**

|                                    |                    |          |                |          |
|------------------------------------|--------------------|----------|----------------|----------|
| Loan Disbursements                 | 412,400,000        |          | 401,949        |          |
| Loan Realisation                   | (92,453,331)       |          | (90,110)       |          |
| Principal Outstanding              | <b>319,946,669</b> | <b>-</b> | <b>311,839</b> | <b>-</b> |
| Interest receivable                | 451,817            | -        | 440            | -        |
| Impairment loss on loans & advance | (6,398,933)        | -        | (6,236.78)     | -        |
| Net loans & advances               | <b>313,999,553</b> | <b>-</b> | <b>306,042</b> | <b>-</b> |

**12.01 The movement on the impairment on loans accounts is shown below:**

|                               |                  |              |
|-------------------------------|------------------|--------------|
| At 01 January'14              | -                | -            |
| Charge for the year           | 6,398,933        | 6,237        |
| Loan write off                | -                | -            |
| Interest receivable write off | -                | -            |
|                               | <b>6,398,933</b> | <b>6,237</b> |

**12.01 Analysis of impairment of loans:**

|                              | Principal<br>Outstanding<br>(Kyats) | Provision<br>Rate | Provision<br>required<br>(Kyats) |
|------------------------------|-------------------------------------|-------------------|----------------------------------|
| <b>For general provision</b> |                                     |                   |                                  |
| No past due                  | 319,946,669                         | 2%                | 6,398,933                        |
| For specific provision       |                                     |                   |                                  |
| 1-30 days                    | -                                   | 5%                | -                                |
| 31-180 days                  | -                                   | 20%               | -                                |
| 181-365 days                 | -                                   | 75%               | -                                |
| 366-700 days                 | -                                   | 100%              | -                                |
| 701 days and above past due  | -                                   | 100%              | -                                |
|                              | <b>319,946,669</b>                  |                   | <b>6,398,933</b>                 |

**13.00 OTHER ASSETS**

|                                   |                   |                   |               |               |
|-----------------------------------|-------------------|-------------------|---------------|---------------|
| Advance to House owner            | 37,473,800        | 24,872,400        | 36,524        | 25,200        |
| Deposit to MMSE as Security money | -                 | 48,000,000        | -             | 48,632        |
| <b>Total</b>                      | <b>37,473,800</b> | <b>72,872,400</b> | <b>36,524</b> | <b>73,832</b> |

**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**Notes to the financial statements for the period ended 31 December 2014**

|                                   | Furniture & Fixtures | Computer & Peripherals | Equipment        | Vehicles         | Total             | Total         |
|-----------------------------------|----------------------|------------------------|------------------|------------------|-------------------|---------------|
|                                   | Kyats                | Kyats                  | Kyats            | Kyats            | Kyats             | USD           |
| <b>14. PROPERTY AND EQUIPMENT</b> |                      |                        |                  |                  |                   |               |
| <b>Cost</b>                       |                      |                        |                  |                  |                   |               |
| Opening                           | -                    | -                      | -                | -                | -                 | -             |
| Additions                         | 3,725,000            | 4,108,360              | 1,211,900        | -                | 9,045,260         | 9,164         |
| <b>As at 31 December 2013</b>     | <b>3,725,000</b>     | <b>4,108,360</b>       | <b>1,211,900</b> | <b>-</b>         | <b>9,045,260</b>  | <b>9,164</b>  |
| Additions                         | 10,984,350           | 7,963,000              | 3,754,500        | 3,353,000        | 26,054,850        | 25,395        |
| <b>As at 31 December 2014</b>     | <b>14,709,350</b>    | <b>12,071,360</b>      | <b>4,966,400</b> | <b>3,353,000</b> | <b>35,100,110</b> | <b>34,211</b> |
| <b>Depreciation</b>               |                      |                        |                  |                  |                   |               |
| As at 31 December 2013            | 45,999               | 244,062                | 110,830          | -                | 400,891           | 406           |
| Charge for the year               | 794,721              | 1,826,570              | 1,210,538        | 291,184          | 4,123,013         | 4,019         |
| <b>As at 31 December 2014</b>     | <b>840,720</b>       | <b>2,070,632</b>       | <b>1,321,368</b> | <b>291,184</b>   | <b>4,523,904</b>  | <b>4,409</b>  |
| <b>Net book Value</b>             |                      |                        |                  |                  |                   |               |
| <b>As at 31 December 2013</b>     | <b>3,679,001</b>     | <b>3,864,298</b>       | <b>1,101,070</b> | <b>-</b>         | <b>8,644,369</b>  | <b>8,758</b>  |
| <b>As at 31 December 2014</b>     | <b>13,868,630</b>    | <b>10,000,728</b>      | <b>3,645,032</b> | <b>3,061,816</b> | <b>30,576,206</b> | <b>29,801</b> |



**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**Notes to the financial statements for the period ended 31 December 2014**

|                                     | 2014               | 2013               | 2014           | 2013           |
|-------------------------------------|--------------------|--------------------|----------------|----------------|
|                                     | Kyats              | Kyats              | USD            | USD            |
| <b>15.00 RELATED PARTY PAYABLES</b> |                    |                    |                |                |
| Payable to BRAC Int. holdings B.V   | 49,913,680         | -                  | 48,649         | -              |
| Payable to Stichting BRAC Int.      | 60,636,681         | -                  | 59,100         | -              |
| Payable to BRAC Bangladesh          | 186,297,838        | 107,198,267        | 181,577        | 108,610        |
| <b>Total</b>                        | <b>296,848,199</b> | <b>107,198,267</b> | <b>289,326</b> | <b>108,610</b> |

The amount is payable to BRAC International Holdings B. V, Stichting BRAC International and BRAC Bangladesh against expenses beared in favour of BRAC Myanmar.

|                              |                   |          |               |          |
|------------------------------|-------------------|----------|---------------|----------|
| <b>16.00 Members savings</b> |                   |          |               |          |
| Member savings               | 59,689,760        | -        | 58,177        | -        |
| Int on voluntary savings     | 1,865,966         | -        | 1,819         | -        |
|                              | <b>61,555,726</b> | <b>-</b> | <b>59,996</b> | <b>-</b> |

|                                |                   |                   |               |               |
|--------------------------------|-------------------|-------------------|---------------|---------------|
| <b>17.00 OTHER LIABILITIES</b> |                   |                   |               |               |
| Provision for salary           | 21,266,509        | 5,106,245         | 20,728        | 5,174         |
| Liabilities for expenses       | 4,913,594         | 5,520,774         | 4,789         | 5,593         |
| Withholding Tax                | 8,499,875         | 677,978           | 8,284         | 687           |
| Self Insurance Provision       | 352,410           | 18,500            | 343           | 19            |
| Provision for audit fee        | 2,462,400         | 987,000           | 2,400         | 1,000         |
| <b>Total</b>                   | <b>37,494,788</b> | <b>12,310,497</b> | <b>36,545</b> | <b>12,473</b> |

|                            |                    |                   |                |               |
|----------------------------|--------------------|-------------------|----------------|---------------|
| <b>18.00 SHARE CAPITAL</b> |                    |                   |                |               |
| Share Capital (18.01)      | 871,700,000        | 48,000,000        | 849,610        | 48,632        |
| <b>Total</b>               | <b>871,700,000</b> | <b>48,000,000</b> | <b>849,610</b> | <b>48,632</b> |

**18.01 Share Capital**  
87,170 Ordinary shares of Kyats 10,000 each, issued and fully paid as detailed below;

|                         | No. of<br>Shares | 2014<br>Kyats      | 2013<br>Kyats     | 2014<br>USD    | 2013<br>USD   |
|-------------------------|------------------|--------------------|-------------------|----------------|---------------|
| BRAC Int. Holdings B. V | 87,169           | 871,690,000        | 47,990,000        | 849,600        | 48,622        |
| Mr. Faruque Ahmed       | 1                | 10,000             | 10,000            | 10             | 10            |
| <b>Total</b>            | <b>87,170</b>    | <b>871,700,000</b> | <b>48,000,000</b> | <b>849,610</b> | <b>48,632</b> |

|                                  |               |                   |             |               |
|----------------------------------|---------------|-------------------|-------------|---------------|
| <b>19.00 SHARE MONEY DEPOSIT</b> |               |                   |             |               |
|                                  | 2014<br>Kyats | 2013<br>Kyats     | 2014<br>USD | 2013<br>USD   |
| BRAC Int. Holdings B. V          | 871,700,000   | 55,240,200        | 849,610     | 55,968        |
| Alloted share capital            | (871,700,000) | -                 | (849,610)   | -             |
| <b>Total</b>                     | <b>-</b>      | <b>55,240,200</b> | <b>-</b>    | <b>55,968</b> |

**BRAC MYANMAR MICROFINANCE COMPANY LIMITED**  
**Notes to the financial statements for the period ended 31 December 2014**

**20.00 CASHFLOW FROM OPERATING ACTIVITIES**

|   | 2014                 | 2013                 | 2014             | 2013             |
|---|----------------------|----------------------|------------------|------------------|
|   | Kyats                | Kyats                | USD              | USD              |
| <b>Net Deficit for the year</b>                             | <b>(371,869,598)</b> | <b>(133,023,350)</b> | <b>(362,446)</b> | <b>(134,775)</b> |
| Depreciation  | 4,123,013            | 400,891              | 4,019            | 406              |
| Loan loss provision   | 6,398,933            | -                    | 6,237            | -                |
| <b>Cash flow before changes in working capital</b>          | <b>(362,271,052)</b> | <b>(132,622,459)</b> | <b>(353,091)</b> | <b>(134,369)</b> |
| <b>Changes in working capital</b>                           |                      |                      |                  |                  |
| Decrease/(increase) of receivables and other current assets | 35,398,600           | (72,872,400)         | 34,502           | (73,832)         |
| Decrease/(increase) in interest receivable                  | (451,817)            | -                    | (440)            | -                |
| Increase/(decrease) of related party Payables               | 189,649,932          | 107,198,267          | 184,844          | 108,610          |
| Increase/(decrease) of current Liabilities                  | 25,184,291           | 12,310,497           | 24,546           | 12,473           |
| <b>Net cash flow from operations</b>                        | <b>(112,490,046)</b> | <b>(85,986,095)</b>  | <b>(109,639)</b> | <b>(87,119)</b>  |

**21.00 Contingent Liabilities**

Contingent Liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may results in the recognition of income which may never be realised.

**22.00 Subsequent Events**

There were no significant subsequent events occurring in periods after the report date that came to our attention with a material effect on the financial statements at 31 December 2014.

**23.00 Disclosure if any**

At balance sheet date there is no contingent liability.

NOTES



NOTES





**Photo credit:**

BRAC/Nasir Ali Mamun  
BRAC

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