

A woman with dark hair tied back, wearing a green short-sleeved shirt with a graphic, is smiling broadly. She is standing in front of a display of many small, clear plastic bags filled with snacks, hanging from strings. The background is slightly blurred, showing more of the snack display and some outdoor elements.

BRAC MYANMAR ANNUAL REPORT 2018

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LETTER FROM THE EXECUTIVE DIRECTOR

Gender inequity is a pervasive problem locally, nationally and globally. Not only does it affect the individual lives of both women and men, but it stunts economic growth and hinders sustainable development. Gender gaps persist in social, economic, cultural and political spheres. Women, until today, do not have equal access to education, healthcare, decent work or representation in political and economic decision-making processes, and are often paid less than men for the same work. Out of the total number of people in the world who are illiterate, women make up 66%. Human rights allow people to live with dignity, freedom, equality and justice. Gender equity is a fundamental human right, and an essential prerequisite to eradicating poverty and building a peaceful and sustainable world. It is why the United Nations set Sustainable Development Goal 5 as a call to achieve gender equality and empower women and girls everywhere. As an organisation working towards a more equitable future for all, we are committed to advancing our efforts in meeting this goal. Our empowerment and livelihood for adolescents (ELA) programme socially and financially empowers teenage girls in Liberia, Nepal, Sierra Leone, Tanzania, and Uganda. 20,649 girls accessed life skills and financial literacy training in 2018. We work in countries with the highest rates of child marriage and teenage pregnancy, with a holistic combination of social awareness, life skills and mentoring giving girls a second chance at education and increasing their confidence. When girls are socially aware of their rights, they find the confidence to assert themselves and resolve conflict.

Through our education programmes in Afghanistan, Liberia, Philippines, Tanzania, and Uganda, we helped 25,016 girls in 2018 understand that education is a necessity to avoid early marriage, poverty, and inequity. Approximately 1.7 billion adults in the world do not have access to formal financial services, and over half of them are women, according to the World Bank. We provide households living in poverty with financial access, create self-employment opportunities, and harness the entrepreneurial skills of women. We reached around 600,000 women in six countries in Africa and Asia through our microfinance programme in 2018. We focus on women and young people by supporting them to increase their income and improve food security and wellbeing through our agriculture, food security and livelihood programme across Africa and Asia. We look forward to continuing on the journey to strengthen our efforts for a gender-equal world. We will reach an additional 192,000 girls by 2020 with robust livelihood training programmes that will ensure sustainable economic independence. We want to see a future where women all over the world have the opportunity to reach their full potential.

[Signature] Faruque Ahmed Executive Director BRAC International



MESSAGE FROM THE COUNTRY REPRESENTATIVE

In 2018, BRAC Myanmar programmes have reached more than 76,000 people living in poverty through our inclusive financial and social development services. It was possible due to continued support from the communities, government, investment partners, and donor partners. Persistent hard work of 455 staff members and BRAC's people-centric approach have made this possible. With 50 local branch offices, we have reached people living in poverty across 5 regions and 1 state. Such a coherent geographic expansion has led us to creating greater impact through our inclusive services. We are committed to enhancing our social performance with better system and well-equipped teams. Our efforts in providing solutions to poverty through innovative approaches position us as a unique organisation. Our inclusive financial services for persons with disabilities, crop cycle based digital agricultural financing, and women enterprise development schemes are some of our approaches to tackling poverty. We have developed these solutions based on learnings from research and experiment on the ground. To help empower the human resource development of Myanmar, we provide awards and scholarships to students and government officials for studying governance studies and public health at BRAC University, Bangladesh. Our Emergency Preparedness and Response programme plays a facilitating role in communities and school-based projects to drive capacity in disaster risk and resilience. This year BRAC Myanmar has supported a recovery plan which targets three of the most severely affected townships in the Bago Region: Bago, Nyaunglaybin, and Taungoo. We are also implementing Small Scale Aquaculture

project to increase the capacity of farmers and provide them access to fresh-water aquaculture products. So far we have provided 256 households with training on quality farming, gender, and nutrition. Through our initiative for the excluded and the most vulnerable people, we have provided skills and livelihood training to persons with disabilities and enabled them to integrate into mainstream economic activities for obtaining decent jobs. I would like to acknowledge the support from our development partners and investors, WorldFish, GIZ, Bill and Melinda Gates Foundation, UNCDF, DaNa Facility, Grameen Credit Agricole Microfinance Foundation, Whole Planet Foundation, May Bank, YOMA Bank Limited, FMO Entrepreneurial Development Bank, and BRAC Bangladesh. Moving ahead, my team and I will dedicate ourselves in sustaining the impact we have created for BRAC Myanmar and look for opportunities to help more people living in poverty. We are excited and confident to take this journey forward. Sincerely, [Signature] ATM Tariqul Islam Country Representative BRAC Myanmar



BUILDING A WORLD WE WANT

The idea behind Stichting BRAC International is to change systems of inequity. We act as a catalyst, creating platforms for people to realise their potential. Set up as a non-profit foundation in the Netherlands to govern and manage all BRAC entities outside Bangladesh, except for our affiliates. The entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.



SOCIAL DEVELOPMENT

Facilitating social transformation through eight programmatic priorities: Eliminating extreme poverty, expanding financial choices, employable skills for decent work, climate change and emergencies, gender equality, universal healthcare, pro-poorurban development, investing in the next generation.



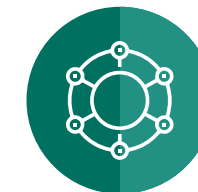
HUMANITARIAN RESPONSE

Ensuring that the most vulnerable, marginalised populations can mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises. We provided nearly 60,000 people with life-saving assistance in Myanmar, following the devastating flood in July 2018, in close collaboration with the government and other stakeholders.



SOCIAL ENTERPRISES

Solutions for social challenges and surplus for greater impact: Initiatives that engage individuals, micro and small enterprises as suppliers, producers and consumers.



BRAC BANGLADESH

We were born in Bangladesh and now we operate in 11 countries across Asia and Africa. BRAC is a global leader in developing cost-effective, evidence-based programmes, and has been ranked the #1 NGO in the world for the last four years consecutively by NGO Advisor.



AFFILIATES

BRAC USA

The North American affiliate of BRAC. BRAC USA provides comprehensive support to BRAC around the world by raising awareness about its work and mobilising resources to strengthen programmes.

BRAC UK

The European affiliate of BRAC. BRAC UK works to raise resources for BRAC programmes in Africa and Asia by developing partnerships with local and global organisations, donor agencies, academic and research institutions and governments.



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 men and women to realise their potential.

VALUES

INTEGRITY
INNOVATION
INCLUSIVENESS
EFFECTIVENESS



SAFEGUARDING FOR ALL

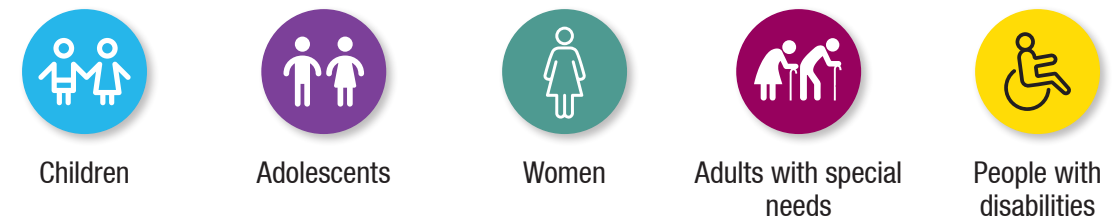
WHAT IS SAFEGUARDING?

'Safeguarding' refers to the ways of protecting individuals from any kind of misconduct or harassment including - sexual harassment, oppression, intimidation, humiliation, violence, discrimination, neglect and exploitation.

BRAC'S SAFEGUARDING POLICY IS MEANT FOR:



WHO ARE MOST PRONE TO SAFEGUARDING RISKS?



SAFEGUARDING RESPONSIBILITIES OF BRAC'S EMPLOYEES AND VOLUNTEERS

- Ensure safeguarding for everyone involved, starting from the programme design to its implementation.
- Ensure employees of all parties involved are aware of safeguarding-related issues before signing a contract with a donor and/or partner organisation.
- Verify the moral values of all applicants during recruitment.
- Develop a clear understanding of what constitutes as harassment, and share that information with others.
- Inform relevant authorities immediately upon witnessing an incident of harassment.

SAFEGUARDING IS EVERYONE'S RESPONSIBILITY



ABOUT US

STICHTING BRAC INTERNATIONAL

Set up in 2009 as a non-profit foundation in the Netherlands to govern and manage all BRAC entities outside Bangladesh, except for our affiliates. In each of these countries, the entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.

BRAC INTERNATIONAL HOLDINGS B.V.

Set up in 2010 as a private limited liability company under the laws of the Netherlands and is a wholly-owned subsidiary of Stichting BRAC International. It is a socially responsible for profit organisation, engaging people in economic activities, and creating sustainable income generating activities for themselves. It provides funding for the social development programmes under Stichting BRAC International. The core focus is to provide microfinance services to people who are financially constrained and marginalised, and people who do not have access to the financing facilities offered by banks and other non-bank financial institutions.

OUR AFFILIATES

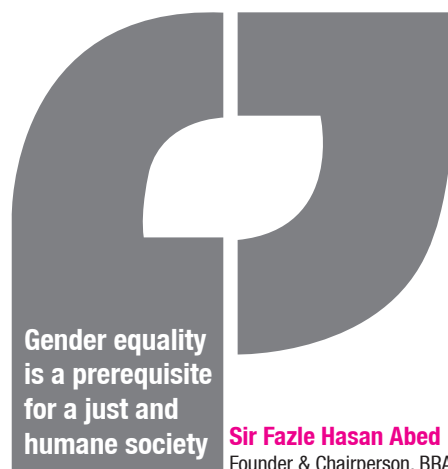
Founded in 2006 to raise our profile globally. They play a critical role building awareness, developing new business plans, mobilizing resources, and maintaining effective partnership with institutional donors, foundations, NGOs, research organisations as well as the media. They collaborate with international counterparts to design and implement cost-effective and evidence-based poverty innovations worldwide.

BRAC USA

The North American affiliate, BRAC USA provides comprehensive support to BRAC around the world by raising awareness about its work and mobilising resources to strengthen programmes.

BRAC UK

The European affiliate, BRAC UK works to raise resources for BRAC programmes in Africa and Asia by developing partnerships with local and global organisations, donor agencies, academic and research institutions and governments.



Gender equality
is a prerequisite
for a just and
humane society

Sir Fazle Hasan Abed
Founder & Chairperson, BRAC



STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF 31 JULY, 2018

MANAGEMENT BOARD



FARUQUE AHMED
EXECUTIVE DIRECTOR
BRAC International



SHAMERAN ABED
SENIOR DIRECTOR
Microfinance, Ultra Poor Graduation
BRAC and BRAC International



LAMIA RASHID
DIRECTOR
Africa Region
BRAC International



M ANWAR HOSSAIN
DIRECTOR
Asia Region
BRAC International

OTHER DIRECTORS



HANS ESKES
DIRECTOR
BRAC International Holding B.V.



DIRK BROER BOOY
SENIOR DIRECTOR
Programme Development, Resource
Mobilisation and Learning,
BRAC and BRAC International



MUNMUN CHOWDHURY
CHIEF PEOPLE OFFICER
BRAC International



MOUTUSHI KABIR
DIRECTOR
Communications and Outreach
BRAC and BRAC International



NANDA DULAL SAHA
DIRECTOR
Internal Audit
BRAC and BRAC International



KENNETH CAROL VAN TOLL
DIRECTOR
Fundraising
BRAC International



STICHTING BRAC INTERNATIONAL SUPERVISORY BOARD



Sir Fazle Hasan Abed KCMG
Founder and Chairperson

Stichting BRAC International Supervisory Board BRAC International Holdings B.V. Supervisory Board

Sir Fazle was born in 1936 in Bangladesh. He studied Accountancy in London, qualifying as a Cost Management Accountant in 1962. While he was working as a senior corporate executive at Pakistan Shell, the 1970 cyclone and 1971 Liberation War in Bangladesh dramatically changed the direction of his life. He left his job and moved to London, where he helped initiate Action Bangladesh and HELP Bangladesh in support of the Liberation War.

Early in 1972, after the war was over, he returned to the newly-independent Bangladesh, finding the economy in ruins. The return of 10 million refugees, who had sought shelter in India during the war, called for urgent relief and rehabilitation efforts. Sir Fazle established BRAC to address the needs of refugees in a remote area of north-eastern Bangladesh, guided by a desire to help the poor develop their own capacity to better manage their lives.

Today BRAC is one of the largest NGOs in the world, operating across eleven countries in Africa and Asia. Its primary objectives are to alleviate poverty and empower the poor. In 2019, for the fourth consecutive year, BRAC was ranked first among the world's top 500 NGOs by Geneva-based 'NGO Advisor' in terms of impact, innovation and sustainability.

Sir Fazle has been honoured with numerous national and international awards for his achievements in leading BRAC, including the LEGO Prize (2018), Laudato Si' Award (2017), Jose Edgardo Campos Collaborative Leadership Award, South Asia Region (2016), Thomas Francis, Jr. Medal in Global Public Health (2016), World Food Prize (2015), Trust Women Hero Award (2014), Spanish Order of Civil Merit (2014), Leo Tolstoy International Gold Medal (2014), CEU Open Society Prize (2013), Inaugural WISE Prize for Education (2011), Entrepreneur for the World Award (2009), David Rockefeller Bridging Leadership Award (2008), Inaugural Clinton Global Citizen Award (2007), Henry R. Kravis Prize in Leadership (2007), Palli Karma Shahayak Foundation (PKSF) Award for lifetime achievement in social development and poverty alleviation (2007), UNDP Mahbubul Haq Award for Outstanding Contribution to Human Development (2004), Gates Award for Global Health (2004), Gleitsman Foundation International Activist Award (2003), Schwab Foundation's Social Entrepreneurship Award (2003), Olof Palme Prize (2001), InterAction Humanitarian Award (1998) and Ramon Magsaysay Award for Community Leadership (1980).

He is also recognised by Ashoka as one of the 'global greats' and is a founding member of its prestigious Global Academy for Social Entrepreneurship. He was a member of the Commission on Health Research for Development (1987-90), the Independent South Asian Commission on Poverty Alleviation (1991-92) and the High-level Commission on Legal Empowerment of the Poor (2005-2008). In 2009, he was appointed Knight Commander of the Most Distinguished Order of St. Michael and St. George by the British Crown in recognition of his services to reducing poverty in Bangladesh and internationally. Sir Fazle was a member of the Group of Eminent Persons appointed by the UN Secretary-General in 2010 to advise on support for the Least Developed Countries. In 2014 and 2017, he was named in Fortune Magazine's List of the World's 50 Greatest Leaders.

The many honorary degrees received by Sir Fazle Hasan Abed include those from Princeton University (2014), the University of Oxford (2009), Columbia University (2008) and Yale University (2007). He was a visiting scholar at Harvard University in 1981.



Sylvia Borren
Vice Chair

Stichting BRAC International Supervisory Board BRAC International Holdings B.V. Supervisory Board

Sylvia Borren has worked all her life within and for civil society organisations, both professionally and as a volunteer.

She was part of the Dutch and global women's and sexual rights movements (COC, ILGA, IWC for a just and sustainable Palestinian-Israeli peace) and is now advisor to the UN Women National Committee Netherlands and ATRIA (the Institute on gender equality and women's history). Ms Borren was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, co-chair of the Global Call to Action against Poverty and EEN) and is now the Vice Chair of the Stichting BRAC International Supervisory Board.

She was on two national governmental advisory commissions (for Youth Policy and the Advisory Council on International Affairs), co-chair of the Worldconnectors (a Dutch think tank), on the board of a large mental health institute (Altrecht), worked as an organisational consultant with De Beuk for many years, led the project Quality Educators for All with the trade union Education International, and continues to be a member of the Worldconnectors.

Ms Borren was recently director of Greenpeace Netherlands (2011-2016), part of the Forest Stewardship Council Netherlands, and is now on the advisory commission of Staatsbosbeheer, which manages nature reserves.

She is now a freelance consultant at 'Working for Justice' and a senior adviser for Governance & Integrity.



Dr Debapriya Bhattacharya
Member

Stichting BRAC International Supervisory Board

Dr Debapriya Bhattacharya, a macroeconomist and public policy analyst, is a Distinguished Fellow at the Centre for Policy Dialogue (CPD), Dhaka, where he was its first Executive Director. He was the Ambassador and Permanent Representative of Bangladesh to WTO and UN Offices in Geneva and Vienna and former Special Advisor on LDCs to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).

He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various leading institutions and editorial boards of reputed journals including Oxford Development Studies. He was General Secretary of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia, and Latin America, dedicated to following up and reviewing the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries.

He serves as the Convenor of the Citizen's Platform for SDGs, Bangladesh - a platform of more than 100 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level.

He recently edited the volume Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge, London (2017); team leader of the study Quest for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).



Shabana Azmi
Member

Stichting BRAC International Supervisory Board

Shabana Azmi is an internationally celebrated film and theatre actress. She has won five national and five international awards for best actress.

She is a highly respected social activist and tireless campaigner for the rights of women, slum dwellers, and the underprivileged. She heads the Mijwan Welfare Society (MWS), an NGO that works for empowerment of the girl child in rural India. MWS works on education, primary health and sanitation, skill development, and employment generation.

Ms Azmi was nominated to The Rajya Sabha by the President of India in 1997. She is a recipient of the Padmashri and Padma Bhushan. She was awarded the Gandhi International Peace Prize in 2006. At the bicentennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterand of France. She also won the Crystal Award at the World Economic Forum 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Park, and Chavez Awards and is a visiting professor at the University of Michigan. A former UN Goodwill Ambassador for Population and Development, she continues to work on issues of public health. She has recently been nominated as Global Leadership Ambassador for Women in Public Service Project initiated by Hillary Clinton.



Shafiqul Hassan
Member

Stichting BRAC International Supervisory Board

Shafiqul Hassan is the managing director of Echo Sourcing Limited UK and Echotex Limited Bangladesh. Echotex received Bangladesh's National Environmental Award, Metropolitan Chamber of Commerce and Industry, Dhaka's Environmental Award, and J Sainsbury plc's Corporate Social Responsibility Award in 2010. Echotex was also awarded Best Clothing Supplier in 2011 as well as Best Clothing Supplier and Supplier of the Year in 2012 by J Sainsbury plc.

Mr Hassan co-founded a premium clothing label called Ninety Percent, launched in 2018, that shares ninety percent of its distributed profits between social and environmental causes, along with the people who are involved in making the clothes. He is the co-founder of Children's Hope, an NGO that works to educate slum children in Dhaka.

He obtained his undergraduate degree from City University, London and postgraduate degrees from Aston University, Birmingham, UK.



Irene Khan
Member

Stichting BRAC International Supervisory Board

Irene Zubaida Khan is director general of the International Development Law Organization (IDLO). The first woman to hold this office, she took up her position on January 1, 2012.

An international thought leader on human rights, gender, and social justice issues, Ms Khan was secretary general of Amnesty International from 2001 to 2009. Prior to that, she worked for the UN High Commissioner for Refugees for 21 years at headquarters and in various field operations. She was visiting professor at the State University of New York Law School (Buffalo) in 2011.

Irene sits on the boards of several international human rights and development organisations. She is the recipient of numerous honorary degrees and prestigious awards, including the City of Sydney Peace Prize in 2006 for her work to end violence against women and girls. Her book, The Unheard Truth: Poverty and Human Rights, has been translated into seven languages.

Born in Bangladesh, Ms Khan studied law at the University of Manchester and Harvard Law School.



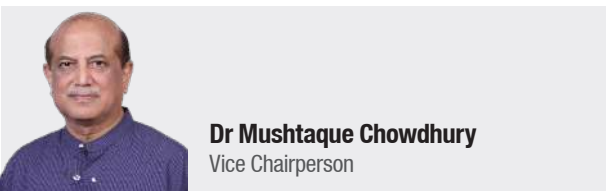
Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Parveen Mahmud, in her varied professional career has worked with social innovations, entrepreneurship, and sustainable development. Ms Mahmud started her career with BRAC, and has worked with international NGOs and development agencies. She was the deputy managing director of PKSF, Bangladesh’s apex funding organisation for Microfinance Institutes. She is the founding managing director of Grameen Telecom Trust.

She was a partner in ACNABIN & Co, Chartered Accountants. She is the first female president of the Institute of Chartered Accountants of Bangladesh (ICAB), as well as the first female board member of the South Asian Federation of Accountants (SAFA), the apex accounting professional body of SAARC. She is the chairperson of CA Female Forum - Women in Leadership Committee, ICAB and is the vice chairperson of the Women in Leadership Committee of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International, Apex Footwear Ltd, Grameenphone Ltd, Linde Bangladesh Ltd, Manusher Jonnyo Foundation, Transparency International Bangladesh, and Centre for Policy Dialogue. She is the chairperson of UCEP Bangladesh, Shasha Foundation, and was chairperson of MIDAS, Shasha Denims Ltd, and Acid Survivors’ Foundation. Ms Mahmud is also a member of the International Chamber of Commerce, Bangladesh. She was a member of the National Advisory Panel for SME Development of Bangladesh, founding board member of SME Foundation, and Convenor, SME Women’s Forum.

Ms Mahmud is the recipient of Ananyinna Top Ten Women - 2018 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organisation for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women’s empowerment from Narikantha Foundation.



Stichting BRAC International Supervisory Board

Dr Mushtaque Chowdhury is a professor of population and family health at Columbia University’s Mailman School of Public Health, New York and has worked as a MacArthur/Bell Fellow at Harvard University.

Dr Chowdhury is one of the founding members of the Bangladesh Education Watch and Bangladesh Health Watch. He is on the board and committees of several organisations and initiatives, including the Advisory Boards of the London School of Economics’ South Asia Centre and the Lead Group for Scaling Up Nutrition Movement at the UN. He is a founding member of the Board of Trustees of the Humanitarian Leadership Academy in London and is the chair of the Asia-Pacific Action Alliance on Human Resources for Health (AAAHH). Dr Chowdhury is also a member of the Technical Advisory Committee of Compact2025 at International Food Policy Research Institute (IFPRI), Expert Group on scaling up in Education at the Results for Development (R4D), and Leaders Group of Sanitation and Water for ALL (SWA) at Unicef Headquarters. He is also a senior adviser at the Bangladesh Institute of Development Studies (BIDS).

Dr Chowdhury was a coordinator of the UN Millennium Task Force on Child Health and Maternal Health, set up by former UN Secretary General Kofi Annan.

Dr Chowdhury has received a number of awards, including Humanitarian Award from the Distressed Children International at Yale University in 2013, the Medical Award of Excellence from Ronald McDonald House Charities in USA in 2017, and the Most Impactful Book Award from the University Press Limited in 2018.

Dr Chowdhury has published several books and over 200 articles in peer-reviewed international journals, including the The Lancet, Journal of International Development, and The Scientific American.

Dr Chowdhury holds a PhD from the London School of Hygiene and Tropical Medicine, an MSc from the London School of Economics, and a BA from the University of Dhaka.



Stichting BRAC International Supervisory Board

Dr Fawzia Nazli Rasheed is a programme and governance analyst. She has worked within 30 countries to evaluate and develop initiatives, national plans, and broker intergovernmental collaborations and public private partnerships. As Senior Policy Adviser at separate junctures to the World Health Organisation, UNAIDS, and The Global Fund, she undertook organisational reforms and developed strategic plans. She has also supported programme development in Asia and Africa for several INGOs, including CARE International, and Médecins Sans Frontières International.

She is currently Senior Advisor to the Aga Khan Development Network and a technical review panel member for AmplifyChange.

Her governance work includes conceptualising a performance-based funding system to strengthen country oversight for all programmes of The Global Fund; developing the Electoral Integrity Initiative (currently based within the Kofi Annan Foundation); and analysis of governance issues related to natural resource extraction for the Africa Progress Panel towards improved stewardship and banking reforms. As a board member/trustee of organisations, she has drafted constitutions and deployed anonymous, transparent tools for board elections and evaluations.

Dr Rasheed has a PhD in immunology/medicine from the London School of Hygiene and Tropical Medicine.



Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO’s representative in Ethiopia to the African Union and to the Economic Community for Africa.

Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world’s largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which trades as Speakers Forum. This trains professionals to become skilled presenters and also supports community libraries.

Ms Sekitoleko was educated at Makerere University in Kampala, where she attained a BSc in Agriculture majoring in Farm Management and Extension.

**GROUP FINANCE AND
AUDIT COMMITTEE**

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

Ms. Parveen Mahmud, Chair
Dr Muhammad Musa, Member
Ms. Sylvia Borren, Member
Mr. Faruque Ahmed, Member
Mr. Hans Eskes, Member
Mr. Abhijit Gupta, Acting 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
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal auditfunction



BRAC MYANMAR GOVERNANCE AND MANAGEMENT

Country Advisory Council Members

Daw Pansy Tun Thein
Dr. U Than Tun Sein
Daw Myint Myint Shwe

Country Management Team

ATM Tariqul Islam, Ph.D
Md Sazaduzzaman (Sazad)
Sharmin Sultana ACA
Sakib Ahmed Chowdhury
Lian Huai
Aung Ko Ko

Country Representative
General Manager
Head of Finance
Head of Internal Audit
Head of Human Resources and Training
Emergency Response Coordinator



DEVELOPMENT PARTNERS

BILL & MELINDA
GATES foundation

FMO
Entrepreneurial
Development
Bank

 **Maybank**

**UN
CDF**
Microfinance • Capital Development


GRAMEEN CRÉDIT AGRICOLE
Microfinance Foundation


DaNa Facility
Empowering Enterprise


YOMA BANK
The Responsible Bank.


WorldFish


**The Leprosy
Mission**
Myanmar
Working towards a barrier free Myanmar

WHOLE PLANET
FOUNDATION


THE WORLD BANK





AGRICULTURE, FOOD SECURITY AND LIVELIHOOD

SITUATION

Myanmar's agriculture sector contributes nearly 38% of the country's GDP and employs 70% of the labor force. Myanmar needs to reduce agricultural production cost, invest in high quality crop, and improve the market linkages for smallholder farmers. Access to sufficient financing, quality seed, training on sustainable agriculture requires support from the government, non-government organisations, and private sector. A strategy to enhance the agriculture, aquaculture and livestock sector we need to improve industry's regional and global competitiveness, invest in farmers in rural, semi-rural, and urban areas, and build capacity. Agriculture and Aquaculture can also narrow the nutritional gap among rural people and reduce under 5 mortality rate.

OUR INTERVENTION

We operate and provide technical and financial support to smallholder farmers through agricultural credit. We provide agriculture loan considering the crop cycle and with only 4 to 5 months of instalment scheme.

Through our small scale Aquaculture and Nutrition programme, our focus is to increase the availability and access of fresh water aquaculture products that are produced sustainably by small-scale fish farmers. This project provides nutritious and affordable food, and income for the poor and vulnerable households in the Sagaing Region. We aim to increase the consumption of nutrition-rich fish especially by women and children. We deliver 6 modules over 3-4 months covering aquaculture, pond-dike cropping, and nutrition to the households and producer groups in 33 villages in ShweBo Township in Sagaing Region. In collaboration with World Fish Myanmar, we are continuously improving our set objectives by supplying quality inputs (seed farm, feed mill and hatchery).

MOVING FORWARD

We look forward to increasing the number of small-scale producers in Sagaing Region that sustainably produce nutrient rich indigenous fish and fisheries products, Rohu and Silver barb species. We will also address biosecurity of disease management and control. From our beneficiaries' ponds, we will select nursery farmers and nurse the fingerlings so that farmers can easily obtain fingerling seed. In the second batch, we plan to select around 200 to 250 new direct beneficiaries and demonstration farmers.



A DOER, NOT A DREAMER

My name is Myint Myint Oo. I am 58 years old and live with my mother, I run a small grocery shop and a fish farm with her support. I studied till grade 10, and did not finish school.

I learned a bit about fish farming over the years, so I decided to dig a small pond to farm fishes in front of my house. When the fingerlings grew and got bigger, I sold them to make some money. But their weight was only 2 tical (Burmese unit of mass) after four months of farming. Even after six months, they weighed only 4 tical. Selling my fishes was not profitable, and it did not even help me clear my debts. So, I stopped fish farming.

After a year, I found out about the BRAC Aquaculture project in my area. I started attending the meetings they conducted in my village, and their guidance encouraged me to start fish farming again. Through BRAC's modulated aquaculture and nutrition trainings, I learnt a lot about water situation, pond position, importance of sunlight, feeding system, technical knowledge, feeding techniques with food cup to reduce the wastage, and farming technology.

I started to farm fishes according to the techniques and methods I learned from BRAC. Now, fishes from my pond weighs around 15 to 20 tical within four months of farming. I never imagined that one day I could sell such big fishes! I am very happy with my fish farming business, it helps me make a living and clear my debts.

HIGHLIGHTS

Selected **256** direct beneficiaries: small-scale aquaculture farmers and **15** demonstration farmers in Shwebo, Sagaing Region

Provided **234,550** fingerlings to direct beneficiaries (**196,050** Rohu and **38,500** Silver Barb)

Created Farmer Record Book to direct beneficiaries

Monitored direct beneficiaries once a week

Provided **3,509** KG of fish feed to all demonstration farmers

Provided pH paper to all the farmers for testing pond water quality

Provided Vegetable Seed Kit to **200** farmers for their nutrition improvement

Disbursed **226** Agriculture loans to farmers and **9%** of the clients are youths, and **90%** of our beneficiaries are women

Farmers can take loan for all planting seasons

Loans can be applied through mobile phone





EMERGENCY PREPAREDNESS AND RESPONSE

SITUATION

Myanmar is exposed to cyclones, storm surges, tsunami and strong wind while major parts of the country are at risk from earthquakes and fires. Heavy rainfall induced flooding is a recurring phenomenon across the country while some parts of the country are exposed to landslides and droughts. Plans and policies at the local government levels need to strengthen further. Other challenges include limited access to knowledge, skills, and equipments to cope with disasters at school and community levels resulting to low level disaster resilience and limited capacity to respond. Strong and solid coordination is required when responding to a disaster for reaching the affected population.

OUR INTERVENTION

We collaborated with national and local governments and other stakeholders to build capacities in communities, schools, and local governments in two townships in Yangon and Bago regions. Currently our project is working with two schools, two communities, and two regional governments. Through this project we are building capacity of 40 local government officials, 100 community volunteers, 200 students, 20 teachers and education department officials, and 50 BRAC Myanmar staff by arranging trainings and engaging in integrated actions with community based organisations (CBOs), local government offices, and schools.

Our approach is to play a facilitating role for the community to achieve overall objective of the programme - strengthening a culture of resilience and reducing exposure from disasters in Myanmar. At the community level, we support practical actions that enable communities to improve their lives and shape their own future. We strongly believe that our programme will deliver best practices and learning to promote long-term resilience to disaster risks within communities.

MOVING FORWARD

We will update township level disaster preparedness plans, develop a community based emergency response plan, and a school based disaster preparedness plan. Additionally, we will form a Rapid Response Team (RRT) and develop Standard Operating Procedures (SOP) incoordination with other BRAC Myanmar development programmes. Furthermore, we will initiate an emergency response process in BRAC Myanmar programmes by building capacity of all staff and developing organisational disaster preparedness plans.



HIGHLIGHTS

71 volunteers trained on basic Disaster Preparedness Plan in two target communities.

Organised **200** committee members for formation of school disaster management committee and task forces at two target schools.

Responded to August 2018 flood in Bago Region with USD 23,000 worth of cash, rice, bottled water, cooking oil, medicine, antibacterial soap, cookies, instant noodles, canned fish, soy milk, soup packet, and tea mix.

Reached **60,000** people with hygiene materials, rice, oil, and water during a flood response

Trained **145** participants on first aid

Trained **107** participants at search and rescue

Trained **110** participants on Disaster Risk and Vulnerable Assessment (DRVA)

Conducted a workshop with **33** participants from government representatives, civil society organisations (CSOs), and township development committees on disaster risk management

Organised community and school based disaster risk reduction committees and volunteer groups in the two target areas (Kyauktan and Bago)

DEAR FUTURE, I AM READY!

I live with my mother and four sisters in Kyauktan Township along the banks of the Hmaw Won River. I sell flowers at Kyaik Hmaw Won Pagoda for a living.

I am Zar Chi Win, 24 years old, residing close to the river makes me worry about high tides.

In 2008, when Cyclone Nargis hit we experienced how brutal and unstoppable mother nature can be. In our ward, around 80% of the houses were damaged by flood, severe wind, and storm. I wish my community people had knowledge on emergency preparedness and disaster resilience to tackle such a shock.

When I learned that BRAC was planning to provide trainings for disaster risk reduction, I decided to participate without thinking twice. I learned about how to design a basic disaster preparedness model, using the seven steps of community-based disaster risk reduction, and how to participate in emergency response. I was soon a part of the search and rescue committee. Some of my friends are also members of the early warning and first aid committee.

Few months ago, around October 2018, there was an extraordinary high tide. I immediately informed the committee members and consulted them on what we should do. We designed a response plan and checked along the river shore for possible damage. If I didn't have access to the training, I wouldn't have known how to respond to an emergency. Now, both me and my committee members are confident of our abilities in protecting our communities and addressing queries about disasters.

I thank BRAC Myanmar for providing such training opportunities and helping us realise our capacities.



MICROFINANCE

SITUATION

Myanmar has some of the lowest levels of financial inclusion, with over 50% of unbanked adults being women. Around 69% of people live in rural and hard-to-reach areas. People still save, borrow, and manage day-to-day expenditures through informal means which are often risky, unreliable, and expensive. here are very few financial institutions addressing the financial access for small-holder farmers, people with disabilities, and women micro-entrepreneurs.

There is strong policy support for financial inclusion in Myanmar. Government, in cooperation with development partners and stakeholders, is working to reduce poverty and raise financial inclusion level to 40% by 2020.

OUR INTERVENTION

BRAC Myanmar started the microfinance programme in 2013 to provide inclusive financial services to people in rural and urban Myanmar. The objective of the programme is to create employment and income opportunities, with particular emphasis on women, and those who have been left out of mainstream financial systems.

We offer inclusive financing to people living in poverty through two different types of services: microfinance group loans and individual loans for small enterprises. We started the Small Enterprise Programme (SEP) in 2017, we now have around 1,600 borrowers. In 2018, we started offering Women Micro Enterprise (WME) loans which provide credit services to small scale female entrepreneurs, where we now have over 1,200 borrowers across 5 regions. Complementing to this, we provide financial literacy training and have instituted a range of client protection measures.

In addition to the core products we also offer tailored financial services to smallholder farmers and working to strengthen our products catered toward people with disabilities

MOVING FORWARD

We look forward to being more inclusive and customer-centric. We will introduce digital means for the benefit of our clients and work to create greater social impact. We plan to expand our operations in new regions to help people in marginal communities in rural Myanmar.



IF OPPORTUNITY DOESN'T KNOCK, BUILD A DOOR

I am Win Win Khaing. I am 27 years old and a proud single mother of my little son. I divorced my husband a year ago. To many, it might not sound like a tough situation, but for me, it was very challenging to take on the role of two parents. The responsibilities of raising my son alone obligated me to work harder.

In the beginning, life was very difficult. I did not have enough income to meet my son's needs or secure his future. I felt hopeless. But every time I looked into my son's eyes, I realized he was my little angel and I had to try for a better life.

I decided to open a grocery store which would enable me to earn and at the same time stay close to my son. I started my store in 2018 with a very low investment and did not make enough profit. I needed to attract more customers by keeping a variety of items, but I did not have sufficient funds.

I heard about BRAC's Women Enterprise Programme (WEP) loans from a neighbour who is also a member of the BRAC Microfinance programme. I was intrigued to learn that WEP loans empower women by providing access to financing and help them to expand businesses. I was confident to take a loan from BRAC Myanmar to expand my business.

I took 700,000 Kyats (USD 600) with 12 months instalment plan from BRAC Myanmar Bago Branch. I used the money to add more products, such as cosmetics, slippers, electronic devices, and T-shirts. Additionally, I invested in digital marketing to sell cosmetics through my online business over Facebook. At present, my daily income is around 50,000 Kyats (USD 33). During seasonal holidays I am able to earn up to 300,000 kyats per day (USD 198).

I am grateful to BRAC Myanmar from the bottom of my heart for fulfilling my dreams. I am at peace knowing that now I can properly nurture my son and provide the best for him. I hope one day my son will be proud of having an entrepreneur mother who is strong and dedicated.

HIGHLIGHTS

99% of the clients we serve are women.

50 branches with **75,998** Borrowers, an increase of **49%** from 2017.

72,794 Microfinance borrowers, **1,601** SEP borrowers, **226** Agriculture borrowers and **1,377** WME borrowers.

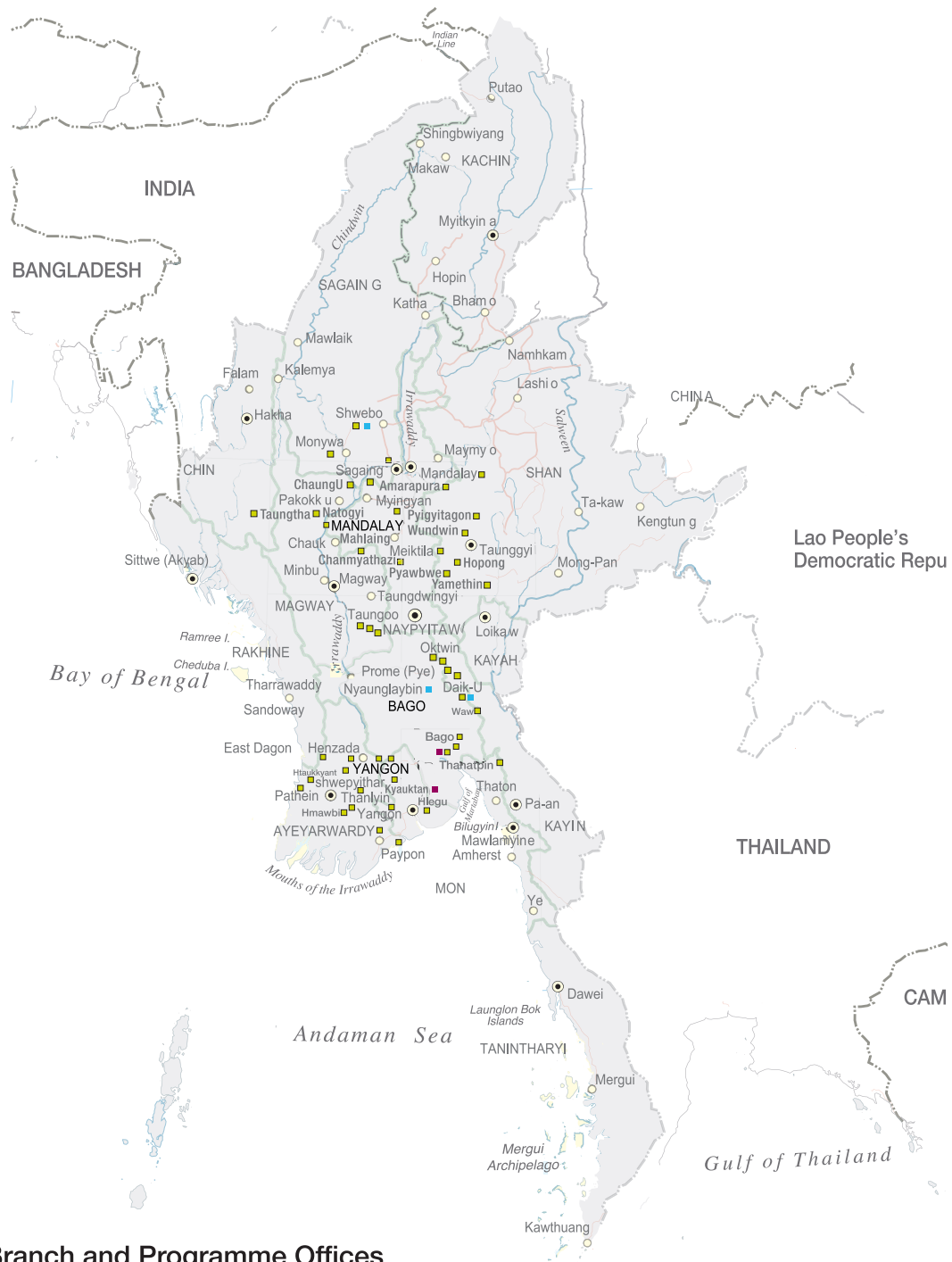
Total disbursement of **USD 27.56** million an increase of **58%** from 2017.

USD 24.06 million was disbursed in microloan, **USD 2.60 million** was disbursed through SEP in the year 2018.

Started the Women Enterprise Programme (WEP) with Women Micro Enterprise (WME) loan and Digital Agriculture Loan.



BRAC MYANMAR



Branch and Programme Offices

- Microfinance
- Emergency Preparedness and Response
- Agriculture, Food Security and Livelihood

FINANCIALS

FINANCIAL HIGHLIGHTS– MICROFINANCE

Net Income

BRAC Myanmar Microfinance Company Limited completed its fifth years of operation in 2018. Net profit before tax for the year was USD 252,629 as against net profit before tax USD 35,094 in 2017.

Interest income earned during the year is USD 3,136,820 as against USD 2,151,248 in 2017.

Operating expenses

Total operating expenses for the year was USD 2,498,882 as against USD 2,071,585 in 2017 showing an increase 21%. In 2018 an additional 9 branches were opened resulting the total number of branches to 50.

Provision for Impairment losses

This year amount charged for impairment of loans is USD 22,924 as against 66,450 in 2017 showing an decrease of 66%. Total loan loss reserve was USD 205,582 (2017: USD 161,508) representing 1.55% of gross portfolio. Portfolio at Risk (PAR>30) is 1.42%.

Financial Position

In 2018 the company’s total assets increased by 81% to USD 18,065,816. Loans and advances to customers increased by 50% and is now 74% of total assets.

PERFORMANCE REVIEW

Income Statement	2018	2017	2016	2015	2014
	USD	USD	USD	USD	USD
Operating Income	2,774,434	2,173,129	1,513,942	536,058	29,824
Net profit/(loss) before tax	252,629	35,094	(206,702)	(432,010)	(363,346)

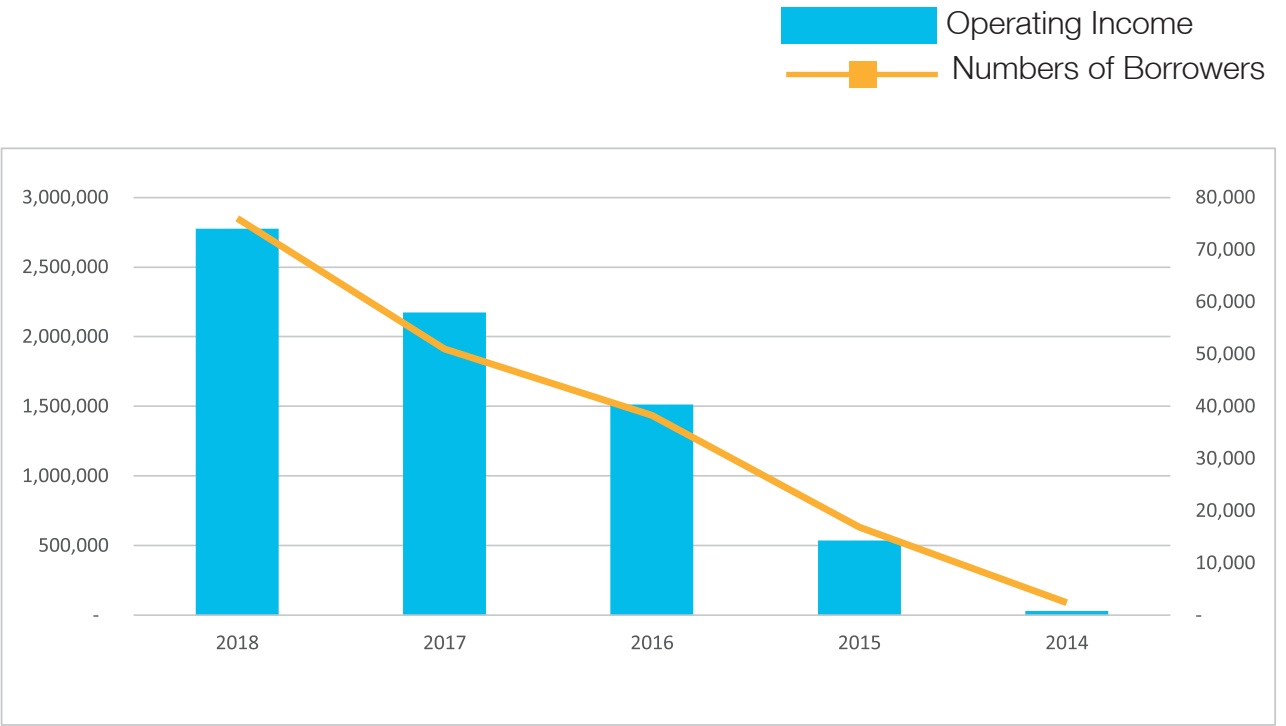
Financial Position	2018	2017	2016	2015	2014
	USD	USD	USD	USD	USD
Total Asset	18,065,816	10,003,967	6,908,676	3,497,796	742,478
Net Equity	7,286,851	5,568,553	5,196,844	2,645,109	356,612
Loan to Customer (net)	13,398,300	8,951,932	5,644,011	2,178,298	306,042
Cash at Bank	4,200,047	756,356	1,048,668	1,132,377	370,110

Contribution to Government Exchequer	2018	2017	2016	2015	2014
	USD	USD	USD	USD	USD
Income Taxes	-	-	-	-	-
Withholding tax	59,305	66,974	23,757	9,930	2,185
Social Security and pension	34,308	24,881	16,949	-	-

Returns and ratio	2018	2017	2016	2015	2014
Return on Asset	1.80%	0.42%	-4%	-20%	(0.48)%
Cost to Income	91%	98%	120%	186%	1318%

Operational Statistics	2018	2017	2016	2015	2014
Total Borrowers	75,998	50,977	38,270	16,837	2,433
PAR>30	1.42%	0.79%	-	-	-

OPERATING INCOME VS NUMBER OF BORROWERS

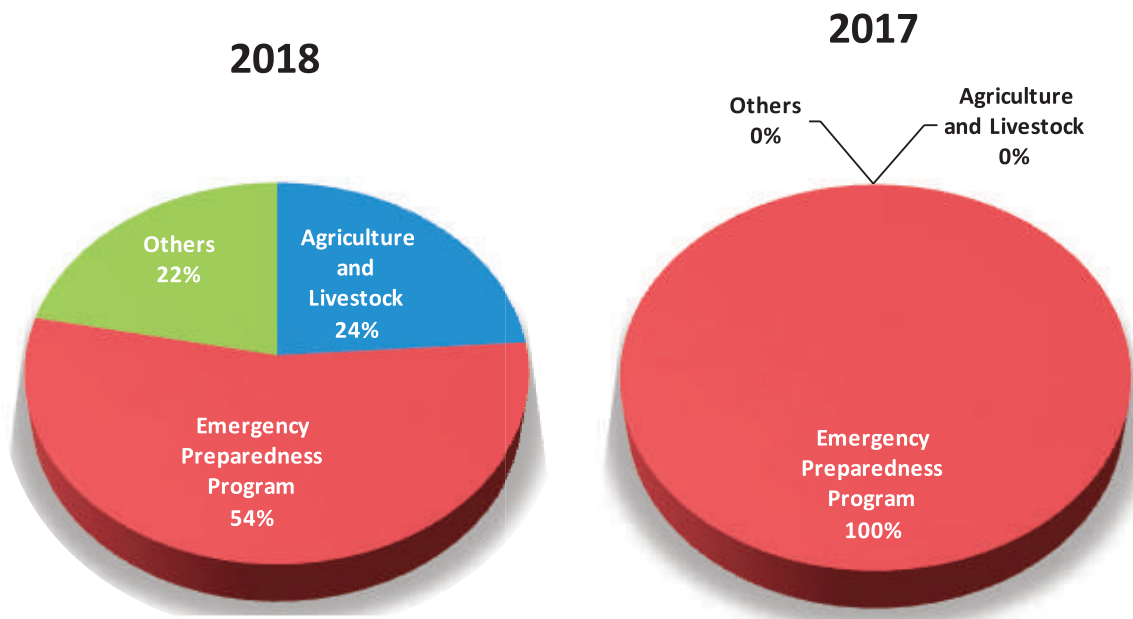


FINANCIAL HIGHLIGHTS–NGO PROGRAMMES

BRAC in Myanmar received grants amounting to USD 214,265 in 2018. Total Project expenses for the year were USD 156,185 (USD 1,885 in 2017). Out of the total expenses majority is expensed in Emergency preparedness program supported by Bill & Melinda Gates Foundation. 81% of total expenditure is being used for program service with only 19% being incurred for administrative expenses.

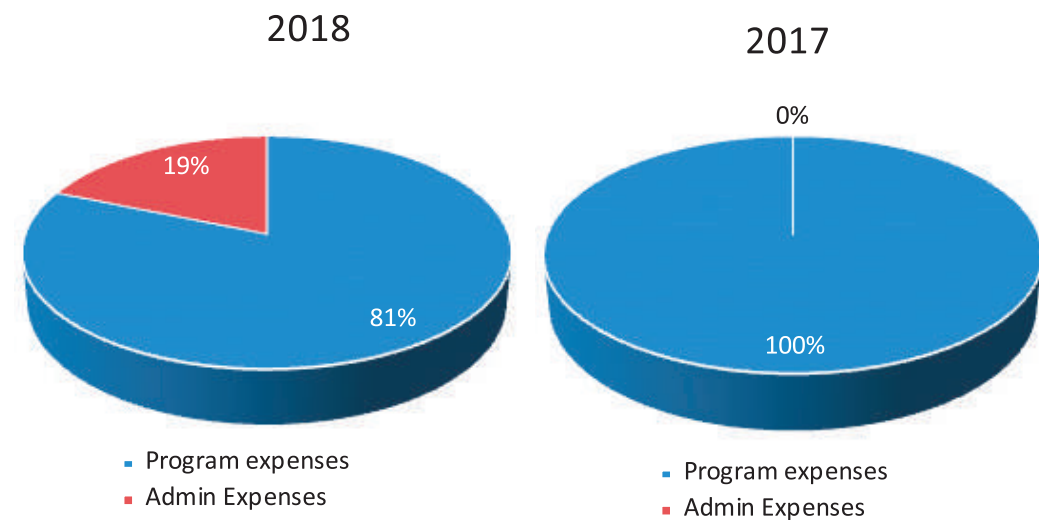
PROGRAMME COST BY NATURE OF PROGRAM

Programme	2018	%	2017	%
	USD		USD	
Agriculture and Livestock	37,500	24%	-	0%
Emergency Preparedness Program	85,226	54%	1,885	100%
Others	34,159	22%	-	0%
Total	156,885	100%	1,885	100%



PROGRAMME COST BY NATURE OF EXPENSES

Expenses	2018	%	2017	%
	USD		USD	
Program expenses	127,493	81%	1,885	100%
Admin Expenses	29,393	19%	-	0%
Total	156,886	100%	1,885	100%



BRAC MYANMAR MICROFINANCE COMPANY LIMITED

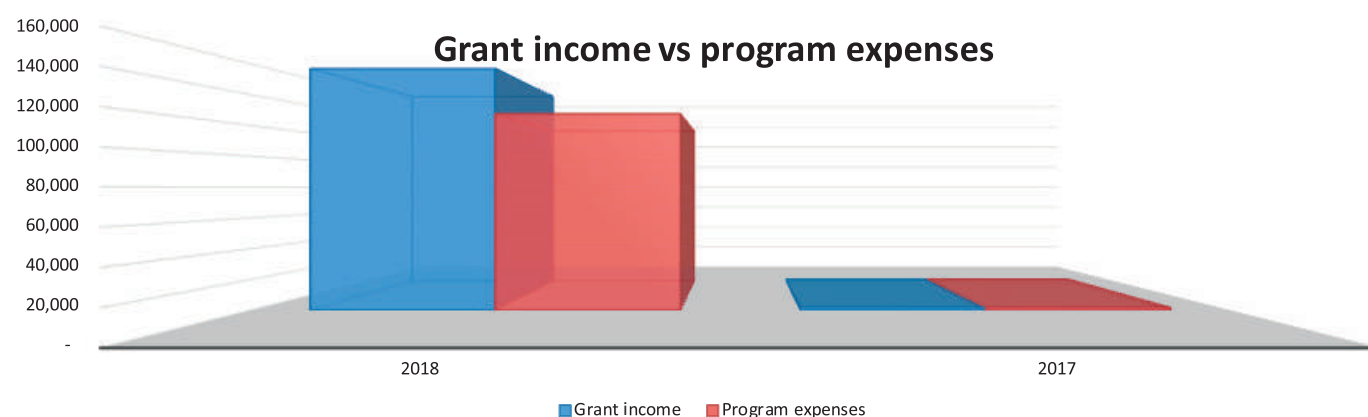
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Contribution to Government exchequer

Particular	2018	2017
	USD	USD
Staff Income Tax	1,081	268
Social Insurance	434	-

Year Wise Performance Review

Particulars	2018	2017
	USD	USD
Income Statement		
Grant income	156,885	1,885
Other income	-	-
Program expenses	(127,493)	(1,885)
Admin expenses	(29,393)	-
Financial Position		
Cash at bank	140,415	-
Operational Statistics		
No. of projects	3	1



BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

General information

Directors

Mr. Shameran Abed	-	Managing Director
Mr. Faruque Ahmed	-	Director
Mr. Johannes Maria Antonius Eskes	-	Director

Administrator

Mr. ATM Tariqul Islam	-	Country Representative
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Principal place of Business

168. Kyun Shwe Myaing Lane 2
Bogyoke Ywa, Thuwunna
Thingangyun Township
Yangon, Myanmar.

Auditors

Khin Su Htay & Associates Limited
Certified Public Accountants
Building No. C 1, Room No. 005 (Ground Floor), Hninnsi Street

Yuzana Highway Complex, Kamayut Township
Yangon, Myanmar

Bankers

KBZ Bank

No.33 to 49, Corner of Bank St &
Mahabandoola Garden St
Kyauktada Township, Yangon

Myanma Economic Bank

Branch (1)
43-45 Pansodan St.
Kyauktada Township, Yangon

AYA Bank

No(12),Thanthumar St,
Thanthumar Housing ,Thingankunn
Yangon, Myanmar

CB Bank

No(4/6),Thanthumar St,
Thingangkuun
Yangon, Myanmar

YOMA Bank

No-05/B,Ground Floor,Myanmar Plaza,
Corner of Kabaraye Road & Sattmu 1 Rd,
Bahan township,Yangon

May Bank

7th Floor,Centrepoint Towers,
No-65 Corner of Sule Pagoda
Road & Merchant St, Yangon

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2018, which disclose the state of affairs of BRAC Myanmar Microfinance Company Limited.

a) Registration

BRAC Myanmar Microfinance Company Limited is a wholly owned subsidiary company of BRAC International Holdings B.V., a limited liability company registered under the laws of the Netherlands, with its registered office in The Hague.

BRAC Myanmar Microfinance Company Limited was incorporated as a limited liability company under the company Act on 15 October 2013 with its registration number 559 FC/13-14 and re-registered under the Myanmar Companies Law 2017 on 29 October 2018 with its new registration number 108090278 and registered office in Yangon, Myanmar.

The objective of the company is to operate microfinance programme in Myanmar with a mandate to contribute towards alleviating poverty and attaining Sustainable Development Goals (SDGs) through promoting employment and income generating activities for the poor women.

b) Vision

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

c) Mission

The Company's mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential.

d) Our values

Innovation- the Company has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground-breaking development initiatives.

Integrity- the Company values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Company holds these to be the most essential elements of our work ethic.

Inclusiveness- the Company is committed to engaging, supporting and recognizing the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness- the Company values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

e) **Principal activities**

The Company provides Microfinance services to improve the livelihood of poor people in over 30 townships in Myanmar including extending loan facilities.

f) **Financial performance**

The Company's performance during the year ended 31 December 2018 is as follows:

- Interest income on loans increased by 54% from MMK 2,978 million in 2017 to MMK 4,518 million in 2018.
- Loans and advances to customers increased by 70% from MMK 12,192 million in 2017 to MMK 20,767 million in 2018. Loan disbursement increased by 58% from MMK 27,020 million in 2017 to MMK 42,716 million in 2018. Loan realisation increased by 53% from MMK 22,479 million in 2017 to MMK 34,442 million in 2018.
- Operating expenses increased by 28% from MMK 2,819 million in 2017 to MMK 3,599 million in 2018.
- Total Assets increased by 106% from MMK 13,625 million in 2017 to MMK 28,002 million in 2018
- During the year, the Company had a net profit of MMK 363 million (2017 – profit of MMK 47 million).

g) **Results from operatio**

The results for the Company's operation for the year ended 31 December 2018 are set out on page 38.

h) **Composition of Directors**

The directors who served during the year and up to the date of this report are set out on page 29.

i) **Directors' benefits**

No director has received or entitled to receive any benefits during the financial year.

j) **Corporate governance**

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met regularly throughout the year;
- They retain full and effective control over the Company;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

In 2018 the company had three directors. The Board continued to carry out its role of formulating policies and strategies of the Company, reviewing the business plan, ensure that the accounting system is maintained in accordance with acceptable standards, the books of the Company are kept properly, and that accounts are checked by authorized auditors, as well as recruitment and development of key personnel.

k) **Risk management**

The board accepts the final responsibility for the risk management and internal control system of the Company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

l) **Management structure**

The Company is under the supervision of the Board of Directors and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organization structure of the Company comprises of the following divisions:

- Micro Finance Program (MF)
- Finance & Accounts;
- Administration
- Internal audit;
- Monitoring Unit;
- IT and MIS;
- Human resources;
- Communications.
- Public Relations

m) **Related party transactions**

Related party transactions are disclosed in *Note* 23 and 27 to the financial statements.

n) **Future development plans**

Microfinance Program

- New 15 Microfinance branches shall be opened in 2019 and increasing the number of borrowers by 47,000.
- Exploring new innovations such as mobile money to increase efficiency in service delivery.
- The new women micro-enterprise loan, intended to help with customer retention and women micro enterprise development successfully launched during the year will be scaled up in other branches in coming years.

The Agriculture loan will also be expanded in different branches in next year. Finally, very soon BRAC will be eligible for taking voluntary savings as deposit taking institutions which would potentially help BRAC retain and attract more customers.

o) **Key achievement in 2018**

The following are the Company's key achievements for the year:

- The Microfinance borrower size increased by 25,021 in 2018.
- 455 staffs of different departments received various trainings in financial, operational management and management competency.

p) **Solvency**

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

q) **Gender parity**

In 2018, the company had a total staff of 455. The female staff are 383 and male are 72.

r) **Employees' welfare**

Management/employee relationship

There were continued good relation between employees and management for the year 2018. There were no unresolved complaints received by management from the employees during the year. New performance incentive schemes were introduced in 2016 which is helping to identify staffs who needs more care and capacity development.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the Company. This year all the Branch Accountants received hands-on training on their day to day responsibilities. All the program staffs from received training as prescheduled. The Company will continue to train, re-train and develop its staff in order to improve service delivery and innovation.

Medical assistance

The Company reimburses medical expenses incurred by employees for medical treatment.

Social security contribution

All eligible employees are required to contribute National Social Security Scheme managed by Social Security Board at the rate 5% of salary maximum of MMK 15,000. As a employer BRAC pays 3% of this social security contribution on behalf of the employees.

As a result of contribution to this security fund, employees get sickness benefits, maternity benefits and grant, paternity benefits and grant, medical benefits, funeral grant, and many more.

s) **Auditors**

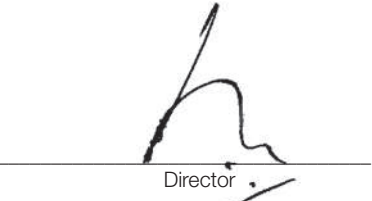
The auditors, Khin Su Htay & Associates Limited, have indicated their willingness to accept re-appointment.

t) **Approval of the financial statements**

The financial statements were approved by the directors at a meeting held on 13 March 2019.

By order of the Board



Director

Director

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2018, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. They are also responsible for safe guarding the assets of the company.

The directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the directors to ensure the company keeps proper accounting records that disclose with reasonable accuracy the financial position of the company.

The directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the profit and cash flow for the year ended 31 December 2018. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

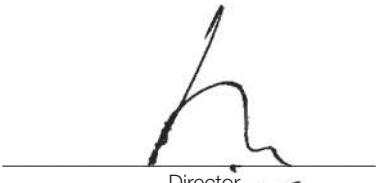
The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the company will not be a going concern for the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the board of directors on 13 March 2019 and were signed on its behalf by:



Director



Director

Independent Auditor's Report

To the members of BRAC Myanmar Microfinance Company Limited

Opinion

We have audited the financial statements of BRAC Myanmar Microfinance Company Limited ("BRAC" or also referred as "the Company"), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2018 and the results, changes in equity and cash flows of the Company for the year then ended. The accounting records required by the Company have been properly kept.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard (IFRSs) and for such control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


Than Tint
CPA (P.A 103)
Managing Director
Khin Su Htay & Associates Limited
Certified Public Accountants



Yangon,
13 March 2019


BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018


	<i>Notes</i>	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Service charge on loan	4	4,518,327,669	2,927,848,944	3,136,820	2,151,248
Interest and other financial expenses	5	1,204,798,384	407,092,619	836,424	299,113
Net income from service charge		3,313,529,285	2,520,756,325	2,300,396	1,852,135
Membership and other fees	6	551,331,700	353,914,000	382,758	260,040
Other income	7	56,061,166	57,789,213	38,920	42,461
Grant income	8	75,419,015	25,169,021	52,359	18,493
		682,811,881	436,872,234	474,038	320,994
Total operating income		3,996,341,166	2,957,628,559	2,774,434	2,173,129
Impairment loss on loan	16.2	33,019,836	90,438,716	22,924	66,450
Operating income after impairment charge		3,963,321,330	2,867,189,843	2,751,510	2,106,679
Staff costs	9	2,200,089,771	1,715,574,171	1,527,398	1,260,525
Other operating expenses	10	1,316,624,101	1,045,919,742	914,058	768,494
Depreciation and amortization	11	82,717,082	57,933,079	57,426	42,567
Total operating cost		3,599,430,954	2,819,426,992	2,498,882	2,071,585
Profit/ (loss) before tax		363,890,376	47,762,851	252,629	35,094
Income tax expenses		-	-	-	-
Profit for the year		363,890,376	47,762,851	252,629	35,094

The accompanying notes form an integral part of these financial statements.


Head of Finance
BRAC Myanmar Microfinance
Company Limited


Director
BRAC Myanmar Microfinance
Company Limited

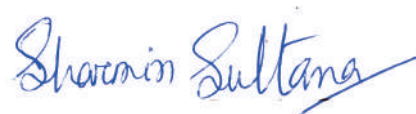

Country Representative
BRAC Myanmar Microfinance
Company Limited


Director
BRAC Myanmar Microfinance
Company Limited

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Notes</u>	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Profit for the year	12	363,890,376	47,762,851	252,629	35,094
Other comprehensive income					
Unrealised exchange differences on translation of assets and liabilities		(159,706,521)	1,778,536	(110,875)	1,307
Total comprehensive (loss)/income for the year, net of tax		204,183,855	49,541,387	141,753	36,401

The accompanying notes form an integral part of these financial statements.



Head of Finance
BRAC Myanmar Microfinance
Company Limited



Director
BRAC Myanmar Microfinance
Company Limited



Country Representative
BRAC Myanmar Microfinance
Company Limited



Director
BRAC Myanmar Microfinance
Company Limited

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	<u>Notes</u>	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Assets					
Property and equipment	13	188,265,017	176,531,160	121,461	129,612
Intangible assets	14	87,811,893	86,706,537	56,653	63,661
Other assets	15	448,501,134	139,477,714	289,356	102,407
Loans to customer	16	20,767,364,824	12,192,530,997	13,398,300	8,951,932
Cash and cash equivalents	17	6,510,072,460	1,030,156,863	4,200,047	756,356
Total assets		28,002,015,328	13,625,403,271	18,065,816	10,003,967
Equity					
Share capital	18	10,967,370,000	7,332,540,000	7,075,723	5,383,656
Share money deposit	19	-	684,885,345	-	502,853
Donor grants	20	1,248,185,174	868,747,756	805,281	637,847
Retained earnings	21	(920,935,370)	(1,301,803,971)	(594,152)	(955,803)
Total equity		11,294,619,804	7,584,369,130	7,286,851	5,568,553
Liabilities					
Loans and borrowings	22	12,848,237,234	3,261,228,785	8,289,185	2,394,441
Related party payables	23	1,657,084,954	1,144,603,245	1,069,087	840,384
Member savings payable	24	2,092,743,310	1,536,774,107	1,350,157	1,128,322
Other liabilities	25	109,330,026	98,428,003	70,536	72,267
Total liabilities		16,707,395,524	6,041,034,140	10,778,965	4,435,414
Total equity and liabilities		28,002,015,328	13,625,403,271	18,065,816	10,003,967

The accompanying notes form an integral part of these financial statements.



Head of Finance
BRAC Myanmar Microfinance
Company Limited



Director
BRAC Myanmar Microfinance
Company Limited



Country Representative
BRAC Myanmar Microfinance
Company Limited



Director
BRAC Myanmar Microfinance
Company Limited

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share Capital	Share money deposit	Retained earnings	Donor Grant	Total equity	Total equity
	Kyats	Kyats	Kyats	Kyats	Kyats	USD
At 1 January 2017	6,696,660,000	1,320,765,345	(1,351,345,357)	427,612,436	7,093,692,424	5,196,844
Share capital	635,880,000	(635,880,000)	-	-	-	-
Profit/(Loss) for the year	-	-	47,762,851	-	47,762,851	35,094
Other comprehensive income	-	-	1,778,536	-	1,778,536	1,307
Donor fund	-	-	-	441,135,320	441,135,320	323,888
Foreign currency translation differences	-	-	-	-	-	11,420
At 31 December 2017	7,332,540,000	684,885,345	(1,301,803,971)	868,747,756	7,584,369,130	5,568,553
At 1 January 2018	7,332,540,000	684,885,345	(1,301,803,971)	868,747,756	7,584,369,130	5,568,553
Share Capital	3,634,830,000	(684,885,345)	-	-	2,949,944,655	1,903,190
Profit/(Loss) for the year	-	-	363,890,376	-	363,890,376	234,768
Other comprehensive income	-	-	(159,706,521)	-	(159,706,521)	(110,875)
Impact of IFRS 9 initial recognition	-	-	176,684,746	-	176,684,746	129,724
Donor Grants	-	-	-	379,437,418	379,437,418	244,798
Foreign currency translation differences	-	-	-	-	-	(683,307)
At 31 December 2018	10,967,370,000	-	(920,935,370)	1,248,185,174	11,294,619,804	7,286,851

The accompanying notes form an integral part of these financial statements.

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Cash flows from operating activities					
Net cash flow from operations	12	406,613,890	348,988,635	277,963	256,338
Loan disbursements		(42,716,550,000)	(27,020,950,000)	(29,655,690)	(19,853,747)
Loan collection		34,411,601,333	22,478,830,830	23,890,033	16,516,408
Net cash used in operating activities		(7,898,334,778)	(4,193,130,535)	(5,487,694)	(3,081,001)
Cash flows from investing activities					
Acquisition of property and equipment		(68,105,000)	(46,655,587)	(48,286)	(34,280)
Acquisition of intangible asset		(26,004,350)	(65,463,294)	(18,053)	(48,099)
Net cash used in investing activities		(94,109,350)	(112,118,881)	(66,339)	(82,380)
Cash flows from financing activities					
Members savings		555,969,203	201,609,894	358,690	148,025
capital		3,634,830,000	635,880,000	2,345,052	466,872
Grant received in advance		379,437,418	441,135,320	244,798	323,888
Term loan		9,587,008,449	3,261,228,785	6,185,167	2,394,441
Share money deposit		(684,885,345)	(635,880,000)	(441,862)	(466,872)
Net cash from financing activities		13,472,359,725	3,903,973,999	8,691,845	2,866,354
Net increase/(decrease) in cash and cash equivalents		5,479,915,597	(401,275,417)	3,137,811	(297,027)
Cash and cash equivalents at 1 January		1,030,156,863	1,431,432,280	756,356	1,395,158
Effect of exchange rate fluctuation on cash		-	-	305,879	(341,775)
Cash and cash equivalents at 31 December	16	6,510,072,460	1,030,156,863	4,200,047	756,356

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

BRAC Myanmar Microfinance Company Limited is a wholly owned subsidiary company of BRAC International Holdings B. V., a limited liability company registered under the laws of Netherlands, with its registered office in The Hague.

BRAC Myanmar Microfinance Company Limited was incorporated as a limited liability company under the company Act on 15 October 2013 with its registration number 559 FC/13-14 and re-registered under Myanmar Companies Law 2017 on 29 October 2018 with its new registration number 108090278 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. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements were issued by the Board of Directors on 13 March 2019.

b. Basis of measurement

The financial statements are prepared under the historical cost convention except for the financial instruments at fair value through profit and loss which are measured at fair value when required.

c. Functional and presentation currency

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

Memorandum figures

The memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements.

The exchange rates used to translate the MMK figures to USD memorandum were as follows:

- Assets and liabilities were translated at the closing rate at 31 December 2018 which of MMK 1,550 (2017:MMK 1,362);
- Income and expenses were translated using an average exchange rate for the period of MMK 1,440.42 (2017: MMK 1,361);

2. Basis of preparation (continued)

d. Use of estimation and judgments

The preparation of Company's financial statements in conformity with International Financial Reporting Standards (IFRS) 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. Actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

b. Revenue recognition

Revenue is recognized on a accrual basis.

(i) Interest income on loans and advances

Interest income and expenses are recognized on accrual basis taking into account the effective interest rate.

Interest income includes the amortization of any discount at premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and charges paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

The requirements of IFRS 9 require the suspension of recognition of interest on the impaired part of the loan and interest on the impaired part of the loan.

3. Significant accounting policies (continued)

b. Revenue recognition (continued)

(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 and gain on foreign currency translation.

c. Grants income

Grants and contributions from donor organisations or individuals constitute an important part of BRAC Myanmar Microfinance Company Limited's resources as some its MFI operation/ projects are partially financed by grants and contributions provided by donors. Grants are assistance in the form of transfers of resources to the company, in return for past or future compliance with certain terms and conditions relating to the operating activities of the company. Grants or contributions from donor can be of 4 categories-

- i. Unrestricted
- ii. Restricted
- iii. Grants investment in Fixed asset
- iv. Contribution in kind

The company received grants from donors of different projects are all restricted grants. Restricted grants refer to grants that must be spent in the exact way the donor agreement describes.

All restricted grants received are initially recorded in the grant received in advance account as liabilities for the period in accordance with IAS 20. Periodically, a portion of the grant is recognised as revenue, based on the expenses incurred for the period. This method follows the proposition that the company earns its revenue based on its activities or performance, as expressed in its expenses. The revenue is always equal to expenses; unspent portion of the grant remains as a liability.

The portion of the grants utilized to disburse group loans, are transferred as deferred income in loans to group members.

For projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivable.

d. Income tax

Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

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. During the year 2018 the Company earned profits but not liable for tax in accordance with the Myanmar Tax Law because of its tax losses in prior years.

3. Significant accounting policies (continued)

e. Financial assets and liabilities

(i) IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings.

Retained earnings	MMK
Reduction of expected credit losses under IFRS 9	176,684,746
Impact as at 1 January 2018	176,684,746

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(1) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the entity's accounting policies related to financial assets and financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued)

e. Financial assets and liabilities (continued)

(i) IFRS 9 Financial Instruments (continued)

On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the entity may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value using the effective interest method. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVTPL	These assets are subsequently measured at Fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit and loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVTPL	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the entity's financial assets as at 1 January 2018.

3. Significant accounting policies (continued)

e. Financial assets and liabilities (continued)

(i) IFRS 9 Financial Instruments (continued)

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost	1,030,156,863	1,030,156,863
Deposits	Held to maturity	Amortised cost	-	-
Loans to customer	Loans and receivables	Amortised cost	12,192,530,997	12,192,530,997
Other assets	Loans and receivables	Amortised cost	139,477,714	139,477,714
Total financial assets			13,362,165,574	13,362,165,574

Loans and advances to customers that were classified as loans and receivables under IAS 39 are now classified at amortized cost. A decrease of MMK 176,684,746 in the allowance for impairment over these loans and advances to customers was recognized in opening retained earnings at 1 January 2018 on transition to IFRS 9.

(2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of Loans and advances to customers, cash and cash equivalents, short term deposits and trade receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The entity measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and other debt securities and bank balances for which credit risk (i.e. the risk of default occurring
- over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and assessment and including forward-looking information.

3. Significant accounting policies (continued)

e. Financial assets and liabilities (continued)

(i) IFRS 9 Financial Instruments (continued)

The entity assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The entity considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the entity is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the entity assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to loans and advances to customers are presented in the statement of profit or loss and OCI under "Net movement in impairment losses on loans and advances.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The entity has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows;

	MMK
Impairment allowance at 31 December 2017 under IAS 39	219,974,296
Impairment allowance reduced at 1 January 2018 on:	
Loans and advances to customers as at 31 December 2017	(176,684,746)
Deposits	-
Other assets	-
Cash and cash equivalents	-
Impairment allowance as at 1 January 2018 using IFRS 9	43,289,551

3. Significant accounting policies (continued)

e. Financial assets and liabilities (continued)

(ii) IFRS 15 Revenue from contracts with customers

IFRS 15, revenue from contracts with customers, which replaced IAS 18, revenue and IAS 11, construction contracts, has been applied effective from 1 January 2018. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the entity to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the entity recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, BRAC will continue to recognize fee and commission income charged for services provided by the entity as the services are provided (for example on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on requirements of IFRS 9.

f. Property and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Costs comprises its purchase price and any cost directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and impairment losses. The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Major improvements that increase the life of the asset are capitalized.

ii. Subsequent cost

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The costs of the day-to-day servicing and maintenance of property and equipment are recognised in the statement of comprehensive income as incurred.

iii. Depreciation

All property and equipment are depreciated on a straight line basis to write off the costs of the assets over the expected useful lives. Depreciation is recognised as an expense in profit or loss of each component of an item of property and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3. Significant accounting policies (continued)

f. Property and equipment (continued)

iii. Depreciation (continued)

Furniture & Fixtures	10%
Computer/Laptop	20%
Equipments	33.33%
Vehicles	20%

Management reviews 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 profit or loss.

g. Intangible asset

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortization and any impairment losses.

The Company has accounting software Sbi Cloud acquired during the year and it is amortised on a straight line basis over its finite useful life of 4 years.

h. Operating lease

BRAC is involved in operating leases as the lessee for rental property serving as office space. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease, which is typically twelve (12) months.

i. Provisions

A provision is recognised if, as a result of a past event, BRAC 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.

The loan loss provision is calculated based on the ageing of default loans in the portfolio on the following basis:

Name	Period of default	Provision % on default loans*
Current	Performing loans	1%
Sub-standard	30 days past due	10%
Watch	31- 60 days past due	50%
Doubtful	61-90 days past due	75%
Loan loss	over 90 days past due	100%

j. Related party transactions

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

3. Significant accounting policies (continued)

k. Adoption of new and revised standards

i) New and amended standards adopted by the Company

The Company has adopted the following standards for the first time for the financial year beginning on or after 1 January 2018:

New amendments or interpretation	Effective date
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	
Transfers of Investment Property (Amendments to IAS 40)	
Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	

New amendments or interpretation effective for annual periods beginning on or after 1 January 2019 are summarized below:

New amendments or interpretation	Effective date
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	
Prepayment Features with Negative Compensation (Amendments to IFRS 9) Ventures	
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	
Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)	
Annual Improvements to IFRSs 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	

All Standards and Interpretations were adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IAS 28, IAS 19, are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors.

3. Significant accounting policies (continued)

k. Adoption of new and revised standards (continued)

IFRS 16 Leases (continued)

IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors. Management is still assessing the impact of this standard on the Company's financial Statements

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The interpretation is not expected to have a significant impact on the financial statements of the Company.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify those financial assets containing prepayment features with negative compensation can now be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
4. Service charge on loan				
Group loans (Microfinance)	4,112,774,111	2,910,679,198	2,855,267	2,138,633
Small Enterprises Program (SEP)	355,388,224	17,169,746	246,726	12,616
Woman Enterprise Programme (WEP)	47,489,188	-	32,969	-
Digital Agriculture Loan	2,676,146	-	1,858	-
	4,518,327,669	2,927,848,944	3,136,820	2,151,248
5. Interest and other financial expenses				
Interest on member savings	181,265,953	160,057,735	125,843	117,603
Interest on term loan	764,976,284	240,534,884	531,080	176,734
Interest on short term loan	143,804,244	-	99,835	-
Other financial expenses	114,751,903	6,500,000	79,666	4,776
	1,204,798,384	407,092,619	836,424	299,113
6. Membership and other fees				
Membership fee	46,768,500	31,073,000	32,469	22,831
Loan appraisal fee	427,165,500	270,209,500	296,557	198,537
Sales of passbook	24,033,500	13,952,000	16,685	10,251
Death benefit fee	8,467,200	6,139,500	5,878	4,511
Insurance fee	44,877,000	32,540,000	31,156	23,909
Interest on staff loan	20,000	-	14	-
	551,331,700	353,914,000	382,758	260,040
7. Other income				
Non-operational	17,193,880	43,221,072	11,937	31,757
Realized exchange gain	38,867,286	14,568,141	26,983	10,704
	56,061,166	57,789,213	38,920	42,461
8. Grants income				
Transferred to statement of income and expenses	74,522,116	25,169,021	51,736	18,493
Transferred from deferred grant (depreciation)	896,899	-	623	-
	75,419,015	25,169,021	52,359	18,493
9. Staff Costs				
Salaries	1,997,602,778	1,636,726,817	1,386,823	1,202,591
Per diem	1,733,533	4,890,337	1,203	3,593
Leave salaries	46,112,527	9,551,210	32,013	7,018
Staff insurance expenses	26,906,847	21,844,989	18,680	16,051
Staff bonus	127,734,086	42,560,818	88,679	31,272
	2,200,089,771	1,715,574,171	1,527,398	1,260,525

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	2018	2017	2018	2017
	Kyats	Kyats	USD	USD
10. Other operating expenses				
Occupancy expenses (N-10.1)	297,981,436	261,616,535	206,872	192,224
Travel & transportation expenses (N-10.2)	199,512,661	152,936,029	138,510	112,370
Maintenance and general expenses (N-10.3)	426,215,404	312,873,599	295,897	229,885
Stationary expenses	58,843,009	29,817,144	40,851	21,908
Staff training cost	36,800,042	40,043,575	25,548	29,422
HO logistics expenses	252,511,725	190,548,536	175,305	140,006
Audit and professional fee (N-10.4)	44,759,824	58,084,324	31,074	42,678
	1,316,624,101	1,045,919,742	914,058	768,494
10.1 Occupancy expenses				
Rent	283,262,206	246,765,403	196,653	181,312
Utilities	14,719,230	14,851,132	10,219	10,912
	297,981,436	261,616,535	206,872	192,224
10.2 Travel & transportation expenses				
Travel and transportation	159,855,071	115,737,526	110,978	85,039
Technical teams visit	2,581,022	-	1,792	-
Air Tickets & VISA cost	37,076,568	37,198,503	25,740	27,332
	199,512,661	152,936,029	138,510	112,370
10.3 Maintenance and general expenses				
Wi-Fi and Mobile SIM & Bill	50,207,313	42,143,281	34,856	30,965
Maintenance and general	80,698,298	52,336,323	56,024	38,454
Meals	85,091,635	67,208,584	59,074	49,382
Accommodation (hotel fare)	22,722,812	7,661,568	15,775	5,629
Meeting expenses	5,275,445	23,457,589	3,662	17,236
Design and development	403,916	-	280	-
Need assessment cost	1,144,824	-	795	-
Bank charge	10,109,651	4,086,909	7,019	3,003
Medical expenses	1,215,092	(15,052,971)	844	(11,060)
Uniform cost	6,903,500	5,313,600	4,793	3,904
Business license & registration	56,189,205	25,958,466	39,009	19,073
Visibility & communication	5,916,866	25,991,759	4,108	19,098
Vehicle maintenance & fuel	20,498,985	7,690,387	14,231	5,651
Stipends	7,881,156	-	5,471	-
Event and workshop expense	462,100	-	321	-
Cash and bank write off	646,250	166,000	449	122
Automation expenses	52,656,600	53,576,994	36,557	39,366
Member death benefit	16,700,000	10,800,000	11,594	7,935
Fixed asset write-off	1,491,756	1,535,110	1,036	1,128
	426,215,404	312,873,599	295,897	229,885

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	2018	2017	2018	2017
	Kyats	Kyats	USD	USD
10.4 Audit and professional fee				
Professional & consultancy fee	34,595,825	49,215,823	24,018	36,162
Audit fee	10,163,999	8,868,501	7,056	6,516
	44,759,824	58,084,324	31,074	42,678
11. Depreciation & amortization				
Depreciation	57,818,088	49,310,227	40,140	36,231
Amortization	24,898,994	8,622,852	17,286	6,336
	82,717,082	57,933,079	57,426	42,567
12. Cash generated from operations				
Net profit/(loss) for the year	363,890,376	47,762,851	252,629	35,094
Other comprehensive income/(expenses)	(159,706,521)	1,778,536	(110,875)	1,307
Depreciation & amortization	81,270,137	56,406,139	56,421	41,445
Loan loss provision	33,019,836	90,438,716	22,924	66,450
Cash flow before changes in working capital	318,473,828	196,386,242	221,098	144,296
Changes in working capital				
Decrease/(increase) of receivables and other current assets	(309,023,420)	(52,167,716)	(199,370)	(38,302)
Decrease/(increase) in interest receivable	(126,220,250)	(36,775,274)	(81,432)	(27,001)
Increase/(decrease) of related party payables	512,481,709	333,508,338	330,633	244,867
Increase/(decrease) of current liabilities	10,902,023	(91,962,955)	7,034	(67,521)
Net cash generated from operations	406,613,890	348,988,635	277,963	256,338

13. Property and equipment

Cost	Furniture & Fixtures		Computer		Equipment		Motor vehicles		Total		Total	
	Kyats		Kyats		Kyats		Kyats		Kyats		USD	
At 1 January 2017	71,297,950	-	52,201,603	28,013,660	92,722,000	244,235,213	178,927					
Additions	15,879,750		18,727,787	8,140,100	6,970,000	49,717,637	36,530					
Write-off	(1,539,700)		(372,000)	(1,150,350)	-	(3,062,050)	(2,250)					
Effect of movements in exchange rate	-		-	-	-	-	369					
At 31 December 2017	85,638,000		70,557,390	35,003,410	99,692,000	290,890,800	213,576					
At 1 January 2018	85,638,000		70,557,390	35,003,410	99,692,000	290,890,800	213,576					
Additions	20,962,900		21,092,700	12,886,100	16,995,000	71,936,700	49,942					
Transfer to NGO	-		(940,000)	-	-	(940,000)	(653)					
Write-off	(425,850)		(823,350)	(797,500)	(845,000)	(2,891,700)	(2,008)					
Effect of movements in exchange rate	-		-	-	-	-	(29,247)					
At 31 December 2018	106,175,050		89,886,740	47,092,010	115,842,000	358,995,800	231,610					
Accumulated depreciation												
At 1 January 2017	10,259,136		15,840,941	13,300,206	27,176,070	66,576,353	48,774					
Additions	7,698,623		12,487,626	9,722,806	19,401,172	49,310,227	36,231					
Write-off	(455,533)		(228,305)	(843,102)	-	(1,526,940)	(1,122)					
Effect of movements in exchange rate	-		-	-	-	-	82					
At 31 December 2017	17,502,226		28,100,262	22,179,910	46,577,242	114,359,640	83,964					
At 1 January 2018	17,502,226		28,100,262	22,179,910	46,577,242	114,359,640	83,964					
Additions	9,516,051		15,570,124	10,555,506	22,176,407	57,818,088	40,140					
Transfer to NGO	-		(47,001)	-	-	(47,001)	(33)					
Write-off	(145,987)		(425,390)	(695,787)	(132,780)	(1,399,944)	(972)					
Effect of movements in exchange rate	-		-	-	-	-	(12,951)					
At 31 December 2018	26,872,290		43,244,996	32,039,629	68,620,869	170,730,783	110,149					
Carrying amount												
At 1 January 2017	61,038,814		36,360,662	14,713,454	65,545,930	177,658,860	130,153					
At 31 December 2017	68,135,774		42,457,128	12,823,500	53,114,758	176,531,160	129,612					
At 31 December 2018	79,302,760		46,641,744	15,052,381	47,221,131	188,265,017	121,461					

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	2018	2017	2018	2017
	Kyats	Kyats	USD	USD
14. Intangible assets				
Cost				
At 1 January	99,595,974	34,132,680	73,125	25,006
Additions	26,004,350	65,463,294	18,053	48,099
Currency translation adjustment	-	-	(10,146)	20
At 31 December	125,600,324	99,595,974	81,032	73,125
Accumulated amortization				
At 1 January	12,889,437	4,266,585	9,464	3,126
Additions	24,898,994	8,622,852	17,286	6,336
Currency translation adjustment	-	-	(2,370)	2
At 31 December	37,788,431	12,889,437	24,380	9,464
Carrying amount				
At 31 December	87,811,893	86,706,537	56,653	63,661
15. Other assets				
Advance to third parties	139,079,092	129,720,000	89,728	95,242
Receivable from BRAC Myanmar	90,433,952	2,564,893	58,344	1,883
Advance salary to staff	3,000,000	-	1,935	-
Receivable from partner org.	117,176,531	-	75,598	-
Receivable from donor	77,846,492	7,192,821	50,224	5,281
Employee motor cycle Loan	20,965,067	-	13,526	-
	448,501,134	139,477,714	289,356	102,407
16. Loan to customers				
Group loans (Microfinance)	16,723,138,276	12,033,814,170	10,789,121	8,835,400
Small Enterprise Program (SEP)	2,649,489,889	313,748,497	1,709,348	230,359
Woman Enterprise Programme	1,188,949,503	-	767,064	-
Digital Agriculture Loan	70,550,000	-	45,516	-
Loans write off	(24,316,121)	(20,383,666)	(15,688)	(14,966)
	20,607,811,547	12,327,179,001	13,295,362	9,050,792
Add: Interest receivable	211,546,542	85,326,292	136,482	62,648
Less: Impairment loss on loans	(51,993,265)	(219,974,296)	(33,544)	(161,508)
	20,767,364,824	12,192,530,997	13,398,300	8,951,932
16.1 The movement of loans is shown below:				
Opening balance	12,327,179,001	7,805,443,497	9,050,792	5,718,274
Add: Loans disbursement	42,716,550,000	27,020,950,000	29,655,690	19,853,747
Less: Loan realization	(34,411,601,333)	(22,478,830,830)	(23,890,033)	(16,516,408)
Loans write off	(24,316,121)	(20,383,666)	(16,881)	(14,977)
Translation adjustment	-	-	(1,504,206)	10,156
Principal outstanding	20,607,811,547	12,327,179,001	13,295,362	9,050,792
Add: Interest receivable	211,546,542	85,326,292	136,482	62,648
Less: Impairment loss on loans	(51,993,265)	(219,974,296)	(33,544)	(161,508)
	20,767,364,824	12,192,530,997	13,398,300	8,951,932

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	2018	2017	2018	2017
	Kyats	Kyats	USD	USD

16. Loan to customers (continued)

16.2 Movement of impairment loss on loans

At 1 January	219,974,296	149,919,246	161,508	109,831
Impact of IFRS 9 in 2017	(176,684,746)	-	(129,724)	-
Charge for the year	33,019,836	90,438,716	22,924	66,450
Loan write off	(24,316,121)	(20,383,666)	(16,881)	(14,977)
Currency translation adjustment	-	-	167,756	204
	51,993,265	219,974,296	205,582	161,508

As per Microfinance Supervisory Committee notification no (5/2016) issued on 26 August, 2016, loan loss reserve balance shall be as follows-

	Principal outstanding MMK	Provision rate	Provision required MMK
No past due	20,082,177,358	1%	200,821,774
1-30 days	232,498,296	10%	23,249,830
31-60 days	32,237,829	50%	16,118,915
61-90 days	23,007,652	75%	17,255,739
91-over	237,890,412	100%	237,890,412
	20,607,811,547		495,336,669

2018	2017	2018	2017
Kyats	Kyats	USD	USD

17. Cash and cash equivalents

Cash in hand	18,003,472	15,758,737	11,615	11,570
Cash at bank	6,492,068,988	1,014,398,126	4,188,432	744,786
	6,510,072,460	1,030,156,863	4,200,047	756,356

As at 31 December 2018 the company has cash balance in its account with following banks-

	MMK	USD	Total MMK
KBZ Bank	1,178,071,621	854,956	2,503,252,987
CB Bank	443,847,337	100	443,966,337
AYA Bank	500,616,170	-	500,616,170
MEB Bank	208,397,215	-	208,397,215
YOMA Bank	32,582,193	1,764,105	2,766,944,447
MAY Bank	68,891,832	-	68,891,832
	2,432,406,368	2,619,160	6,492,068,988

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18. Share capital

The Company's share capital includes 1,096,737 ordinary shares of Kyats 10,000 each, issued and fully paid as detailed below:

<i>At 31 December 2018</i>	No. of Shares	Kyats	USD
BRAC International Holdings B.V.	1,096,735	10,967,350,000	7,075,710
Mr. Faruque Ahmed	2	20,000	13
	1,096,737	10,967,370,000	7,075,723

The holders of the ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions. As at 31 December 2017, the company had share capital of MMK 7,332,540,000.

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
19. Share money deposits				
Applied for share capital	-	684,885,345	-	502,853

20. Donor grant

Grant received in advance (N- 20.1)	180,285,879	367,935,320	116,313	270,143
Grant investment in loan (N-20.2)	1,055,847,474	500,812,436	681,192	367,704
Deferred grant investment in fixed asset(N-20.3)	12,051,821	-	7,775	-
	1,248,185,174	868,747,756	805,281	637,847

20.1 Grant received in advance

At 1 January	367,935,320	189,299,000	270,143	138,681
Donation received during the year	384,202,762	459,111,520	254,814	339,920
Donor fund investment in loan	(555,035,038)	(262,499,000)	(385,330)	(192,872)
Transferred to Statement of Other Comprehensive Income	(3,144,321)	(17,976,200)	(2,183)	(13,208)
Adjustment against donor receivable	(13,672,844)	-	(8,821)	-
Currency translation adjustment	-	-	(12,310)	(2,377)
	180,285,879	367,935,320	116,313	270,143

20.1.1 Donation received during the year

WPF (Whole Planet Foundation)	223,588,998	404,646,040	145,282	299,960
TLMM (The Leprosy Mission Myanmar)	13,672,844	-	9,612	-
UNCDF	146,940,920	54,465,480	99,920	39,960
	384,202,762	459,111,520	254,814	339,920

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	2018 Kyats	2017 Kyats	2018 USD	2017 USD
20.2 Donor fund investment in loans				
At 1 January	500,812,436	238,313,436	367,704	174,589
Donor fund investment in loan	555,035,038	262,499,000	385,330	192,872
Currency translation adjustment	-	-	(71,841)	243
	1,055,847,474	500,812,436	681,192	367,704
20.3 Deferred grant- investment in fixed and intangible asset				
Opening balance	-	-	-	-
Asset purchased during the year	12,948,720	-	8,990	-
Transferred from grant received in a	-	-	-	-
Amortization during the year	(896,899)	-	(623)	-
Currency translation adjustment	-	-	(592)	-
	12,051,821	-	7,775	-
21. Retained earnings				
At 1 January	(1,301,803,971)	(1,351,345,357)	(955,803)	(989,997)
Profit/(loss) for the year	363,890,376	47,762,851	252,629	35,094
Impact of IFRS 9	176,684,746	-	129,724	-
Unrealised gain/(loss)	(159,706,521)	1,778,536	(110,875)	1,307
Currency translation adjustment	-	-	90,174	(2,207)
	(920,935,370)	(1,301,803,971)	(594,152)	(955,803)
22. Loans and borrowings				
Principal outstanding	12,470,833,329	3,245,833,333	8,045,699	2,383,138
Accrued interest	377,403,905	15,395,452	243,486	11,304
	12,848,237,234	3,261,228,785	8,289,185	2,394,441
22.1 Long term loans				
May Bank				
Principal outstanding	595,833,329	1,245,833,333	384,409	914,709
Accrued interest	1,836,473	3,839,896	1,185	2,819
Total May Bank payable (a)	597,669,802	1,249,673,229	385,593	917,528
Grameen Credit Agricole Microfinance Fund (GCAMF)				
Principal outstanding	1,200,000,000	2,000,000,000	774,194	1,468,429
Accrued interest	6,933,543	11,555,556	4,473	8,484
Total GCAMF payable (b)	1,206,933,543	2,011,555,556	778,667	1,476,913
FMO				
Principal outstanding	3,875,000,000	-	2,500,000	-
Accrued interest	108,345,000	-	69,900	-
Total FMO payable (c)	3,983,345,000	-	2,569,900	-
YOMA Bank				
Principal outstanding	6,800,000,000	-	4,387,097	-
Accrued interest	260,288,889	-	167,928	-
Total YOMA Bank payable (d)	7,060,288,889	-	4,555,025	-
Total long term loans (a+b+c+d)	12,848,237,234	3,261,228,785	8,289,185	2,394,441

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF THE UNION OF MYANMAR)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
23. Related party payables				
BRAC (Bangladesh)	762,595,106	597,976,866	491,997	439,043
BRAC International Holdings B.V.	598,543,447	346,017,927	386,157	254,051
BRAC IT Services Ltd. (biTS)	264,244,000	165,989,664	170,480	121,872
Stichting BRAC International	31,702,401	34,618,788	20,453	25,418
	1,657,084,954	1,144,603,245	1,069,087	840,384
The amount is payable to BRAC International Holdings B.V., Stichting BRAC International, biTS and BRAC (Bangladesh) represents services rendered and expenses beared in favour of BRAC Myanmar Microfinance Company Limited.				
24. Member savings				
Member savings	2,092,743,310	1,518,303,844	1,350,157	1,114,761
Interest on members savings	-	18,470,263	-	13,561
	2,092,743,310	1,536,774,107	1,350,157	1,128,322
25. Other liabilities				
Provision for salaries	11,002	8,634,726	7	6,340
Provision for leave salaries	69,246,765	54,436,355	44,675	39,968
Liabilities for expenses	-	69,804	-	51
Withholding tax payable	28,554,403	22,013,758	18,422	16,163
Provision for social security	4,517,856	6,437,359	2,915	4,726
Audit fee provision	7,000,000	6,836,001	4,516	5,019
	109,330,026	98,428,003	70,536	72,267

26. Financial risk management policies and objectives

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note represents information about the Company's exposure to each of the above risk, its objectives, policies and processes for measuring and managing risk and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of BRAC's risk management framework.

Risk management policies are established to identify and analyse the risks faced by BRAC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and BRAC's activities.

BRAC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the BRAC International Group Audit Committee.

26. Financial risk management policies and objectives (continued)

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers.

Management of credit risk

For risk management reporting purposes, the Company measures, monitors and manage proactively all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The Company does not have any significant exposure to any individual customer or counterparty.

The model that the Company uses to mitigate this risk is vetting from respective members of the group.

The Board of Directors has delegated responsibility for the management of credit risk to senior management. Program operations and monitoring team are responsible for oversight of the Company's credit risk.

• Formulating credit policies in consultation with business units covering credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

• Establishing the authorization structure for the approval and renewal of credit facilities.

• Reviewing and assessing credit risk. BRAC's Program department assesses all credit exposures in excess of designated limits prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

• Limiting concentrations of exposure to geographies and market segments for loans and advances.

• Developing and maintaining BRAC's risk grading in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.

• Reviewing compliance of business units with agreed exposure limits including those for selected industries' country risk and product types. Regular reports are provided to BRAC's Program department on the credit quality of local portfolios and appropriate corrective actions to be taken.

• Providing advice, guidance and specialist skills to business units to promote best practice throughout BRAC in the management of credit risk.

Each branch is required to implement BRAC's credit policies and procedures with credit approval authorities delegated from management. Each branch has a Branch Manager who reports on all credit related matters to senior management. Each branch is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios including those subject to central approval.

BRAC does not hold collateral against loans. The lending portfolio consists of non-securitized microfinance loans mutually guaranteed by group members. Customers are clustered into solidarity groups for village organisation discipline but are not liable for other members liability. Regular audits of branches and credit processes are undertaken by Internal Audit.

26. Financial risk management policies and objectives (continued)

(a) Credit risk (continued)

Impaired loans

Impaired loans are loans for which BRAC determines that it is probable that it will be unable to collect the principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

Loans where contractual interest or principal payments are past due but BRAC believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to BRAC.

Allowance for impairment

BRAC establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

The ageing of loan to customers and the company's exposure to credit risk were:

	2018	2017
	Kyats	Kyats
Current (performing loans)	20,082,177,358	12,023,185,889
Sub-standard (30 days past due)	232,498,296	206,116,936
Watch (31-60 days past due)	32,237,829	27,449,368
Doubtful (61-90 days past due)	23,007,652	20,082,993
Loan loss (over 90 days past due)	237,890,412	50,343,815
Total loans to customer	20,607,811,547	12,327,179,001
Allowance for impairment	(51,993,265)	(219,974,296)
Net loans to customer	20,555,818,282	12,107,204,705
Balance as at 1 January	219,974,296	149,919,246
Impairment charge for the year	33,019,836	90,438,716
Impact of IFRS 9 in 2017	(176,684,746)	-
Loan write off	(24,316,121)	(20,383,666)
Balance as at 31 December	51,993,265	219,974,296

BRAC reports loans at their outstanding balance net of allowance made from loan loss provisions. Adjustments in respect of surplus or deficit in the loan loss reserve are made in the income statement.

Write-off policy

BRAC writes off a loan balance (and any related allowances for impairment losses) when BRAC's Program department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or the amount is not collectible due to death, dislocation of the borrower or any other natural or humanitarian disaster that affects the livelihood of the borrowers.

26. Financial risk management policies and objectives (continued)

(b) Liquidity risk

Liquidity Risk is the risk that BRAC will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity management is to ensure that BRAC has the ability to generate sufficient funds to meet all cash flow obligations as they become due, both under normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

Management of liquidity risk

BRAC monitors its risk to a shortage of funds by reviewing the cash payment plan. BRAC's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to BRAC's reputation.

Country office receives information from regional units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

The table below summarises the maturity profile of the Company's financial asset and liabilities based on contractual undiscounted receipts and payments.

	2018	2017	2018	2017
	Kyats	Kyats	USD	USD
Financial assets				
Loans to customer	20,767,364,824	12,192,530,997	13,398,300	8,951,932
Cash and cash equivalents	6,510,072,460	1,030,156,863	4,200,047	756,356
Other assets	448,501,134	139,477,714	289,356	102,407
Total undiscounted financial assets	27,725,938,418	13,362,165,574	17,887,702	9,810,694
Financial liabilities				
Term loan	12,848,237,234	3,261,228,785	8,289,185	2,394,441
Related party payables	1,657,084,954	1,144,603,245	1,069,087	840,384
Member savings payable	2,092,743,310	1,536,774,107	1,350,157	1,128,322
Other liabilities	109,330,026	98,428,003	70,536	72,267
Total undiscounted financial liabilities	16,707,395,524	6,041,034,140	10,778,965	4,435,414
Net undiscounted financial assets	11,018,542,894	7,321,131,433	7,108,737	5,375,280

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The Company is exposed to currency risk on payments that are denominated in a currency other than the functional currency which is MMK. The Company's strategy of managing the currency risk is using functional currency in transaction as much as possible.

26. Financial risk management policies and objectives (continued)

Capital Management

BRAC's policy is to maintain a strong capital base so as to maintain client, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary share capital, share money deposit, and donor grant . The primary objective of capital management is to maintain a sufficient liquidity.

27. Related parties

Parent and ultimate controlling party

The Company's majority shares were acquired by BRAC International Holdings B.V. which is a subsidiary of Stichting BRAC International.

Transactions with key management personnel

Key management personnel compensation and transactions

The directors do not get any financial or nonfinancial benefits from the Company. Only one director of the Company controls 1 of the voting shares of the Company.

Other related party transactions

	Transaction value		Outstanding balance	
	2018	2017	2018	2017
	Kyats	Kyats	Kyats	Kyats
BRAC International Holdings B.V.	252,525,520	108,186,420	598,543,447	346,017,927
Other related companies	259,956,189	185,524,150	1,058,541,507	798,585,318

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances are secured.

28. Use of estimates and judgements

Management discussed the development, selection and disclosure of the Organisation's critical accounting policies and estimates, and the application of these policies and estimates.

Key sources of estimation uncertainty

Fair values of financial instruments

Level 1: quoted prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset and liability that are not based on observable market data . This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

28. Use of estimates and judgements (continued)

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

	Level 1 Kyats	Level 2 Kyats	Level 3 Kyats	Carrying value Kyats	Fair value Kyats
31 December 2018					
Assets					
Cash and cash equivalents	6,510,072,460	-	-	6,510,072,460	6,510,072,460
Loans to customer	-	-	20,767,364,824	20,767,364,824	20,767,364,824
Other assets	-	-	448,501,134	448,501,134	448,501,134
Total assets	6,510,072,460	-	21,215,865,958	27,725,938,418	27,725,938,418
Liabilities					
Loans and borrowings	-	-	12,848,237,234	12,848,237,234	12,848,237,234
Related party payables	-	-	1,657,084,954	1,657,084,954	1,657,084,954
Member savings payable	-	-	2,092,743,310	2,092,743,310	2,092,743,310
Other liabilities	-	-	109,330,026	109,330,026	109,330,026
Total liabilities	-	-	16,707,395,524	16,707,395,524	16,707,395,524
31 December 2017					
Assets					
Cash and cash equivalents	1,030,156,863	-	-	1,030,156,863	1,030,156,863
Loans to customer	-	-	12,192,530,997	12,192,530,997	12,192,530,997
Other assets	-	-	139,477,714	139,477,714	139,477,714
Total assets	1,030,156,863	-	12,332,008,711	13,362,165,574	13,362,165,574
Liabilities					
Loans and borrowings	-	-	3,261,228,785	3,261,228,785	3,261,228,785
Related party payables	-	-	1,144,603,245	1,144,603,245	1,144,603,245
Member savings payable	-	-	1,536,774,107	1,536,774,107	1,536,774,107
Other liabilities	-	-	98,428,003	98,428,003	98,428,003
Total liabilities	-	-	6,041,034,140	6,041,034,140	6,041,034,140

29. Contingencies

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.

30. 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 2018.

31. Authorisation of financial statement

The financial statements of the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of directors and authorise for issue on 13 March 2019.

BRAC MYANMAR

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

BRAC Myanmar
Report and Financial Statements
For the year ended 31 December 2018

General information

Directors
Mr. Faruque Ahmed
Mr. M Anowar Hossain

- Chair
- Director

Administrator
Mr. ATM Tariqul Islam

- Country Representative

Principal place of business
168, Kyun Shwe Myaing Lane 2
Bogyoke Ywa, Thuwunna
Thingangyun Township
Yangon
Myanmar

Auditors
Sein Win & Associates
Building (6),Room (323)
Kyaikkasan Housing
Marlarnwe Street, Tamwe (B) Ward
Tamwe Township, Yangon, Myanmar

Bankers
KBZ Bank
No53,6 Storey Office BLD,
CoR of Merchant Rd and Bo Son Pat St,
Pabedan Tsp, Yangon
Myanmar

CB Bank
Ground Floor,Sakura Tower,
0101 Bogyoke Aung San St,
Yangon,
Myanmar

BRAC Myanmar
Directors' report for the year ended 31 December 2018

The directors have pleasure in submitting their report and the audited financial statements of the organisation for the year ended 31 December 2018, which disclose the state of affairs of BRAC Myanmar.

a) Registration

BRAC Myanmar is a branch office of Stichting BRAC International, a limited liability organisation registered under the laws of the Netherlands, with its registered office in The Hague.
BRAC Myanmar was incorporated as a International Non Government Organisation (INGO) under the Ministry of Home Affaires on 3 December 2013 with its registration number 0079 and registered office in Yangon, Myanmar.

The objectives of the organisation is to utilise its global expertise of integrated development to improve the livelihood of poor and vulnerable households in Myanmar. Currently it is implementing climate resilient agriculture projects and livestock and fisheries projects with the help of development partners.

b) Vision

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

c) Mission

The organisation's mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential.

d) Our values

Innovation- the organisation has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground-breaking development initiatives.

Integrity- the organisation values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The organisation holds these to be the most essential elements of our work ethic.

Inclusiveness- the organisation is committed to engaging, supporting and recognizing the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness- the organisation values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

e) Principal activities

The organisation provides assistance to improve the livelihood of poor people in Myanmar. It addresses the special needs of various target populations such as rural women, school going children, small holder aquaculture farmers by offering experienced local solutions to realise their potential.

f) Financial performance

The organisation's performance during the year ended 31 December 2018 is as follows:

- Grant income increased by 8700% from MMK 2.5 million in 2017 to MMK 225 million in 2018.
- 3 different project (disaster preparedness for resilience, Inland MYSAP and flood response) were implemented.
- Operating expenses increased by 8700% in line with grant income from MMK 2.5 million in 2017 to MMK 225 million in 2018.
- During the year, the organisation had no surplus of income over expenditure.

g) Results from operation

The results for the organisation's operation for the year ended 31 December 2018 are set out on page 79.

h) Composition of Directors

The directors who served during the year and up to the date of this report are set out on page 70.

i) Directors' benefits

No director has received or entitled to receive any benefits during the financial year.

j) Corporate governance

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The board of directors met regularly throughout the year;
- They retain full and effective control over the Organisation;
- The board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

The board continued to carry out its role of formulating policies and strategies of the Organisation, reviewing the business plan, ensure that the accounting system is maintained in accordance with acceptable standards, the books of the Organisation are kept properly, and that accounts are checked by authorized auditors, as well as recruitment and development of key personnel.

k) **Risk management**

The board accepts the final responsibility for the risk management and internal control system of the Organisation. The management ensures that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Organisation's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Organisation's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

l) **Management structure**

The organisation is under the supervision of the Board of Directors and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organization structure of the Organisation comprises of the following divisions:

- Programs
- Finance & Accounts;
- Administration
- Internal audit;
- Monitoring Unit;
- IT and MIS;
- Human resources;
- Communications.
- Public Relations

m) **Related party transactions**

Related party transactions are disclosed in Note 19 to the financial statements.

n) **Future development plans**

Agriculture:

The organisation is now planning to implement Agriculture value chain and social enterprise.
Building emergency preparedness for resilience:

BRAC Myanmar is implementation a project funded by Bill and Malinda Gates Foundation on disaster preparedness and resilience building in communities, schools and with local government. Now it is in process of developing early recovery program in flood affected communities in Bago Region.

o) **Key achievement in 2018**

The following are the organisation's key achievements for the year:

- Provided emergency flood response in Bago.
- The beneficiary supported in 2018 was 36,764 whereas in 2017 was 50,225 (direct and indirect).
- Trained 200 students from 2 schools, 100 community volunteers to build their capacity and to strengthening the culture of resilience and reducing disaster exposure in Myanmar.
- Trained 256 small scale farmers to use aquaculture techniques and provided 234,550 fingerlings to 256 beneficiaries as a support to start the farming.

p) **Solvency**

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future.

q) **Gender parity**

In 2018, the organisation had a total full time staff of 12 (2017: 2). The number of female staff are 6 and male are 6.

r) **Employees' welfare**

Management/employee relationship

There were continued good relation between employees and management for the year 2018. There were no unresolved complaints received by management from the employees during the year. New performance incentive schemes were introduced in 2016 which is helping to identify staffs who needs more care and capacity development.

The organisation is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the organisation. This year all the Branch Accountants received hands-on training on their day to day responsibilities. All the program staffs from received training as prescheduled. The organisation will continue to train, re-train and develop its staff in order to improve service delivery and innovation.

Medical assistance

The organisation reimburses medical expenses incurred by employees for medical treatment.

Social security contribution

All eligible employees are required to contribute National Social Security Scheme managed by Social Security Board at the rate 5% of salary maximum of MMK 15,000. As a employer BRAC pays 3% of this social security contribution on behalf of the employees.

As a result of contribution to this security fund, employees get sickness benefits, maternity benefits and grant, paternity benefits and grant, medical benefits, funeral grant, and many more.

s) **Auditors**

The auditors, Sein Win and Associates were appointed during the year.

t) **Approval of the financial statements**

The financial statements were approved by the directors at a meeting held on 13 March 2019.

By order of the Board



Director



Director

BRAC Myanmar
Statement of director's responsibilities

The Organisation's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2018, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. They are also responsible for safe guarding the assets of the Organisation.

Under the Companies Law of Myanmar, the directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the Organisation as at the end of the financial year and of the operating results of the Organisation for that year. It also requires the directors to ensure the Organisation keeps proper accounting records that disclose with reasonable accuracy the financial position of the Organisation.

The directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the Companies Law of Myanmar. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the profit and cash flow for the year ended 31 December 2018. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Organisation's ability to continue as a going concern and have no reason to believe the Organisation will not be a going concern for the next twelve months from the date of this statement.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the International Financial Reporting Standards.

Approval of the financial statements

The financial statements, as indicated above, were approved by the board of directors on 13 March 2019 and were signed on its behalf by:



Director



Director

Independent Auditor's Report
To the members of BRAC Myanmar

Opinion

We have audited the financial statements of BRAC Myanmar ("BRAC" or also referred as "the Organisation"), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BRAC Myanmar as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard (IFRSs) and for such control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Organisation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

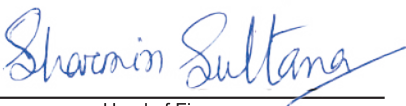
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

U Sein Win
Sein Win and Associates
Certified Public Accountant

BRAC Myanmar
Statement of income and expenditure
For the year ended 31 December 2018

	Notes	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Grant income	4	225,752,774	2,564,893	156,727	1,885
Amortization of deferred grant	5	227,237	-	158	-
Other income		-	-	-	-
Total income		225,980,011	2,564,893	156,885	1,885
Staff costs	6	88,440,703	2,362,500	61,399	1,736
Occupancy expenses	7	10,988,421	-	7,629	-
Training & development expense	8	11,527,200	-	8,003	-
Travel and transportation expenses	9	20,717,841	62,924	14,383	46
Depreciation & amortization	10	227,237	-	158	-
Maintenance and general expenses	11	94,078,609	139,469	65,313	102
Total expenditure		225,980,011	2,564,893	156,885	1,885
Surplus/(deficit)		-	-	-	-

The accompanying notes form an integral part of these financial statements.


Head of Finance
BRAC Myanmar


Country Representative
BRAC Myanmar


Director
BRAC Myanmar


Director
BRAC Myanmar

BRAC Myanmar
Statement of financial position
As at 31 December 2018

	Notes	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Assets					
Cash and cash equivalents	12	217,642,563	-	140,415	-
Other assets	13	53,691,083	2,564,893	34,639	1,883
Property and equipment	14	2,473,362	-	1,596	-
Total assets		273,807,008	2,564,893	176,650	1,883
Liabilities					
Grant received in advance	15	141,145,326	-	91,062	-
Deferred grant income	16	2,473,362	-	1,596	-
Other liabilities	17	130,188,320	2,564,893	83,992	1,883
Total liabilities		273,807,008	2,564,893	176,650	1,883
Equity					
Retained surplus		-	-	-	-
Total equity		-	-	-	-
Total liabilities and equity		273,807,008	2,564,893	176,650	1,883

The accompanying notes form an integral part of these financial statements.


Head of Finance
BRAC Myanmar


Country Representative
BRAC Myanmar


Director
BRAC Myanmar


Director
BRAC Myanmar

BRAC Myanmar
Statement of changes in net assets
For the year ended 31 December 2018

	Temporarily Restricted	Unrestricted/ Retained Surplus	Total Capital Fund	Temporarily Restricted	Unrestricted/ Retained Surplus	Total Capital Fund
	MMK	MMK	MMK	USD	USD	USD
As at 1 January 2017	-	-	-	-	-	-
Surplus for the year	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-	-
As at 1 January 2018	-	-	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-	-

BRAC Myanmar
Statement of cash flows
For the year ended 31 December 2018

	Notes	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Cash flows from operating activities					
Net surplus/(deficit) for the year		-	-	-	-
Depreciation		227,237	-	158	-
Decrease/(increase) of other assets		(51,126,190)	(2,564,893)	(32,985)	(1,883)
Increase/(decrease) of payables to other project		127,623,427	2,564,893	82,338	1,883
Increase/(decrease) of other liabilities		-	-	-	-
Increase in deferred income		2,473,362	-	1,596	-
Net cash from operating activities		79,197,836	-	51,107	-
Cash flows from investing activities					
Acquisition of property and equipment		(2,700,599)	-	(2,245)	-
Net cash used in investing activities		(2,700,599)	-	(2,245)	-
Cash flows from financing activities					
Grant received in advance		141,145,326	-	91,062	-
Grant utilized during the year		-	-	-	-
Donor fund expended in property, plant and equipment		-	-	-	-
Net cash from financing activities		141,145,326	-	91,062	-
Net (decrease)/increase in cash and cash equivalents		217,642,563	-	139,923	-
Cash and cash equivalents at beginning of the year		-	-	-	-
Effect of exchange rate fluctuation on cash		-	-	491	-
Cash and cash equivalents at 31 December	12	217,642,563	-	140,415	-

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

1. Reporting entity

BRAC Myanmar is a branch of Stichting BRAC International, a foundation registered under the laws of Netherlands, with its registered office in The Hague.

BRAC Myanmar was incorporated as a International Non Government Organisation (INGO) under the Ministry of Home Affaires on 3 December 2013 with its registration number 0079 and registered office in Yangon, Myanmar.

The objectives of the organisation is to utilise its global expertise of integrated development to improve the livelihood of poor and vulnerable households in Myanmar by offering local solutions. Currently it is implementing emergency preapredness for resilience project and Livestock and fisheries projects with the help of development partners.

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were issued by the Board of Directors on 13 March 2019.

b. Basis of measurement

The financial statements are prepared under the historical cost convention except for the financial instruments at fair value through profit and loss which are measured at fair value when required.

c. Functional and presentation currency

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

Memorandum figures

The memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements.

The exchange rates used to translate the MMK figures to USD memorandum were as follows:

- Assets and liabilities were translated at the closing rate at 31 December 2018 which of MMK 1,550 (2017:MMK 1,362);
- Income and expenses were translated using an average exchange rate for the period of MMK 1,440.42 (2017: MMK 1,361);

2. Basis of preparation (continued)

d. Use of estimation and judgments

The preparation of organisation's financial statements in conformity with International Financial Reporting Standards (IFRS) 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. Actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

b. Grants and other income

(i) Donor Grants

Grants and contributions from donor organisations or individuals constitute an important part of BRAC Myanmar's resources as some its operation/ projects are financed by grants and contributions provided by donors. Grants are assistance in the form of transfers of resources to the organisation, in return for past or future compliance with certain terms and conditions relating to the operating activities of the orgnaisaltion. Grants or contributions from donor can be of 4 categories-

- i. Unrestricted
- ii. Restricted
- iii. Grants investment in Fixed asset
- iv. Cntribution in kind

Grant is classified as temporarily restricted or unrestricted depending upon the existence of donor-imposed restrictions.

The organisation received grants from donors of different projects are all restricted grants. Restricted grants refer to grants that must be spent in the exact way the donor agreement describes.

(ii) Grants income

All restricted grants received are initially recorded as either deferred income at fair value and recorded as either liabilities or equity in the grant received in advance account as liabilities for the period in accordance with IAS 20.

Periodically, a portion of the grant is recognised as revenue, based on the expenses incurred for the period. This method follows the proposition that the organisation earns its revenue based on its activities or performance, as expressed in its expenses. The revenue, is always equal to expenses; unspent portion of the grant remains as a liability.

The portion of the grants utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently the portion of the depreciation expense of the same assets for the period is recognized in the Statement of Comprehensive Income as grant income.

For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivable.

(iii) Other income

Other income comprises of house rent received from local staff for using the office residence and gain on foreign currency translation.

d. Income tax

During 2018, BRAC was exempt from income tax as a INGO. According to relevant legislation in Myanmar, the organisation pays other taxes such as taxes on professional fees and other expenses where applicable. BRAG also withholds tax on staff salaries and remits the amounts withheld to the Myanmar Revenue Authority. Personal income tax of staff are part of staff salaries and benefits; BRAG only facilitates the process to withhold and remit the required taxes to the government. BRAG has no other tax liability.

f. Property and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Costs comprises its purchase price and any cost directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and impairment losses. The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Major improvements that increase the life of the asset are capitalized.

f. Property and equipment (continued)

ii. Subsequent cost

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the organisation, and its cost can be measured reliably. The costs of the day-to-day servicing and maintenance of property and equipment are recognised in the statement of comprehensive income as incurred.

iii. Depreciation

All property and equipment are depreciated on a straight line basis to write off the costs of the assets over the expected useful lives. Depreciation is recognised as an expense in profit or loss of each component of an item of property and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Furniture & Fixtures	10%
Computer/Laptop	20%
Equipments	33.33%
Vehicles	20%

Management reviews 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 income and expenditures.

h. Operating lease

BRAC is not involved in operating leases as the lessee for rental property serving as office space but it shares the office space with BRAC Myanmar Microfinance Company Limited. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease, which is typically twelve (12) months.

i. Provisions

A provision is recognised if, as a result of a past event, BRAC 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.

j. Related party transactions

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

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
4. Grants income				
Building emergency preparedness for resilience	122,649,311	2,564,893	85,148	1,885
World Fish	53,899,961	-	37,420	-
Emergency flood relief and response	49,203,502	-	34,159	-
	225,752,774	2,564,893	156,727	1,885
5. Amortization of deferred grant				
BEPR	111,602	-	77	-
World Fish	115,635	-	80	-
	227,237	-	158	-
6. Staff costs				
Salary and benefits	87,703,065	2,362,500	60,887	1,736
Social security benefit expense	737,638	-	512	-
	88,440,703	2,362,500	61,399	1,736
7. Occupancy expenses				
Rent	8,739,285	-	6,067	-
Utilities	2,249,136	-	1,561	-
	10,988,421	-	7,629	-
8. Training & development expense				
Staff training	11,527,200	-	8,003	-
Beneficiaries training	-	-	-	-
	11,527,200	-	8,003	-
9. Travel and transportation expenses				
Local travel	19,579,761	62,924	13,593	46
International travel	1,037,420	-	720	-
Visa & stay permit	100,660	-	70	-
	20,717,841	62,924	14,383	46
10. Depreciation & amortization				
Depreciation	227,237	-	158	-
Amortization	-	-	-	-
	227,237	-	158	-

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
11. Program activities, maintenance and other general expenses				
Meeting expense	788,230	139,469	547	102
Software maintenance expense	28,696,700	-	19,922	-
General maintenance	4,594,269	-	3,190	-
Accommodation	2,231,760	-	1,549	-
Meal	709,215	-	492	-
Telephone, mobile & internet bill	145,496	-	101	-
Bank charge	136,050	-	94	-
Stationary expense	1,073,610	-	745	-
HO logistic expenses	3,193,097	-	2,217	-
Audit and professional cost	3,020,000	-	2,097	-
Program expenses (N:11.2)	37,926,538	-	26,330	-
Monitoring & Evaluation (N:11.3)	11,563,644	-	8,028	-
	94,078,609	139,469	65,313	102
11.1 Program expenses				
Program supplies	32,736,603	-	22,727	-
Partnership expenses	2,948,660	-	2,047	-
Documentation expenses	989,575	-	687	-
Distribution of emergency material	685,450	-	476	-
Event and workshop expenses	341,550	-	237	-
Visibility & communication expenses	224,700	-	156	-
	37,926,538	-	26,330	-
11.2 Monitoring & evaluation				
Policy & material development	4,148,144	-	2,880	-
Baseline survey	7,415,500	-	5,148	-
	11,563,644	-	8,028	-
12. Cash and cash equivalents				
Cash in hand	61,500	-	40	-
Cash at Bank	217,581,063	-	140,375	-
	217,642,563	-	140,415	-
13. Other assets				
Advance to house owner	-	-	-	-
Receivable from donor (N: 13.1)	53,691,083	2,564,893	34,639	1,883
Other receivables	-	-	-	-
	53,691,083	2,564,893	34,639	1,883
13.1 Receivable from donor				
Receivable from SBI	53,691,083	2,564,893	34,639	1,883
Receivable from World fish	-	-	-	-
	53,691,083	2,564,893	34,639	1,883

14. Property and equipment

	Furniture & Fixtures	Computer	Equipment	Motor vehicles	Total	Total
Cost	Kyats	Kyats	Kyats	Kyats	Kyats	USD
As at 1 January 2017	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Effect of movements in exchange rate	-	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-	-
As at 1 January 2018	-	-	-	-	-	-
Additions	931,600	876,000	-	-	1,807,600	1,287
Asset transfer from MF	-	940,000	-	-	940,000	958
Disposal adjustment	-	-	-	-	-	-
Effect of movements in exchange rate	-	-	-	-	-	-
As at 31 December 2018	931,600	1,816,000	-	-	2,747,600	1,773
Accumulated depreciation						
As at 1 January 2017	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Effect of movements in exchange rate	-	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-	-
As at 1 January 2018	-	-	-	-	-	-
Charge for the year	45,635	181,602	-	-	227,237	158
Transferred asset depreciation	-	47,001	-	-	47,001	33
Disposal adjustment	-	-	-	-	-	-
Effect of movements in exchange rate	-	-	-	-	-	-
As at 31 December 2018	45,635	228,603	-	-	274,238	177
Carrying amount						
As at 31 December 2017	-	-	-	-	-	-
As at 31 December 2018	885,965	1,587,397	-	-	2,473,362	1,596

BRAC Myanmar
Notes to the financial statements
For the year ended 31 December 2018

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
15. Grant received in advance				
Opening balance	-	-	-	-
Donations received during the year (N: 15.1)	315,580,209	-	214,265	-
Transferred to statement of income and expenditure	(172,061,691)	-	(119,453)	-
Transferred to deferred income - investment in fixed assets	(2,700,599)	-	(1,875)	-
Adjustment with donor receivables	(2,564,893)	-	(1,655)	-
Revaluation adjustment	2,892,300	-	1,866	-
Currency translation adjustment	-	-	(2,087)	-
	141,145,326	-	91,062	-
15.1 Donations received during the year				
Stichting BRAC International-Flood Relief	171,647,130	-	109,940	-
Stichting BRAC International-EPP	69,050,520	-	52,470	-
World Fish	54,147,682	-	37,892	-
BRAC USA-Flood Relief	20,734,877	-	13,963	-
	315,580,209	-	214,265	-
16. Deferred grant income				
Opening balance	-	-	-	-
Transferred from grants received in advance	2,700,599	-	1,875	-
Amortization during the period	(227,237)	-	(158)	-
Currency translation adjustment	-	-	(121)	-
	2,473,362	-	1,596	-
17. Other liabilities				
Payable to MF program	90,433,952	2,564,893	58,344	1,883
Payable to biTS	25,328,550	-	16,341	-
Payable to Stichting BRAC International	6,561,247	-	4,233	-
Provision for audit fee	3,020,000	-	1,948	-
Liabilities for expense	4,617,500	-	2,979	-
Withholding tax payable (employee)	114,167	-	74	-
Provision for social security benefit	112,904	-	73	-
	130,188,320	2,564,893	83,992	1,883

18. Financial risk management policies and objectives

The organisation has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note represents information about the organisation's exposure to each of the above risk, its objectives, policies and processes for measuring and managing risk and the organisation's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of BRAC's risk management framework.

Risk management policies are established to identify and analyse the risks faced by BRAC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and BRAC's activities.

BRAC financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

BRAC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the BRAC International Group Audit Committee.

(a) Credit Risk

Credit risk is the risk of financial loss to organisation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises, principally from trade and other receivable balances and investment in cash and cash equivalents.

Management of credit risk

The Board has delegated the overall responsibility for the oversight of credit risk to the Country Representative and Head of Finance.

For risk management reporting purposes, the organisation measures, monitors and manage proactively all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The organisation does not have any significant exposure to any individual beneficiary or counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Cash and cash equivalents	217,642,563	-	140,415	-
Other assets	53,691,083	2,564,893	34,639	1,883
	271,333,646	2,564,893	175,054	1,883

18. Financial risk management policies and objectives (continued)

(a) Credit Risk (continued)

The aging of the receivable and other assets as at the reporting date was;

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Between 0-30 Days	53,691,083	2,564,893	34,639	1,883
Between 31-60 Days	-	-	-	-
	53,691,083	2,564,893	34,639	1,883

(b) Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities.

The objective of liquidity management is to ensure that BRAC has the ability to generate sufficient funds to meet all cash flow obligations as they become due, both under normal and stressed conditions without incurring unacceptable losses or risking damage to the organisation's reputation.

Management of liquidity risk

BRAC monitors its risk to a shortage of funds by reviewing the cash payment plan. BRAC's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to BRAC's reputation.

Country office receives information from regional units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

Exposure to liquidity risk

The table below summarises the maturity profile of the organisation's financial asset and liabilities based on contractual undiscounted receipts and payments.

	2018 Kyats	2017 Kyats	2018 USD	2017 USD
Financial assets				
Cash and cash equivalents	217,642,563	-	140,415	-
Other assets	53,691,083	2,564,893	34,639	1,883
Total undiscounted financial assets	271,333,646	2,564,893	175,054	1,883
Financial liabilities				
Grant received in advance	141,145,326	-	91,062	-
Other liabilities	130,188,320	2,564,893	83,992	1,883
Total undiscounted financial liabilities	271,333,646	2,564,893	175,054	1,883
Net undiscounted financial assets/liabilities	-	-	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

18. Financial risk management policies and objectives (continued)

(c) Market risk (continued)

Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The organisation is exposed to currency risk on payments that are denominated in a currency other than the functional currency which is MMK. The organisation's Strategy of managing the currency risk is using functional currency in transaction as much as possible.

Capital Management

BRAC's policy is to maintain a strong capital base so as to maintain beneficiary, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary share capital, share money deposit, and donor grant . The primary objective of capital management is to maintain a sufficient liquidity.

19. Related parties

Parent and ultimate controlling party

The ultimate controlling party is Stichting BRAC International, a foundation registered under the law of The Netherlands.

Transactions with key management personnel

Key management personnel compensation and transactions

The directors do not get any financial or nonfinancial benefits from the organisation in any year.

Other related party transactions

	Transaction value		Outstanding balance	
	2018 Kyats	2017 Kyats	2018 Kyats	2017 Kyats
Stichting BRAC International	6,561,247	-	6,561,247	-
Other related companies	113,197,609	2,564,893	115,762,502	2,564,893

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances are secured.

20. Use of estimates and judgements

Management discussed the development, selection and disclosure of the Organisation's critical accounting policies and estimates, and the application of these policies and estimates.

Key sources of estimation uncertainty

Fair values of financial instruments

Level 1: quoted prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset and liability that are not based on observable market data . This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

BRAC Myanmar
Notes to the financial statements
For the year ended 31 December 2018

21. Use of estimates and judgements (continued)

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

	Level 1 Kyats	Level 2 Kyats	Level 3 Kyats	Carrying value Kyats	Fair value Kyats
31 December 2018					
ASSETS					
Cash and cash equivalents	217,642,563	-	-	217,642,563	217,642,563
Other assets	-	-	53,691,083	53,691,083	53,691,083
Total assets	217,642,563	-	53,691,083	271,333,646	271,333,646
LIABILITIES					
Grant received in advance	-	-	141,145,326	141,145,326	141,145,326
Deferred grant income	-	-	2,473,362	2,473,362	2,473,362
Other liabilities	-	-	130,188,320	130,188,320	130,188,320
Total liabilities	-	-	273,807,008	273,807,008	273,807,008
31 December 2017					
ASSETS					
Cash and cash equivalents	-	-	-	-	-
Other assets	-	-	2,564,893	2,564,893	2,564,893
Total assets	-	-	2,564,893	2,564,893	2,564,893
LIABILITIES					
Grant received in advance	-	-	-	-	-
Deferred grant income	-	-	-	-	-
Other liabilities	-	-	2,564,893	2,564,893	2,564,893
Total liabilities	-	-	2,564,893	2,564,893	2,564,893

22. Contingencies

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.

23. 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 2018.

24. Authorisation of financial statement

The financial statements of the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of directors and authorise for issue on 13 March 2019.

BRAC Myanmar
Notes to the financial statements
For the year ended 31 December 2018

Segmental reporting:									
Statement of income and expenditure for the year ended 31 December 2018 (in MMK)									
Particulars	Emergency Preparedness Program	Agriculture, Livestock & Livelihood Program	Flood Relief		Country office Account	Elimination on consolidation	Total		
			Building Emergency Preparedness for Resilience	Inland Mysap(World Fish)				Flood Relief (BI & BUSA)	
	MM -0005	MM -0006	MM -0009	MM -0008					
	MMK	MMK	MMK	MMK					
	1	2	3	4		5			
Income									
Donor grants	122,649,311	53,899,961	49,203,502	-	-	-	225,752,774		
Amortization of deferred grant	111,602	115,635	-	-	-	-	227,237		
Other income	-	-	-	-	-	-	-		
Total income	122,760,913	54,015,596	49,203,502	-	-	-	225,980,011		
Expenditure									
Staff costs	56,411,895	32,028,808	-	-	-	-	88,440,703		
Occupancy expenses	8,035,421	2,953,000	-	-	-	-	10,988,421		
Training & development expenses	8,574,775	2,952,425	-	-	-	-	11,527,200		
Travel and transportation expenses	7,627,582	11,336,655	1,753,604	-	-	-	20,717,841		
Maintenance and general expenses	41,999,638	4,629,073	47,449,898	-	-	-	94,078,609		
Depreciation & amortization	111,602	115,635	-	-	-	-	227,237		
Total expenditure	122,760,913	54,015,596	49,203,502	-	-	-	225,980,011		
Net surplus for the period	-	-	-	-	-	-	-		

BRAC Myanmar
Notes to the financial statements
For the year ended 31 December 2018

Segmental reporting:

Statement of income and expenditure for the year ended 31 December 2018 (in USD)

Particulars	Emergency Preparedness Program	Agriculture, Livestock & Livelihood Program	Flood Relief	Country office Account	Elimination on consolidation	Total		
	Building Emergency Preparedness for Resilience	Inland Mysap(World Fish)	Flood Relief (BI & BUSA)					
							MM -0005	MM -0006
				USD	USD		USD	USD
	1	2	3	4	5	USD		
Income								
Donor grants	85,148	37,420	34,159	-	-	156,727		
Amortization of deferred grant	77	80	-	-	-	158		
Other income	-	-	-	-	-	-		
Total income	85,226	37,500	34,159	-	-	156,885		
Expenditure								
Staff costs	39,164	22,236	-	-	-	61,399		
Occupancy expenses	5,579	2,050	-	-	-	7,629		
Training & development expenses	5,953	2,050	-	-	-	8,003		
Travel and transportation expenses	5,295	7,870	1,217	-	-	14,383		
Maintenance and general expenses	29,158	3,214	32,942	-	-	65,313		
Depreciation & amortization	77	80	-	-	-	158		
Total expenditure	85,226	37,500	34,159	-	-	156,885		
Net surplus for the period	-	-	-	-	-	-		

BRAC Myanmar
Notes to the financial statements
As at 31 December 2018

Segmental reporting:

Statement of financial position as at 31 December 2018 (in MMK)

Particulars	Emergency Preparedness Program	Agriculture, Livestock & Livelihood Program	Emergency Preparedness Program	Country office	Elimination on consolidation (Inter project Receivable and Payable)	Total
	Building Emergency Preparedness for Resilience	Inland Mysap(World Fish)	Flood Relief (BI & BUSA)			
	MM -0005	MM -0006	MM -0009	MM -0008		
	MMK	MMK	MMK	MMK		
Assets						
	Cash and cash equivalents	6,156,391	54,133,392	157,352,780	-	217,642,563
	Other assets	53,691,083	-	-	-	53,691,083
	Property & equipment	1,232,397	1,240,965	-	-	2,473,362
Total assets	61,079,871	55,374,357	157,352,780	-	-	273,807,008
Liabilities and equity						
	Grant received in advance	-	-	141,145,326	-	141,145,326
	Deferred grant income	1,232,397	1,240,965	-	-	2,473,362
	Other liabilities	59,847,474	54,133,392	16,207,454	-	130,188,320
Retained surplus- Capital Fund	-	-	-	-	-	-
Total liabilities and equity	61,079,871	55,374,357	157,352,780	-	-	273,807,008

BRAC Myanmar
Notes to the financial statements
As at 31 December 2018

Segmental reporting:

Statement of financial position as at 31 December 2018 (in USD)

Particulars	Emergency Preparedness Program	Agriculture, Livestock & Livelihood Program	Emergency Preparedness Program	Country office	Elimination on consolidation (Inter project Receivable and Payable)	Total
	Building Emergency Preparedness for Resilience	Inland Mysap(World Fish)	Flood Relief (BI & BUSA)			
	MM -0005	MM -0006	MM -0009	MM -0008		
	USD	USD	USD	USD	USD	USD
Assets						
Cash and cash equivalents	3,972	34,925	101,518	-	-	140,415
Other assets	34,639	-	-	-	-	34,639
Property & equipment	795	801	-	-	-	1,596
Total assets	39,406	35,725	101,518	-	-	176,650
Liabilities and equity						
Grant received in advance	-	-	91,062	-	-	91,062
Deferred grant income	795	801	-	-	-	1,596
Other liabilities	38,611	34,925	10,456	-	-	83,992
Retained surplus- Capital Fund	-	-	-	-	-	-
Total liabilities and equity	39,406	35,725	101,518	-	-	176,650

STICHTING BRAC INTERNATIONAL

Bezuidenhoutseweg 2
2594 AV The Hague
The Netherlands
T: +31 (0)6 50 255 110
W: www.bracinternational.nl

BRAC MYANMAR

No.168, Kyun Shwe Myaing, Lane 2,
Bogyoke Ywa Thuwanna, Thingangyun
Township, Yangon, Myanmar
T: +951578236
E: bracmyanmar@brac.net
W: www.bracinternational.nl/myanmar

EDITORIAL PANEL

Khin Nyein Chan Oo
Musharrat Bidita
ATM Tariqul Islam

Graphic Designer

Sinthia Ahmed

Photo Credit

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Disclaimer: Some names and identifying details in the case stories have been changed to protect the privacy of the individuals.