



Agora Microfinance
Banking for Change

Annual Report 2013



Agora Microfinance N.V.

Our mission is to maximise the social returns in micro-finance while providing a fair and attractive financial return to investors.

Message from the Principals	2
Overview.....	3
Our Partner MFIs.....	4
Angkor Mikroheranhvatho (Kampuchea) Co. Ltd (AMK)	5
Agora Microfinance Zambia Ltd (AMZ).....	7
Agora Microfinance India Limited (AMIL)	9
Agora's Advisory Services: SMS Notification Development at AMZ	11
Social Performance Management	12
The Adviser: Agora Microfinance Partners LLP	14
Directors' Report.....	15
Independent Auditor's Report.....	16
Consolidated Balance Sheet	17
Consolidated Profit and Loss.....	18
Notes to the Consolidated Financial Statements.....	19
Stand-alone Balance Sheet.....	31
Stand-alone Profit & Loss Account.....	32
Other Information.....	36

Message from the Principals

We are delighted to report that Agora Microfinance N.V. and its partner MFIs made considerable progress during 2013. Each of our partner MFIs progressed closer to their goals and so did the holding company. We made a number of investments during the year. We became a 19.73% shareholder in AMK Cambodia, increased our shareholding to 47.5% in Agora Microfinance Zambia Limited (AMZ), and took a controlling stake of just over 50% in Jagdhan Finance and Investments Limited (AMIL) in India. In addition, we also made convertible loans to AMZ to support it further. This was possible through new equity that we raised at AMNV during the year.

In terms of microfinance operations, AMK Cambodia maintained its position as the leading MFI in the country, and added more diversification to its product line. In total it worked with almost 400,000 customers on its loan and deposit business lines. Its deposit business grew to a sizeable level, aided by the recent introduction of ATMs as well as the expansion of its agent based deposit and money transfer network. Remittances also continued on their path of growth, as did the loan business, though more organically. Importantly, the loan portfolio remained impeccable in quality and health. All the operational strengths combined to yield a healthy Return on Equity of 18% for the year. AMK aims to further consolidate its operations and further diversify its business lines in the coming years.

AMZ had a much more demanding year, in part due to market and regulatory changes, but also due to operational challenges. As a result, portfolio quality worsened during the year though it had started to show some signs of stabilisation by the end of 2013. Growth

was deliberately halted so that operational improvements could be undertaken before embarking upon expansion and growth. By the end of the year, a number of strategies had been put in place to address the challenges that will put AMZ back on track.

Jagdhan Finance and Investments Limited (AMIL) had a strong year, wherein it successfully combined robust growth with quality. Starting the year as an infant start-up with 1,800 clients, by the end of the financial year in India (March 2014), AMIL had surpassed 5,000 clients, raised its first and second borrowing, and was well on its way to making a discernible mark in the Mumbai market. We see AMIL poised for significant growth and development in the coming years.

Agora was active in the development of the three partner MFIs during the year, mostly through its role as an active shareholder as well as through its representation in the Boards of the MFIs. In addition, we provided our MFIs with key expertise from within our advisory function, Agora Microfinance Partners LLP, on selected projects, the most notable ones being related to systems review in India and installation of a bulk SMS facility for clients in Zambia, both of which were supported on-site. We will continue to engage with our MFIs and support their progress in the coming years.

We would like to thank our shareholders, who remain committed to the long-term view of Agora, of making a difference in frontier and challenging microfinance markets. Our appreciation and gratitude also go out to the leadership and the staff of our MFIs whose commitment is at the core of our success. Lastly, we remain thankful to almost half a million clients who we strive to serve better with every passing year.



Rebecca McKenzie

Chief Executive Officer
AMNV

Director-Operations
Agora Microfinance Partners LLP



Tanmay Chetan

Chairperson, Supervisory Board
AMNV

Managing Partner
Agora Microfinance Partners LLP

Overview



AMNV was constituted in late 2011 by its promoters after three years of research and preparatory work. We are currently engaged in three microfinance institutions:

- AMK in Cambodia
- AMIL in India
- AMZ in Zambia.

The Agora Group, comprising AMNV and its Advisor, Agora Microfinance Partners LLP, have been established with the goal of bringing responsible finance to difficult and/or excluded markets, with a direct focus on lower income families. In our work, we place emphasis on high quality research that leads us to products and processes that match client requirements, and in the innovative use of technology to improve our reach, breadth and quality of services.

Our investment strategy focuses on creating strong and stable financial institutions that provide flexible financial solutions to the excluded in frontier markets. We aim to make an impact in the un-banked areas of Africa and Asia through building socially-oriented and sustainable MFIs from the ground up.

Significant shareholding and close collaboration with local management teams are at the heart of our methodology, which we see as an operator-investor model. AMK Cambodia, which all our principals were involved in throughout its formative years, is our flagship MFI exemplifying the symbiotic relationship between financial and social returns. It also serves as a centre of learning and excellence for all our MFIs, where staff from all levels of an organisation can improve their skills or learn new ones, aiding in the dissemination of best practice and innovation.

AMNV's investments began soon after its creation – in the form of a loan to AMK Cambodia in 2011. During 2012, much of this loan was repaid and AMNV made new equity investments in AMIL India as well as in AMZ Zambia. AMNV's largest transaction was the acquisition of a 19.7% stake in AMK Cambodia which was completed in 2013. Alongside, further equity investments were made in both AMIL and AMZ to continue the support to the two AMNV greenfields.

Our Partner MFIs



www.amkcambodia.com

Head office **Phnom Penh**

Operations **All 24 Provinces**

Outstanding Investments (at Cost)

2011	2012	2013
USD 3.01 m	USD 0.35 m	USD 5.05 m



www.amz.co.zm

Head office **Lusaka**

Operations **Western & Central Provinces**

Outstanding Investments (at Cost)

2011	2012	2013
USD 0 m	USD 0.87 m	USD 1.12 m



www.amil.co.in

Head office **Mumbai**

Operations **Mumbai City**

Outstanding Investments (at Cost)

2011	2012	2013
USD 0 m	USD 1.00 m	USD 2.00 m

Angkor Mikroheranhvatho (Kampuchea) Co. Ltd (AMK)



VISION: A Cambodian society where citizens have equal and sufficient economic and social opportunities to improve their standards of living and where they can contribute productively towards the overall development of the country

MISSION: To help large numbers of poor people to improve their livelihood options through the delivery of appropriate and viable microfinance services

The origins of Angkor Mikroheranhvatho (Kampuchea) Co. Ltd (AMK) trace back to an international NGO – Concern Worldwide’s microcredit interventions in the 1990s. In response to new regulation for microfinance during 2000-2001, Concern decided to create a separate microfinance company and in 2003, AMK started functioning independently and subsequently received its licence from the National Bank of Cambodia.

By 2005, AMK made its first operating profit, had its first external borrowing approved, and created a social performance management mechanism. In the following years, AMK experienced rapid growth in its core credit business, extending its branch network to every province in the country.

In 2010, AMK began a strategic transformation, turning from a rural credit-only business into a broader provider of microfinance services. This strategy was driven by a desire to provide a broader array of financial services to Cambodia’s underserved poor population and thereby assist these people to improve their livelihood options.

The granting of AMK’s Microfinance Deposit Institution (MDI) licence in 2010 represents a key milestone in this journey. It allowed AMK to implement several new products and channels. Savings products were rolled out to all branches by mid-2011, and a domestic money transfer product was launched in July 2011. Both of these services were expanded to all 113 AMK branch and sub-branch outlets during 2012. AMK also piloted an agent-based mobile banking solution during 2011 and 2012, which is operational now. In 2013 AMK also started piloting micro-insurance products in collaboration with a mainstream insurance company.

Throughout its history, AMK’s commitment to social performance has been absolute. AMK has developed a comprehensive social performance management framework, which ensures that the organisation stays focused on its mission to assist large numbers of poor people.



Kea Borann, CEO



Borann has been a key member of the AMK leadership almost since its inception. He joined AMK in early 2004 and has held the positions of Head of Finance, CFO and Deputy CEO in the past. In these roles, Borann has played a central

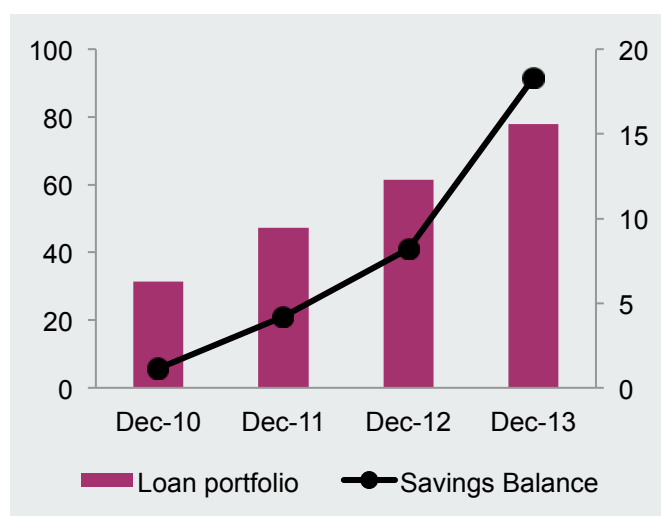
role in the development and execution of overall company strategy, with dynamic leadership of the technology interventions of AMK. Prior to AMK, he was the Head of Finance at KREDIT MFI. Kea Borann is a fully qualified accountant (ACCA) and also holds a BBA in Accounting and Finance.

Branches	128
Staff	1,444
Clients	371,921

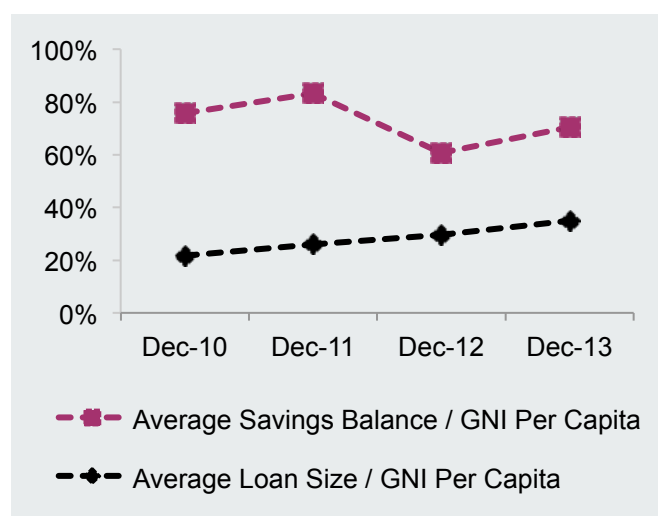
Operational and Financial Highlights

	2010	2011	2012	2013
Number of Branches	22	22	24	27
Number of Active Borrowers	250,930	275,251	291,859	323,828
Number of Depositors	2,781	8,924	29,910	58,642
Loan Portfolio (USD Million)	31.33	47.25	61.37	77.88
Deposit Balance (USD Million)	1.14	4.18	8.22	18.32
PAR 30 Days	1.57%	0.10%	0.12%	0.16%
Return on Assets (RoA)	2.7%	3.9%	4.5%	4.0%
Depth of Outreach: New Clients Below Poverty Line				
– New Clients Below National Food Poverty Line	49%	55%	45%	48%

Loan Portfolio & Deposit Balance (USD Million)



Average Loan Size & Deposit Balance / GNI per Capita



AMK's Money Transfer business has also grown rapidly in its first two years of operation. The number of money transfer transactions increased more than two-fold to 165,107 in 2013 from 78,655 in 2012. The value of money transfers increased almost three-fold from USD 29.26 million in 2012 to USD 75.09 million in 2013, indicating an increasing trust amongst clients to use AMK as their preferred channel for transfers.

The year 2014 offers lots of opportunities for AMK, with its focus on diversifying its different business lines

further. AMK will continue to grow its credit operations organically and at the same time, it will expand further its agent network across Cambodia to provide better access to villagers who have had limited options to save and/or engage with a financial institution before.

AMK will continue investing in technology, human resources, branding and enhancement of its products and services to provide more options and a better customer experience with AMK.

Agora Microfinance Zambia Ltd (AMZ)



VISION: A Zambia where economic opportunities for the poor enable them to improve their livelihoods, move out of poverty and be equal members of society

MISSION: To contribute to the economic wellbeing of the poor through effective provision of appropriate financial services

Agora Microfinance Zambia Ltd (AMZ) was established in 2010 to provide financial access for the marginalised or financially excluded poor. It began operations in 2011 after receiving its licence as a Non-Deposit Taking Microfinance Institution from the Bank of Zambia (BoZ) in April 2011.

AMZ is dedicated to serving low-income, rural households in Zambia with appropriate financial products.

AMZ operates a four-branch network in the Western and Central Provinces of Zambia. Its target clients are low-income households engaged in livelihoods linked to subsistence agriculture, fishing, and small scale processing as well as retail trade and services.

In general, clients are located in rural districts with poor infrastructure facilities and utilities. AMZ presently offers a small number of credit products specifically designed to meet its target clients' demand. AMZ has seen strong growth in its two years of operation, which now makes it a notable MFI in Zambia. In the coming years, AMZ will seek to improve its financial performance and its product offering, while increasing the size and geographic scope of its operations across Zambia.



Maluba Wakung'uma, CEO



Maluba has been with AMZ since its inception, and has played a key role in the initial set up and licensing of AMZ. As the CEO she manages all aspects of AMZ and has overseen a successful beginning of the company. Prior to AMZ, Maluba has held senior management positions at other MFIs, most notably at the Micro-Bankers' Trust, Lusaka. Maluba has a BA in Development Studies from the University of Zambia, a Diploma in Small Business Planning and Promotion from the National Institute of Entrepreneurship and Small Business Development, New Delhi, India and a certificate in Microfinance Management from the International Training Centre of ILO, Turin.



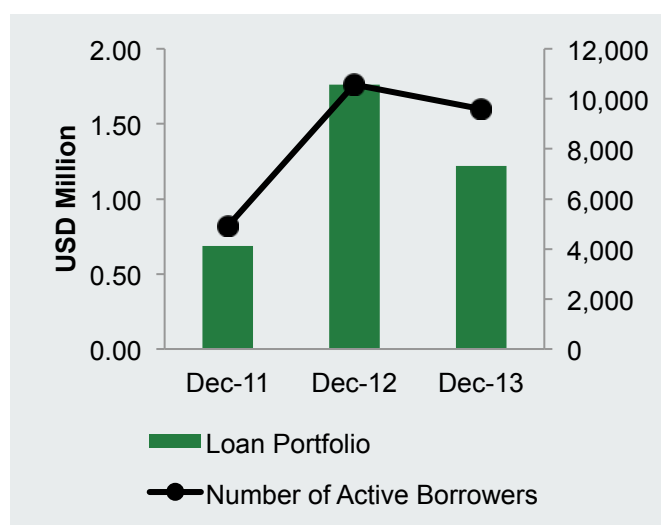
Branches	4
Staff	78
Clients	9,608

Financial and Operational Highlights

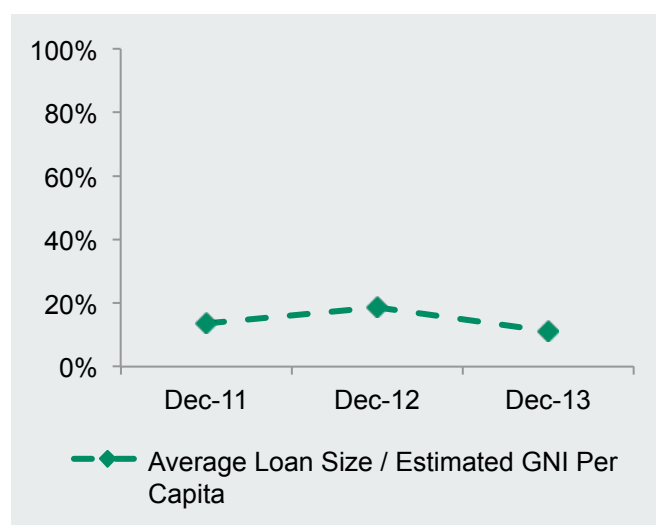
	2011	2012	2013
Number of Village Banks	91	212	312
Number of Active Borrowers	4,924	10,579 *	9,608
Total Loan Portfolio (USD)	685,899	1,761,482	1,219,111
PAR 30 Days	0.2%	1.66%	16.03%
Return on Assets (RoA)	-37.7%	-6.2%	-22.8%
Average Loan Size (USD)	147 **	175	158

* Includes all VB members ** Estimated

Loan Portfolio (USD Million) & Number of Active Borrowers



Average Loan Size/Estimated GNI per Capita



A number of new initiatives were instituted during the year, in part as a response to the infrastructural and communication challenges of working in rural Zambia. During the year, AMZ opened a new branch in Chibombo, continued its focus in understanding clients' needs and piloted and rolled out a bulk SMS notification system to better inform clients on their due payments and issue electronic receipts for the payments they make.

In response to some operational challenges, AMZ reduced its loan ceilings and its growth during 2013.

In February 2014, Irina Ignatieva was appointed as CEO for a 12 month period, replacing Maluba Wakung'uma whilst she is on sick leave. Irina is one of the founding members of the team that established AMZ and brings with her a wealth of experience in microfinance.

Agora Microfinance India Limited (AMIL)



VISION: An urban society in which low income communities have sufficient **opportunities** to improve their wellbeing

MISSION: To provide affordable, convenient and timely financial services to low income urban clientele in a financially sustainable manner

Agora Microfinance India Limited (AMIL), currently trading under the name of Jagdhan Finance and Investment Ltd was created specifically to cater to the needs of the urban unbanked and low income families that reside in various slums of Mumbai. AMIL began operating in December 2011 with the ambition of playing a significant role in expanding financial services to the urban poor, committing itself to microfinance that responds to clients' preferences and livelihood patterns.

AMIL provides tailor-made products and services to the entrepreneurial population in the Mumbai slums. In doing so, it strives for a balance between growth, profitability and product innovations characterised by customised service delivery, affordability and social performance.

AMIL, under the name of Jagdhan Finance and Investment Limited is registered with the Reserve Bank of India (RBI) as a Non-Banking Finance Company (NBFC). Its registered office as well as its corporate office is in Mumbai (Maharashtra).

Data from the most recent census (2011) shows that the slum population in Mumbai has grown over the past decade, from approximately 50% to as high as 70%. Urban microfinance has traditionally received less attention compared to rural microfinance in India. Given the fast pace of urbanisation and high rural-urban migration in India, there is a large supply gap in the urban microfinance market. Mumbai's slum population of more than 10 million people represents a large market that is currently underserved. The lack of presence of the microfinance industry often results in limited efforts towards product customisation for the urban clientele, whose needs are very different from rural microfinance clients. AMIL aims to correct this through its work in Mumbai.



Meenal Patole, CEO



Meenal is the co-promoter of Jagdhan Finance and Investment Limited, and has played a central role in the transformation of a small NGO microfinance programme into a supervised microfinance company. Meenal brings a rich experience of microfinance research and consultancy to Jagdhan as its promoter-CEO. Meenal has post-graduate degrees in Political Science from the Jawaharlal Nehru University, New Delhi and in Planning and Development from the Indian Institute of Technology, Mumbai.

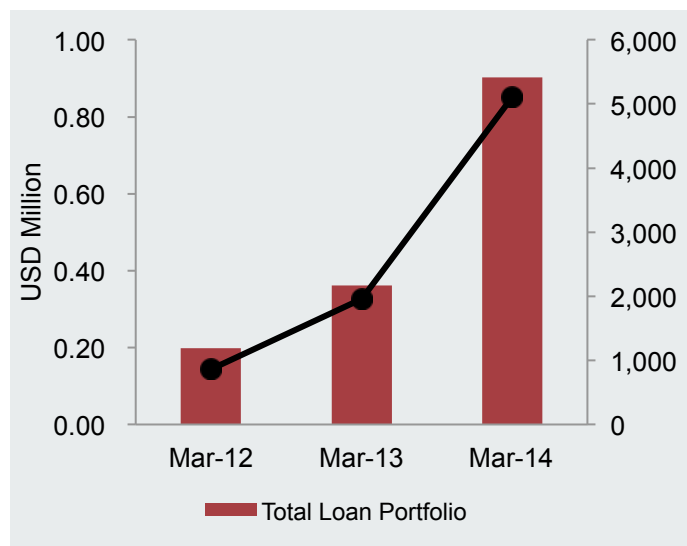
Branches	5
Staff	35
Clients	5,108

Operational and Financial Highlights

	Mar-12 *	Mar-13 *	Mar-14 *
Number of Field Offices	5	5	5
Number of Active Borrowers	858	1,958	5,108
Total Loan Portfolio (USD Million)	198,921	360,928	902,472
PAR 30 Days	0	1.11%	0.69%
Return on Assets (RoA)	-31.09%	-12.53%	-13.45%
Average Loan Size (USD)	250	307	246

* AMIL's financial year runs from 1 April to 31 March

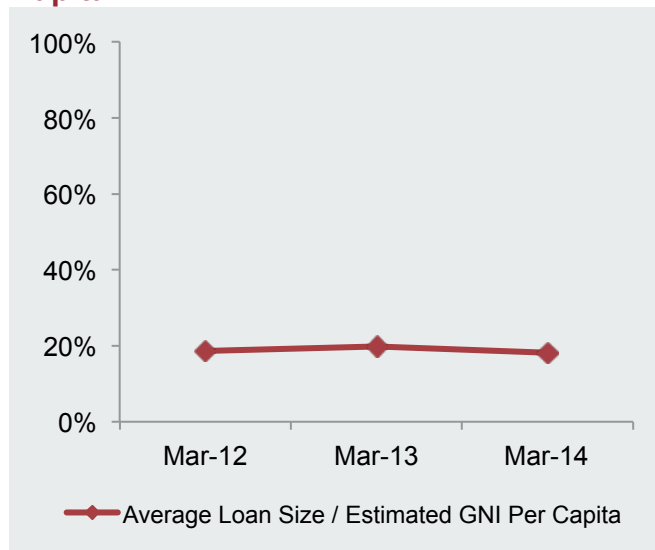
Loan Portfolio (USD Million) & Number of Active Borrowers



During the year, AMIL has expanded its product offering to include group and education loans, and now shows a good mix of individual, group and education loans. It has improved its efficiency by bringing about changes to its operating methods such as the introduction of office-based repayments.

Its efforts were recognised by lenders, two of whom have now lent to AMIL. This is a good endorsement by the market of a very young and developing MFI. AMNV

Average Loan Size/Estimated GNI per Capita



made three rounds of equity investments into the MFI during the year in line with its commitment to establish AMIL as an institution of note in Mumbai.

In the forthcoming year, AMIL aims to further consolidate its presence in its five operational locations, and make further progress on its reach, scale and efficiency, all of which will lead it to improving its bottom-line and bring it closer to operating break even.

Agora's Advisory Services: SMS Notification Development at AMZ

AMZ's widespread customer base, targeting of low-income clients, and *finance on your doorstep* service provision, can make communicating with clients between repayment meetings very challenging. Yet the flexible nature of its loans, with daily interest calculation and no pre-payment penalties, also necessitate a greater degree of information exchange between company and customers than many other microfinance models.

AMZ is resolving this conflict by developing and deploying an additional SMS-based communications channel with clients. The system would have to be robust enough to overcome the challenges posed by the Zambian IT infrastructure without putting undue strain on company resources. None of these constraints could diminish the usability and utility of the system to AMZ's clients, most of who come from rural low income groups. After evaluating several approaches, the decision was made to proceed with an SMS based system, that sends clients information about the current status of their loans with AMZ. Research conducted for the project revealed virtually universal access of clients to mobile phones, and considerable interest from clients for this communications channel.

The new system alerts clients through SMS, about changes to their loan status, as well as providing reminders about repayment. Clients currently receive a notification when:

- the client's loan is disbursed;
- the client has an upcoming repayment meeting, stating the meeting date and expected repayment amount;
- the client has made a repayment, confirming the amount paid;
- the client has missed a repayment.

Armed with this information, clients are better prepared for meetings, and feedback from clients has been very positive as they feel more engaged and aware of their relationship with AMZ. They bring these positive sentiments to the repayment meeting with them, and with the better preparation on their part, these meetings proceed more smoothly and efficiently than was previously the case.

From the institution's perspective, the SMS notification system and its associated customer care hotline provide a new feedback mechanism between client and AMZ that can alert management to operational problems or fraud. Furthermore, by systematically creating a database of clients' phone numbers, staff can now reach out to clients on an individual basis between repayment meetings if they need to, without having to travel to the village.

In the pilot location, where the system has been live since October 2013, adoption has been widespread. More clients continue to enrol in the free service, as they observe their peers enjoying the advantages offered by it. AMZ, too, is learning and already considering how the scope of the system can be expanded sensibly. The SMS system has strengthened the institution's social performance by improving transparency and customer service offerings, while also strengthening operational integrity and enhancing the efficiency with which client officers can perform their responsibilities.

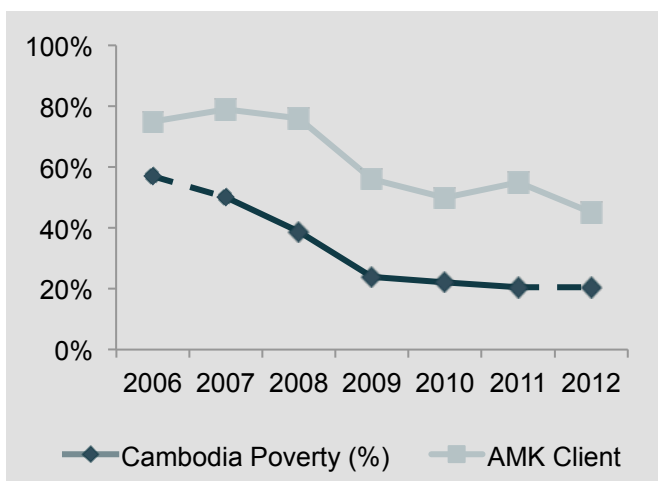


Social Performance Management

Social objectives and social performance continued to be a guiding force in the strategy of Agora as well as its partner MFIs during the year. A number of noteworthy activities were undertaken by the different companies in our group, reflecting their evolution in the understanding and use of social performance data.

Good social performance begins with good outreach. However, measuring outreach is time-consuming and expensive, and our greenfield MFIs will only be able to do it in the coming two-three years. In their approach they are not different from our flagship company, AMK, which has maintained its deep outreach through the past decade. The following graph illustrates AMK's performance on client outreach in the lower income families.

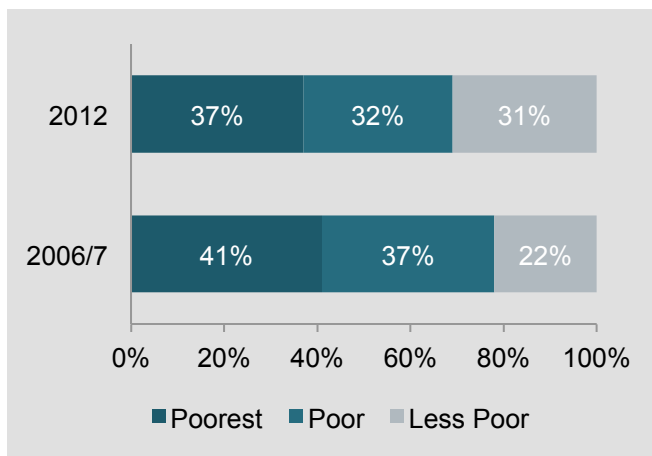
Percentage of AMK Group Clients on Entry that Fall Below the National Food Poverty Line



During 2013 AMK Cambodia reported on its first ever 'Change Study', an expansive study to understand the economic changes that our clients went through during the past five years. The study went back to the same sample of clients and non-clients that had been studied as part of its annual sample for client outreach five years prior, in 2006-2007. The results of the study were encouraging, as they indicated greater improvements in the lives of AMK clients than amongst non-clients. Clients outperformed non-clients in most areas, but the most heartening aspect was the considerable degree by which the poorest AMK clients (on entry) had done better than their poorest non-client counterparts. While AMK as well as Agora are careful not to claim that these positive changes occurred due to AMK's products and services, nor can it be completely overlooked that

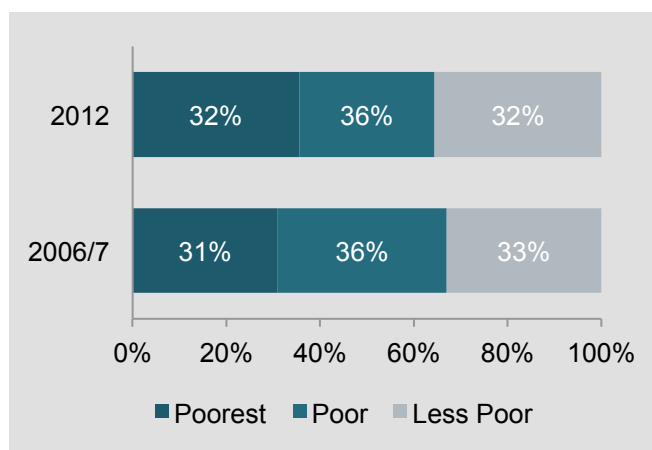
these clients had access to flexible financing from AMK which must have helped them in some way in improving their economic well-being. Some of the most striking findings are below.

Tercile Representation of AMK Clients Over Time, 2006-7 & 2012



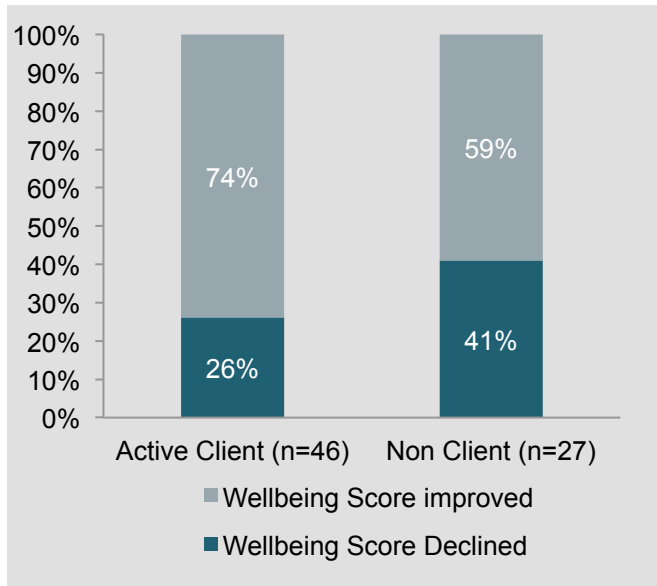
The above graph illustrates that a noticeable number of the sample clients have moved up, as indicated by a smaller percent of clients in the "Poorest" and "Poor" categories compared to 2006-7.

Tercile Representation of Control Group (non-clients) Over Time, 2006-7 & 2012



In contrast, the sample of non-clients shows no movement across the poverty terciles. More importantly, the change amongst the poorest clients, as seen in the following graph, is quite striking when compared to the sample of non-clients.

Percentage Wellbeing Score Improved/ Declined of AMK Clients – Poorest Tercile Analysis



Both these findings are extremely encouraging and in some ways endorse AMK's focused approach to research and social performance. The only negative finding was in clients' ability to deal with health

emergencies, wherein there was no discernible change amongst clients. The recent introduction of micro-insurance is likely to have some positive impact on this aspect.

During the year AMZ tested its first client profiling methodology, and while the sample is not yet representative of AMZ clients, the results were still useful and valid in understanding the geographical differences in livelihoods and well-being amongst AMZ clients. Clients in the Mongu branch, for example, were significantly poorer than clients in the neighbouring branch of Kaoma or in the other branches of AMZ.

In India, research activities focused on client product preferences, satisfaction and identifying reasons for drop outs, as well as identifying potential client clusters for future expansion. A methodology to accurately capture client profiles and livelihoods is currently under development and expected to be tested in the coming year. The surveys on client drop outs/dormancy revealed interesting snapshots, such as – over 60% of respondents felt that their family's economic situation had improved. Further, questions on not applying for AMIL loans revealed multiple reasons, including demand for larger loans (often met through other sources), late payments on the previous loan, no current requirement for a loan, or occasional dissatisfaction with AMIL's products or processes.

The Adviser: Agora Microfinance Partners LLP

AMNV is advised by Agora Microfinance Partners, LLP (the “LLP”). The LLP is based out of the United Kingdom and advises AMNV on its investment options and strategy.



TANMAY CHETAN

Co-founder of the
Agora Group

Managing Partner
of Agora Microfinance
Partners LLP

Supervisory Board
Member of Agora
Microfinance N.V.



REBECCA MCKENZIE

Co-founder of the
Agora Group

Director Operations of
Agora Microfinance
Partners LLP

Managing Director of
Agora Microfinance N.V.



OLGA TORRES

Head of Research at
Agora Microfinance
Partners LLP



MEDHA WILSON

Consultant at Agora
Microfinance Partners
LLP

(Investor Relations Officer
as at 1 April 2014)



**WILLIS
BRUCKERMANN**

Operations Officer at
Agora Microfinance
Partners LLP



NINIE UNACHUKWU

Accounts Officer at Agora
Microfinance Partners LLP



CATHY McCONNELL

HR & Communications
Officer at Agora
Microfinance Partners LLP

Directors' Report

The Board of Directors of Agora Microfinance NV. (hereinafter referred to as the "Company") herewith presents the annual report for the accounting year ending on 31 December 2013.

General

The Company was incorporated on 9 December 2011 by Agora Microfinance Cooperatief U.A., a co-operative incorporated under the laws of the Netherlands, with its official seat in Amsterdam.

Mission

The Company's mission is to maximise the social return in microfinance while providing a fair and attractive financial return to our (future) investors.

Principal object

The Company's object shall be:

- A. to make microfinance investments by:
 - i. establishing, acquiring and disposing of microfinance companies and enterprises, acquiring and disposing of interests in them and administering them or having them administered, conducting or having the management of companies and enterprises conducted and financing them or having them financed;
 - ii. acquiring, possessing, managing, selling, exchanging, transferring, alienating, issuing shares and other certificates of participation, bonds, funds, promissory notes, debentures, convertible loans, bills of exchange and other evidences of indebtedness and other securities;
- B. to contract, and to grant money loans and to give security for the fulfilment of the obligations of the corporation or of third parties;
- C. to enter into risk management transactions, including exchange traded and over the counter derivatives to hedge risks the Company or microfinance institutions affiliated with the Company are exposed to;
- D. the representation and the management of the interests of third parties;
- E. to contract, and to grant money loans and to give security for the fulfilment of the obligations of the corporation or of third parties; to perform, as principal, agent, commission agent, manager and/or administrator, everything that is related to the foregoing or may be useful or necessary thereto, which includes to participate, to acquire and to co-operate in any other enterprises or legal entities with similar or related objects.

Overview of activities

The Company obtained shares in the capital of Jagdan Finance and Investment Ltd. (Agora Microfinance India Ltd.) in addition to the shares held per 31 December 2012, for the aggregate purchase price of USD 2,000,000.

Mr. Eric-Jan van de Laar resigned as a Managing Director A of the Company and Mr. Rens van Hoof has been appointed as Managing Director A of the Company and Ms. Emelie Sweerts de Landas resigned as a Managing Director B of the Company and Mr. Eric-Jan van de Laar has been appointed as a Managing Director B of the company in 2013.

On 13th August 2013 the Company issued shares for a consideration of USD 5700,000 to an investor.

During 2013 Concern Worldwide made a contribution in kind as agreed upon in 2012, as of which the Company obtained additional shares in AMK. The value of this transaction was USD 5,052 thousand.

The Company entered into a liquidity facility with AMK of USD 3.0 million which has been repaid in full in 2013.

The Company provided a convertible loan to Agora Microfinance Zambia Ltd of USD 250,000.

Post balance sheet events

The convertible loan to AMZ AS AT 31/12/2013 was converted into shares on the 25 of April 2014. A further amendment was made which increased the loan facility to USD 600,000 in Zambian Kwacha equivalent. The total facility was utilised and drawn down and was converted into AMZ shares as at the stated date.

Subject to NBC approval the Company is in the process of acquiring further shares in AMK which will provide for a controlling interest of 50.7% of the company.

A loan facility of USD 250,000 has been issued in April 2014 to AMZ.

Result

During the period under review, the Company recorded a loss of USD 1,326 thousand.

Future developments

The Company will continue its activities. New activities will be undertaken, when the opportunities arise.

Amsterdam, September 2014

The board of directors	Supervisory Board
Ms. R. McKenzie	Mr. T. Chetan
Mr. R.W. van Hoof	Mr. J.G. Hynes
Mr. E-J van de Laar	

Independent Auditor's Report

Report on the financial statements

We have audited the accompanying financial statements 2013 of Agora Microfinance N.V., Amsterdam, The Netherlands, which comprise the consolidated and stand-alone balance sheet as at 31 December 2013, the consolidated and stand-alone profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Agora Microfinance N.V. as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the information as required under Section 2:392 sub 1 b - h has been annexed.

Amsterdam, 8 September 2014

Ernst & Young Accountants LLP



N.Z.A. Ahmed-Karim

Consolidated Balance Sheet

Consolidated balance sheet as at 31 December 2013

(before proposed appropriation of net result and expressed in USD)

		31-Dec-13	31-Dec-12
		USD	USD
ASSETS			
FIXED ASSETS			
Financial fixed assets	1	5,273,851	2,215,097
Goodwill	2	299,717	-
Tangible assets	3	20,008	-
Intangible assets	4	11,252	-
Total fixed assets		5,604,828	2,215,097
CURRENT ASSETS			
Loans receivable	5	946,022	7,793
Interest receivable	6	22,024	86,089
VAT receivable		33,136	18,518
Current account shareholder		7,987	2,785
Deposits with other Financial Institutions	7	501,629	-
Cash at bank	8	4,004,481	125,208
Total current assets		5,515,279	240,393
TOTAL ASSETS		11,120,107	2,455,489
LIABILITIES			
CAPITAL AND RESERVES			
	9		
Issued and paid-up share capital		331,137	196,137
Share premium		13,724,169	3,107,186
Other reserves		(1,308,799)	
Retained earnings		(908,728)	(46,954)
Result for the period		(1,326,224)	(861,774)
Shareholders' equity		10,511,554	2,394,595
MINORITY INTEREST			
Jagdhan Finance and Investment Limited	10	525,917	-
		525,917	-
CURRENT LIABILITIES			
Accrued expenses	11	82,637	60,894
TOTAL EQUITY AND LIABILITIES		11,120,107	2,455,489

Consolidated Profit and Loss

Consolidated profit and loss account for the period 1 January 2013 up to and including 31 December 2013

		<u>2013</u>	<u>2012</u>
		USD	USD
Financial income and expenses	24		
Interest income		164,275	144,249
		<u>164,275</u>	<u>144,249</u>
Expenses			
General and administrative expenses	14	(993,123)	(1,004,868)
		<u>(993,123)</u>	<u>(1,004,868)</u>
Other income and expenses	13		
Goodwill amortization	2	(33,302)	
Financial income and FX result		25,379	(1,155)
		<u>(7,923)</u>	<u>(1,155)</u>
Share in profit/(loss) of participating interests	15		
Agora Microfinance Zambia		(515,288)	-
		<u>(515,288)</u>	<u>-</u>
Profit/(loss) before taxation		<u>(1,352,060)</u>	<u>(861,774)</u>
Corporate income tax	17	-	-
Profit/(loss) after taxation		<u>(1,352,060)</u>	<u>(861,774)</u>
Result Minority interest	16		
Jagdhan Finance and Investment Ltd.		25,835	-
		<u>25,835</u>	<u>-</u>
Group net profit/(loss)		<u>(1,326,224)</u>	<u>(861,774)</u>

Notes to the Consolidated Financial Statements

Group affiliation and principal activity

Agora Microfinance N.V. (hereinafter referred to as the "Company") was incorporated under Dutch law on 9 December 2011. The principal activity of the Company is to make microfinance investments. The Company's shareholders are Concern Worldwide, Agora Investments Coöperatief U.A and an individual investor.

Basis of presentation

The accompanying financial statements have been prepared in accordance with principles of accounting generally accepted in the Netherlands and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Part 9.

Basis of consolidation

The consolidated financial statements include the financial data of the company and its group companies at 31 December of the year under review. Group companies are legal entities and companies over which the company exercises control. Group companies are fully consolidated as from the date on which control is obtained and until the date that control no longer exists. The items in the consolidated financial statements are determined in accordance with consistent accounting policies.

Minority interests in group equity and group net income are disclosed separately.

The Company obtained shares in the capital of Jagdhan Finance and Investment Ltd. (Agora Microfinance India Ltd.) and invested USD 1,000,000 in 2012 and USD 1,000,000 in 2013. On 1 October 2013 The Company obtained a majority interest in Jagdhan Finance and Investment Ltd, leading to consolidation of Jagdhan's accounts in the Company's consolidated financial statements. Due to obtaining control the accounting method was changed from cost price to net asset value during 2013 in accordance with Dutch GAAP in the company's stand alone accounts.

General

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The financial statements are expressed in USD.

Foreign currencies

Assets and liabilities denominated in currencies other than USD, if any, are translated at the rates of exchange prevailing at balance sheet date. Transactions in foreign currencies are recorded at the rates prevailing at the dates of the transactions. Translation differences are taken to the profit and loss account.

Estimates

The preparation of financial statements, in conformity with the relevant rules, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. If necessary for the purposes of meeting the requirements under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

Accounting policies

Financial fixed assets

Participating interests

Participating interests over whose financial and operating policies the group exercises significant influence are valued using the net asset value method. Under this method, participating interests are carried at the group's share in their net asset value plus its share in the results of the participating interests and its share of changes recognized directly in the equity of the participating interests as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements, less its share in the dividend distributions from the participating interests. The group's share in the results of the participating interests is recognized in the profit and loss account. If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve. The company's share in direct equity increases and decreases of participating interests is also included in the legal reserve except for asset revaluations recognized in the revaluation reserve.

If the value of the participating interest under the net asset value method has become nil, this method is no longer applied, with the participating interest being valued at nil if the circumstances are unchanged. In connection with this, any long-term interests that, in substance, form part of the investor's net investment in the participating interest, are included. A provision is formed if and to the extent the company stands surety for all or part of the debts of the participating interest or if it has a constructive obligation to enable the participating interest to repay its debts.

A subsequently acquired share of the profit of the participating interest is recognized only if and to the extent that the accumulated share of the previously unrecognized loss has been made good.

Participating interests over whose financial and operating policies the group exercises no significant influence are carried at the lower of cost and their recoverable amount (being the higher of their value in use and fair value less costs to sell). Dividend is recognized in the profit and loss account as proceeds received from participating interests

Receivables

Receivables are carried at face value net of a provision for doubtful debts where necessary .

Goodwill

Amounts by which the purchase price exceeds the interest of the company in the fair values of the acquired identifiable assets and liabilities at the time of the acquisition of a participating interest are capitalized in the balance sheet as goodwill.

The company assesses, at each reporting date, whether there is any objective evidence that goodwill is impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. When the recoverable amount of the cash generating unit is less than its carrying amount, an impairment loss is recognized.

Tangible fixed assets

Tangible fixed assets in use by the company are carried at the cost or production net of accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over their expected useful economic lives, taking into account their residual value. Changes in the expected depreciation method, useful life and/or residual value over time are treated as changes in accounting estimates.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful economic lives. A tangible fixed asset is derecognized upon sale or when no further economic benefits are expected from its continued use or sale.

Intangible fixed assets

An intangible fixed asset is recognized in the balance sheet if:

It is probable that the future economic benefits that are attributable to the asset will accrue to the Group; and the cost of the asset can be reliably measured.

Costs relating to intangible fixed assets not meeting the criteria for capitalization are taken directly to the profit and loss account.

Intangible fixed assets are carried at the lower of cost or production net of accumulated amortization and their recoverable amount (being the higher of value in use and fair value less costs to sell). Intangible fixed assets are amortized on a straight-line basis over their expected useful economic lives, subject to a maximum of twenty years. The economic useful life and the amortization method are reviewed at each financial year-end. If the estimated useful economic life exceeds twenty years, an impairments test is carried out at each financial year-end following the date of recognition.

Intangible fixed assets obtained on the acquisition of a group company are carried at the fair value ruling at the acquisition date.

Loans

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

Cash at bank

Cash at bank and in hand are carried at face value.

Other assets and liabilities

Other assets and liabilities are stated at their nominal value based on historical cost.

Principles of determination of result

General

Results on transactions are recognized in the year they are realized; losses are taken as soon as they are foreseeable.

Interest income and expense

Interest income and expense are time apportioned, taking into account the effective interest rate for the relating assets and liabilities. Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Period interest charges and similar charges are recognized in the year in which they fall due.

Expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Taxation

The corporate income tax position is calculated over the results before taxation, taking into account tax-exempt items and non-deductible expenses, and using current tax rates.

Investment Advisor

Agora Microfinance Partners LLP has been appointed to act as Investment Advisor with the task of providing analyses of investment opportunities and to assist with the preparation and optimization of all investment/divestment decisions by the Company in the implementation of its investment policy. In consideration of the to be provided services the Investment Advisor shall be entitled to a monthly retainer of GBP 60,000 and reimbursement of specific ad-hoc expenses.

1 Financial fixed assets

AMK Cambodia - Equity

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Opening balance	-	-
Capital contribution by Concern of shares in AMK Cambodia	5,051,983	-
Balance as per year end	<u>5,051,983</u>	<u>-</u>

On 31 December 2013 Concern Worldwide made an capital contribution in kind for the amount of USD 5,051,983. The contribution consists of 275,250 shares of AMK. The price per share is considered to be equal to the purchase price paid for the shares by Concern Worldwide at the end of 2012.

AMK Cambodia - Promissory note

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Opening balance	347,980	3,012,980
Repayments	(347,980)	(2,665,000)
Balance as per year end	<u>-</u>	<u>347,980</u>

During 2013 the the promissory note was fully repaid. The option to convert the notes into shares was not exercised.

Agora Microfinance Zambia Ltd - Equity

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Opening balance	867,206	-
Additional investment during the year	84,666	867,206
Revaluation per year end due to change in accounting policy	(214,716)	-
Result of AMZ	(515,288)	-
Balance as per year end	<u>221,868</u>	<u>867,206</u>

This item comprises a participation in Agora Microfinance Zambia Ltd of 450,000 non-voting shares and 45,000 voting shares. The voting shares comprise 47% of all voting shares in AMZ.

On 26 March 2013 the Company purchased 45,000 voting shares, for a consideration of USD 84,666. Due to this purchase, the Company obtained a significant influence in Agora Microfinance Zambia Ltd., as a result of which, the accounting method was changed from cost price to net asset value during 2013 in accordance with Dutch GAAP.

In 2012 the Company purchased 450,000 non-voting shares, for a consideration of USD 867,206.

2 Goodwill

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Investments as at 1 January	-	-
Additional investment during the year	333,019	-
Impairment in value	-	-
Investments as at 31 December	<u>333,019</u>	<u>-</u>
Accumulated amortisation as per 1 January	-	-
Amortisation during the year	33,302	-
Foreign exchange results	-	-
Accumulated amortisation as at 31 December	<u>33,302</u>	<u>-</u>
Book value goodwill as at 31 December	<u>299,717</u>	<u>-</u>

The company obtained a goodwill on further investments in Jagdhan (AMIL) of USD 333k.

In accordance with Dutch GAAP goodwill is capitalized and amortized linear over the expected lifecycle of the investment to which it is related. The company has decided to amortise the goodwill over a 10 year life cycle

3 Tangible assets

Furniture & Fixtures

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Investments as at 1 January	-	-
Investment during the year	25,751	-
Disposals during the year	-	-
Depreciation during the year	(5,743)	-
Impairment in value	-	-
Investments as at 31 December	<u>20,008</u>	<u>-</u>

All fixed assets are stated at historical costs less accumulated depreciation and impairment loss if any. Costs comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Depreciation is provided on a prorata basis from the date of which the asset is ready for commercial use on written down value method as per useful lives of the assets estimated by the management.

Depreciation of the tangible fixed assets is recognized under "general and administrative expenses" in the profit and loss account.

The group owns no tangible fixed assets that are significant individually.

There are no limited property rights to the tangible fixed assets and no security in the form of tangible fixed assets has been provided for liabilities. Nor are there any obligations relating to the acquisition of tangible fixed assets

4 Intangible assets

Software

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Investments as at 1 January	-	-
Investment during the year	22,923	-
Disposals during the year	-	-
Depreciation during the year	(11,671)	-
Impairment in value	-	-
Investments as at 31 December	<u>11,252</u>	<u>-</u>

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion. Intangible assets in nature as computer software are amortised over a useful life of 3 years on pro rata basis from the date of purchase. The management estimates the date of the useful life of the asset based on the useful life of the asset's technical, technological and other obsolescences.

Amortization of the intangible fixed assets is recognized under "general and administrative expenses" in the profit and loss account.

The group owns no intangible fixed assets that are significant individually.

There are no limited property rights to the intangible fixed assets and no security in the form of intangible fixed assets has been provided for liabilities. Nor are there any obligations relating to the acquisition of intangible fixed assets.

5 Loans and Advances

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Related Parties		
Convertible loan AMZ	250,151	7,793
Consolidated subsidiaries		
Long term Loans and Advances outstanding	118,362	-
Short term Loans outstanding	592,476	-
Provisions	(14,967)	-
	<u>946,022</u>	<u>7,793</u>

In December 2013 a convertible loan with a commitment of USD 500,000 was granted to Agora Microfinance Zambia Ltd. The first tranche of USD 250,000 was drawn in December 2013. The maturity date is 31 March 2015. The loan carries an interest rate of 90 Days T-Bill (Government of the Republic of Zambia, 'GRZ') + 7,75% to be paid quarterly starting at 1 April 2014.

Long term loans and advances include individual loans to clients, security deposits and all capital and taxes paid in advance. Short term loans also include salary advances and prepaid expenses. Short and long term loans to clients are at 26% interest rate.

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Related Parties		
Interest convertible loan Agora Microfinance Zambia Ltd.	1,723	28,021
Interest receivable AMK Cambodia convertible promissory note	-	58,068
Interest receivable AMK KHR Facility	10,420	-
Consolidated subsidiaries		
Interest accrued	9,881	-
	<u>22,024</u>	<u>86,089</u>

6 Interest Receivable

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Related Parties		
Interest convertible loan Agora Microfinance Zambia Ltd.	1,723	28,021
Interest receivable AMK Cambodia convertible promissory note	-	58,068
Interest receivable AMK KHR Facility	10,420	-
Consolidated subsidiaries		
Interest accrued	9,881	-
	<u>22,024</u>	<u>86,089</u>

7 Deposits with AMK

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Related Parties		
AMK FD USD facility	707	-
AMK FD KHR facility	500,921	-
	<u>501,629</u>	<u>-</u>

The deposits with other financial institutions are deposits with the related party AMK Cambodia. On the 1st of April 2013 the Company opened a deposit account with AMK Cambodia, and made an initial deposit on 1 April 2013 of USD 325,470 which matured during the year. In 2013 further deposits have been made under this account and the balance as at 31 December 2013 is as above. The total interest accrued under this facility for 2013 is USD 10,420. The current deposit matures in February 2014. The interest rates under the deposits range between 3%-6% on USD and 7%-10% on KHR deposits. The rates vary for each instrument.

8 Cash at banks

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Deutsche Bank AG, Amsterdam, Current Account	3,643,082	125,208
Consolidated subsidiaries		
Current accounts Jagdhan Finance and Investment Ltd	360,661	-
Cash in hand Jagdhan Finance and Investment Ltd	738	-
	<u>4,004,481</u>	<u>125,208</u>

Cash at banks is available on demand.

9 Capital and reserves

The authorised share capital of the Company is EUR 1,000,000 divided into 10,000,000 shares of EUR 0.10 each. As at 31 December 2013, 2,500,000 shares were issued and fully paid up.

The movements in capital and reserves can be summarised as follows:

<i>(in USD)</i>	Issued and paid-up share capital	Share premium	Retained Earnings	Result for the period
Opening balance as at 1 January 2012	196,137	3,107,186	-	(46,954)
Transfer to retained earnings	-	-	(46,954)	46,954
Result for the period	-	-	-	(861,774)
Balance at 31 December 2012	<u>196,137</u>	<u>3,107,186</u>	<u>(46,954)</u>	<u>(861,774)</u>
Opening balance as at 1 January 2013	196,137	3,107,186	(46,954)	(861,774)
Transfer to retained earnings	-	-	(861,774)	861,774
Share issue of 1,000,000	135,000	5,565,000	-	-
Share premium contribution	-	5,051,983	-	-
Result for the period	-	-	-	(1,352,060)
Balance at 31 December 2013	<u>331,137</u>	<u>13,724,169</u>	<u>(908,728)</u>	<u>(1,352,059)</u>

On 13 August 2013 an investor purchased 1,000,000 shares for an amount of USD 5,700,000 consisting of ordinary share capital of USD 135,000 and a share premium contribution of USD 5,565,000.

During 2013 Concern Worldwide completed a capital contribution in kind for the amount USD 5,051,983 which has been regarded as a share premium contribution.

<i>(in USD)</i>	<u>Other reserves</u>
Opening balance as at 1 January 2012	-
Balance at 31 December 2012	<u>-</u>
Opening balance as at 1 January 2013	-
Revaluation of Equity - Jagdhan	(1,094,083)
Revaluation of Equity - AMZ	(214,716)
Balance at 31 December 2013	<u>(1,308,799)</u>

The Company obtained a majority stake in Jagdhan during 2013. As a result, in accordance with Dutch GAAP the accounting policy changed from cost price to net equity method. The financial effect of the change in accounting policy is accounted for in the other reserves.

10 Minority interest

<i>(in USD)</i>	<u>31-Dec-13</u>	<u>31-Dec-12</u>
Opening balance as at 1 January 2013	-	-
Minority interest	(551,753)	-
Result minority interest	25,835	-
Balance at 31 December 2013	<u>(525,918)</u>	<u>-</u>

On the 1 October 2013 the company gained a majority interest in Jagdhan Finance and Investment Limited. This item comprises the minority interest related to this investment.

11 Short term liabilities and accrued expenses

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Audit fees	36,370	21,110
Notarial and legal fees	1,835	-
Tax advisory fees	7,667	3,500
Management and administration fees	18,484	36,284
Other short term liabilities	18,281	-
	<u>82,637</u>	<u>60,894</u>

12 Interest income

<i>(in USD)</i>	2013	2012
Interest AMK Loan Facility	-	-
Interest AMK Cambodia FD KHR facility	10,420	-
Interest convertible loan Agora Microfinance Zambia Ltd.	1,723	27,870
Interest AMK Cambodia Promisay Note	111,881	116,379
Interest income Jagdhan Finance and Investment Ltd.	40,250	-
	<u>164,275</u>	<u>144,249</u>

13 Other financial income and expenses

<i>(in USD)</i>	2013	2012
FX result	22,354	1,155
Loan processing fees Jagdhan Finance and Investment Ltd.	3,025	-
	<u>25,379</u>	<u>1,155</u>

14 General and administrative expenses

<i>(in USD)</i>	2013	2012
Investment advisor fee	775,099	880,671
Audit fees	39,612	21,852
Tax advisory fees	4,167	3,500
Legal/tax fees	35,865	57,233
Management and administration fees	42,615	36,404
Operational expenses Jagdhan Finance and Investment Ltd.	81,626	-
Total depreciation Jagdhan Finance and Investment Ltd.	4,782	-
Write off on loans Jagdhan Finance and Investment Ltd.	4,537	-
Bank charges	3,571	5,118
Other cost	1,250	90
	<u>993,123</u>	<u>1,004,868</u>

15 Result on subsidiaries

<i>(in USD)</i>	2013	2012
Result on AMZ	(515,288)	-
	<u>(515,288)</u>	<u>-</u>

16 Result Minority interest

<i>(in USD)</i>	2013	2012
Jagdhan Finance and Investment Ltd.	25,835	-
	<u>25,835</u>	<u>-</u>

17 Corporate income tax

The Company acts as the holding company of investments in selected microfinance companies in Africa and Asia. From a Dutch corporate income tax perspective income including capital gains arising from the investments are tax exempt pursuant to the participation exemption.

Personnel

The Company did not employ any personnel and hence incurred no wages, tax, salaries or related social security charges during the year under report.

Directors

The managing directors of the Company received no remuneration in respect of their services as director
The Company has 2 supervisory directors.

18 Other commitments not shown in the balance sheet

The Company has entered into commitments on behalf of AMZ to act as guarantors on loans taken from Triodos and Microvest.

Stand-alone balance sheet as at 31 December 2013

(before proposed appropriation of net result and expressed in USD)

		31-Dec-13	31-Dec-12
		USD	USD
ASSETS			
FIXED ASSETS			
Financial fixed assets	19	5,819,922	2,215,097
Goodwill	2	299,717	-
Total fixed assets		6,119,639	2,215,097
CURRENT ASSETS			
Loans receivable	20	250,151	7,793
Interest receivable	21	12,143	86,089
VAT receivable		33,136	18,518
Current account shareholder		7,987	2,785
Deposits with other Financial Institutions	7	501,629	-
Cash at bank	22	3,643,082	125,208
Total current assets		4,448,128	240,393
TOTAL ASSETS		10,567,767	2,455,489
LIABILITIES			
CAPITAL AND RESERVES			
	9		
Issued and paid-up share capital		331,137	196,137
Share premium		13,724,169	3,107,186
Other reserves		(1,308,799)	
Retained earnings		(908,728)	(46,954)
Result for the period		(1,326,224)	(861,774)
Shareholders' equity		10,511,554	2,394,595
CURRENT LIABILITIES			
Accrued expenses	23	56,213	60,894
TOTAL EQUITY AND LIABILITIES		10,567,767	2,455,489

Stand-alone profit and loss account for the period 1 January 2013 up to and including 31 December 2013

		<u>2013</u>	<u>2012</u>
		USD	USD
Financial income and expenses	12		
Interest income		124,025	144,249
		<u>124,025</u>	<u>144,249</u>
Expenses			
General and administrative expenses	14	897,187	(1,004,868)
		<u>897,187</u>	<u>(1,004,868)</u>
Other income and expenses			
Goodwill amortization	2	(33,302)	
Financial income and FX result	13	22,354	(1,155)
		<u>(10,948)</u>	<u>(1,155)</u>
Share in profit/(loss) of participating interests	19		
Jagdhan Finance and Investment Ltd.		(26,826)	
Agora Microfinance Zambia		(515,288)	-
		<u>(542,114)</u>	<u>-</u>
Profit/(loss) before taxation		<u>(1,326,224)</u>	<u>(861,774)</u>
Corporate income tax	17	-	-
Profit/(loss) after taxation		<u>(1,326,224)</u>	<u>(861,774)</u>

Notes to the stand-alone financial statements

General

The stand-alone financial statements have been prepared in accordance with principles of accounting generally accepted in the Netherlands and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Part 9.

The accounting policies of the stand-alone financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with the accounting policies for the consolidated financial statements.

For the accounting policies of the stand-alone financial statements, we refer to the summary of accounting policies as included in the notes to the consolidated financial statements.

19 Financial fixed assets

AMK Cambodia - Equity

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Opening balance	-	-
Capital contribution by Concern of shares in AMK Cambodia	5,051,983	-
Balance as per year end	5,051,983	-

Refer to Note 1 to the consolidated financial statements

AMK Cambodia - Promissory note

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Opening balance	347,980	3,012,980
Repayments	(347,980)	(2,665,000)
Balance as per year end	-	347,980

Refer to Note 1 to the consolidated financial statements

Agora Microfinance Zambia Ltd - Equity

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Opening balance	867,206	-
Additional investment during the year	84,666	867,206
Revaluation per year end due to change in accounting policy	(214,716)	-
Result of AMZ	(515,288)	-
Balance as per year end	221,868	867,206

Refer to Note 1 to the consolidated financial statements

Jagdhhan Finance and Investment Ltd. - Equity

<i>(in USD)</i>	31-Dec-13	31-Dec-12
Opening balance	1,000,000	-
Additional investment during the year	1,000,000	1,000,000
Revaluation due to PPA per October 2013	(333,019)	-
Revaluation per year end due to change in accounting policy	(1,094,083)	-
Result of Jagdhhan	(26,826)	-
Balance as per year end	546,072	1,000,000

The Company obtained shares in the capital of Jagdhhan Finance and Investment Ltd. (Agora Microfinance India Ltd.) and invested USD 1,000,000 in 2012 and USD 1,000,000 in 2013. In October 2013 The Company obtained a majority interest in Jagdhhan Finance and Investment Ltd, leading to consolidation of Jagdhhan's accounts in the Company's consolidated financial statements. Due to obtaining control the accounting method was changed from cost price to net asset value during 2013 in accordance with Dutch GAAP in the company's stand alone accounts.

20 Loans Recievables

Loan AMZ

(in USD)

	31-Dec-13	31-Dec-12
Related Parties		
Convertible loan AMZ	250,151	7,793
	<u>250,151</u>	<u>7,793</u>

Refer to Note 5 to the consolidated financial statements

21 Interest receivables

(in USD)

	31-Dec-13	31-Dec-12
Related Parties		
Interest convertible loan Agora Microfinance Zambia Ltd.	1,723	28,021
Interest receivable AMK Cambodia convertible promissory note	-	58,068
Interest receivable AMK KHR Facility	10,420	-
	<u>12,143</u>	<u>86,089</u>

22 Cash at banks

(in USD)

	31-Dec-13	31-Dec-12
Deutsche Bank AG, Amsterdam, Current Account	3,643,082	125,208
	<u>3,643,082</u>	<u>125,208</u>

Cash at banks is available on demand.

23 Accrued expenses

(in USD)

	31-Dec-13	31-Dec-12
Audit fees	28,227	21,110
Notarial and legal fees	1,835	-
Tax advisory fees	7,667	3,500
Management and administration fees	18,484	36,284
Investment advisor fee	-	-
	<u>56,213</u>	<u>60,894</u>

24 Interest income

<i>(in USD)</i>	<u>2013</u>	<u>2012</u>
Interest AMK Loan Facility	111,881	-
Interest AMK Cambodia FD KHR facility	10,420	-
Interest convertible loan Agora Microfinance Zambia Ltd	1,723	27,870
Interest AMK Cambodia Promisay Note		116,379
	<u>124,025</u>	<u>144,249</u>

25 General and administrative expenses

<i>(in USD)</i>	<u>2013</u>	<u>2012</u>
Investment advisor fee	775,099	880,671
Audit fees	36,899	21,852
Tax advisory fees	4,167	3,500
Legal/tax fees	33,590	57,233
Management and administration fees	42,615	36,404
Bank charges	3,568	5,118
Other cost	1,250	90
	<u>897,187</u>	<u>1,004,868</u>

OTHER INFORMATION

Statutory provisions regarding appropriation of results

In accordance with Article 21 of the Articles of Association, the result for the year is at the disposal of the General Meeting of Shareholders insofar as the supervisory director does not determine that all of the profits or a specified sum shall be added to the reserves.

Appropriation of result

During the period under review, the Company recorded a loss of USD 1,326 thousand.

Post balance sheet events

The convertible loan to AMZ AS AT 31/12/2013 was converted into shares on the 25 of April 2014. A further amendment was made which increased the loan facility to USD 600,000 in Zambian Kwacha equivalent. The total facility was utilised and drawdown and was converted into AMZ shares as at the stated date.

Subject to NBC approval the Company is in the process of acquiring further shares in AMK which will provide for a controlling interest of 50.7% of the company.

The Company has entered into commitments on behalf of AMZ to act as guarantors on loans taken from Triodos and Microvest.

Amsterdam, September 2014

The board of directors:

Supervisory board:

Ms. R. McKenzie

Mr. T. Chetan

Mr. R.W. van Hoof

Mr. J.G. Hynes

Mr. E-J van de Laar



Agora Microfinance
Banking for Change



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