Grant Thornton

Agora Microfinance Zambia Limited

Annual Report & Financial Statements
31 December 2012

VISION, MISSION AND STRATEGIC GOALS

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 WELL-BEING OF THE POOR THROUGH THE EFFECTIVE PROVISION OF APPROPRIATE FINANCIAL SERVICES

STRATEGIC GOALS:

DIRECT OUTREACH TO THE POOR AT THE NATIONAL LEVEL

SUITABILITY OF PROCESSES AND PRODUCTS

IMPROVEMENT OF CLIENTS' FINANCIAL STABILITY AND INCOMES

CREATION OF A DYNAMIC, PROFESSIONAL, VALUE-BASED ORGANISATION

LONG TERM FINANCIAL HEALTH OF AMZ

AGORA MICROFINANCE ZAMBIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS – 31 DECEMBER 2012

CONTENTS

AGORA MICROFINANCE ZAMBIA LIMITED

CHAIRPERSON'S REPORT

I am delighted to write this report on AMZ's first full year of operations.

2012 was a very busy year for the organisation as it established itself as one of the 5 major enterprise/livelihood MFIs in Zambia, a testament to the hard work and leadership of the entire AMZ team. To have achieved such status in less than 2 years is a remarkable feat. Operationally and financially, 2012 saw significant progress towards sustainability as in June the Company achieved its first monthly profit whilst November saw the Company achieve one of its initial targets: that of reaching 10,000 clients.

AMZ ended 2012 as the leading MFI in its two original locations, Mongu and Mumbwa, and opened its third branch in Kaoma. The financing of this growth was a particular area of focus for both the Board and Management and I am very pleased to report that during the year Management was successful in obtaining over K5 billion in debt funding from three well-respected international lenders. The equity base of the Company was also strengthened through the conversion into equity of existing loans with Moringaway and Agora Microfinance N.V. in July and December respectively.

The Board met 3 times during the year. In July, we were delighted to welcome Douglas Tambulukani to the Board as proxy for Musa Mwenye who became unable to perform his duties as a result of his position as Solicitor General of Zambia. Other Board developments saw Tanmay Chetan join the Audit and Finance Committee ("AFC") after Irina Ignatieva stood down. Tanmay and Douglas also agreed to join the newly initiated Remuneration and Nominations Committee ("RNC") which held its first meeting in February 2013. I am very grateful to Tanmay for agreeing to Chair the RNC and to Glenda Mazakaza for her continued role as Chair of the AFC.

I expect 2013 to be another year of growth and significant development for AMZ. We have already experienced one major unanticipated development in the sector with the Bank of Zambia announcement in January of its intention to introduce an interest rate cap. In principle we believe that a pricing cap has the potential to distort the market and slow efforts to improve financial inclusion. We do, however, share the concern of the Bank related to MFIs and other non-bank financial institutions charging unreasonable rates of interest. For this reason, AMZ always intended to reduce its interest rates as it grew and achieved scale. I am confident that management will meet the challenges of the cap with clarity, practicality and imagination to ensure that the mission remains at the heart and soul of everything the Company does.

2013 will also see changes in the shareholding structure of AMZ. It is the intention of Concern Worldwide to reduce their shareholding in the Company. Additionally, in order to meet a key strategic objective, namely, to obtain a deposit taking license from the Bank of Zambia, we will seek new equity partners. I cannot stress enough, however, that the most important factor in assessing new equity partners by the Board of Directors will be mission alignment with the Company's management, its Board and its existing shareholders.

AMZ is a young institution with dynamic, enthusiastic and committed staff. Under the very able leadership of Maluba Wakung'uma and her senior management team, and with continued strategic guidance and robust governance by the Board, AMZ has the potential to become THE leader in the microfinance sector in Zambia. I am very grateful to the hard work of all AMZ staff during 2012 and I am confident that 2013 will be another successful year for the Company.

Rebecca McKenzie
Chairperson

26 March 2013

AGORA MICROFINANCE ZAMBIA LIMITED

CHIEF EXECUTIVE'S REPORT

It gives me great pleasure to present the annual results for this, our second year of operations. The year 2012 and the start of 2013 have certainly been eventful for both AMZ and the wider Zambian microfinance industry.

After a good first year of operations in 2011, 2012 saw significant progress in many areas. Some of our key achievements are outlined below:

- Client numbers grew by 115% to 10,579 from 4,924
- Gross loan portfolio grew by 158% to K 9.3 billion from K 3.6 billion
- Branch network increased from 2 to 3 branches with the November opening of our Kaoma branch
- AMZ received its first loan from the international lending community and finished the year with over K 5 billion from three lenders
- Addition of AMNV as a third shareholder
- Increase in client officer numbers to 22 from 12, representing 44% of total workforce up from 41%
- Strengthening of the senior management team with the appointment of the Deputy CEO, the Operations Manager and the Research Manager

Whilst the results for the year show a loss of K 590 million this is a considerable improvement on the 2011 loss of K 791 million. It was particularly encouraging that monthly profits were achieved in June, July and August. As a result of this profitability trend, investment and growth decisions were made that adversely impacted the short-term financial results including the final 4 months of the year. However, these decisions, namely to accelerate the Kaoma branch opening from 2013 to Q4 2012 and to invest in senior management capacity, are expected to bear fruit in the medium term and will place us very firmly on the road to sustainability.

During 2012 it became clear that our go-to-market strategy and methodology was broadly on-track. The keys to successful provision of microcredit services remain a transparent and robust loan assessment process, an efficient Management Information System, strong cost control and a dedicated and experienced workforce. Developments were made in all these areas. A client officer training programme was initiated in 2012 and will be significantly enhanced during 2013. During the final quarter of the year, five members of the Senior Management Team spent a week visiting the Cambodian MFI, AMK and came back with many valuable insights and observations that have already improved the operational management of AMZ. We are grateful to the Agora Microfinance Partners team in London for facilitating this visit.

2013 will bring opportunities in addition to the significant challenges that have already emerged. We have dealt seamlessly with the currency rebasing but the impact of the Bank of Zambia's interest rate cap is less clear. There will inevitably be a short-term negative impact on the financial results of the Company but in the medium to long term I am confident that we will meet this challenge with appropriate responses to ensure the future of AMZ. It is with this goal in mind that we intend to open at least 2 more rural branches during 2013.

I wish to express my thanks to AMZ's Chairperson, Ms Rebecca McKenzie and all of AMZ's Board and committee members for their leadership, support and insight throughout the year. Finally, I would like to congratulate all my colleagues on their performance and commitment during the year. It is only through the dedication shown by all of them that AMZ has, and will continue, to break the barriers to finance in Zambia.

Maluba H. Wakung'uma
Chief Executive Officer

AGORA MICROFINANCE ZAMBIA LIMITED

FINANCIAL AND OPERATIONAL HIGHLIGHTS

AMZ at a glance	Dec-12	Dec-11
• Number of branches	3	2
• Number of village banks	212	91
• Total staff	50	29
• Client officers	22	12
• Total clients	10,579	4,924
Women clients	49%	59%
• Gross loan portfolio (K '000s)	9,270,956	3,609,994
• PAR 30 days	1.66%	0.02%
• Write-off ratio	0.25%	0.00%
• Average outstanding loan per client (K)	876,355	733,143
• Portfolio Yield	68.2%	74.6%
• Operational Self Sufficiency (OSS)	83.9%	52.2%
• Return on Assets (RoA)	-6.2%	-37.7%

AGORA MICROFINANCE ZAMBIA LIMITED

ZAMBIA AND THE MICROFINANCE ENVIRONMENT

According to the 2010 census report, the population of Zambia was approximately 13.1 million, with 65% living in rural areas and 35% in urban areas. Low population density is a distinguishing feature with an average of 17.4 inhabitants per square kilometre, although there are wide variations among provinces. 45% of the population is below the age of 15 and 66% below the age of 25. Over the last decade the population grew at an average rate of 2.8% per year.

Zambia's agricultural sector employs an estimated 85% of the population but accounts for just 22% of GDP. Despite recent growth rural poverty rates remain stubbornly high. Zambia was ranked 164 out of 187 countries in the UN's 2011 Human Development Index. Approximately 61% of the population is living below the official poverty line and 42% are classified as extremely poor. There is a significant disparity between rural and urban poverty – rural poverty rates are estimated to be almost 80% in contrast to urban poverty rates of just below 30%. Furthermore, urban poverty has decreased more quickly than rural poverty and currently 58% of rural households are classified as extremely poor while the figure is only 13% for urban households.

According to the Bank of Zambia ("BoZ") there are currently 19 commercial banks, 33 MFIs and 71 other Non Bank Financial Institutions ("NBFIs") operating in Zambia. The financial sector is dominated by the commercial banks – the top four banks have over two-thirds of all assets. Within the formal banking sector, only 3 licensed banks have an MSME focus and 2 have SME/microfinance window operations. The microfinance sector is a mixture of 5 large consumer lenders, 6 enterprise and livelihood MFIs with the rest operating as small localised operations.

It is very clear that existing financial institutions are not serving the rural provinces effectively. Despite accounting for only 32% of the population, 2 predominantly urban provinces (Lusaka and the Copperbelt) account for 60% of total banking customers, including over 50% of MFI branches.

Microfinance Transparency describes the microfinance industry in Zambia as "young, small in size, fragmented and with limited outreach". They estimated that the number of active borrowers covered by microfinance operators was approximately 55,000 in late 2011 (ie, less than 2% of the total number of households in the entire country). By the end of 2012 it is estimated that this number had risen to nearer 100,000 borrowers, meaning that AMZ had a market share of over 10% after less than 2 years operations, and had accounted for almost 25% of the growth in the market.

On 3rd January 2013, the Bank of Zambia introduced a "cap on the effective annual lending interest rates that non-bank financial institutions licensed by it can charge their customers". For AMZ this rate is 42% compared to rates of 60-66% that were charged during 2012. This interest rate cap required AMZ to re-assess its strategic plan and its financial forecasts for the next 2-3 years. As a result of this reassessment we made no fundamental changes to its strategy although the interest rate cap will result in profitability being achieved later than originally envisaged. AMZ believes that pricing caps have the potential to distort the market and are unlikely to significantly improve financial inclusion. In order to mitigate the cap, we intend to grow slightly faster than originally planned such that operating scale is achieved earlier.

AGORA MICROFINANCE ZAMBIA LIMITED

OWNERSHIP, GOVERNANCE AND MANAGEMENT STRUCTURE

Ownership

AMZ was the creation of two organisations with a history of partnership in microfinance, Agora Microfinance Partners LLP and the international NGO, Concern Worldwide ("Concern"). AMZ became a private company limited by shares in May 2010 and a licensed non-bank financial institution (non-deposit-taking MFI) by the Bank of Zambia in April 2011.

AMZ's original shareholders are Concern Worldwide and Moringaway, a private company limited by shares based out of Mauritius. Each of Concern and Moringaway hold 50% of voting shares. In addition, Moringaway and Agora Microfinance N.V. ("AMNV"), a private limited company domiciled in The Netherlands, hold 54% and 46% non-voting shares, respectively. The ownership structure as at 31 December 2012 is as follows:

	Class A voting shares		Class B non-voting shares		Total
Shareholder	**No.**	**K ('000s)**	**No.**	**K ('000s)**	**K ('000s)**
AMNV	-	-	450,000	4,500,000	4,500,000
Concern	47,500	475,000	-	-	475,000
Moringaway	47,500	475,000	532,348	5,323,484	5,798,484
	95,000	**950,000**	**982,348**	**9,823,484**	**10,773,484**

All three shareholders share a similar vision and mission for AMZ. Agora Microfinance Partners LLP advises both Moringaway and AMNV and seeks to promote high quality microfinance in Africa and Asia, by investing (via AMNV) in equity and by creating new greenfield institutions where needed.

Governance

The Board of Directors governs the operations of AMZ and is responsible for ensuring adherence to the mission and objectives and for the strategic direction of the Company. It has fiduciary responsibility to the shareholders, including ensuring that the Company's assets are managed in a manner that is consistent with Zambian law and AMZ's values and goals. The Board also monitors the work of the CEO, oversees Management's implementation of the strategic plan, monitors the quality of the portfolio along with other financial, operational and social indicators, and evaluates the Company's competitive position. In doing this the Board assesses and responds to both internal and external risks. The Board meets at least three times a year, reviewing overall strategic direction and adherence to the mission.

AMZ's Board of Directors comprises expertise in the various key fields required to create an effective governance forum and is made up of 6 non-executives plus the CEO; a total of 7 members. Of the 6 non-executives, 2 are external independent directors, 2 are related to Concern and 2 are part of Agora Microfinance Partners LLP, representing both AMNV and Moringaway. As required by law, a majority (4) are resident in Zambia.

During 2012, the Board had only one Committee - the Audit and Finance Committee which met 4 times. The meetings included detailed discussions regarding overall financial performance and control, the annual report and financial statements, the results of internal audit reviews, third-party funding opportunities and the overall financial management of the Company. The Committee was also available to meet with the external auditors in the absence of management, although during the year no such meeting was deemed necessary by the external auditors. During 2013-14, the Board intends to initiate 2 further committees, namely, a Social Performance Committee and a Remuneration and Nominations Committee.

Further biographical and committee membership details are given on page 11.

OWNERSHIP, GOVERNANCE AND MANAGEMENT STRUCTURE (CONTINUED)

Management

The CEO heads the management team which comprises the Deputy CEO, departmental heads and branch managers. AMZ has six departments – Operations, Finance, Human Resources, Information Technology, Internal Audit and Research. Each member of the management team has significant microfinance and other relevant experience in their field. This management team is responsible for meeting AMZ's social as well as operational and financial goals. To achieve this, management has been tasked with the development and implementation of strategy and the establishment of effective and efficient systems for field operations, information flows, financial management and oversight, marketing and client relations and human resource management.

Management constituted one Committee during 2012. The Asset and Liability Committee ("ALCO") is responsible for the management of the Company's on- and off-balance sheet positions to allow continued sustainable growth of AMZ's business while limiting material financial and non-financial risks. The ALCO's primary focus is on the sourcing and management of sufficient funding. The ALCO is composed of the CEO, the Deputy CEO, the CFO and the Head of Accounts.

AGORA MICROFINANCE ZAMBIA LIMITED

PRODUCTS AND METHODOLOGY

As at 31 December 2012, AMZ operated via a three branch network in Western and Central Provinces. Our Kaoma and Mongu branches reached 473 and 5,124 clients respectively in Western Province whilst our Mumbwa branch reached 4,982 clients in Central Province. Our target clients are low-income households engaged in livelihood activities linked to subsistence agriculture, fishing, small scale processing as well as retail trade and services. In general, our clients are located in rural districts with poor infrastructure facilities and utilities.

Currently we only offer credit products following a well tested solidarity group based methodology. Our lending methodology involves the formation of village level solidarity groups (which we term "Village Banks" or "VBs"). Eligibility criteria are as follows: only permanent members of the village/compound may join (in practice permanent means having lived there for more than 2 years); aged between 18 and 70; willing to work in groups (which they self-select); and at least one economic activity within the household. Within each VB smaller sub-groups of 4-10 members are created to ensure efficiency. Group members co-guarantee each other for loan repayments. Each VB elects their representative, the Village Bank President, for smooth conduct of transactions and liason with AMZ's Client Officers. Women are encouraged to participate although it is not an eligibility criterion. Product screening and loan assessments are performed at an individual client level – the group's function is that of joint liability rather than as a client consolidator.

Our current loan products are summarised below:

End of Term Loan ("EoT") – this loan is aimed at households with seasonal cashflows and is designed to stimulate agribusiness activities. The maximum loan size is K 1.5 million and can be offered for a maximum term of 12 months. During 2012 the interest rate on the EoT loan was 5% per month. Despite being designed as a single bullet repayment product, clients are permitted to repay principal at any time during the loan with no penalty.

Flexi 1 Loan – this loan is aimed at households with more stable businesses and flexible cash flows and will typically be taken by traders with relatively consistent daily, weekly and monthly cash flows. The maximum loan size is K 2 million and can be offered for a maximum term of 12 months. During 2012 the interest rate on the Flexi 1 loan was 5.5% per month. Repayments are made on a monthly basis and, as for the EoT loan, pre-payments of principal can be made at any time with no penalty.

Flexi 2 Loan – this loan is available only to clients who have graduated from a Flexi 1 loan. The Flexi 2 loan has a higher maximum loan size of K 4 million. During 2012 the interest rate on the Flexi 2 loan was 5% per month. Repayments are made on a monthly basis and, as for other products, pre-payments of principal can be made at any time with no penalty.

Emergency Loan – this loan is available to existing clients for serious health or other emergencies. The maximum loan size is K 200,000. During 2012 the interest rate on the Emergency loan was 3% per month.

Each loan product includes a cash collateral requirement (varying from 7 to 15% depending on product). This represents the only physical collateral required by AMZ.

Product design is an on-going process and it is anticipated that, in addition to the interest rate changes required as a result of the BoZ interest rate cap, other changes will be made to some or all of these products during 2013. Changes in product features will only be introduced as a result of changing demand patterns as identified through thorough review of operations processes and market research.

AGORA MICROFINANCE ZAMBIA LIMITED

BOARD OF DIRECTORS

Rebecca McKenzie is the Chairperson of the Board and a member of the Audit and Finance Committee and the Remuneration Committee. She is a co-founder of the Agora group. She is the Managing Director of Agora Microfinance N.V., and Director (Operations) of Agora Microfinance Partners LLP. Rebecca has over 15 years of experience in banking, capital markets and microfinance. Prior to that she was the main investor relations manager who assisted AMK a Cambodian microfinance company with equity funding during its early years. As part of her role she also assisted the Governing Board of AMK to liaise with Shareholders. In her banking experience she has held different positions with DEPFA Bank Plc, Credit Suisse First Boston, Paribas, and UBS. Rebecca holds a Diploma in Corporate Finance from the London Business School, and a Bachelor's of Arts in European Studies from Scripps College, Claremont, California.

Tanmay Chetan is the Chairperson of the Remuneration Committee and a member of the Audit and Finance Committee. He is also a co-founder of the Agora group. He is the Managing Partner of Agora Microfinance LLP (the Advisor) and a Supervisory Board Member of Agora Microfinance N.V (the Investor). Tanmay has worked in microfinance for over 15 years, with his previous work including credit ratings, consulting, investment management and implementation. He began his microfinance career at M-CRIL, a specialised rating agency, where he managed credit ratings and the advisory services of the company in a number of countries. In 2003, he moved to Cambodia as the first CEO of AMK Limited, a green-field microfinance company at the time. In 2007, on completing his term at AMK, he undertook a year of research into African microfinance before getting involved with the creation of Agora. Tanmay holds a Master's in Public Administration from the Harvard Kennedy School and an MBA from the Indian Institute of Forest Management.

Irina Ignatieva was a member of the Audit and Finance Committee during 2012. Irina is the Microfinance Advisor for Concern Worldwide. She has 15 years of experience with microfinance in developing countries. She has worked extensively with microfinance institutions in Central and Eastern Europe and Asia as a consultant and trainer. As a microfinance advisor in Concern, she now provides support to microfinance programs and programs with microfinance components in Africa, Asia and the Caribbean. Irina holds an EMBA from Stockholm School of Economics, and an MA from St. Petersburg University, Russia.

Rakesh Katal is the current Country Director of Concern Zambia. He has more than 17 years of progressive professional experience in both senior management and advisory position of working with leading international humanitarian and development organizations. He has a Bachelor of Arts Degree in Political Science, Public Administration and Sociology from Osmania University, Hyderabad, India.

Glenda Mazakaza is the Chairperson of the Audit and Finance Committee. Glenda holds a degree in Business Administration from the Copperbelt University and is a Fellow of the Association of Chartered and Certified Accountants. She has held senior positions in KPMG Zambia as well as other public finance companies. She is currently a partner in Mint Advisory Services, a growing business consultancy firm. She brings valuable knowledge of the local financial and HR landscape and best practices.

Douglas Tambulukani is a member of the Remuneration Committee. Douglas is a partner for the legal firm, Musa Mwenye Advocates, which is one of the leading law firms in Zambia. He has extensive knowledge of Zambian law and is valuable resource for the local legal context.

Maluba H. Wakung'uma is the Chief Executive Officer of the Company. Maluba is a microfinance professional with over 17 years hands-on experience of managing microfinance operations at different levels. She has a BA Degree in Development Studies and Public Administration from the University of Zambia and a Diploma in Small Business Planning and Promotion from New Delhi, India as well as a certificate in Management of Microfinance from the International Training Center of the ILO in Turin, Italy.

AGORA MICROFINANCE ZAMBIA LIMITED

DIRECTORS' REPORT

The Directors present their report on the activities of Agora Microfinance Zambia ("AMZ" or "the Company"), together with the audited financial statements for the financial year ended 31 December 2012.

Principal activities and developments during the year
The principal activity of the Company is to provide financial services among the rural and urban poor in Zambia. All significant developments during the year have been highlighted above.

The Company
On 7 May 2010, the Company was incorporated under the Zambian Companies Act as a private company limited by shares.

Business address
Agora Microfinance Zambia Limited
Plot No. 3807, Olympia
Kwacha Road
Lusaka

Postal address
Agora Microfinance Zambia Limited
P O Box 745 Post Net
Manda Hill
Lusaka

Share capital
The total authorised number of ordinary shares is 11,000,000 with a par value of K 10,000 per share. The authorised share capital is split between A class ordinary shares attached to which are voting rights and B class ordinary shares which do not have voting rights. There are 95,000 authorised A class ordinary shares and 10,905,000 authorised B class ordinary shares.

The following movements in issued share capital occurred during the period:

	Number of A class shares	Number of B class shares	Total K '000
At 31 December 2011	95,000	218,775	3,137,753
Issued during the period	-	763,573	7,635,731
At 31 December 2012	95,000	982,348	10,773,484

All issued shares are fully paid.

On 5 July 2012, the Company issued 313,552 B class shares to Moringaway, an existing shareholder, as a result of Moringaway exercising the conversion clause in its loan agreement.

On 21 December 2012, the Company issued 450,000 B class shares to AMNV, a new shareholder, as a result of AMNV exercising the conversion clause in its loan agreement. Approval of AMNV as a shareholder was received from the Bank of Zambia on 29 November 2012.

Results and dividends
The Company's results for the year are shown on page 18. The Directors do not propose that a dividend be declared in respect of the 2012 financial year.

Directors' and secretary
The names of the directors and the secretary are as follows:

DIRECTORS' REPORT (continued)

Directors
Rebecca McKenzie - Chairman
Maluba Wakung'uma – CEO
Tanmay Chetan
Irina Ingatieva
Rakesh Katal
Glenda Mazakaza
Douglas Tambulukani (proxy for Musa Mwenye)

Company Secretary

Maluba Wakung'uma	(resigned 19 February 2013)
David Payling	(appointed 19 February 2013)

Directors' remuneration
A total of K10.0 million was spent on director's fees during the year (2011: K13.2 million).

Average number and remuneration of employees
Total employee benefits expense for the year was K 2,243.5 million (2011: K 1,387.8 million). The average number of employees throughout the year was 35 (2011: 18).

Gifts and donations
There were no gifts or donations made during the year (2011: K nil).

Property, plant and equipment and intangible assets
Additions to property, plant and equipment and intangible assets are included within Notes 13 and 14 to the financial statements. In the opinion of the Directors, the fair values of the property, plant and equipment and intangible assets are not less than the amount at which they are included in the financial statements.

Research and Development
There was no expenditure incurred for research and development during the period.

Related party transactions
Related party transactions during the period consisted of two convertible loan agreements with share holders. The conversion option in each agreement was exercised during the year. Further information on these loan agreements is included within Note 21 to the financial statements. Additionally, the remuneration of key management personnel is also disclosed within Note 21.

Prohibited borrowings or lendings
There were no prohibited borrowings during the year (2011: K nil).

Risk management and control
AMZ has a risk management framework defined in its Business and Strategic Plan which defines the main risk areas and the mitigating strategies. Internal control systems are outlined in the organisation's policies and procedures. As at the 31 December 2012 the following policies were in place:

i.	Operations Policy	- Approved
ii.	Human Resource Policy	- Approved
iii.	Internal Audit Policy	- Approved
iv.	Finance Policy	- Approved

Compliance function
The Company has a fully functional Internal Audit department, comprising two staff members who conduct regular inspections of Head Office and all branches for compliance with internal policies and procedures and external requirements. Internal audit reports are reviewed and approved by the Audit and Finance Committee of the board. During 2012, Internal Audit performed 5 full audits and 7 other reviews.

Know your customer ("KYC") and money laundering policies
All KYC requirements are conducted by the branch and filed in hard copy at branch level. Additionally, all potential borrowers are checked using an approved credit reference bureau.

Other material facts, circumstances and events
Two incidences of fraud occurred during the year but there was no material loss to the company. Almost 100% of monies involved were recovered and the employees perpetrating said frauds were dismissed.

Financial statements
The financial statements set out on pages 19 to 45 have been approved by the directors.

Auditors
Grant Thornton
5th Floor Mukuba Pension House
Dedan Kimathi Road
P.O Box 30885
Lusaka, Zambia

In accordance with the provisions of the Articles of Association of the Company, the auditors, Messrs Grant Thornton, will retire as auditors of the Company at the forthcoming Annual General Meeting and, having expressed their willingness to continue in office, a resolution proposing their re-appointment will be presented at the Annual General Meeting.

Going concern
The Company prepares detailed budgets and forecasts for both one year and in the form of its strategic business plan up to 2015. These forecasts show that the Company will be marginally loss making in 2013 and profitable each year thereafter. Accordingly, the Directors have satisfied themselves that the Company will have adequate resources to continue in operational existence for at least the next twelve months and therefore the going concern basis has been used in preparing the financial statements.

By order of the Board

David E. [signature]

COMPANY SECRETARY
26 March 2013

AGORA MICROFINANCE ZAMBIA LIMITED

CORPORATE GOVERNANCE STATEMENT

Importance of corporate governance
AMZ is governed by the Articles of Association as revised on 1 July 2011. The 'Articles' define the corporate governance structure and mandate of directors and senior management. The AMZ Business and Strategic Plan also outlines in detail the organizational structure which includes the AGM at the apex of the structure, a Board of Directors, an Audit and Finance Committee and a Remuneration and Nominations Committee.

Board Committees

Audit and Finance Committee

The AFC met 4 times during 2012.

Membership of the Board's AFC during the year was follows:

Glenda Mazakaza	Chairperson	
Rebecca McKenzie	Member	
Irina Ignatieva	Member	(resigned 13 December 2012)
Tanmay Chetan	Member	(appointed 13 December 2012)
Maluba H. Wakung'uma	Member	

Remuneration and Nominations Committee

At its meeting in October 2012, the Board resolved to constitute the RNC with initial membership as follows:

Tanmay Chetan	Chairperson
Rebecca McKenzie	Member
Douglas Tambulukani	Member

Management Committees
In October 2012, the Board approved the terms of reference for the Asset and Liability Management Committee ("ALCO"). The members of this Committee (all ex officio) are as follows: the CEO, the Deputy CEO, the CFO and the Head of Accounts. The Head of Operations attends meetings by invitation.

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Companies Act and the Banking and Financial Services Act require the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of Agora Microfinance Zambia Limited and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the Directors are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1994 and the Banking and Financial Services Act 1994, as amended. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that in their opinion:

(a) the financial statements give a true and fair view of the financial position of Agora Microfinance Zambia Limited as of 31 December 2012, and of its financial performance and its cash flows for the year then ended;

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when these fall due; and

(c) the financial statements are drawn up in accordance with International Financial Reporting Standards.

This statement is made in accordance with a resolution of the Board of Directors.

Signed at Lusaka on 26 March 2013

Director
Rebecca Mckenzie

Director
GLENDA MAZAKAZA

Grant Thornton

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGORA MICROFINANCE ZAMBIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Agora Microfinance Zambia Limited, which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described on page 16, directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGORA MICROFINANCE ZAMBIA LIMITED

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Agora Microfinance Zambia Limited as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Agora Microfinance Zambia Limited as of 31 December 2012 have been properly prepared in accordance with the Companies Act 1994 and the Banking and Financial Services Act 1994, and the accounting and other records and registers have been properly kept in accordance with the Acts.

Grant Thornton

Chartered Accountants

Edgar N Hamuwele
Partner

Lusaka
26 March 2013

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Interest income	5	3,380,210	1,074,085
Interest expense	6	(419,187)	(182,470)
Net interest income		**2,961,023**	**891,615**
Impairment losses on loans and advances	3	(184,163)	(8,235)
Net interest income after impairment losses on loans and advances		**2,776,860**	**883,380**
Fee and commission income	7	693,212	273,998
Foreign exchange loss		(43,697)	(17,787)
Other operating income		155,302	46
Operating expenses	8	(4,455,641)	(2,372,291)
Loss before income tax		**(873,964)**	**(1,232,654)**
Income tax credit	10	283,994	441,249
Total comprehensive loss for the year		(589,970)	(791,405)

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF FINANCIAL POSITION – 31 DECEMBER 2012

	Notes	31 December 2012 K '000	31 December 2011 K '000
ASSETS			
Cash and cash equivalents	11	4,438,804	826,417
Loans and advances to customers	12	9,139,258	3,601,759
Property and equipment	13	569,205	550,486
Intangible assets	14	108,828	145,049
Deferred income tax assets	15	1,022,829	738,373
Other assets	16	379,774	622,981
Total assets		**15,658,698**	**6,485,065**
LIABILITIES			
Other liabilities	17	1,808,380	903,814
Borrowings	18	5,017,306	3,794,000
Total Liabilities		**6,825,686**	**4,697,814**
SHAREHOLDERS' EQUITY			
Share capital	19	10,773,484	3,137,753
Retained earnings		(1,940,472)	(1,350,502)
Total shareholders' equity		**8,833,012**	**1,787,251**
Total equity and liabilities		**15,658,698**	**6,485,065**

The financial statements on pages 18 to 42 were approved for issue by the Board of Directors on 26 March 2013 and signed on its behalf by:

Chairman

Director

CEO

Company Secretary

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Share capital	Contributions by shareholders	Retained earnings	Total
Year ended 31 December 2011					
At 1 January 2011		950,000	174,393	(559,097)	565,296
Issued during the year	19	2,013,360	-	-	2,013,360
Transferred during the year	19, 20	174,393	(174,393)		-
Comprehensive loss for the year		-	-	(791,405)	(791,405)
At 31 December 2011		3,137,753	-	(1,350,502)	1,787,251
Year ended 31 December 2012					
At 1 January 2012		3,137,753	-	(1,350,502)	1,787,251
Issued during the year	19	7,635,731	-	-	7,635,731
Transferred during the year	19, 20	-	-	-	-
Comprehensive loss for the year		-	-	(589,970)	(589,970)
At 31 December 2012		10,773,484	-	(1,940,472)	8,833,012

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Cash flows from operating activities		
Loss for the year before taxation	(873,964)	(1,232,654)
Depreciation	262,444	88,758
Cash outflow from operating activities before changes in operating assets and liabilities	(611,520)	(1,143,896)
Changes in operating assets and liabilities		
- loans and advances	(5,537,499)	(3,601,759)
- other assets	243,207	(607,507)
- other liabilities	904,566	867,601
Net cash used in operating activities	**(5,001,246)**	**(4,485,561)**
Cash flows from investing activities		
Purchase of property and equipment	(222,115)	(567,019)
Purchase of intangibles	(23,289)	(145,130)
Net cash used in investing activities	**(245,404)**	**(712,149)**
Cash flows from financing activities		
Issue of Class A voting shares	-	-
Issue of Class B non-voting shares	7,635,731	2,187,753
Contributions by shareholders	-	(174,393)
Proceeds from borrowings	1,223,306	3,794,000
Net cash generated by financing activities	**8,859,037**	**5,807,360**
Net increase in cash and cash equivalents	**3,612,387**	**609,650**
Cash and cash equivalents at start of period	**826,417**	**216,767**
Cash and cash equivalents at end of period	**4,438,804**	**826,417**
Represented by:		
Cash and cash equivalents	4,438,804	826,417

1. **General information**
The Company is incorporated in Zambia under the Companies Act as a Company Limited by shares, and is domiciled in Zambia. The address of its registered office is:

P.O. Box 745 Post Net Manda Hill
Plot No. 3807, Kwacha Road
Olympia
Lusaka

The principal activity of the company is to provide financial services among the rural and urban poor in Zambia.

2 **Summary of significant accounting policies**
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) **Basis of preparation**
The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 "presentation of financial statements" (Revised 2007). The company has elected to present the "Statement of comprehensive Income" in one statement namely "Statement of Comprehensive Income". The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Zambia Kwacha (K), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Future accounting developments

As at 31 December 2012 the following accounting standards issued by the IASB were applicable to the Company. These are effective on 1 January 2013, unless otherwise indicated:

- IFRS 13 *Fair Value Measurement*. This provides comprehensive guidance on how to calculate the fair value of financial and non-financial assets and liabilities. It is not expected to have a material impact on the Company's financial statements; and
- IAS 32 and IFRS 7 Amendments: *Offsetting Financial Assets and Financial Liabilities*. The circumstances in which netting is permitted have been clarified and disclosures on offsetting have been considerably expanded. The amendments on offsetting are effective from 1 January 2014 and those on disclosures from 1 January 2013.

In 2009 and 2010, the IASB issued IFRS 9 *Financial Instruments* which contains new requirements for accounting for financial assets and liabilities and will contain new requirements for impairment and hedge accounting, replacing the corresponding requirements in IAS 39. The key changes issued and proposed relate to:

- Financial assets. Financial assets will be held at either fair value or amortised cost, except for equity investments not held for trading and certain eligible debt instruments, which may be held at fair value through other comprehensive income;

2. **Summary of significant accounting policies (continued)**

- Financial liabilities. Gains and losses on fair value changes in own credit arising on non-derivative financial liabilities designated at fair value through profit or loss will be excluded from the Income Statement and instead taken to other comprehensive income;
- Impairment. Credit losses expected (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss will be reflected in impairment allowances; and
- Hedge accounting. Hedge accounting will be more closely aligned with financial risk management.

Adoption is not mandatory until periods beginning on or after 1 January 2015. At this stage, it is not possible to determine the potential financial impacts of adoption on the Company.

In addition, the IASB has indicated that it will issue a new standard on accounting for leases. Under the proposals, lessees would be required to recognise assets and liabilities arising from both operating and finance leases on the balance sheet. The IASB also plans to issue new standards on insurance contracts and revenue recognition. The Company will consider the financial impacts of these new standards as they are finalised.

(b) **Interest income and expense**

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the statement of comprehensive income using the effective interest method.

For loans originated by the Company, where the interest is calculated on a daily basis by applying contracted interest rate to the loan amount, the interest is effected on the total amount before deduction of processing fees and cash collateral

The recognition of interest ceases when payment of interest or principal is overdue for more than 30 days or when a client has died. Interest is included in income thereafter only when it is received.

(c) **Fees and commission income**

Fees and commissions are deducted from the loan amount upon disbursement and therefore do not accrue.

(d) **Translation of foreign currencies**

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Kwacha ("K") which is the Company's functional currency.

On 1 January 2013 the Zambian currency was rebased such that 1 new kwacha = 1,000 old kwacha. Since these financial statements are for the year ended 31 December 2012, prior to rebasing, they are presented in "old" Kwacha.

2. **Summary of significant accounting policies (continued)**

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(e) **Financial assets**

The Company classifies its financial assets into the following categories: loans and advances and other receivables. Management determines the appropriate classification of its financial assets at initial recognition.

Loans and advances and other receivables
Loans and advances and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances and other receivables are carried at amortised cost using the effective interest method. Interest calculated using the effective interest method is recognised in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

a) significant financial difficulty of the borrower;
b) a breach of contract, such as default or delinquency in interest or principal repayments;
c) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the Company would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   - adverse changes in the payment status of borrowers in the group; or

2. **Summary of significant accounting policies (continued)**

- national or local economic conditions that correlate with defaults on the assets in the group.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between 1 month and 3 months.

Assets carried at amortised cost
The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial instrument's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognised in the statement of comprehensive income as other income.

2. **Summary of significant accounting policies (continued)**

(f) **Property and equipment**

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to 'operating expenses' during the period in which they are incurred.

Depreciation on other assets is calculated on the straight line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Fixtures, fittings and equipment	4 - 5 years
Motor vehicles	3 - 4 years
Computer equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The Company assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Company estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(g) **Intangible assets**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years). Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(h) **Income tax**

The tax credit for the period comprises current and deferred income tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date.

2. **Summary of significant accounting policies (continued)**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled or the related deferred income tax asset is realised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(i) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

(j) **Borrowings**

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. The cost of transaction is borne by the remitter and not included in the loan value.

(k) **Employee benefits**

The Company did not have employee gratuities that accrued during the period. Employees are paid performance based incentives instead. However, all employees are members of the National Pension Scheme Authority to which both employees and the Company contribute. Obligations for contributions are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

There are no expected gratuity payments are per employee contracts of employment.

(l) **Share capital**

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

The company issues 2 types of ordinary shares: Class A shares with voting rights and Class B shares with no voting rights.

(m) **Dividends payable**

The company's shareholders do not expect to derive any dividends for the next 2-3 years as per its articles of association. After that, the policy will be reviewed on the basis of the performance of AMZ and its continued need for additional capital. There were no dividends to declare in 2012 (2011 – nil).

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

3. Financial risk management

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

Risk management is carried out by the Audit and Finance Committee, under policies approved by the Board of Directors. The Committee identifies, evaluates and hedges financial risks in close cooperation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk and credit risk. The most important types of financial risk affecting the Company are credit risk, liquidity risk and market risk (including currency and interest rate risk).

(a) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Company by failing to pay amounts in full when due. Credit risk is the most important risk for the Company's business: management therefore carefully manages the exposure to credit risk. The key area where the Company is exposed to credit risk is through loans and advances to customers.

The Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers. Such risks are monitored and subject to frequent review. Limits on the level of credit risk by product are approved by management and the Board of Directors. Other specific control and mitigation measures are outlined below

Collateral and other credit enhancements

The Company requires customers to deposit cash collateral when taking out a loan. This cash collateral is auto-deducted from the loan upon disbursement. The cash collateral amount is a percentage of the loan amount which varies according to the loan product as follows:

End of Term loan:	7%
Flexi 1 loan:	10%
Flexi 2 loan:	15%
Credit Line:	10%
Emergency loan :	Nil

Loans are disbursed under the Solidarity Group concept using structures called Village Banks ("VB"). Within a VB there are 5-10 borrowing groups each of which comprises 5-10 individual borrowers. All borrowers within the VB are jointly liable for the borrowings of the entire VB and the collateral provided by the entire VB can be used against any loan from that VB.

3. Financial risk management (continued)

Maximum exposure to credit risk

The table below present's the Company's maximum exposure to credit risk, before taking account of any collateral and credit risk mitigation, arising from its on-balance sheet financial assets.

	31 December 2012 K '000	31 December 2011 K '000
Cash and cash equivalents	4,438,804	826,417
Loans and advances to customers	9,139,258	3,601,759
Other assets	379,774	622,981
	13,957,836	5,051,157

The exposures set out above are based on carrying amounts as reported in the statement of financial position. 65.5% of the total maximum exposure is derived from loans and advances to customers (2011: 71.3%). Loans and advances to customers, are secured by cash collateral held with AMZ until and upon completion of the loan and/or mutual guarantees (for group loans). As at 31 December 2012 the value of cash collateral held was K 1,349 million (2011: K 493 million).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Company resulting from its loan and advances portfolio based on the following:

- the Company exercises stringent controls over the granting of new loans;
- 96.2% of the loans and advances portfolio are neither past due nor impaired;
- 100% of the loans and advances portfolio are backed by cash collateral and mutual guarantees.

Financial assets that are past due or impaired

Loans and advances are summarised as follows:

	31 December 2012 K '000	31 December 2011 K '000
Neither past due nor impaired	8,938,350	3,593,874
Past due but not impaired 1-29 days	225,845	8,727
Past due but not impaired 30-59 days	37,446	1,623
Past due but not impaired 60-89 days	8,598	3,725
Past due but not impaired 90-119 days	42,790	378
Past due >120 days	17,927	1,667
Gross	9,270,956	3,609,994
Less: allowance for impairment	(131,698)	(8,235)
	9,139,258	3,601,759

No other financial assets are either past due or impaired.

3. **Financial risk management (continued)**

Loans and advances less than 120 days past due are not considered impaired, unless other information is available to indicate the contrary. However, all loans are assessed for impairment on a collective basis. Collectively assessed provisions are considered on a portfolio basis, to reflect the homogeneous nature of the assets. A percentage of the portfolio is impaired by evaluating the ageing of missed payments combined with the historical recovery rates for that particular portfolio. The gross impaired loans are quoted without taking account of any collateral or security held, which could reduce the potential loss.

Concentrations of risk of financial assets with credit risk exposure

Industry sector risk concentrations within the customer loan portfolio was as follows:

	31 December 2012 K '000	31 December 2011 K '000
Agriculture and allied	4,534,757	1,368,642
Manufacturing, mining and production	40,127	64,376
Trade and services	4,615,980	2,150,408
Other	80,092	26,568
	9,270,956	3,609,994

(b) **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due or is unable to replace funds when they are withdrawn.

The following table presents the contractual maturities of the Company's financial liabilities on an undiscounted cash flow basis.

	On demand K '000	Less than 3 months K '000	More than 3 months but not more than 1 year K '000	More than 1 year K '000	Total K '000
31 December 2012					
Other liabilities	-	489,148	1,319,232	-	1,808,380
Borrowings	-	40,373	1,149,563	3,827,370	5,017,306
	-	529,521	2,468,795	3,827,370	6,825,686
31 December 2011					
Other liabilities	414,354	23,016	465,659	785	903,814
Borrowings	-	-	500,000	3,294,000	3,794,000
	414,354	23,016	965,659	3,294,785	4,697,814

3. **Financial risk management (continued)**

(c) **Market risk**

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Audit and Finance Committee. Management is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

Currency risk
The Company has material currency assets and liabilities resulting from its funding structure whereby it sometimes obtains US$ denominated loans as financing. The Company maintains US$ assets to match these liabilities as long as possible, although at this start up stage of operations, the Company's requirement for Kwacha means that it translates the majority of these US$ balances into Kwacha in order to fund the expansion of its loan portfolio. As the Company expands it anticipates developing its hedging strategy.

The table below summarises the Company's exposure to US$ exchange rate risk at 31 December:

	31 December 2012 K '000	31 December 2011 K '000
Assets		
Cash and cash equivalents	611,656	-
Other receivables	-	500,000
Liabilities		
Other liabilities	149,434	500,000
Borrowings	552,186	
Net on-balance sheet position	(89,964)	-

Based on the Company's year end net assets denominated in US$ the impact of a 10% strengthening or weakening of the Kwacha would result in a gain or loss of K 9 million (2011: K nil).

Interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates. Interest margins may increase or decrease as a result of such changes. The table below summarises the Company's exposure to interest rate risk at 31 December:

3. **Financial risk management (continued)**

	Up to 1 month	More than 1 month but not more than 3 months	More than 3 months but not more than 1 year	More than 1 year	Total
	K '000	K '000	K '000	K '000	K '000
31 December 2012					
Assets					
Loans and advances to customers	486,114	322,210	8,462,632	-	9,270,956
Liabilities					
Borrowings	40,373	1,973,556	511,813	2,491,564	5,017,306
31 December 2011					
Assets					
Loans and advances to customers	26,206	168,522	3,409,516	5,750	3,609,994
Liabilities					
Borrowings	-	-	500,000	3,294,000	3,794,000

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Company. It is unusual for financial institutions ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

(d) **Capital management**

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are:

- to comply with the capital requirements set by the Banking and Financial Services Act;
- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines issued by the Bank of Zambia for supervisory purposes. The required information is filed with the Bank of Zambia on a quarterly basis. The Company is required to maintain a minimum capital of the higher of K25 million and 15% of the risk weighted assets.

The Bank of Zambia requires each Microfinance Institution (MFI), including the Company, to: (a) hold the minimum level of regulatory capital of the higher of K25 million and 15% of the risk weighted assets; (b) maintain a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%; (c) maintain primary or tier 1 capital of not less than 5% of total risk weighted assets; and (d) maintain total capital of not less than 10% of risk-weighted assets plus risk-weighted off-balance sheet items.

3. **Financial risk management (continued)**

The Company's total regulatory capital is divided into two tiers:

- Tier 1 capital (primary capital): common shareholders' equity, qualifying preferred shares, retained earnings and minority interests in the equity of subsidiaries that are less than wholly owned.

- Tier 2 capital (secondary): qualifying preferred shares, 40% of revaluation reserves, subordinate term debt or loan stock with a minimum original term of maturity of over five years (subject to straight line amortisation during the last five years leaving no more than 20% or the original amount outstanding in the final year before redemption) and other capital instruments which the Bank of Zambia may allow. The maximum amount of secondary capital is limited to 100% of primary capital.

Risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of – and reflecting an estimate of the credit risk associated with – each asset and counterparty.

The table below summarises the composition of regulatory capital, total risk weighted assets and the relevant ratios for the Company as at 31 December 2012 and 2011:

	31 December 2012 K '000	31 December 2011 K '000
Capital		
Tier 1 capital	8,648,841	1,623,802
Tier 2 capital	-	-
Total	8,648,841	1,623,802
Risk-weighted assets		
On-balance sheet	10,755,980	4,388,430
Off-balance sheet	-	-
Total	10,755,980	4,388,430
Basel ratio		
Tier 1 (regulatory minimum: 5%)	80.4%	37.0%
Tier 1 + Tier 2 (regulatory minimum: 10%)	80.4%	37.0%

3. **Financial risk management (continued)**

The following tables shows the computation of both the capital position of the Company and its risk-weighted assets:

Computation of capital position

	31 December 2012 K '000	31 December 2011 K '000
Primary (Tier 1) capital		
Paid up common shares	10,773,484	3,137,753
Retained earnings	(1,940,472)	(1,350,502)
Less		
Intangible assets	(108,828)	(145,049)
Other adjustments	(75,343)	(18,400)
Total primary capital	8,648,841	1,623,802
Secondary (Tier 2) capital	-	-
Eligible total regulatory capital	8,648,841	1,623,802
Minimum total capital requirement	1,613,397	746,033
Excess capital	7,035,444	877,769

Calculation of risk-weighted assets

		31 December 2012	
	Risk weight	Balance (net of allowance for losses) K '000	Risk-weighted assets K '000
Cash and cash equivalents			
- on hand	0%	12,750	-
- at bank	20%	4,426,054	885,211
Loans and advances to customers			
- portion secured by cash	0%	1,349,125	-
- other	100%	7,790,133	7,790,133
Property and equipment	100%	569,205	569,205
Intangible assets	100%	108,828	108,828
Deferred income tax asset	100%	1,022,829	1,022,829
Other assets	100%	379,774	379,774
Total risk weighted assets		15,658,698	10,755,980

3. **Financial risk management (continued)**

	Risk weight	31 December 2011 Balance (net of allowance for losses) K '000	Risk-weighted assets K '000
Cash and cash equivalents	0%	826,417	-
Loans and advances to customers			
- portion secured by cash	0%	493,039	-
- issued to or guaranteed by a group	75%	3,108,721	2,331,541
Property and equipment	100%	550,486	550,486
Intangible assets	100%	145,049	145,049
Deferred income tax asset	100%	738,373	738,373
Other assets	100%	622,981	622,981
Total risk weighted assets		6,485,066	4,388,430

4 **Critical accounting estimates and judgements in applying accounting policies**

The Company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment losses on loans and advances

The Company reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Income taxes and deferred tax asset

The Company is subject to income taxes. Judgement is required in determining the extent that it is probable that taxable profits will be available in the future against which deferred tax assets can be utilised. Based on forecasts, the Company expects to recover its deferred tax assets within the next three years. Further details of deferred tax assets and their expected recovery can be found in Note 15 to the Financial Statements. If the Company's forecasts were 10% higher or lower then the Company would still expect to recover its deferred tax assets within the next three years.

5. Interest income

	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Arising on:		
Loans and advances to customers	3,377,128	1,074,085
Fixed term deposits	3,082	-
	3,380,210	1,074,085

6. Interest expense

	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Arising on:		
Other borrowings	419,187	182,470
	419,187	182,470

7. Fee and commission income

	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Loan Processing fees	693,212	273,998
	693,212	273,998

8. Operating expenses

The following items are included within operating expenses:

	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Employee benefits expense	2,243,518	1,387,769
Depreciation and amortisation	262,444	88,758
Auditors' remuneration	54,000	45,935
Other operating expenses	1,895,679	849,829
	4,455,641	2,372,291

9. **Employee benefits expense**

The following items are included within employee benefits expense:

	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Retirement benefit costs:		
- National Social Security Fund (NAPSA)	87,067	65,476
	87,067	65,476

10. **Income tax credit**

a) Tax credit to Income Statement	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Current tax	(462)	-
Deferred tax	284,456	441,249
	283,994	441,249

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

b) Tax credit reconciliation	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
Loss before income tax	(873,964)	(1,232,654)
Tax calculated at the statutory income tax rate of 35%	305,887	431,429
Tax effect of:		
Expenses not deductible for tax purposes	(112,717)	(15,901)
Capital allowances	90,824	25,721
	283,994	441,249

11. **Cash and cash equivalents**

	31 December 2012 K '000	31 December 2011 K '000
Cash on hand	12,750	2,001
Balances with banks	4,426,054	824,416
	4,438,804	826,417

12. Loans and advances to customers

a) Summary	31 December 2012 K '000	31 December 2011 K '000
Gross loans and advances	9,270,956	3,609,994
Less: Provision for impairment of loans and advances		
- Individually assessed	(131,698)	(8,235)
- Collectively assessed	-	-
	9,139,258	3,601,759

b) Maturity	31 December 2012 K '000	31 December 2011 K '000
Due:		
Within 1 month	488,686	26,206
Between 1 to 3 months	323,914	168,522
Between 3 months and 1 year	8,326,658	3,409,516
Greater than 1 year	-	5,750
	9,139,258	3,609,994

c) Movements in provisions for impairment of loans and advances are as follows:

	31 December 2012 K '000	31 December 2011 K '000
At start of the year	8,235	-
Impairment for the year	184,163	8,235
Charged-off	(60,700)	-
At end of the year	131,698	8,235

d) All impaired loans have been written down to their estimated recoverable amount. The aggregate carrying amount of impaired loans at 31 December 2012 was K332.6 million (2011: K16.1 million.).

13. Property and equipment

	Motor vehicles	Computer and office equipment	Furniture and fittings	Total
	K '000	K '000	K '000	K '000
31 December 2011				
Cost				
At 1 January 2011	-	58,016	23,950	81,966
Additions	413,694	108,075	45,250	567,019
At 31 December 2011	413,694	166,091	69,200	648,985
Depreciation				
At 1 January 2011	-	6,329	3,493	9,822
Charge for the year	45,422	31,252	12,003	88,677
At 31 December 2011	45,422	37,581	15,496	98,499
31 December 2012				
Cost				
At 1 January 2012	413,694	166,091	69,200	648,985
Additions	52,500	119,321	54,108	225,929
Disposals	-	(5,350)	-	(5,350)
At 31 December 2012	466,194	280,062	123,308	869,564
Depreciation				
At 1 January 2012	45,422	37,581	15,496	98,499
Charge for the year	139,706	47,574	15,654	202,934
Disposals	-	(1,074)	-	(1,074)
At 31 December 2012	185,128	84,081	31,150	300,359
Net book value				
At 31 December 2011	368,272	128,510	53,704	550,486
At 31 December 2012	281,066	195,981	92,158	569,205

14. Intangible assets

	Compter Software K '000	Total K '000
31 December 2011		
Cost		
At 1 January 2011	-	-
Additions	145,130	145,130
At 31 December 2011	145,130	145,130
Amortisation		
At 1 January 2011	-	-
Charge for the year	81	81
At 31 December 2011	81	81
31 December 2012		
Cost		
At 1 January 2012	145,130	145,130
Additions	23,289	23,289
At 31 December 2012	168,419	168,419
Amortisation		
At 1 January 2012	81	81
Charge for the year	59,510	59,510
At 31 December 2012	59,591	59,591
Net book value		
At 31 December 2012	108,828	108,828
At 31 December 2011	145,049	145,049

15. Deferred income tax assets

a) Deferred income tax is calculated using the enacted income tax rate of 35%. The movement on the deferred income tax account is as follows:

	Year to 31 December 2012 K '000	Year to 31 December 2011 K '000
At start of year	738,373	297,124
Income statement credit (Note 10)	284,456	441,249
At end of year	1,022,829	738,373

b) The deferred income tax asset and deferred income tax credit in the statement of comprehensive income are attributable to the following items:

	Trading losses K '000	Capital allowances K '000	Total K '000
Credited / (charged) to income statement	466,970	(25,721)	441,249
At 31 December 2011	767,828	(29,455)	738,373
Credited / (charged) to income statement	283,424	1,032	284,456
At 31 December 2012	1,051,252	(28,423)	1,022,829

c) Deferred tax assets are expected to be recovered as follows:

	31 December 2012 K '000	31 December 2011 K '000
Within twelve months	-	32
After twelve months	1,022,829	738,341
At end of year	1,022,829	738,373

d) Deferred tax assets will expire as follows:

	31 December 2012 K '000	31 December 2011 K '000
2015	297,124	297,124
2016	441,249	441,249
2017	284,456	-
	1,022,829	738,373

16. **Other assets**

	31 December 2012 K '000	31 December 2011 K '000
Accrued interest receivable	249,267	93,621
Prepayments	50,718	18,400
Staff debtors	24,625	10,959
Other debtors	55,164	500,001
	379,774	622,981

17. Other liabilities

	31 December 2012 K '000	31 December 2011 K '000
Cash collateral	1,349,125	493,039
Accrued interest payable	238,621	180,842
PAYE and pension contributions	59,208	42,658
Other creditors and accruals	161,426	187,275
	1,808,380	903,814

18. Borrowings

	31 December 2012 K '000	31 December 2011 K '000
Borrowings	5,017,306	3,794,000
	5,017,306	3,794,000

At 31 December the Company's borrowings were as follows:

	Principal	Maturity	Currency	Interest Rate	Carrying Value K '000
Access Africa Fund	K 2,551,000,000	15 Sep 2014	ZMK	16%	2,491,563
AMNV	$ 7,793	28 Dec 2012	USD	5%	40,373
Deutsche Bank	$ 100,000	31 Oct 2013	USD	5%	511,814
Hivos-Triodos Fonds	K 2,000,000,000	1 May 2014	ZMK	15.5%	1,973,556
					5,017,306

The interest rate on the Hivos-Triodos Fonds loan resets on quarterly basis at 7.75% above the Zambian Government 91 day treasury bill. All other interest rates are fixed.

19. Share capital

The total authorised number of ordinary shares is 11,000,000 with a par value of K 10,000 per share (2011: 5,000,000). The authorised share capital is split between A class ordinary shares attached to which are voting rights and B class ordinary shares which do not have voting rights. There are 95,000 authorised A class ordinary shares (2011: 95,000) and 10,905,000 authorised B class ordinary shares (2011: 4,905,000). The following movements in issued share capital occurred during the period:

	Number of A class shares	Number of B class shares	Total K '000
At 1 January 2011	95,000	-	950,000
Issued during the year	-	218,775	2,187,753
At 31 December 2011	95,000	218,775	3,137,753
Issued during the year	-	763,573	7,635,731
At 31 December 2012	95,000	982,348	10,773,484

All issued shares are fully paid.

On 5 July 2012, the Company issued 313,552 B class shares to Moringaway, an existing shareholder, as a result of Moringaway exercising the conversion clause in its loan agreement.

On 21 December 2012, the Company issued 450,000 B class shares to Agora Microfinance N.V. ("AMNV"), a new shareholder, as a result of AMNV exercising the conversion clause in its loan agreement. Approval of AMNV as a shareholder was received from the Bank of Zambia on 29 November 2012.

20. Contributions by shareholders

During 2010 a number of pre-operating expenses were incurred before the Company was registered. The expenses, amounting to K174.4 million were accounted for as contributions by shareholders. During 2011 these contributions were converted into B class shares.

21. Related party transactions

a) Borrowings

As explained in Note 19, during 2012 the Company converted all borrowings from related parties into B class shares. As at 31 December 2012, the facility with Moringaway still existed with an undrawn amount of $300,000. The facility with AMNV matured on 28 December 2012.

As at 31 December 2011, the Company had, as borrower, entered into the following loan agreements with related parties:

	Type of Loan	Maturity	Interest Rate	Principal US$	Drawdown US$
Moringaway	Convertible	1 Feb 2015	11.6%	1,000,000	700,000
AMNV	Convertible	28 Dec 2012	5.0%	1,000,000	100,000

The following loan with a related party was also in place during 2011 but had been repaid by 31 December 2011:

	Type of Loan	Maturity	Interest Rate	Principal US$
Marcus Fedder	Bridge	21 Nov 2011	7.5%	100,000

Interest charged on each of these loans was as follows:

	31 December 2012 K '000	31 December 2011 K '000
Moringaway	175,894	180,568
AMNV	169,698	274
Marcus Fedder	-	1,628

b) Key management compensation

For the purposes of related party disclosures key management comprises the CEO and CFO. The directors believe that they exclusively comprise the key management personnel of the company, with the authority and responsibility for planning, directing and controlling, directly or indirectly, its activities.

	31 December 2012 K '000	31 December 2011 K '000
Salaries and other short-term employment benefits	348,865	396,672
Company pension contributions	9,392	12,807
	358,257	409,479

22. Contingent liabilities and commitments

There were no significant contingent liabilities or commitments during the year or at the reporting date.

23. Subsequent events

On 3rd January 2013, the Bank of Zambia introduced a "cap on the effective annual lending interest rates that non-bank financial institutions licensed by it can charge their customers". For AMZ this rate is 42% compared to rates of 60-66% that were charged during 2012.

On 6th March 2013, a new international lender approved a loan to the Company of $1 million (indexed to Zambian Kwacha). The loan is expected to be received in two tranches during 2013.

SCHEDULE 1

AGORA MICROFINANCE ZAMBIA LIMITED

DETAILS OF OPERATING EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2012

	31 December 2012 K '000	31 December 2011 K '000
Advertising and branding	1,385	5,368
Audit fees	54,000	45,935
Bank charges	71,927	18,330
Computer expenses	80,025	21,678
Consultancy fees	34,067	101,420
Depreciation	262,444	88,758
Directors' fees	9,955	13,227
General expenses	302,779	116,963
Insurance	14,066	18,807
Licensing expenses	28,977	10,804
Medical expenses	38,737	11,378
Office expenses	57,966	45,430
Professional fees	448,079	69,117
Recruitment and training	15,004	2,200
Registration expenses	-	4,712
Rent	169,725	131,200
Repairs and maintenance	68,070	11,113
Salary and wages	2,199,873	1,376,391
Security expenses	73,788	56,574
Stationery	59,831	49,016
Telephone expenses	47,427	18,664
Travel – local	374,823	155,206
Travel – foreign	42,693	-
	4,455,641	2,372,291