



Grant Thornton
Mohamed Hilal

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Dakahlia Businessmen Association for Community Development “Small and Micro Enterprise Project”

Financial Statements and Auditor's Report
December 31st, 2014



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Independent Auditors' Report

To: Board of Directors
Dakahlia Businessmen Association for Community Development
Dakahlia, Egypt

Financial statement report

We have audited the accompanying statement of financial position of Dakahlia Businessmen Association for Community Development "Small and Microenterprise Project" as of December 31, 2014, the related statements of Revenues and Expenditures, cash flows for the Year then Ended December 31, 2014 and summary of major accounting policies and disclosures.

Management's responsibility

The financial statements are the responsibility of the Dakahlia Businessmen Association for Community Development Management. Management has the responsibility to prepare and present the financial statements fairly and clearly according to the Egyptian Accounting Standards within the view of the current Egyptian laws and regulations, also management's responsibility include designing, implementing and maintain internal controls regarding preparing and presenting financial statement fairly and clearly free of any material misstatements either resulted from errors or fraud. The management's responsibility also includes selection and implementation of appropriate accounting policies and estimates.

Our responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards within the view of the current Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provide a reasonable basis for our opinion.

Our Opinion

In our opinion, the financial statements referred to above and the accompanying notes present fairly, in all material respects, the financial position of the Dakahlia Businessmen Association for Community Development "Small and Micro Enterprise project" as of December 31, 2014 and the results of its operations, cash flows for the year then ended in conformity with the Egyptian accounting standards within the view of the Egyptian laws and regulations.

Emphasis matters

Without qualify our opinion we would like to refer to law no. 141 for year 2014 which regulate the microfinance activities. As per article no. 23 of the law, the new law allow the entities who work already on the microfinance activity a six month grace period to comply with the law. The association is currently work on adjusting its activities and obtaining all necessary license for operation in accordance to the new law.

Report on other legal and regulatory requirements

The association maintains proper accounting records which include all that is required by law and the statutes of the association and the accompanying financial statements are in agreement therewith.



Hossam El Beshar, CPA
Principal Partner

R.A.A no.18277
Cairo Egypt
February 22, 2015

Grant Thornton - Mohamed Hilal
Public Accountants
The Egyptian Member Firm of
Grant Thornton International

Dakahlia Businessmen Association For Community Development Statement of Financial Position As of December 31, 2014

| | Notes | <u>Dec. 31, 2014</u> | <u>Dec. 31, 2013</u> |
|---|----------|---------------------------|---------------------------|
| | | <u>EGP</u> | <u>EGP</u> |
| Assets | | | |
| Cash and Due from Bank | 4 | 3,247,241 | 3,517,725 |
| Trade Investments(Bank Deposits) | 5 | 76,332,275 | 71,170,184 |
| Net portfolio of microfinance | 6 | 235,088,483 | 194,084,583 |
| Gross portfolio of microfinance | 7 | 242,848,871 | 201,338,830 |
| Impairment loss Allowance | 8 | (7,760,388) | (7,254,247) |
| Debtors and Other Debt Balance | 9 | 2,493,100 | 2,008,288 |
| Net Fixed Assets | 3 | 6,100,985 | 6,312,359 |
| Fixed Assets | | 12,776,215 | 12,246,404 |
| Accumulated Depreciation | | (6,675,230) | (5,934,045) |
| Total Assets | | <u>323,262,084</u> | <u>277,093,139</u> |
| Liabilities and Net Equity | | | |
| <u>Short Term Liabilities</u> | | | |
| Credit Facilities | 10 | 70,750,432 | 49,380,125 |
| Short Term Borrowing | 12 | 5,344,520 | 5,344,520 |
| Accounts Payable and Other Credit balance | 11 | 5,162,126 | 6,146,428 |
| Total Short Term Liabilities | | <u>81,257,078</u> | <u>60,871,073</u> |
| <u>Long Term Liabilities</u> | | | |
| Long Term Borrowings | 12 | - | 5,344,520 |
| Total Long Term Liabilities | | <u>-</u> | <u>5,344,520</u> |
| Equity | | | |
| Donated Equity prior years | | 51,566,653 | 51,566,653 |
| Retained earnings | | 155,612,778 | 129,259,141 |
| Net Income of the current year | | 34,825,575 | 30,051,752 |
| Total Equity | | <u>242,005,006</u> | <u>210,877,546</u> |
| Total Liabilities and Net Equity | | <u>323,262,084</u> | <u>277,093,139</u> |

* The accompanying notes form an integral parts of these financial statements to be read therewith .

* Auditor's report attached

Chairman

Treasurer

Dakahlia Businessmen Association For Community Development

Income Statement

For the Year Ended December 31, 2014

| | Notes | <u>Year Ended</u> <u>2014</u> | <u>Year Ended</u> <u>2013</u> |
|---|-------|----------------------------------|----------------------------------|
| | | <u>EGP</u> | <u>EGP</u> |
| Financial Revenue | | 75,073,045 | 63,638,313 |
| Financial Revenue from portfolio of microfinance | 13 | 70,475,620 | 59,324,142 |
| Interest on the portfolio of microfinance | | 70,069,080 | 58,871,249 |
| fees and commissions on the portfolio of microfinance | | 406,540 | 452,893 |
| Financial Revenue from Investments | | 4,597,425 | 4,308,001 |
| other revenue related to financial services | | - | 6,170 |
| Financial Expenses | 14 | (8,057,156) | (7,194,021) |
| Net Financial Income | | 67,015,889 | 56,444,292 |
| Impairment Losses on loans | | 636,341 | 1,118,349 |
| Operating Expenses | | 32,101,909 | 26,768,564 |
| Personnel Expenses | 15 | 26,783,038 | 21,981,162 |
| Adminstration Expenses | 16 | 5,318,871 | 4,787,402 |
| Professional Fees & Office Utilities | | 489,338 | 607,195 |
| Depreciation | | 723,353 | 792,946 |
| Other Adminstration Expenses | | 4,106,180 | 3,387,261 |
| Net Operating Income | | 34,277,639 | 28,557,379 |
| Net Non Operating Income/ Expenses | | 547,936 | 1,494,373 |
| Non Operating Revenue | 17 | 643,965 | 1,555,027 |
| Non Operating Expenses | 18 | 96,029 | 60,654 |
| Net Income Before Taxes & Donations | | 34,825,575 | 30,051,752 |
| Taxes & Donations | | - | - |
| Net Income After Taxes & Donations | | 34,825,575 | 30,051,752 |

*The accompanying notes form an integral of these financial statements and to be read therewith

*Auditor's report attached

Dakahlia Businessmen Association For Community Development

Statement of Cash Flow

For the Year Ended December 31, 2014

| | <u>Year Ended</u> <u>2014</u> | <u>Year Ended</u> <u>2013</u> |
|---|----------------------------------|----------------------------------|
| | <u>EGP</u> | <u>EGP</u> |
| Net Income (Before Taxes & Donations) | 34,825,575 | 30,051,752 |
| Cash Flows from Operating Activities | | |
| Depreciation and Amortization | 741,185 | 801,825 |
| Impairment losses on the portfolio of microfinance | 636,341 | 1,118,349 |
| portfolio of microfinance Write off | (130,200) | (238,937) |
| Increase in Gross portfolio of microfinance | (41,510,041) | (32,493,046) |
| Increase/Decrease Trade Investments | (5,162,091) | (1,147,260) |
| Increase/Decrease in Receivables & other assets | (484,812) | (49,264) |
| Increase/Decrease in payables & other liabilities | (984,302) | 1,617,061 |
| Net Cash (Used by) Operating Activities | (12,068,345) | (339,520) |
| Cash Flows from Investing Activities | | |
| Acquisition of Fixed Assets | (529,811) | (880,004) |
| Net Cash (used by) investing Activities | (529,811) | (880,004) |
| Cash Flows from financing Activities | | |
| Credit Facilities | 21,370,307 | 11,191,093 |
| Long term Borrowing | (5,344,520) | (5,344,520) |
| Paid Donation | (3,698,115) | (1,815,240) |
| Net Cash Provided from Financing Activities | 12,327,672 | 4,031,333 |
| Net Change in Cash and Due from Banks | (270,484) | 2,811,809 |
| Cash and Due from Banks at The Beginning of the period | 3,517,725 | 705,916 |
| Cash and Cash Equivalents at the End of the Year | 3,247,241 | 3,517,725 |

*The accompanying notes form an integral of these financial statements and to be read therewith

* Auditor's report attached

Dakahlia Businessmen Association For Community Development
Statement of Changes in Net Assets / Equity
For the Year Ended December 31, 2014

| | | <u>EGP</u> |
|--|-------------|--------------------|
| Donated Equity | | 51,566,653 |
| Retained earnings beginning of the period | 129,259,141 | |
| Net Income of the prior year | 30,051,752 | |
| Donations | (3,698,115) | |
| Retained earnings end of the period | | 155,612,778 |
| Net Income of the current year | | 34,825,575 |
| Balance as of December 31,2013 | | 242,005,006 |

*The accompanying notes form an integral part of these financial statements and to be read therewith

*Auditor's report attached

Notes on the Financial Statements

December 31st, 2014

1) Introduction

Background

The Dakahlia Businessmen' Association for Community Development (DBACD) was founded as an NGO in March 1995 and registered with the Ministry of Social Solidarity (MOSS), under Egyptian Law number 84 for the year 2002.

Mission:

Improving the standard of living for low income families in Egypt through providing financial and non- financial services in better quality and sustainability.

Strategy:

To diversify services and products for targeted groups through developmental and charitable sustainable projects

Program's Main Activities

- Conduct development programs in Egypt.
- Provide small and micro Portfolio of microfinance and other related credit activities for operating projects.
- Work to enhance the Poor family income.
- Providing financial and non-financial services to low income families in a sustainable and better quality manner to contribute in improving their standard of living.

Objectives

- Contributing to creating new job opportunity through moving the market.
- Bettering performance of small and micro enterprises
- Improving social and economic conditions for low income individuals by providing them with appropriate services.

Goals:

- Reaching a number of beneficiaries of 410 thousand by 2016
- Helping (low standard of living) 5% of clients pass poverty line by 2016 according to the global indicators

Our core values:

- **Respect:** Respect for ourselves and each other compels us to fully value and affirms the dignity and uniqueness of each client and is the foundation for our relationships.
- **Commitment:** We focus our energy and efforts towards our clients. Their business needs and expectations determine the services we provide, and their wellbeing inspires what we do.
- **Integrity:** We commit to integrating what we believe with what we do.
- **Stewardship:** We will be good stewards by exercising thoughtful and cost effective use of our time, skills and finances.
- **Professionalism:** We will work competently and efficiently to provide services to our clients and to each other.
- **Credibility and Transparency:** We will always follow best practices which will pertain transparency and increase client – Company mutual trust.
- **Unique performance:** We will tend to take the responsibility of providing the best quality, best services from the beginning in all times, as every second is worth meaning to us.

2) Significant Accounting Policies

2.1 Basis of accounting

- Financial statements are prepared on an accrual basis. Under this basis, transactions are recognized when they occur, not when cash is received or paid. As a conservative exception, interest income on loans is recorded on a cash basis that is, when it is received in cash.

2.2 Preparing Financial Statements

- The financial statements have been prepared in accordance with the applicable Egyptian Laws and Regulations as well as the Egyptian Accounting Standards based on historical cost.
- The Egyptian Accounting Standards ("EAS") require referral to International Financial Reporting Standards ("IFRS")
- The preparation of financial position in conformity with EAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial position and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.
- The financial statements Presentation comply with CGAP's Disclosure Guidelines for Financial Reporting by Microfinance Institutions. These guidelines are voluntary norms recommended by a consultative group of international donors. Thus an association's failure to comply with the CGAP guidelines would not necessarily imply that the institution or its financial statements are in violation of any legal or other authoritative accounting or reporting standard.
- The association maintains an electronic accounting system is in conformity with the international financial and reporting standards and also maintains operational software for adequate management of the microcredit portfolio.

2.3 Funds Recognition

- Grants and donations for operations and for loan funds to be used in the current operating period are recorded in the income statement, below the net income from operations. Grants and donations for periods beyond the current operating period are recorded under liabilities as deferred grants (IAS 20)

2.4 Revenue Recognition

- Interest is considered earned and revenue is recorded when interest is due and collected from client.

2.5 Foreign Currency Transactions

- The Association records all transactions in Egyptian pound. Foreign currency transactions are evaluated based on the exchange rate declared at the date of transaction.

2.6 Cash and Cash Equivalents

- For the purpose of preparing the cash flow statement, cash and cash equivalents includes cash on hand, cash in banks.

2.7 Fixed Assets

- Fixed Assets are recorded at their historical cost inclusive of all other related costs needed for making the asset ready for its intended use. Fixed assets are depreciated on the basis of their estimated useful lives using the straight-line method at the following annual depreciation rates

| <u>Asset Description</u> | <u>Depreciation Rate</u> |
|--------------------------|--------------------------|
| Buildings | 2% |
| Equipments | 20% |
| Photocopiers | 20% |
| Office supplies | 20% |
| Furniture | 10% |
| Software | 33% |

- Depreciation of electronic equipment, furniture and fixtures is calculated based on their estimated useful life using the straight line method of depreciation in accordance with usage rate.
- Depreciation of additions is calculated starting from the date of recording in accounting records.

2.8 Tax Liabilities

- Starting April, 2006, the Association withholds and/or adds taxes in connection with transactions with third parties in accordance with applicable Egyptian tax Laws 91 year 2005. The company records and remits withheld taxes to the designated tax authorities on schedule.
- The Association is not subject to the Egyptian corporate income tax laws, however the Association is responsible as employer to calculate, deduct and forward to tax authority -the association's employee income tax.

3) Fixed Assets

| | <u>Cost</u> | | | <u>Accumulated Depreciation</u> | | | <u>Net as of</u> | <u>Net as of</u> |
|-------------------|-------------------|------------------|-------------------|---------------------------------|---------------------|------------------|-------------------|-------------------|
| | <u>Opening</u> | <u>Additions</u> | <u>Closing</u> | <u>Opening</u> | <u>Period</u> | <u>Ending</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
| | <u>Balance</u> | | <u>Balance</u> | <u>Balance</u> | <u>Depreciation</u> | <u>Balance</u> | | |
| | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> | <u>EGP</u> |
| Buildings | 5,300,989 | - | 5,300,989 | 1,280,753 | 106,020 | 1,386,773 | 3,914,216 | 4,020,236 |
| Office Equipments | 2,418,113 | 102,473 | 2,520,586 | 1,809,387 | 201,763 | 2,011,150 | 509,436 | 608,726 |
| Furniture | 2,062,496 | 215,960 | 2,278,456 | 1,232,670 | 139,634 | 1,372,304 | 906,152 | 829,826 |
| Equipments | 1,544,399 | 211,378 | 1,755,777 | 958,978 | 187,178 | 1,146,156 | 609,621 | 585,421 |
| Software | 402,457 | - | 402,457 | 399,200 | 3,000 | 402,200 | 257 | 3,257 |
| Vehicles | 517,950 | - | 517,950 | 253,057 | 103,590 | 356,647 | 161,303 | 264,893 |
| Total | 12,246,404 | 529,811 | 12,776,215 | 5,934,045 | 741,185 | 6,675,230 | 6,100,985 | 6,312,354 |

4) Cash and Bank Balances

| <u>Description</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---|-------------------|-------------------|
| | EGP | EGP |
| Cash On Hand – Local Currency | 77,171 | 458,663 |
| Banks Current Account - QNB-Local Currency | 1,710 | 2,125 |
| Banks Current Account- QNB-Foreign Currency | 1,837 | 1,883 |
| Banks Current Account- Emirates NBD-Local Currency | 1,450 | 2,856 |
| Banks Current Account-Emirates NBD - Foreign Currency | 80,935 | 2,391 |
| Banks Current Account- Ahly United –Foreign Currency | 70,092 | 73,221 |
| Banks Current Account- Ahly United –Local Currency | 803 | 36,049 |
| Banks Current Account- Misr Bank -Local Currency | 357,921 | 730,043 |
| Banks Current Account-United Bank-Local Currency | 2,500 | 71,122 |
| Banks Current Account-Export Development Bank of Egypt-Local Currency | 2,635,854 | 2,065,100 |
| Banks Current Account-Export Development Bank of Egypt-Foreign Currency | 16,937 | 15,379 |
| Banks Current Account- National Bank of Egypt-Local Currency | - | 58,893 |
| Banks Current Account-Bank of Alexandria-Foreign Currency | 31 | - |
| Total | 3,247,241 | 3,517,725 |

5) Trade Investments “Bank Deposits”

| <u>Description</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---|--------------------------|--------------------------|
| | EGP | EGP |
| National Bank Of Egypt-Local Currency | 20,008,600 | 20,000,000 |
| Bank of Alexandria-Foreign Currency | 9,437,785 | 9,169,472 |
| Bank of Alexandria-Local Currency | 17,753,750 | 10,000,000 |
| United Bank - Local Currency | 10,600,000 | 10,600,000 |
| Ahly United Bank - Foreign Currency | - | 2,711,882 |
| Emirates NBD - Local Currency | 6,033,930 | 6,033,930 |
| Al Baraka Bank | 10,000,000 | 10,000,000 |
| Export Development Bank of Egypt-Foreign Currency | 2,498,210 | 2,654,900 |
| Total | <u>76,332,275</u> | <u>71,170,184</u> |

The applied USD and EURO exchange rates as of the date of the financial statements are EGP7.15 for USD 1 and EGP8.676 for 1€.

6) Loan Portfolio Analysis

| <u>Description</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---|---------------------------|---------------------------|
| | EGP | EGP |
| Individuals portfolio of microfinance | 197,951,237 | 165,759,986 |
| Group lending portfolio of microfinance | 42,828,071 | 34,066,915 |
| Employee portfolio of microfinance | 2,069,563 | 1,511,929 |
| Impairment Loss Allowance | (7,760,388) | (7,254,247) |
| Total | <u>235,088,483</u> | <u>194,084,583</u> |

7) Portfolio of microfinance

A) Amount of Portfolio of microfinance

| | East | West | Sanblawoen | Met Gamr | Dakrnes | Sharbein | Manzalah | Gamalia | Balkas | Manit Al Nasr | Employee Loans | Total Branches as of December 31, 2014 | Total Branches as of December 31, 2013 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--|--|
| | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> | <u>Value of portfolio</u> |
| | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP |
| Portfolio of microfinance Disbursed (SME) | 20,212,000 | 32,813,000 | 40,527,500 | 38,052,500 | 16,863,000 | 19,492,500 | 18,622,000 | 15,680,000 | 23,159,000 | 17,962,500 | 1,767,500 | 245,151,500 | 210,032,293 |
| Portfolio of microfinance Disbursed (Groups) | 18,899,900 | 19,665,650 | 21,992,000 | 24,239,600 | 9,291,200 | 18,102,700 | 15,388,600 | 8,995,500 | 13,515,000 | 8,791,850 | - | 158,882,000 | 131,432,500 |
| Total | 39,111,900 | 52,478,650 | 62,519,500 | 62,292,100 | 26,154,200 | 37,595,200 | 34,010,600 | 24,675,500 | 36,674,000 | 26,754,350 | 1,767,500 | 404,033,500 | 341,464,793 |
| Outstanding Portfolio of microfinance (SME) | 15,653,409 | 27,048,888 | 33,133,509 | 32,276,550 | 13,699,781 | 15,032,563 | 14,893,525 | 12,929,507 | 17,851,859 | 15,431,648 | 2,069,563 | 200,020,800 | 167,271,915 |
| Outstanding Portfolio of microfinance (Groups) | 5,067,462 | 5,408,353 | 5,392,226 | 5,575,602 | 2,648,058 | 5,597,126 | 4,388,254 | 2,413,611 | 4,051,700 | 2,285,679 | - | 42,828,071 | 34,066,915 |
| Total | 20,720,871 | 32,457,241 | 38,525,735 | 37,852,152 | 16,347,839 | 20,629,689 | 19,281,779 | 15,343,118 | 21,903,559 | 17,717,327 | 2,069,563 | 242,848,871 | 201,338,830 |

B) No. of Portfolio of microfinance

| | <u>East</u> | <u>West</u> | <u>Sanblawoen</u> | <u>Met Gamr</u> | <u>Dakrnes</u> | <u>Sharbein</u> | <u>Manzalah</u> | <u>Gamalia</u> | <u>Balkas</u> | <u>Manit A1 Nasr</u> | <u>Employee Loans</u> | <u>Total Branches as of December 31, 2014</u> | <u>Total Branches as December 31, 2013</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------------|---|--|
| | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> | <u>No. of loans</u> |
| Portfolio of microfinance Disbursed (SME) | 4,403 | 5,260 | 7,080 | 6,760 | 3,615 | 4,514 | 4,143 | 3,194 | 4,851 | 3,099 | 144 | 47,063 | 44,978 |
| Portfolio of microfinance Disbursed (Groups) | 15,355 | 14,351 | 16,186 | 17,085 | 7,645 | 13,653 | 12,533 | 6,241 | 10,656 | 6,420 | - | 120,125 | 115,529 |
| Total | 19,758 | 19,611 | 23,266 | 23,845 | 11,260 | 18,167 | 16,676 | 9,435 | 15,507 | 9,519 | 144 | 167,188 | 160,507 |
| Outstanding Portfolio of microfinance(SME) | 5,745 | 7,235 | 9,987 | 9,951 | 4,870 | 5,783 | 5,504 | 4,481 | 6,151 | 4,702 | 305 | 64,714 | 59,978 |
| Outstanding Portfolio of microfinance (Groups) | 7,006 | 6,959 | 7,217 | 7,325 | 3,847 | 7,041 | 6,401 | 3,049 | 5,382 | 3,178 | - | 57,405 | 53,429 |
| Total | 12,751 | 14,194 | 17,204 | 17,276 | 8,717 | 12,824 | 11,905 | 7,530 | 11,533 | 7,880 | 305 | 122,119 | 113,407 |

8) Impairment Loss Allowance

| <u>Description</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
|--|-------------------|-------------------|
| | EGP | EGP |
| Impairment Loss Allowance 31/12/2013 | 7,254,247 | 6,374,835 |
| Provision for the Portfolio of Microfinance impairment | 636,341 | 1,118,349 |
| Portfolio of Microfinance Written off | <u>(130,200)</u> | <u>(238,937)</u> |
| Impairment Loss Allowance 31/12/2014 | <u>7,760,388</u> | <u>7,254,247</u> |

9) Debtors and Other Debt Balance:

| <u>Description</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
|-----------------------|-------------------------|-------------------------|
| | EGP | EGP |
| Prepaid Expenses | 335,589 | 172,687 |
| Accrued Interest | 2,061,277 | 1,784,517 |
| Security deposit rent | 50,500 | 4,500 |
| Mobile phone bills | 45,734 | 42,546 |
| Other debit balances | - | 4,038 |
| Total | <u>2,493,100</u> | <u>2,008,288</u> |

10) Credit Facilities

| <u>Description</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---|-------------------|-------------------|
| | EGP | EGP |
| Bank facilities granted by the National Bank Of Egypt against pledge of time deposit (amount EGP 20,000,000), for the purpose of financing small and micro loans activity. The credit limit of this facility is EGP 40,000,000. | 32,385,300 | 29,523,628 |
| Bank facilities granted by the Bank of Alexandria against pledge of time deposit (amount EGP 10,000,000), for the purpose of financing small and micro loans activity. The credit limit of this facility is EGP 35,000,000. | 22,934,653 | 13,645,462 |
| Bank facilities granted by the United Bank against pledge of time deposit (amount EGP 10,600,000), for the purpose of financing small and micro loans activity. The credit limit of this facility is EGP 10,000,000. | 9,265,412 | 3,389,319 |
| Bank facilities granted by the Al Baraka Bank against pledge of time deposit (amount EGP 10,000,000), for the purpose of financing small and micro loans activity. The credit limit of this facility is EGP 10,000,000. | 5,286,208 | 1,178,905 |

Bank facilities granted by the Emirates NBD against pledge of time deposit (amount EGP 6,033,930), for the purpose of financing small and micro loans activity. The credit limit of this facility is EGP 9,000,000.

878,859 1,642,811

Total

70,750,432

49,380,125

11) Accounts Payable and Other Credit balance:

| <u>Description</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
|------------------------------------|-------------------|-------------------|
| | EGP | EGP |
| Suppliers | 89,638 | 77,079 |
| Creditors | 504,788 | 2,033,574 |
| Accrued Expenses | 1,280,514 | 1,232,711 |
| Employee end of services provision | 3,202,161 | 2,739,475 |
| Withholding taxes | 3,836 | 5,237 |
| Salary taxes | 81,189 | 58,352 |
| Total | 5,162,126 | 6,146,428 |

12) Long Term Loans:

| <u>Description</u> | <u>31/12/2014</u> | <u>31/12/2013</u> |
|--------------------------|-------------------|-------------------|
| | EGP | EGP |
| European Investment Bank | - | 5,344,520 |
| Total | - | 5,344,520 |

- The European Investment Bank provided the association by EUR 2,000,000 with interest rate amount 14% as long term loan at October 21, 2010 Equivalent to EGP 16,033,560 to repaid over 6 years with a grace period 2 years. Form beginning of 2013 DBACD paid the loan in two instalments per year in amount EGP 5,344,520. DBACD will repay the last tranche in 2015 with amount EGP 5,344,520 in two installments, this amount represents the short term loan and the remaining amount is EGP 5,344,520.

13) Interest on portfolio of microfinance:

| <u>Description</u> | <u>2014</u> | <u>2013</u> |
|------------------------------------|-------------------|-------------------|
| | EGP | EGP |
| Interest received - SME | 52,660,465 | 44,459,092 |
| Interest received Group Loans | 17,602,230 | 14,703,245 |
| Employee Loans - Interest received | 212,925 | 161,805 |
| Total | 70,475,620 | 59,324,142 |

14) Financial Expenses:

| <u>Description</u> | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| | EGP | EGP |
| Interest expense for the portfolio of microfinance -SME | 5,668,076 | 4,323,436 |
| Interest expense for the portfolio of microfinance -Group lending | 1,163,003 | 881,287 |
| Donors fees and other bank charges | 1,226,077 | 1,989,298 |
| Total | 8,057,156 | 7,194,021 |

15) Personnel Expenses:

| <u>Description</u> | <u>2014</u> | <u>2013</u> |
|-------------------------|-------------------|-------------------|
| | EGP | EGP |
| Salaries and allowances | 24,866,405 | 20,432,816 |
| Fringe benefits | 1,916,633 | 1,548,346 |
| Total | 26,783,038 | 21,981,162 |

16) General and Administration Expenses:

| <u>Description</u> | <u>2014</u> | <u>2013</u> |
|------------------------|------------------|------------------|
| | EGP | EGP |
| General Expenses | 1,008,377 | 904,301 |
| Communication Expenses | 183,008 | 166,311 |
| Utility Expenses | 109,425 | 144,677 |
| Professional expenses | 379,913 | 462,519 |
| Other general expense | 2,196,157 | 1,720,254 |
| Depreciation | 723,353 | 792,947 |
| Misc. Expenses | 526,872 | 493,570 |
| General training | 191,766 | 102,823 |
| Total | 5,318,871 | 4,787,402 |

17) Non Operational Revenues:

| <u>Description</u> | <u>2014</u> | <u>2013</u> |
|-------------------------|----------------|------------------|
| | EGP | EGP |
| Training course-revenue | 126,517 | 41,010 |
| Other income-clients | 99,069 | 35,834 |
| Foreign Exchange | 418,379 | 1,478,183 |
| Total | 643,965 | 1,555,027 |

18) Non Operational Expenses:

| <u>Description</u> | <u>2014</u> | <u>2013</u> |
|--------------------------|---------------|---------------|
| | EGP | EGP |
| Client training expenses | 21,791 | 17,413 |
| Depreciation | 17,832 | 8,880 |
| Salaries | 28,483 | 14,207 |
| General expenses | 27,923 | 20,154 |
| Total | 96,029 | 60,654 |

19) Taxation and social insurance:**19.1 Income Tax:**

- The association is a non for profit organization according to law no.84 for 2002

19.2 Salaries Tax:

- The Association withholds the salaries tax from all employees in accordance with the Egyptian tax laws and remits the withheld taxes to the designated tax authority on schedule.

19.3 Withholding Tax:

- The association is applying regularly the withholding tax law till the date of preparing the financial statements.

19.4 Social insurance:

- The association is committed with the law and pay it monthly.

20) Comparative Figures:

Comparative figures have been reclassified to match current year classification.

