Dear friends,

The Dariu Foundation has its mission to empower low-income families with microfinance and education and a vision to impact 1 million people living in poverty by 2025. In the last +10 years, more than one hundred thousand low-income people have been impacted by our microfinance program, and same number by education projects, including scholarships, kindergartens and mobile schools which provide computer & internet skills training and financial education.

In 2013 alone, we invested no less than $2.0 million in microfinance and education projects. With your continued support, we have made significant achievements in the two areas – reaching 15,000 low-income families with a total loan disbursement of nearly $5.0 million and providing 20,000 rural children with access to education (kindergarten, scholarship and computer skills training and financial education via mobile schools). The grants by reputable partners proved that the foundation – in addition to its sustainable microfinance program – is trustworthy partner and has capability to run educational projects in a professional, innovative and efficient manner.

One of our two pillars – microfinance – has continued to grow in the past year. It created access to microfinancial services for more than fifteen thousand clients in the southern part of Vietnam where financial access remains limited for tens of thousands families living in poverty. We also committed our financial resources and professional expertise to build us one of the top-tier microfinance institutions. As a result, we have been recognized as one of the top-ten MIFs for 7 consecutive years since 2007 in Vietnam.

The second pillar of our mission is to invest in education projects which are closely linked with our microfinance program. We are doing that through the projects of scholarships, schools building and mobile schools. In last year, we granted over 1,500 scholarships, of which 1,000 recipients got bicycles, building four kindergartens and creating access for 1,000 kids, training +10,000 rural youth on computer and internet skills and financial education.

TDF becomes now one of the leading organizations in the country to provide extensive financial literacy training for the rural youth.

Next, we continue to invest in educational projects, especially mobile schools and vocational training, aimed at building a leading foundation in the industry with high standards. With sponsors and partners such as Ringier, Regine Sint Children’s Aid Foundation, Accentus Foundation, HSBC, Intel, Citi and Microsof, we do believe that we can soon turn our vision into reality – serving and impacting 1 million people living in poverty. It was a very good and successful year, and we have strong motivation to further grow and succeed – and with your continued support, we will keep it moving.

Thank you.
The Dariu Foundation provides microfinance services including loans, savings and non-financial training services to the poorest and most disadvantaged population living in poverty in the rural and mountainous areas of Vietnam. Our clients are 100% women who are in need of micro-loans for job and income generation but are generally considered “unbankable”.

Generally, the clients are organized in a group from 5 to 9 members, trained by our local staff on business plan development, loan use, budgeting and savings skills prior to applying to their first loan of $150 (with compulsory weekly savings of $0.25 (25 cent) and voluntary savings if available). The clients receive loans step by step in a total of 8 loan rounds before they can apply for the largest loan of $1,500.

Our loan officers meet the group members at one member’s home on weekly basis to collect repayments and savings, while also providing training and consultancy services for the clients.

Key microfinance highlights in 2013:
• 15,000 active borrowers, impacting the lives of 60,000 families members
• $3.2 million active loan portfolio, with a total of $4.6 million lent
• 14,250 active savers with $0.47 million in savings deposits
• 91,500 loans totalling VND 386 billion (or $18.4 million at 2013 exchange rate) lent by TDF since its operation in 2003.
Ms. Nguyen Thu Diep, born 1959, was a farmer of abject poverty before she joined TDF’s microfinance program in 2003. She then took her first loan of 500,000 VND ($25.00), investing in growing vegetables, and earning a handsome profit out of the loan. Gradually she took the max loan of $1,500 from TDF with the consistent investment principle - half for building assets (purchasing more land, building new house or buying motorcycles…) and half for farming and/or domestic animal feedings. From a bare hand, she now owns 7,000m² of agriculture land cultivating vegetables, and a litter of 6 sows and around 50 piglets. She continues growing profitable business nowadays.
Ms. Nguyen Thi Tam, born 1977, and her husband, 1975, has three children. The couple had to work very hard to make both ends meet and with a lot kinds of unstable jobs because she had no land by that time. In 2008, she joined TDF’s microfinance program and taking her first loan of $100. She rented a piece of land 1,000 m² and cultivating cucumber and winter melon, and earning record profit. Success after success, she now owns a land of 8,000 m², and rent another 6,000 m² for cultivation of rice, corn, winter melon, water melon…from a bare hand in 2008.
MOBILE SCHOOLS

It is a container-based classroom, using a truck carrying the containers equipped with computers, desks and chairs to remote villages where the disadvantaged children can join for the three-month courses of computer, internet and life skills training. We have several models of mobile school, including 25 feet container, 40 feet container, expandable 20 feet and foldable houses, and 48-seat cruiser as floating school.

A mobile school costs $35,000 which covers the costs of a mobile classroom, 35 laptops desks and chairs, LCD, air-con and lighting systems. You are encouraged to donate another $7,000 to invest in the solar energy system to make the school green.

While donating to The Dariu Foundation, you are giving valuable chance to thousands of disadvantaged children we serve every day. Thank you for your keeping faith with us in helping the poor and the disadvantaged children.
Key mobile school highlights in 2013:

- 7 active mobile schools
- Operating in the rural areas of 7 districts in the mekong Delta
- 6,000 students trained on computer, internet and financial literacy
- Another 6,000 students trained on financial literacy
- 250 local teachers attended T.O.T financial education training courses.

Annual report 2013
SCHOOL-BUILDING

Key school-building highlights in 2013:
• Total schools built: 4
• Total beneficiaries: 1,000
• Total value: $139,000
• Total schools built since 2003: 19
SCHOLARSHIPS

Key scholarship highlights in 2013:
- Total recipients: 1,559
- Female: 793, Male: 766
- Total bikes granted: 1,000
- Total value: $136,000
OUR SUPPORTERS

We are proud of its work and achievements made since our operation, and of the efforts that TDF makes to create opportunities for thousands of people, especially children, among the disadvantaged communities. Our achievements would not be possible without your generous support that means loans for the “unbankable”, access to kindergartens, schools, computer, internet and financial education for women and youth across the country.

* by March 2014
## 2013 FINANCIAL POSITION

### ASSETS

#### Current assets
- **Cash on hand**: 1,418,069,618
- **Cash at bank**: 3,274,538,692
- **Loans receivable**: 46,101,377,686
- **Provision for doubtful debts**: (390,050,565)
- **Advances to suppliers**: 480,982,129
- **Receivables from Microfinance activities**: 9,861,044,131
- **Other receivables**: 1,499,000,000
- **Total current assets**: 52,717,340,980
- **Non-current assets**: 74,498,817,760

#### Loans receivable
- **Loans receivable**: 21,287,639,314
- **Construction in progress**: -
- **Property, plant and equipment**: 174,943,649
- **Investment in associates**: -
- **Other non-current assets**: 318,893,817
- **Total non-current assets**: 21,781,476,780

#### TOTAL ASSETS
- **Cash on hand**: 1,418,069,618
- **Cash at bank**: 3,274,538,692
- **Loans receivable**: 46,101,377,686
- **Provision for doubtful debts**: (390,050,565)
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- **Receivables from Microfinance activities**: 9,861,044,131
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- **Total current assets**: 52,717,340,980
- **Non-current assets**: 74,498,817,760
- **Total assets**: 74,498,817,760

### EQUITY AND LIABILITIES

#### Current liabilities
- **Accounts payable - compulsory savings**: 6,848,511,303
- **Accounts payable - voluntary savings**: 3,678,522,270
- **Payables to employees**: 259,279,250
- **Payables for Charity activities**: 9,861,044,131
- **Payables to suppliers**: 50,000,000
- **Accrued liabilities**: 802,727,750
- **Other payables**: 1,865,995,831
- **Total current liabilities**: 23,366,110,535

#### Equity
- **Paid-in capital of owners**: 27,517,764,532
- **Provision for doubtful debts**: 3,630,303,216
- **Surplus from microfinance activities**: 19,984,619,477
- **Surplus from charity activities**: 9,861,044,131
- **Total equity**: 51,132,687,255

#### Total equity and liabilities
- **Total equity**: 51,132,687,255
- **Total liabilities**: 23,366,110,535
- **Total assets**: 74,498,817,760

### CONSOLIDATED STATEMENT OF ACTIVITIES

#### ASSETS

#### INCOME
- **Loan interest income**: 15,739,334,225
- **Loan interest income**: 15,739,334,225
- **Donations from Dariu Switzerland**: 12,830,146,925
- **Bank interest**: 38,566,894
- **Foreign exchange gains**: 17,004,800
- **Other donations**: 4,395,955,661
- **Transfer from NF to Charity activities**: (1,397,426,297)
- **Other income**: 552,167,382

#### EXPENSES
- **Staff salary and benefits**: 5,750,791,432
- **Office rental**: 261,818,689
- **Telephone, tax and internet**: 160,365,035
- **Electricity and water**: 34,378,173
- **Travel and transportation**: 234,534,702
- **Rent**: 175,363,710
- **Training and seminars**: 107,233,595
- **Scholarship granting**: 2,122,916,500
- **School building, mobile school**: 3,232,637,530
- **Expenses from other donations**: 7,071,847,381
- **Stationery and other office costs**: 191,978,121
- **Interest expenses**: 272,808,889
- **Foreign exchange losses**: 2,872,963
- **Bank charges**: 25,664,843
- **Depreciation expenses**: 168,741,508
- **Provision for doubtful debts**: 3,630,303,216
- **Other expenses**: 588,747,427

#### TOTAL INCOME
- **As at 31/12/2013**: 14,942,037,004
- **As at 1/1/2013**: 19,728,379,789

#### TOTAL EXPENSES
- **As at 31/12/2013**: 8,122,275,936
- **As at 1/1/2013**: 4,938,304,346

#### EXCESS OF INCOME OVER EXPENSE
- **As at 31/12/2013**: 6,819,761,068
- **As at 1/1/2013**: 14,802,475,440