

CJSC MDO "HUMO"

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Close Joint Stock Company Microcredit Deposit Organization "Humo"

Opinion

We have audited the financial statements of Closed Joint Stock Company Microcredit Deposit Organization "Humo" (hereinafter "Company"), which comprise the statement of financial position as at 31 December 2019, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter "Financial Statements").

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, as well as its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities in accordance with these standards are further described in the "Auditor's Responsibilities for the Audit of Financial Statements" section of our report. We are Independent of the Company, in accordance with the ethical requirements of the Code of ethics of professional accountants of the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tajikistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Implementation of IFRS 16 "Lease" - we draw your attention to note 2 of the financial statements, which states information about application of IFRS 16 "Lease" and its effect to the financial statements.

Negative currency position - we draw your attention to note 4 of the financial statements, which shows that the Company has a negative foreign currency position in the currency of RUB in the amount of 3,986 thousand tajik somoni (2018: positive amounting to 189 thousand tajik somoni) and EUR in the amount of 249 thousand tajik somoni (2018: 4,157 thousand tajik somoni).

Events after the reporting date - we draw your attention to note 27 of the financial statements, which describes significant post balance sheet events.

Our opinion is not modified with respect to these circumstances.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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. In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

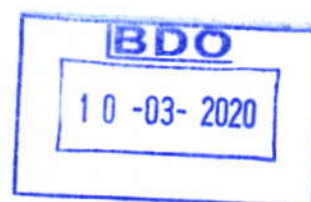
Bakhtiyor Rustamov
Audit Partner



License on auditing No.0000078 dated 21 June 2017 issued by the National Bank of Tajikistan

Qualification certificate of auditor №56 dated 8 January 2014 issued by National Bank of Tajikistan

Dushanbe:



Statement of Management's Responsibilities for the preparation and approval of Financial Statements for the year ended 31 December 2019

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguish the respective responsibilities of management of Closed Joint Stock Company Microcredit Deposit Organization "Humo" (hereinafter "Company") and those of independent auditor in relation to the Company's financial statements.

Management of the Company is responsible for preparation of the financial statements that presents fairly the financial position of the Company as at 31 December 2019, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

In preparing the financial statements management is responsible for:


- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparation of financial statements based on the assumption that the Company will continue to operate in the foreseeable future, unless this assumption is unlawful.

Management is also responsible for:


- Designing, implementing and maintaining an effective and sound system of internal controls, through out the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and which enable them to ensure that the financial statements of the Company comply with IFRSs;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Tajikistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2019 were approved and authorized for issue on 10th March 2020 by the Management of the Company.

On behalf of the Management


Vaisova M.S.
General Director




Bairov I.G.
Finance Manager

CJSC MDO "HUMO"
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2019
 (in thousands of Tajik Somoni)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Interest income	5	137,160	103,752
Interest expenses	5	(58,942)	(37,132)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		78,218	66,620
Recovery of allowance for impairment losses on interest bearing assets	15	(1,517)	661
NET INTEREST INCOME		76,700	67,281
Commission income	6	7,558	5,934
Commission expenses	6	(1,107)	(417)
Net loss on operations with financial instruments	7	(4,877)	(3,940)
Net gain/(loss) on foreign exchange operations	8	2,890	968
Other non-operating income		176	226
NET NON - INTEREST INCOME		4,640	2,771
Operating expenses	9	(60,802)	(50,545)
PROFIT BEFORE INCOME TAX		20,539	19,507
Income tax	10	(5,645)	(5,788)
NET PROFIT FOR THE YEAR		14,894	13,719
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		14,894	13,719

The annexed notes 1 to 28 form an integral part of these financial statements

Vaisova M.S.
 General Director



Bairov I.G.
 Finance Manager

CJSC MDO "HUMO"
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2019
 (in thousands of Tajik Somoni)

	Notes	31 December 2019	31 December 2018
ASSETS:			
Cash and cash equivalents	11	44,190	23,156
Due from banks	12	28,000	29,600
Financial instruments at fair value through profit or loss	13	4,276	3,946
Loans to customers	14	487,286	337,504
Property and equipment	16	18,039	15,419
Intangible assets	17	2,268	1,497
Assets held for sale	15	2,405	2,519
Deferred tax assets	10	214	724
Other assets	18	11,034	12,335
TOTAL ASSETS		597,712	426,700
SHAREHOLDERS' EQUITY AND LIABILITIES			
LIABILITIES:			
Due to banks and financial institutions	19	1,342	6,725
Customer accounts	20	123,185	65,281
Borrowings	21	348,377	244,485
Subordinated loans	22	53,047	47,798
Other liabilities	23	8,232	13,775
		534,182	378,064
SHAREHOLDERS' EQUITY:			
Share capital	24	17,522	17,522
Additional paid-in capital		5,329	5,329
General reserves		8,117	6,694
Reserve for future operations		5,521	5,521
Retained earnings		27,041	13,570
		63,530	48,636
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		597,712	426,700

The annexed notes 1 to 28 form an integral part of these financial statements

Vaisova M.S.
 General Director



Bairov I.G.
 Finance Manager

CJSC MDO HUMO
STATEMENT OF CHANGE OF EQUITY
AS AT 31 DECEMBER 2019
 (in thousands of Tajik Somoni)

	Share capital	Additional paid-in capital	Reserve for future operations	General reserves	Retained earnings	Total capital
Balance at 31 December 2017	16,646	5,329	3,163	7,863	2,209	35,210
Effect of initial adoption of IFRS-9	-	-	-	(1,169)	-	(1,169)
Balance at 1 January 2018	16,646	5,329	3,163	6,694	2,209	34,041
Increase of share capital	876	-	-	-	-	876
Change in reserve for future operations	-	-	2,358	-	(2,358)	-
Profit for the year	-	-	-	-	13,719	13,719
Balance at 31 December 2018	17,522	5,329	5,521	6,694	13,570	48,636
Change in General reserves	-	-	-	1,423	(1,423)	-
Profit for the year	-	-	-	-	14,894	14,894
Balance at 31 December 2019	17,522	5,329	5,521	8,117	27,041	63,530

The annexed notes 1 to 28 form an integral part of these financial statements



Vaisova M.S.
 General Director

Bairov I.G.
 Finance Manager

CJSC MDO HUMO
 STATEMENT OF CASH FLOW (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019
 (in thousands of Tajik Somoni)

	Year ended 31 December 2019	Year ended 31 December 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax expense	20,539	19,507
Adjustments for:		
Changes in provision of expected credit loss for loans to customers	622	(5,158)
Changes in provision of expected credit loss for account receivables	432	(14)
Depreciation of property and equipment	2,664	1,366
Recovery of provision for assets held for sale	(22)	(143)
Amortization of intangible assets	370	256
Loss on disposal of property and equipment	56	12
Amortization of commission expenses on borrowings	1,081	417
Amortization of commission income on loans to customers	(3,902)	(3,359)
Change in provision for unused leaves and contingent liabilities	(1,076)	1,123
Amortization of deferred income	(55)	(51)
Interest income	(137,160)	(103,752)
Interest expenses	58,942	37,132
Foreign exchange differences	2,890	968
Cash flow from operating activities before changes in operating assets and liabilities	(54,620)	(51,697)
Changes in operating assets and liabilities:		
(Increase)/decrease in due from banks	(9,005)	6,576
(Increase) / decrease in obligatory reserves in the National Bank of Tajikistan	(1,543)	(970)
(Increase)/decrease in loans to customers	(145,042)	(118,313)
(Increase)/decrease in financial instruments at fair value through profit and loss	(330)	(923)
Change in assets held for sale	137	1,620
(Increase)/ decrease in other assets	869	192
Increase in customer account	56,910	27,826
Increase/(decrease) in due to banks and other financial institutions	(5,383)	6,283
Increase/ (decrease) in other liabilities	(3,564)	1,144
Cash (outflow)/inflow from operating activities before income tax and interest	(161,571)	(128,262)
Interest received	135,700	102,084
Interest paid	(63,702)	(35,030)
Income tax paid	(5,984)	(4,097)
Net cash (outflow)/inflow from operating activities	(95,557)	(65,304)

CJSC MDO HUMO
 STATEMENT OF CASH FLOW (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019
 (in thousands of Tajik Somoni)

	Year ended 31 December 2019	Year ended 31 December 2018
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(5,340)	(5,800)
Acquisition of intangible asset	(1,141)	(213)
Net cash outflow from investing activities	(6,481)	(6,013)
CASHFLOW FROM FINANCING ACTIVITIES		
Increase of share capital	-	876
Proceeds from borrowings	268,835	184,717
Repayment of borrowings	(155,022)	(123,104)
Net cash (outflow)/inflow from financing activities	113,814	62,489
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,775	(8,829)
Effect of change in exchange rates on cash and cash equivalents	(2,890)	(968)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	38,072	47,868
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*	46,957	38,072

*In note 11 annexed to this Financial Statements detailed description of accounts included in cash and cash equivalents

The annexed notes 1 to 28 form an integral part of these financial statements


 Vaisova M.S.
 General Director


 Bairov I.G.
 Finance Manager