

**CLOSED JOINT STOCK
COMPANY MICROCREDIT
DEPOSIT ORGANIZATION
“HUMO”**

Financial Statements
for the year ended December 31, 2016
and independent auditors' report

CJSC MDO "HUMO"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at December 31, 2016, the results of its operations, cash flows and changes in shareholders' capital for the year then ended, in accordance with International Financial Reporting Standards (the "IFRS").

In preparing the financial statements, management is responsible for:


- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- compliance with IFRS; and
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout 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 IFRS;
- maintaining statutory accounting records in compliance with legislation and IFRS;
- 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 December 31, 2016 were approved and authorized for issue on February 24, 2017 by the Management of the Company.


On behalf of the Management:



Vaisova Mavsuda
General Director

February 24, 2017
Dushanbe, Republic of Tajikistan





Mayunusov Firdavs
Financial Director

February 24, 2017
Dushanbe, Republic of Tajikistan



BAKER TILLY TAJIKISTAN

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of the CJSC MDO "HUMO":

Opinion

We have audited the accompanying financial statements of the Closed Joint Stock Company Microcredit Deposit Organization "HUMO" (the "Company"), which comprise the statement of financial position as at December 31, 2016 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, financial position of the Company as at December 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for opinion

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

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 the purpose of 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.

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.

February 24, 2017
Dushanbe, Republic of Tajikistan

Daler Kabilov

Director, Baker Tilly Tajikistan LLC



License # 0000077 issued by the Ministry of Finance of the Republic of Tajikistan and License # 0000063 issued by the National Bank of Tajikistan.

CJSC MDO "HUMO"

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016**

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2016	For the year ended December 31, 2015
Interest income	5	68,684	76,181
Interest expenses	5	(19,835)	(23,987)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		<u>48,849</u>	<u>52,194</u>
Accrual of allowance for impairment losses on interest bearing assets	14	(4,695)	(16,066)
NET INTEREST INCOME		<u>44,154</u>	<u>36,128</u>
Commission income	6	870	228
Commission expenses	6	(496)	(710)
Net (loss)/gain on operations with financial instruments	7	(3,520)	2,712
Net loss on foreign exchange operations	8	(913)	(5,471)
Other non-operating income, net		51	40
NET NON - INTEREST EXPENSES		<u>(4,008)</u>	<u>(3,201)</u>
Operating expenses	9	(34,880)	(37,128)
PROFIT/(LOSS) BEFORE INCOME TAX		<u>5,266</u>	<u>(4,201)</u>
Income tax	10	(1,819)	(1,610)
NET PROFIT/(LOSS) FOR THE YEAR		<u>3,447</u>	<u>(5,811)</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u><u>3,447</u></u>	<u><u>(5,811)</u></u>

On behalf of the Management:


Vaisova Mavsuda
General Director




Mayunusov Firdavs
Financial Director

February 24, 2017
Dushanbe, Republic of Tajikistan

February 24, 2017
Dushanbe, Republic of Tajikistan

The notes on pages 10-47 form an integral part of the financial statements. The Independent Auditors' Report is on pages 3-4.

CJSC MDO "HUMO"

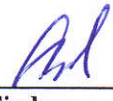
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016 (in thousands of Tajik somoni)

	Notes	December 31, 2016	December 31, 2015
ASSETS:			
Cash and cash equivalents	11	19,594	17,718
Due from banks	12	13,842	11,701
Financial instruments at fair value through profit or loss	13	-	3,864
Loans to customers	14	164,699	201,513
Investments held to maturity	15	1,400	-
Property and equipment	16	10,501	10,923
Intangible assets	17	1,768	1,996
Deferred tax assets	10	562	587
Other assets	18	5,460	2,554
TOTAL ASSETS		217,826	250,856
SHAREHOLDERS' EQUITY AND LIABILITIES			
LIABILITIES:			
Due to banks and financial institutions	19	1,390	-
Customer accounts	20	22,384	11,644
Borrowings	21	128,532	181,449
Subordinated loans	22	27,885	25,660
Financial instruments at fair value through profit or loss	13	1,285	-
Other liabilities	23	3,349	2,548
		184,825	221,301
SHAREHOLDERS' EQUITY:			
Share capital	24	16,646	16,646
Additional paid-in capital		5,329	5,329
Reserve for future operations		-	5,528
General reserves		7,863	7,863
Retained earnings/(accumulated deficit)		3,163	(5,811)
		33,001	29,555
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		217,826	250,856

On behalf of the Management:


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General Director




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Financial Director

February 24, 2017
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CJSC MDO "HUMO"

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016**
(in thousands of Tajik somoni)

	Note	Share capital	Additional paid-in capital	General reserves	Reserve for future operations	(Accumulated deficit)/retained earnings	Total equity
Balance at December 31, 2014	24	16,646	5,329	5,740	5,596	2,055	35,366
Change in general reserves		-	-	2,123	(68)	(2,055)	-
Net loss for the year		-	-	-	-	(5,811)	(5,811)
Balance at December 31, 2015	24	16,646	5,329	7,863	5,528	(5,811)	29,555
Change in reserve for future operations	24	-	-	-	(5,528)	5,528	-
Net profit for the year		-	-	-	-	3,447	3,447
Balance at December 31, 2016	24	16,646	5,329	7,863	-	3,163	33,001

On behalf of the Management:

Vaisova Mavsuda
Vaisova Mavsuda
General Director



Mayunusov Firdavs
Mayunusov Firdavs
Financial Director

February 24, 2017
Dushanbe, Republic of Tajikistan

February 24, 2017
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CJSC MDO "HUMO"

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016 (in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2016	For the year ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax expenses		5,266	(4,201)
Adjustments for:			
Change in allowance for impairment losses on interest bearing assets	14	4,695	16,066
Depreciation of property and equipment	9, 16	1,005	898
Amortization of intangible assets	9,17	228	195
Loss on disposal of property and equipment	9	13	11
Loss on disposal of inventories	9	167	-
Amortization of commission expenses on borrowings and foreign currency contracts	21	496	624
Amortization of commission expenses on SWAP		-	86
Amortization of commission income on loans to customers	14	(160)	(50)
Change in unused vacation provision	9	264	415
Amortization of deferred income	23	(51)	(40)
Financial instruments at fair value through profit and loss	13	3,520	(2,712)
Forex exchange differences		7,385	5,551
Interest income, net		(48,849)	(52,194)
Cash flows before changes in operating assets and liabilities		(26,021)	(35,351)
Changes in operating assets and liabilities:			
Decrease in due from banks		6,533	5,920
Decrease in loans to customers		43,707	5,410
Decrease in financial instruments at fair value through profit and loss		6,280	779
(Increase)/decrease in other assets		(4,792)	1,462
Increase in customer accounts		9,448	7,587
Increase/(decrease) in due to banks and financial institutions		1,390	(11)
Increase/(decrease) in other liabilities		592	(157)
Cash inflow/(outflow) from operating activities before income tax and interests		37,137	(14,361)
Interest received		68,448	75,322
Interest paid		(22,561)	(23,341)
Income tax paid		(1,432)	(704)
Net cash inflow from operating activities:		81,592	36,916


CJSC MDO "HUMO"

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTINUED)**

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2016	For the year ended December 31, 2015
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	16	(599)	(1,398)
Purchase of intangible assets	17	-	(654)
Purchase of short-term investments		(1,397)	-
Net cash outflow from investing activities		(1,996)	(2,052)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		60,105	77,865
Repayment of borrowings		(133,800)	(112,391)
Net cash outflow from financing activities:		(73,695)	(34,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,901	338
Effect of changes in exchange rates on cash and cash equivalents		2,730	2,252
CASH AND CASH EQUIVALENTS, at the beginning of the year	11	22,375	19,785
CASH AND CASH EQUIVALENTS, at the end of the year	11	31,006	22,375

On behalf of the Management:



Vaisova Mavsuda
General Director





Mayunusov Firdavs
Financial Director

February 24, 2017
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