



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

Financial statements
for the year ended December 31, 2017

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, 2017

The following statement, which should be read in conjunction with the independent auditors' responsibilities, 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, the results of its operations, cash flows and changes in capital for the year ended December 31, 2017, 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 accounting standards of the Republic of Tajikistan and the requirements of the National bank 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 December 31, 2017 were approved and authorized for issue on February 16, 2018 by the Management of the Company.

On behalf of the Management:


Vaisova Mavsuda
General Director

February 16, 2018
Dushanbe, Republic of Tajikistan


Bairov Ilkhom
Financial manager

February 16, 2018
Dushanbe, Republic of Tajikistan



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, 2017 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, 2017, 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 16, 2018
Dushanbe, Republic of Tajikistan

Dilovar Sherov
Director, Kreston AC LLC

License No. 0000066
issued by the National bank of Tajikistan.



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CJSC MDO "HUMO"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
Interest income	4	76,916	68,684
Interest expenses	4	(27,887)	(19,835)
NET INTEREST INCOME BEFORE ACCRUAL OF ALLOWANCE FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		49,029	48,849
Recovery/(accrual) of allowance for impairment losses on interest bearing assets	13	304	(4,695)
NET INTEREST INCOME		49,333	44,154
Commission income	5	3,167	870
Commission expenses	5	(390)	(496)
Net loss on operations with financial instruments	6	(2,932)	(3,520)
Net loss on foreign exchange transactions	7	(2,526)	(913)
Other non-operating income, net		70	51
NET NON - INTEREST EXPENSES		(2,611)	(4,008)
Operating expenses	8	(41,842)	(34,880)
PROFIT BEFORE INCOME TAX		4,880	5,266
Income tax	9	(2,521)	(1,819)
NET PROFIT FOR THE YEAR		2,359	3,447
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		2,359	3,447

On behalf of the Management:


Vaisova Mavsuda
General Director

February 16, 2018
Dushanbe, Republic of Tajikistan


Bairov Ilkhom
Financial manager

February 16, 2018
Dushanbe, Republic of Tajikistan

The notes on pages 10-46 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, 2017 (in thousands of Tajik somoni)

	Notes	December 31, 2017	December 31, 2016
ASSETS:			
Cash and cash equivalents	10	20,959	19,594
Due from banks	11	45,706	13,842
Financial instruments at fair value through profit or loss	12	3,023	-
Loans to customers	13	212,343	164,699
Investments held to maturity	14	1,494	1,400
Property and equipment	15	10,997	10,501
Intangible assets	16	1,540	1,768
Deferred tax assets	9	507	562
Other assets	17	14,499	5,460
TOTAL ASSETS		311,068	217,826
LIABILITIES AND EQUITY:			
LIABILITIES:			
Due to banks and financial institutions	18	3,552	1,390
Financial instruments at fair value through profit or loss	12	-	1,285
Customer accounts	19	37,233	22,384
Borrowings	20	192,175	128,539
Subordinated loans	21	36,198	27,878
Other liabilities	22	6,550	3,349
		275,708	184,825
EQUITY:			
Share capital	23	16,646	16,646
Additional paid-in capital		5,329	5,329
Reserve for future operations		3,163	-
General reserves		7,863	7,863
Retained earnings		2,359	3,163
		35,360	33,001
TOTAL LIABILITIES AND EQUITY		311,068	217,826

On behalf of the Management:

Vaisova Maysuda
General Director

February 16, 2018
Dushanbe, Republic of Tajikistan

Bairov Ilkhom
Financial manager

February 16, 2018
Dushanbe, Republic of Tajikistan

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CJSC MDO "HUMO"

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017**
(in thousands of Tajik somoni)

	Notes	Share capital	Additional paid-in capital	Reserve for future operations	General reserves	(Accumulated deficit)/retained earnings	Total equity
Balance at December 31, 2015	23	16,646	5,329	5,528	7,863	(5,811)	29,555
Changes in reserve for future operations Profit for the year	23	-	-	(5,528)	-	5,528	-
		-	-	-	-	3,447	3,447
Balance at December 31, 2016	23	16,646	5,329	-	7,863	3,163	33,001
Changes in reserve for future operations Profit for the year	23	-	-	3,163	-	(3,163)	-
		-	-	-	-	2,359	2,359
Balance at December 31, 2017	23	16,646	5,329	3,163	7,863	2,359	35,360

On behalf of the Management:

Vaisova Maysuda
General Director



February 16, 2018
Dushanbe, Republic of Tajikistan

Bairov Ilkhom
Financial manager

February 16, 2018
Dushanbe, Republic of Tajikistan

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CJSC MDO "HUMO"

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017 (in thousands of Tajik somoni)

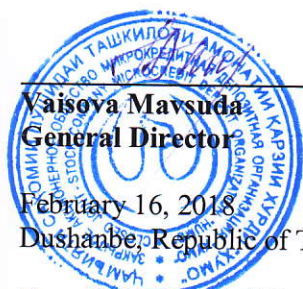
	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expenses		4,880	5,266
Adjustments for:			
Change in allowance for impairment losses on interest bearing assets	13	(304)	4,695
Change in allowance on advances paid	17	13	-
Depreciation of property and equipment	8, 15	1,110	1,005
Amortization of intangible assets	8, 16	228	228
Loss on disposal of property and equipment	8	10	13
Amortization of commission expenses on borrowings	20	390	496
Amortization of commission income on loans to customers	13	(1,063)	(160)
Change in provision for unused vacation	8, 22	598	264
Amortization of deferred income	22	(49)	(51)
Financial instruments at fair value through profit and loss	12	2,932	3,520
Foreign exchange differences		7,794	7,385
Interest income, net		(49,029)	(48,849)
Cash flows from operating activities before changes in operating assets and liabilities		(32,490)	(26,188)
Changes in operating assets and liabilities:			
(Increase)/decrease in due from banks		(13,047)	7,933
(Increase)/decrease in loans to customers		(38,679)	43,707
(Increase)/decrease in financial instruments at fair value through profit and loss		(7,240)	6,280
Increase in other assets		(10,279)	(4,624)
Increase in customer accounts		15,340	8,051
Increase in due to banks and financial institutions		2,150	1,390
Increase in other liabilities		2,533	592
Cash (outflow)/inflow from operating activities before income tax and interests		(81,712)	37,141
Interest received		73,399	68,448
Interest paid		(37,383)	(22,561)
Income tax paid		(2,575)	(1,432)
Net cash (outflow)/inflow from operating activities:		(48,271)	81,596

CJSC MDO "HUMO"

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017 (CONTINUED)**
(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	15	(1,628)	(599)
Net cash outflow from investing activities		(1,628)	(599)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		149,575	60,105
Repayment of borrowings		(85,550)	(133,801)
Net cash inflow/(outflow) from financing activities:		64,025	(73,696)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,126	7,301
Effect of changes in exchange rates on cash and cash equivalents		1,336	2,730
CASH AND CASH EQUIVALENTS, at the beginning of the year	10	32,406	22,375
CASH AND CASH EQUIVALENTS, at the end of the year	10	47,868	32,406

On behalf of the Management:



Vaisova Mavsuda
General Director

February 16, 2018
Dushanbe, Republic of Tajikistan

Bairov Ilkhom
Financial manager

February 16, 2018
Dushanbe, Republic of Tajikistan

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