
**Statement of management's responsibilities for the preparation and approval of the
financial statements for the year ended December 31, 2018**

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 distinguishing the respective responsibilities of management and those of the independent auditors in relation to the financial statements of Microcredit Organization "Furuz" Limited Liability Company (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, 2018, 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;
- stating whether IFRS have been followed, subject to any material departures from IFRS, disclosed and explained in the financial statements; 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, 2018 were approved and authorized for issue on January 15, 2019 by the management of the Company.

On behalf of the Management:



Hans Joachim Jaeckle
General Director

April 19, 2019

Bokhtar,
Republic of Tajikistan



Shodi Hisoriev
Chief Accountant


April 19, 2019

Bokhtar,
Republic of Tajikistan

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018
(in Tajik somoni)**

	Notes	December 31, 2018	December 31, 2017
ASSETS:			
Cash and cash equivalents	5	714,582	651,260
Amounts due from other financial institutions	6	-	2,469,320
Loans and advances to customers	7	21,955,149	13,079,796
Investment for sale		11,173	11,173
Property, plant and equipment	8	797,676	802,961
Intangible assets	9	6,071	5,739
Deferred tax asset		56,349	26,760
Prepaid income taxes		-	1,639
Other assets	11	3,547,176	283,925
TOTAL ASSETS		27,088,175	17,332,573
LIABILITIES AND EQUITY			
LIABILITIES:			
Amounts due to customers	12	13,132,333	5,712,847
Current income tax liabilities		137,681	135
Other liabilities	13	8,762,811	7,183,849
		<u>22,032,824</u>	<u>12,896,831</u>
EQUITY:			
Share capital	14	4,187,534	4,187,534
Statutory general reserve		425,577	248,911
Other reserves		379,663	408,138
Retained earnings / (Accumulated losses)		62,577	(408,841)
		<u>5,055,351</u>	<u>4,435,742</u>
TOTAL LIABILITIES AND EQUITY		27,088,175	17,332,573


On behalf of the Management:


Hans Joachim Jaeckle
General Director

April 19, 2019

Bokhtar,
Republic of Tajikistan




Shodi Hisoriev
Chief Accountant

April 19, 2019

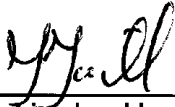
Bokhtar,
Republic of Tajikistan

The notes on pages 15-50 are an integral part of the financial statements. The Independent Auditor's Report is on pages 4-9.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
AS AT DECEMBER 31, 2018
(in Tajik somoni)


	Notes	2018	2017
Interest income	15	7,558,750	4,978,844
Interest expenses	15	(2,536,689)	(993,064)
NET INTEREST INCOME		<u>5,022,061</u>	<u>3,985,780</u>
Commission income	16	-	-
Commission expense	16	(105,131)	(61,899)
NET COMMISSION INCOME		<u>(105,131)</u>	<u>(61,899)</u>
(Losses)/gains less gains/(losses) from trading in foreign currencies	17	(5,298)	(8,554)
Other income	18	153,767	683,239
(Impairment charge)/recovery of impairment for credit losses		90,993	509,603
Staff costs	19	(2,316,264)	(1,818,207)
Depreciation of property, plant and equipment	8	(105,304)	(116,290)
Amortization of intangible assets	9	(13,487)	(20,106)
Other expenses	20	(1,811,500)	(2,743,540)
INCOME BEFORE TAX		909,837	410,026
Income tax expense	10	(274,243)	(186,281)
NET INCOME FOR THE YEAR		<u>635,593</u>	<u>223,745</u>
Total comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>635,593</u>	<u>223,745</u>

On behalf of the Management:


 Hans Joachim Jaeckle
 General Director

April 19, 2019
 Bokhtar,
 Republic of Tajikistan




 Shodi Hisoriev
 Chief Accountant

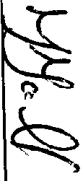
April 19, 2019
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018
(in Tajik somoni)

	Share capital	Additional capital	Statutory general reserve	Other reserves	Retained earnings/ (Accumulated loss)	Total
Balance as at January 1, 2017	4,187,534	-	208,551	-	(564,178)	3,831,907
Additional share capital	-	-	-	-	(28,048)	(28,048)
Increase in reserve	-	-	40,360	-	(40,360)	-
Increase in revaluation reserve of PPE	-	-	-	408,138	-	408,138
Net income for the year	-	-	-	-	223,745	223,745
Total comprehensive income for the year	-	-	40,360	408,138	155,337	603,835
Balance as at December 31, 2017	4,187,534	-	248,911	408,138	(408,841)	4,435,742
Increase in reserve	-	-	176,666	-	(176,666)	-
Increase in revaluation reserve of PPE	-	-	-	(28,475)	28,475	-
Net income for the year	-	-	-	-	635,593	635,593
Adjustments	-	-	-	-	(15,984)	(15,984)
Other comprehensive income	-	-	176,666	(28,475)	471,418	619,609
Total comprehensive income for the year	-	-	425,576	379,663	62,577	5,055,351
Balance as at December 31, 2018	4,187,534	-	425,576	379,663	62,577	5,055,351

On behalf of the Management:



Hans Joachim Jaeckle
General Director

April 19, 2019

Bokhtar,
Republic of Tajikistan




Shodi Hisoriev
Chief Accountant

April 19, 2019

Bokhtar,
Republic of Tajikistan

Microcredit Organization «Furuz»
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(in Tajik somoni)

Financial statements for the year ended December 31, 2018

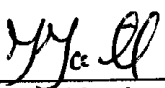
	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before tax		909,837	410,026
Adjustments for			
Impairment charge/(recovery) for credit losses		(343,678)	(509,603)
Reserve on annual leave		2,462	-
(Losses)/gains less gains/(losses) from non-trading assets and liabilities		5,298	8,554
Tax refund		-	-
Amortization and depreciation allowances		118,791	136,397
Interest receivable		413,032	271,248
Interest payable		689,805	303,249
Cash flow from operating activities before changes in operating assets and liabilities		1,795,547	619,871
(Increase)/decrease in operating assets			
Amount due from other financial institution		(906,822)	(1,738,922)
Loans and advances to customers		(9,404,711)	(4,860,289)
Other assets		(199,643)	(36,344)
Increase/(decrease) in operating liabilities			
Amounts due to financial institutions		7,032,928	4,163,979
Other liabilities		1,774,484	2,567,369
Net cash flow from operating activities before income tax		91,783	715,664
Income tax paid		138,848	4,135
Net cash inflow from operating activities		230,631	719,799
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in share capital		-	-
Purchase of property, plant and equipment		(154,716)	(127,464)
Purchase of intangible assets		(13,818)	(22,363)
Net cash outflow from investing activities		(168,534)	(149,827)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in share capital		-	-
Net cash flow from financing activities		-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		62,097	569,972
Effect of foreign exchange differences		1,225	48,065

Microcredit Organization «Furuz»
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(in Tajik somoni)

Financial statements for the year ended December 31, 2018

CASH AND CASH EQUIVALENTS, at the beginning of the period	5	651,260	33,223
CASH AND CASH EQUIVALENTS, at the end of the period	5	714,582	651,260
Interest received		413,032	271,248
Interest paid		689,805	303,249

On behalf of the Management:


 Hans Joachim Jeackle
 General Director

April 19, 2019

Bokhtar,
 Republic of Tajikistan




 Shodi Hisoriev
 Chief Accountant

April 19, 2019

Bokhtar,
 Republic of Tajikistan

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