

MICRO CREDIT FUND "IMON"

Financial statements
for the year ended December 31, 2021
and independent auditor's report

MICRO CREDIT FUND "IMON"

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MICRO CREDIT FUND "MON"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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 the Micro Credit Fund "Imon" (the "Fund").

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Fund as at December 31, 2021, the results of its operations, cash flows and changes in shareholders' capital for the year then ended, in accordance with International Financial Reporting Standards (hereinafter the "IFRS") and the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

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 and AAOIFI have been followed, subject to any material departures 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 Fund will continue in business for the foreseeable future.

Management is also responsible for:

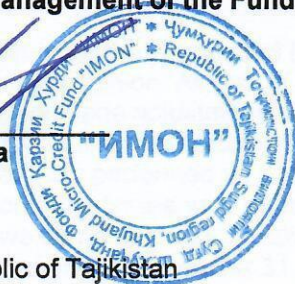
- designing, implementing and maintaining an effective and sound system of internal control, throughout the Fund;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Fund, and which enable them to ensure that the financial statements of the Fund comply with IFRS and AAOIFI;
- maintaining statutory accounting records in compliance with legislation, accounting standards of the Republic of Tajikistan and requirements set by the National Bank of Tajikistan;
- taking such steps as are reasonably available to them to safeguard the assets of the Fund; and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended December 31, 2021 were approved and authorized for issue on March 28, 2022 by the management of the Fund.

On behalf of the Management of the Fund:


Muyassar Pulatova
Director

March 28, 2022
Khujand, the Republic of Tajikistan




Mirshakar Makhkamov
Chief accountant

March 28, 2022
Khujand, the Republic of Tajikistan

INDEPENDENT AUDITOR'S OPINION

To the Board of Trustees and the Management of the Micro Credit Fund "Imon"

Qualified Opinion

We have audited the financial statements of the Micro Credit Fund "Imon" (the "Fund"), which comprise the statement of financial position as at December 31, 2021, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for the qualified opinion paragraph the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (the "IFRS") and the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for qualified opinion

As of December 31, 2021 and 2020 the statement of financial position of the Fund presents Islamic finance receivables in the amount of 3,942 and 328 thousand somoni, respectively. The Fund does not calculate allowance for expected credit losses on Islamic finance receivables in accordance with the standards of the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"). The Fund has not implemented a model for calculating and recognizing expected credit losses on Islamic finance receivables in accordance with Financial Accounting Standards 30 Impairment, Credit Losses and Onerous Commitments ("FAS 30"). Applying alternative audit procedures sufficient to calculate and recognize expected credit losses on Islamic finance receivables in accordance with FAS 30 was not feasible. As a result of these circumstances, we were unable to determine what adjustments might be necessary in relation to the measurement of allowances for receivables for expected credit losses to comply with FAS 30 as at December 31, 2021.

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 Fund 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.

Emphasis of matters

To comply with the terms of Islamic finance products of the "Islamic Window" of the Fund with the requirements of Islamic banking, AAOIFI standards, specialists from the "AlHuda Center of Islamic Banking and Economics" of the UAE were involved. The audit confirmed the compliance of Islamic finance products with AAOIFI standards.

Other information

The financial statements for the year ended December 31, 2020 were audited by another auditor, who expressed an unmodified opinion. As part of our audit of the financial statements for the year ended December 31, 2020, we made adjustments to the comparative figures for the year ended December 31, 2021, as shown in Note 4 to the financial statements. In our opinion, these adjustments are appropriate and properly implemented. We have not performed an audit, review, or any other procedure with respect to the financial statements of the Company for the year ended December 31, 2020, except for the adjustments set out in Note 4, and accordingly, we do not express an opinion or any other form of assurance regarding financial statements for the year ended December 31, 2020 as a whole.

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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund'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 Fund'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 Fund'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 opinion. However, future events or conditions may cause the Fund 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.

Firdavs Khayrulloev
Director
Baker Tilly Tajikistan LLC

License No. 0000014 issued by
the National Bank of Tajikistan

28/03/2022
Dushanbe, Republic of Tajikistan



MICRO CREDIT FUND "IMON"

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021**

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020 (restated)
Continuing operations			
Interest income	5	4,395	3,798
Accrual of allowance for expected credit losses on loans to customers	14	<u>(297)</u>	<u>(233)</u>
NET INTEREST INCOME		<u>4,098</u>	<u>3,565</u>
Income from Islamic finance activities	6	271	17
Net (loss)/gain on foreign exchange operations	7	(82)	415
(Accrual)/recovery of allowance for impairment and expected credit losses on assets	8	(716)	7
Other (expenses)/income, net	9	<u>(31,071)</u>	<u>5</u>
NET NON-INTEREST (EXPENSES)/INCOME		<u>(31,598)</u>	<u>444</u>
Operating expenses	10	<u>(6,793)</u>	<u>(4,404)</u>
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		<u>(34,293)</u>	<u>(395)</u>
Income tax	11	<u>(6,159)</u>	<u>(104)</u>
(Loss)/profit after tax for continuing operations		<u>(40,452)</u>	<u>(499)</u>
Discontinued operations			
Profit after tax for the year from discontinued operations	9	<u>930</u>	<u>3,989</u>
NET (LOSS)/PROFIT FOR THE YEAR		<u>(39,522)</u>	<u>3,490</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS)/PROFIT		<u>(39,522)</u>	<u>3,490</u>

On behalf of the Management of the Fund:


Muyassar Pulatova
Director

March 28, 2022
Khujand, the Republic of Tajikistan




Mirshakar Makhkamov
Chief accountant

March 28, 2022
Khujand, the Republic of Tajikistan

The notes on pages 10-49 form an integral part of the financial statements. The independent auditors' report is on pages 3-4.

MICRO CREDIT FUND "IMON"

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**
(in thousands of Tajik somoni)

	Notes	December 31, 2021	December 31, 2020 (restated)
ASSETS			
Cash and cash equivalents	12	-	9
Due from banks	13	43,598	3,674
Loans to customers	14	25,818	18,798
Islamic finance receivables	15	3,942	328
Investments held for sale	9	-	91,171
Property and equipment	16	8,296	8,765
Intangible assets	17	117	130
Deferred tax assets	11	584	346
Other assets	18	3,031	720
TOTAL ASSETS		85,386	123,941
SHAREHOLDERS' EQUITY AND LIABILITIES			
LIABILITIES:			
Other liabilities	19	1,239	272
TOTAL LIABILITIES		1,239	272
EQUITY			
General reserves		48,210	48,210
Retained earnings		35,937	75,459
TOTAL EQUITY		84,147	123,669
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		85,386	123,941

On behalf of the Management of the Fund:


Muyassar Pulatova
Director

March 28, 2022
Khujand, the Republic of Tajikistan




Mirshakar Makhkamov
Chief accountant

March 28, 2022
Khujand, the Republic of Tajikistan


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MICRO CREDIT FUND "IMON"

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021**
(in thousands of Tajik somoni)

	Note	General reserves	Retained earnings	Total equity
Balance at December 31, 2019 (restated)		<u>48,210</u>	<u>71,969</u>	<u>120,179</u>
Total comprehensive income		<u>-</u>	<u>3,490</u>	<u>3,490</u>
Balance at December 31, 2020 (restated)		<u>48,210</u>	<u>75,459</u>	<u>123,669</u>
Total comprehensive loss		<u>-</u>	<u>(39,522)</u>	<u>(39,522)</u>
Balance at December 31, 2021		<u>48,210</u>	<u>35,937</u>	<u>84,147</u>

On behalf of the Management of the Fund:


Muyassar Pulatova
Director

March 28, 2022
Khujand, the Republic of Tajikistan




Mirshakar Makhkamov
Chief accountant

March 28, 2022
Khujand, the Republic of Tajikistan

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MICRO CREDIT FUND "IMON"

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

(in thousands of Tajik somoni)


	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss)/profit before income tax		<u>(33,363)</u>	<u>3,594</u>
Adjustments for:			
Change in allowance for expected credit losses on loans to customers	14	297	297
Change in allowance for expected credit losses on assets	8	716	(7)
Depreciation of property and equipment	10,16	688	541
Amortization of intangible assets	10,17	13	17
Loss on disposal of property and equipment	9	-	14
Income from discontinued operations	9	(930)	(3,989)
Change of unused vacation provision	10	13	25
Loss from sale of investments held for sale	9	31,087	-
Losses on foreign exchange differences	7	45	(407)
Income from islamic finance receivables	6	(271)	(17)
Net interest income	5	<u>(4,395)</u>	<u>(3,798)</u>
Cash flows before changes in operating assets and liabilities		<u>(6,100)</u>	<u>(3,730)</u>
Changes in operating assets and liabilities:			
Decrease / (increase) in operating assets:			
Due from banks		(22,582)	4,195
Loans to customers		(7,289)	1,690
Islamic finance receivables		(3,614)	(328)
Other assets		(2,294)	(180)
Increase / (decrease) in operating liabilities:			
Other liabilities		<u>760</u>	<u>174</u>
(Outflow)/inflow from operating activities before taxation and interest		<u>(41,119)</u>	<u>1,821</u>
Interest received		4,148	3,750
Income from Islamic finance received		271	17
Income tax paid		<u>(6,203)</u>	<u>(248)</u>
Net cash (outflow)/inflow from operating activities		<u>(42,903)</u>	<u>5,340</u>

MICRO CREDIT FUND "IMON"

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2021 (in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	16	(219)	(1,968)
Proceeds from disposal of property and equipment	16	-	14
Proceeds from sale of investments held for sale	9	61,014	-
Net cash inflow/(outflow) from investing activities		60,795	(1,954)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash inflow from financing activities:		-	-
Effect of changes in exchange rates on cash and cash equivalents	7	(19)	13
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,873	3,399
CASH AND CASH EQUIVALENTS, at the beginning of the year	12	3,683	284
CASH AND CASH EQUIVALENTS, at the end of the year	12	21,556	3,683

On behalf of the Management of the Fund:


Muyassar Pulatova
Director

March 28, 2022
Khujand, the Republic of Tajikistan




Mirshakar Makhkamov
Chief accountant

March 28, 2022
Khujand, the Republic of Tajikistan

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