

Deloitte.

**SPITAMEN
INSURANCE
INSURING LIMITED
LIABILITY COMPANY**

Consolidated financial statements
For the year ended 31 December 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Spitamen Insurance, ILLC

Qualified Opinion

We have audited the consolidated financial statements of Spitamen Insurance, ILLC and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Qualified Opinion

As at 31 December 2017, the net outstanding balance of Group's buildings and other real estate, which are carried at revalued amounts, amounted to 13,186 thousand Somoni. In accordance with the requirements of International Accounting Standards 16 "Property, Plant and Equipment", revaluations should be made with sufficient regularity such that the carrying amount of property, plant and equipment does not differ materially from its fair value as at reporting date. The last revaluation of the Group's building and other real estate was performed by an independent appraiser as at 28 December 2015. In September 2017, the Group completed the sale of its Head Office building and as at the date of sale the fair value of building was significantly higher than its carrying amount. We were unable to obtain sufficient appropriate audit evidence that the carrying amount of buildings and other real estate as at 31 December 2017 complies with the requirements above. Similarly, we could not determine whether the revaluation reserves provided by the Group, are adequate to reflect the value of the Group's total buildings and other real estate at its recoverable value. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Group 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 qualified opinion.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in Notes 2 and 30, as at 31 December 2017, the subsidiary CJSC Spitamen Bank had not complied with one coefficient set by Instruction #176 of the National Bank of Tajikistan "On regulation of lending organisations operations". These events may result in sanctions being applied by the National Bank of Tajikistan in its capacity as a regulator. Management's plans concerning these matters are also discussed in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

Emphasis of Matter

As described in Note 15 to the consolidated financial statements, 90% of the Group's customer accounts as at 31 December 2017 were from one customer. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of Spitamen Insurance, ILLC for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 8 September 2017.

As part of our audit of the 2017 consolidated financial statements, we also audited the adjustments described in Note 5 that were applied to amend the 2015 corresponding figures. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 consolidated financial statements of Spitamen Insurance, ILLC other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

ATD

Gulanor Atobek, Director
(qualification certificate No. 0000113 dated 04 December 2013
issued by the Ministry of Finance of the Republic of Tajikistan)

Deloitte & Touche, LLC
License for auditing activities in the Republic of Tajikistan
BM №0000106, issued by the Ministry of Finance of the Republic of Tajikistan
dated 13 May 2017



15 January 2019
Dushanbe, Republic of Tajikistan

SPITAMEN INSURANCE INSURING LIMITED LIABILITY COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

(in thousands Tajik Somoni)

	Notes	31 December 2017	31 December 2016 restated*	31 December 2015 restated*	1 January 2015
ASSETS					
Cash and cash equivalents	6	627,497	438,673	463,056	614
Restricted cash	6	46,955	28,780	14,776	*
Due from banks	7	1,729	394	16,225	6,401
Loans to customers	8, 32	204,519	174,966	142,747	-
Investments available-for-sale	9	37	138	138	-
Investments in associates		-	-	-	36,489
Accounts receivable from insurance operations		114	106	90	142
Income tax assets	27	-	2,113	1,104	4
Property and equipment	10	27,911	48,297	47,634	58
Intangible assets	11	16,904	18,927	17,144	2
Non-current assets, held for sale	12	27,641	23,053	4,401	2,927
Other assets	13	14,474	7,011	5,367	28
TOTAL ASSETS		967,781	742,458	712,682	46,665
LIABILITIES					
Due to banks and other financial institutions	14	10,098	1,103	51,424	-
Customer accounts	15	608,036	427,280	309,685	-
Borrowings	16	255,010	227,698	278,884	-
Accounts payable on insurance operations		216	184	123	91
Unearned premium reserve	17	1,483	1,414	1,128	1,368
Provision for losses	18	100	141	98	108
Income tax liabilities	27	3,788	437	242	134
Non-current liabilities, held for sale	28	-	-	-	1,127
Other liabilities	19	3,881	26,551	26,714	339
Total liabilities		882,612	684,808	668,298	3,167
EQUITY					
Share capital	20	86,062	49,946	31,946	28,030
Treasury stock		-	(785)	(785)	-
Obligatory reserves		200	289	212	220
Reserve on revaluation of property and equipment		1,398	15,245	16,392	-
(Accumulated deficit)/retained earnings		(2,491)	(7,045)	(3,381)	15,248
Total equity		85,169	57,650	44,384	43,498
TOTAL LIABILITIES AND EQUITY		967,781	742,458	712,682	46,665

* Please, refer to Note 5 to the consolidated financial statements.

On behalf of the Management:

Murvatov B.N.
Director

15 January 2019
Dushanbe, Republic of Tajikistan

Rahimov N.K.
Chief Accountant