**Microfinance Organization**
**“BONACO “LLC**

***FINANCIAL STATEMENTS***
***For the year ending December 31, 2015***
***With***
***INDEPENDENT AUDITORS’ REPORT***

Member of HLB International

ფინანსური მართვის ჯგუფი
ბალანჩივაძის ქ № 2
0177 თბილისი, საქართველო
ტელ.: (995) (322) 47 09 00
ფაქსი: (995) (322) 36 33 11
ელ-ფოსტა: info@fmg.ge

**FINANCIAL MANAGEMENT GROUP**
**2 str. Balanchivadze**
**0177 Tbilisi, Georgia**
**Tel.: (995) (322) 47 09 00**
**Fax: (995) (322) 36 33 11**
**E-mail: info@fmg.ge**

# INDEPENDENT AUDITOR'S REPORT

## Report on the financial statements

1. We have audited the accompanying financial statements on pages 3 to 7 of microfinance organization "Bonaco" LLC. (hereinafter as – "the Company"), which comprise the balance sheet as of December 31, 2015, the income statement, statement of changes in equity and cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory notes.

## Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining the internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

ფინანსური მართვის ჯგუფი
ბალანჩივაძის ქ № 2
0177 თბილისი, საქართველო
ტელ.: (995) (322) 47 09 00
ფაქსი: (995) (322) 36 33 11
ელ-ფოსტა: info@fmg.ge

FINANCIAL MANAGEMENT GROUP
2 str. Balanchivadze
0177 Tbilisi, Georgia
Tel.: (995) (322) 47 09 00
Fax: (995) (322) 36 33 11
E-mail: info@fmg.ge

**Basis for Qualified Opinion**

6. The organization uses their right according of local law and does not accruals reserves loans of customers. The cost of mortgage property consists of accumulated loans and receivable interest and it may not reflect property's market value.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Intended use of the report**

7. The report is intended solely for the use of company and shall not be made available for others or used for other purposes unless our prior written consent.

**Financial Management Group**
**Member of HLB International**

Financial Management Group.

Tbilisi, Georgia
September 26, 2016

შპს "ფინანსური მართვის ჯგუფი" "FINANCIAL MANAGEMENT GROUP" LTD * GEORGIA * 205279660 * FMG

| | NOTES | 31.12.2014 Non-Audited | 31.12.2015 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 4 | 961 073 | 1 930 870 |
| Loans to Customers | 5 | 6 599 737 | 17 481 278 |
| Accrued interest | 5 | 420 178 | 462 381 |
| Penalties | 5 | 918 270 | 1 530 234 |
| Accounts Receivables | 6 | - | (8 965) |
| Prepayments | 7 | 104 457 | 71 685 |
| Receivable from employers | 8 | (1 300) | (156) |
| Mortgage property | 9 | 145 677 | 1 477 196 |
| Deferred tax assets | | - | 47 604 |
| Inventory | 10 | 310 | 14 322 |
| Other | 11 | 169 565 | 200 803 |
| Fixed Assets | 12 | 2 457 488 | 4 194 128 |
| Intangible Assets | 13 | 1 949 | 13 802 |
| **Total Current Assets** | | **11 777 406** | **27 415 180** |
| **Total Assets** | | **11 777 406** | **27 415 180** |
| **Liabilities** | | | |
| Loans and borrowings | 14 | 8 301 184 | 14 912 403 |
| Interest payable | 14 | 97 783 | 233 371 |
| Accounts Payable | 15 | 5 663 | 13 179 |
| Long-term Loan | 16 | 2 143 274 | 11 262 038 |
| Tax Payable | 17 | 12 853 | 8 496 |
| Deferred tax liabilities | | 2 763 | 2 763 |
| **Total Liabilities** | | **10 563 520** | **26 432 251** |
| **Capital** | | | |
| Share capital | | 1 450 000 | 1 450 000 |
| Total Reserves | | 41 692 | 887 435 |
| Retained earnings | | (277 807) | (1 354 506) |
| **Total Capital** | | **1 213 885** | **982 929** |
| **Total Capital and Liabilities** | | **11 777 406** | **27 415 180** |

*Financial statements approved by management*

*Tamar Darakhvelidze*
*Director*

| | Note | 2014 year. Non-Audited | 2015 year. |
|---|---|---|---|
| Interest income | 18 | 2 119 198 | 4 683 563 |
| Interest expense | 18 | (1 103 450) | (3 009 927) |
| **Net Interest Income** | | **1 015 747** | **1 673 636** |
| Other operating income | 19 | 9 487 | 7 138 |
| **Operating Income** | | **9 487** | **7 138** |
| Other expenses | 20 | (105 803) | (30 381) |
| Loss from exchange rate conversion | 20 | (123 300) | (811 893) |
| Other general administrative expenses | 21 | (1 009 347) | (1 973 700) |
| **Profit before income tax** | | **(213 215)** | **(1 135 201)** |
| Income Tax expense | | - | 47 604 |
| **Net Income** | | **(213 215)** | **(1 087 597)** |

*Financial statements approved by management*

*Tamar Darakhvelidze*
*Director*

| | 31.12.2014 Non-Audited | 31.12.2015 |
|---|---|---|
| Period Profit/Loss | (213 215) | (1 087 597) |
| Income TAX | - | - |
| **Operating cash flows before working capital changes** | **(213 215)** | **(1 087 597)** |
| | | |
| Increase (decrease) in Loans to Customers | (4 437 739) | (10 881 540) |
| Increase (decrease) in interest receivables | (154 448) | (42 203) |
| Increase (decrease) in Penalties | (393 217) | (611 964) |
| Increase (decrease) in Accounts Receivable | - | 8 965 |
| Increase (decrease) in Prepayments | (47 028) | 32 772 |
| Increase (decrease) in Receivable from employers | 1 300 | (1 143) |
| Increase (decrease) in mortgage property | (97 614) | (1 331 518) |
| Increase (decrease) in Deferred tax assets | - | (47 604) |
| Increase (decrease) in Inventory | (310) | (14 012) |
| Increase (decrease) in other assets | (1 500) | (31 238) |
| Acquisition of fixed assets | (1 855 507) | (1 736 639) |
| Acquisition of intangible assets | (433) | (11 853) |
| Increase (decrease) in Borrowings | 5 030 201 | 6 611 219 |
| Increase (decrease) in Interest Payable | 51 760 | 135 588 |
| Increase (decrease) Accounts Payable | (28 329) | 7 516 |
| Increase (decrease) in Long-term loans | 606 047 | 9 118 764 |
| Increase (decrease) in taxes payable | (328) | (4 357) |
| **Total cash flows from operating activities** | **(1 540 363)** | **113 156** |
| | | |
| **Net cash flows from financing activities** | | |
| Decrease (increase) in Share capital | 1 200 000 | - |
| Decrease (increase) in Reserves | - | 856 641 |
| **Net cash flows from financing activities** | **1 200 000** | **856 641** |
| | | |
| **Net increase (decrease) in cash and cash equivalents** | (340 363) | 969 797 |
| Cash and cash equivalents at the beginning of the period | 1 301 436 | 961 073 |
| **Cash and Cash Equivalents at the end of the period** | **961 073** | **1 930 870** |

*Financial statements approved by management*

*Tamar Darakhvelidze*
*Director*

| | Share capital | Reserves | Retained earnings | Total |
|---|---|---|---|---|
| **Statement of changes in equity for the year ended 31 December 2013** | **250 000** | **42 561** | **(65 460)** | **227 101** |
| Retained earnings | | | (213 215) | - |
| Addition in share capital | 1 200 000 | | - | - |
| **Statement of changes in equity for the year ended 31 December 2014** | **1 450 000** | **42 561** | **(278 675)** | **1 213 885** |
| Retained earnings | | | (1 087 597) | - |
| Reduction of reserves | | 856 641 | | - |
| **Statement of changes in equity for the year ended 31 December 2015** | **1 450 000** | **899 202** | **(1 366 273)** | **982 929** |

*Financial statements approved by management*

*Tamar Darakhvelidze*
*Director*

## NOTES TO THE FINANCIAL STATEMENTS

## Note 1- GENERAL INFORMATION

Microfinance organization “Bonaco “LLC was founded in January 11, 2010 and was registered by Tbilisi tax Inspection with tax payer code: 404851264. The 100 percents owner of the company is Lasha Amaglobeli.

Main activities or our company are currency exchange, pawn services, short-term loans, long-term loans, mortgage loans, faster money transfers in Georgia.

## Note 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

### 2.1 Basis of presentation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and Interpretations issued by the International Accounting Standards Board.

The Company maintains its accounting records in accordance with Georgian accounting and tax legislation. These financial statements have been prepared from those accounting records and adjusted as necessary in order to comply with IFRS. The Company’s financial year-end is on December 31.

### 2.2 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Georgian Lari (“GEL”), which is the Company’s functional and presentation currency.

#### (c) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency is translated at the National Bank of Georgia rate of exchange at the given date (year end for the statements). According to an official information from National Bank of Georgia the rate of Exchange of GEL to USD and EUR were:

**The Exchange Rates at 12/31/2015**
2.3949 GEL/USD
2.6169 GEL / EUR

## 2.3 Property, plant and equipment

Buildings comprise mainly factories, retail outlets and offices. Buildings are shown at fair value, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement.

## 2.4 Intangible assets

*(a) Computer software*

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

### 2.5 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 2.6 Financial assets

#### 2.6.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

#### 2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date –the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

### 2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### 2.8 Impairment of financial assets

*(a) Assets carried at amortized cost*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

### 2.9 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

### 2.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 2.11 Share capital

Where any company purchases the company's, equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled.

### 2.12 Dividends

In accordance with Georgian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRSs.

### 2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

### 2.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### 2.16 Current Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

### 2.17 Profit tax

It is taxable at a rate of 15% in accordance with Georgian regulatory legislation on taxation. Profit tax expense is calculated and accrued for in the financial statements on the basis of information available at the moment of the preparation of the financial statements, and estimates of income tax performed by the management in accordance with Georgian regulatory legislation on taxation.

Deferred profit tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using Georgian tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred profit tax asset is realized or the deferred income tax liability is settled.

Deferred profit tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

According to Georgian legislation, tax losses are carried forward for 5 years.

### 2.18 Income and expense recognition

Interest income and expense are recognized in profit or loss using the effective interest method. Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are deferred and amortized to interest income over the estimated life of the financial instrument using the effective interest method. Other fees, commissions and other income and expense items are recognized in profit or loss when the corresponding service is provided. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

## NOTE 3 - FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out by a financial department.

*(a) Credit risk*

Credit risk is managed on Company basis, except for credit risk relating to accounts receivable balances. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

*(b) Liquidity risk*

Cash flow forecasting is performed in the operating entity and aggregated by company finance. Company finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

## 3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents.

| **Note 4 -Cash and Cash Equivalents** | **31.12.2014** | **31.12.2015** |
|---|---|---|
| | - | |
| Cash in banks GEL | 753 | 8 688 |
| Cash in banks USD | 138 364 | 363 803 |
| Cash in banks EUR | 68 322 | 43 212 |
| **Total cash in banks** | **205 934** | **415 703** |
| | | |
| Petty cash GEL | 392 579 | 675 738 |
| Petty cash USD | 229 603 | 689 318 |
| Petty cash EUR | 46 520 | 25 701 |
| Petty cash TRY | 8 189 | 37 823 |
| Petty cash GBP | 2 445 | 13 097 |
| Petty cash AMD | 2 693 | 10 931 |
| Petty cash RUB | 8 373 | 42 155 |
| Petty cash AZN | 64 738 | 20 404 |
| **Total Petty Cash** | **755 140** | **1 515 167** |
| | | |
| **Total Cash and Cash Equivalents** | **961 073** | **1 930 870** |

| **Note 5 - Loans to Customers** | | |
|---|---|---|
| | **31.12.2014** | **31.12.2015** |
| Loans | 6 599 737 | 17 481 278 |
| Accrued interest | 420 178 | 462 381 |
| Penalties | 918 270 | 1 530 234 |
| **Total Loans to Customers** | **7 938 185** | **19 473 892** |

### Note 6 - Accounts Receivable

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Accounts Receivable | - | (8 965) |
| **Total Accounts Receivable** | **-** | **(8 965)** |

### Note 7 - Prepayments

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| prepaid accounts payable | 1 444 | 4 769 |
| Customs Prepayments | 5 | 5 |
| Other prepayments | 103 008 | 66 911 |
| **Total Prepayments** | **104 457** | **71 685** |

### Note 8 - Receivable from employers

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Receivable from employers | (1 300) | (156) |
| **Total Receivable** | **(1 300)** | **(156)** |

### Note 9 -Mortgage property

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Mortgage of immovable property | - | 145 159 |
| Gold | 145 677 | 1 332 037 |
| **Total Mortgage property** | **145 677** | **1 477 196** |

### Note 10 - Inventory

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Raw materials | 310 | 14 322 |
| **Total Inventory** | **310** | **14 322** |

### Note 11 - Other receivables

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Receivable from executors | - | 31238 |
| Other receivables | 169565 | 169565 |
| **Total other receivables** | **169 565** | **200 803** |

## Note 12 - Fixed Assets

| | Buildings | Special tools | Furniture | Vehicles | Capital Expenditures for rented property | Other Fixed Assets |
|---|---|---|---|---|---|---|
| **Beginning Balance** | | | | | | |
| Balance 2014 31 December | 2 136 115 | 21 073 | 284 449 | 88 737 | 33 924 | 36 716 |
| **Accumulated Depreciation** | (14 032) | (6 651) | (100 249) | (13 463) | (5 470) | (3 661) |
| Balance 2014 31 December | 2 122 083 | 14 423 | 184 200 | 75 274 | 28 453 | 33 055 |
| Additions | 1 606 221 | 37 237 | 105 361 | 75 703 | 54 437 | 16 371 |
| Write-Offs | - | - | - | (32 778) | | |
| Depreciation | (19 095) | (10 725) | (64 983) | (9 626) | (11 698) | (9 786) |
| Balance 2015 31 December | 3 709 210 | 40 935 | 224 577 | 108 573 | 71 193 | 39 640 |
| **Balance 2014 31 December** | **3 709 210** | **40 935** | **224 577** | **108 573** | **71 193** | **39 640** |
| **Balance 2015 31 December** | **3 709 210** | **40 935** | **224 577** | **108 573** | **71 193** | **39 640** |

## Note 13 - Intangible Assets

| | Software | Intangible Assets |
|---|---|---|
| **Beginning Balance** | | |
| Balance 2014 31 December | 342 | 3 644 |
| **Accumulated Depreciation** | (205) | (1 831) |
| Balance 2014 31 December | 137 | 1 813 |
| Additions | - | 13 216 |
| Depreciation | (51) | (1 312) |
| Balance 2015 31 December | 85 | 13 717 |
| **Balance 2014 31 December** | **137** | **1 813** |
| **Balance 2015 31 December** | **85** | **13 717** |

## Note 14 - Loans and Borrowings

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Borrowings | 8 301 184 | 14 912 403 |
| Interest Payable | 97 783 | 233 371 |
| **Total Loans and Borrowings** | **8 398 967** | **15 145 774** |

## Note 15 - Accounts Payable

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Accounts Payable | 5 663 | 13 179 |
| **Total Accounts Payable** | **5 663** | **13 179** |

## Note 16 - Long-Term Loans

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Long-Term Loans | 2 143 274 | 11 262 038 |
| **Total Long-Term Loans** | **2 143 274** | **11 262 038** |

## Note 17 - Tax Payable

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Profit Tax | (1024) | (1024) |
| VAT Payable | (3618) | (9715) |
| Income Tax | 4883 | 1184 |
| Property Tax | 12612 | 18052 |
| **Total Tax Payable** | **12 853** | **8 496** |

## Note 18 -Interest Income and Expenses

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| **Interest Income** | | |
| Interest Income from Loans | 2 119 198 | 4 683 563 |
| Total Interest Income | 2 119 198 | 4 683 563 |
| | | |
| **Interest Expenses** | | |
| Interest expenses on personal loans | (1 103 450) | (3 009 927) |
| **Total Interest Expenses** | **(1 103 450)** | **(3 009 927)** |
| **Net Income** | **1 015 747** | **1 673 636** |

## Note 19 -Operating Income

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Interest income in banks balances | 1 319 | 4 748 |
| Write off accounts payable | 8 168 | 2 390 |
| **Total Operating Income** | **9 487** | **7 138** |

## Note 20 -Other Expenses

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Penalty for Writing Off | 88 809 | 18732 |
| Other financial expenses | 16 994 | 11649 |
| Loss from exchange rate conversion | 123 300 | 811 893 |
| **Total expenses** | **229 103** | **842 275** |

## Note 21 - Operating Expenses

| | 31.12.2014 | 31.12.2015 |
|---|---|---|
| Business travel | 4 935 | 5 741 |
| Building repair costs | 16 832 | 46 992 |
| Salary expenses | 614 624 | 1 129 503 |
| Rent expense | 104 430 | 180 702 |
| Office supplies expense | 8 045 | 13 405 |
| Communication expense | 12 370 | 23 928 |
| Insurance expense | 13 727 | 39 861 |
| Fuel expenses | 16 238 | 26 406 |
| Computer expenses | 3 233 | 4 068 |
| Utilities expense | 19 593 | 41 504 |
| Advertising costs | 13 101 | 85 559 |
| Consulting and audit fees | 1 900 | 37 207 |
| Other consumption expense | 10 737 | 16 276 |
| Depreciation | 80 317 | 162 587 |
| Bank commission expense | 1 664 | 11 444 |
| Other Tax expense | 16 218 | 33 258 |
| Security expense | 9 952 | 19 963 |
| Other administrative expense | 61 431 | 95 297 |
| **Total Operating Expenses** | **1 009 347** | **1 973 700** |

## Note 22 – Profit Tax

Company had loss for the audit period and significantly didn't have accrued profit tax. The tax authorities may at any time inspect the books and records within 5 years from the end of the year when tax declaration was submitted, and may impose additional tax assessments with penalty interest and penalties. The Company's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

## Note 23 - Approval of Financial Statements

These financial statements were authorized for issue by the Management of the Organization on 26 September, 2016.