



ANNUAL REPORT

SUSTAINABILITY
DEVELOPMENT
SOCIAL ORIENTATION

2012

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KOMPANION MISSION

To be the leading community development financial institution in Central Asia. Kompanion supports the strengthening and growth of communities by offering development products and services to entrepreneurs and individuals.

BE THE
CHANGE
YOU WANT TO SEE
IN THE
WORLD

KOMPANION IN BRIEF

Kompanion was established in 2004 through the consolidation of five Mercy Corps–affiliated microcredit agencies. We bring financial products primarily to rural clients who run small–holder farms or practice animal husbandry.

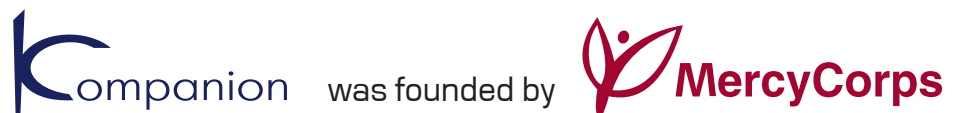
Kompanion’s dual approach of providing micro–loans along with science–based support for agriculture and natural resource management helps to build healthy, financially stable livelihoods for our clients and their neighbors throughout Kyrgyzstan.

Mercy Corps, our founder, works worldwide amid disaster, conflict, chronic poverty and instability to unleash the potential of people who can win against nearly impossible odds. Kompanion represents the culmination of 16 years of Mercy Corp’s work in microcredit in Kyrgyzstan. Mercy Corps intends to leave Kompanion as an enduring legacy to the people of Kyrgyzstan.

In 2004, Kompanion started with a customer base of 8,700 borrowers. Since then we’ve disbursed loans totaling about \$489 million to 860,000 people. In addition to financial services, our development programs and consultations reach tens of thousands residents of rural and urban centers in Kyrgyzstan promoting to sustainable agriculture and livestock productivity.

KOMPANION GOALS

- Foster the growth of micro– and small businesses and promote social entrepreneurs so they are able to create opportunities for themselves and others;
- Lead social enterprise innovation in Central Asia;
- Promote natural resources conservation and good management practices to our customers and communities;
- Measure success based on impact evaluation; and
- Help customers build healthy, financially stable communities.



LEADERSHIP MESSAGE

Dear friends, colleagues and partners:

In 2012, Kompanion became the first microfinance company from Central Asia to be nominated for the European Microfinance Award. Kompanion was awarded a certificate by Muhammad Yunus, the founder of microfinance, and HRH Maria Teresa, Grand Duchess of Luxembourg, in recognition of its social projects, contributions to food security and development of communities in Kyrgyzstan. This international recognition of our efforts encourages us to continue to work towards the realization of our social mission.

We are also working closely with the Smart Campaign, a global initiative that aims to promote customer protection and best practices in the microfinance industry. Kompanion successfully completed the Campaign's consumer protection assessment in 2012 and we plan to complete their consumer protection certification in 2013.

In 2012, our social projects grew in both their scope and importance. We organized development fairs in 16 towns and provinces of the country to strengthen agriculture and to promote innovative practices in household management. These events united 65,000 participants from 500 communities who learned about new methods in agriculture and seized the opportunity to present their produce and cattle and to find potential customers and suppliers.

One of Kompanion's primary objectives in 2012 was to prevent over-indebtedness. We carried out a large-scale informational campaign to raise awareness of the dangers of over-indebtedness, which included public service announcements broadcast nationwide on television, leaflets and informational meetings with local communities.

Another significant achievement of our company was the completion and introduction of the Impact Measurement System. The system is now operational

in all branches of the company and will help us better understand our clients, measure the results of our social activity and track the efficiency of our projects and initiatives.

Our development initiatives are largely the result of Ms. Catherine Brown's hard work. In 2012, she completed her tenure as the Chairperson of Kompanion's Board of Directors. On behalf of the entire Kompanion team, I want to thank Ms. Brown for her work and her invaluable contribution to the development of our company.

During the past several years, Kyrgyzstan has experienced political and social instability. There were significant changes in the microfinance market. Kompanion's ability to be flexible and innovative allowed us to respond to clients' needs during this period of instability. The challenges that we have faced have only made us stronger and helped us to develop as an organization.

Our goals of developing communities and promoting to their welfare remain unchanged. With our founder's, Mercy Corps, slogan – Be the Change You Wish to See in the World – we will continue working to implement our mission, drawing confidence and tenacity from our team, loyal partners and investors. Thank you for your continued support and enthusiasm for our work.

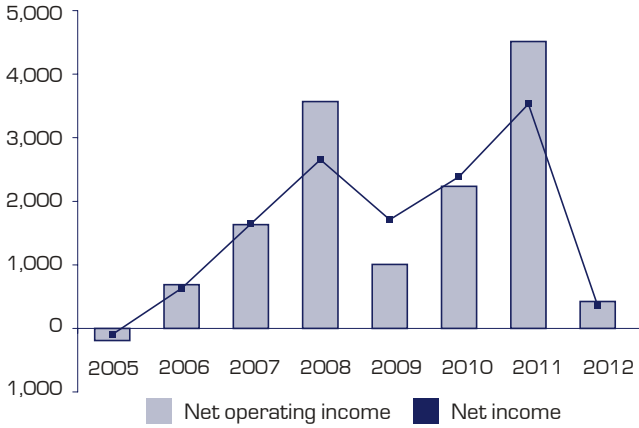
**ULANBEK
TERMECHIKOV**

**Chief Executive Officer
Kompanion**

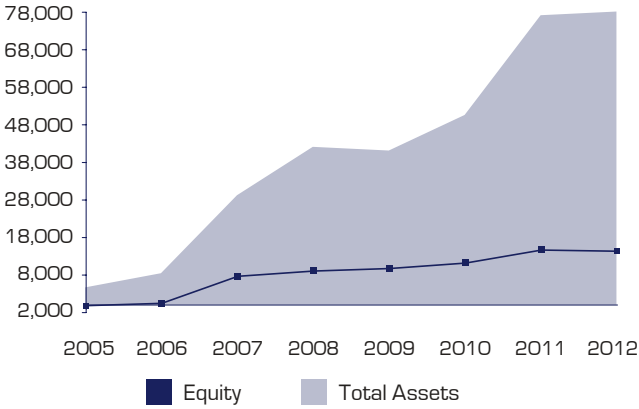
SELECTED FINANCIAL SUMMARY

	2004	2005	2006	2007	2008	2009	2010	2011	2012	CAGR
TOTAL CLIENTS	8,591	12,221	21,803	40,326	70,812	99,386	119,396	137,310	116,719	39%
LOAN PORTFOLIO (USD MLN)	\$3.2	\$3.8	\$7.1	\$21.6	\$28.4	\$30.5	\$41.6	\$59.7	\$54.9	43%
PORTFOLIO AT RISK	0.9%	0.8%	0.4%	0.2%	0.5%	0.5%	0.3%	0.3%	0.9%	
# OF STAFF	151	138	173	503	801	835	929	1,038	1,062	28%
# OF OFFICES	32	29	42	56	81	82	92	157	161	22%

INCOME (000s USD \$)



ASSETS (000s USD \$)



* CAGR – Compound Average Growth Interest Rate, calculated as $((\text{Portfolio 2012} / \text{Portfolio 2004})^{1/8}) - 1$

IMPACT
MEASUREMENT
2012
SYSTEM

DEVELOPMENT

FREE CONSULTATIONS
FOR 14,756 CLIENTS
DEVELOPMENT
FAIRS

LIVESTOCK
MANAGEMENT
INITIATIVE

2012 HIGHLIGHTS

AGRICULTURAL CONSULTATIONS



16 veterinarians and 16 agronomists working in Kompanion's branch offices provided free consultations for 14,756 clients.

URBAN INITIATIVE



The Urban Initiative opened offices in two poor, outlying areas of Bishkek. 125 young people had a chance to use computers and the Internet, learn foreign languages, develop their musical talents and creativity with teachers, and socialize.

DEVELOPMENT INITIATIVES



5,981 poor households in 172 villages received trainings through the Eco-Garden and Livestock Management Initiatives.

YOUTH VENTURE CAPITAL FUND



The Youth Venture Capital Fund received 53 applications with business ideas from young and socially vulnerable people. The fund will provide capital for the best social business projects that meet community needs.

2012 HIGHLIGHTS

IMPACT MEASUREMENT SYSTEM



During 2012, Kompanion has done significant work to enhance its research and analytical capacity and designed a system that will help it to understand whether it is reaching its target clients and assess the impact of the programs on its clients from an economic development perspective.

The system will enable Kompanion to:

- Have real-time, reliable and comparable information on financial and socio-economic indicators
- Increase productivity of the company officers' work
- Monitor changes in the levels of clients' well-being and self-sufficiency
- Analyze and assess impact of our social programs on the well-being of communities.

NOTE: As of the date of publication of this report, the IMS Project has been completed and implemented in all branch offices.

DEVELOPMENT FAIRS



In Spring 2012, Development Fairs were held in 16 towns and provinces of the country. The main goal of the fairs is to provide residents of remote villages and participants of the fairs with new knowledge on the best practices in agriculture. These best practices will help promote the most efficient use of natural resources.

The Development Fairs with agricultural exhibitions served as a platform for the meeting of buyers and sellers of the best species of trees and pedigree cattle. The large-scale campaign that lasted for almost a month united nearly 64,000 participants from 500 local communities with 350 farms and nurseries.

2012 HIGHLIGHTS

APPLE FESTIVAL



In Autumn 2012, Kompanion organized the 7th Annual Apple Festival in Baetovo village of Naryn Oblast. The location of the Apple Festival was not chosen accidentally. Due to harsh climate, it was thought that apples did not grow in this mountainous area. But in fact, this is the area of natural vegetation of so-called wild apples or parent stocks, which are ideal for growing high-quality apple seedlings. Therefore, this region has a good potential of opening nurseries.

The Apple Festival drew over 500 people from 16 villages of Naryn and Issyk-Kul Oblasts. The festival gave participants a chance to discuss and share best practices in solving gardening problems. There were also songs, dances and sketches prepared by local children, exhibitions of crafts and apple dishes. The Apple Festival was highly evaluated by local residents and guests of the festival.

AID FOR FARMERS



In September 2012, a low-quality smallpox vaccine led to a massive loss of sheep in Jalal-Abad Oblast. Over 2,000 sheep were lost. Kompanion assisted the affected farmers, clients and veterinarians of the region by providing them with free inventory and disinfectants.

2012 HIGHLIGHTS

EUROPEAN MICROFINANCE AWARD



Kompanion Financial Group has become the first microfinance organization in Central Asia nominated for the European Microfinance Award.

The European Microfinance Award is jointly organized every two years by the Luxembourg Ministry of Foreign Affairs – Directorate for Development Cooperation, the European Microfinance Platform (e-MFP), the Luxembourg Round Table on Microfinance, and the European Investment Bank (EIB). Its goal is to highlight contributions to the sector and support innovative thinking in microfinance.

The initiative presented by Kompanion was the Household Development Initiative: Ethno-ecological approach to food security, which is aimed to increase bio-diversity, improve nutrition of communities and ensure rational land management.

Appreciated for its activity on developing communities and improving nutrition, Kompanion was awarded with a certificate presented by the founder of the microfinance, Professor Muhammad Yunus, and HRH Grand Duchess Maria Teresa of Luxembourg.





SEVENTH ANNUAL APPLE FESTIVAL

HIGHLIGHTS

IV EUROPEAN ECO-GARDEN INITIATIVE MICROFINANCE AWARD

A MILLIONAIRE FROM TOSOR



I HAVE EVERYTHING I CAN DREAM OF. THE ONLY THING I ASK FOR IS GOOD WEATHER.

A resident of Tosor village and a civil engineer, Mukelen Akjoltoev, never had the opportunity to run an orchard. After the collapse of the Soviet Union, he lost his job and needed to find a way to care for his 10 children at home. Lands that had previously been the property of collective farms were distributed among villagers, and Mukelen received 10 acres of land because of his large household. Like many villagers he used this land to grow wheat and potatoes.

In 2005, when he learnt about The Apple Project (TAP was implemented during 2005–2006 as a joint project of Mercy Corps and Kompanion) that took place in Tosor and Tamga villages, he immediately became one of the most active project participants and turned his 10 acres of land into an apricot orchard. He also revived his old apple orchard, which became a new source of income, due to the knowledge he received in the Project.

Before being engaged into the project, Mukelen never thought that special care was needed to grow fruit trees.

“Previously, we would just plant the trees and wait for the yield to come. I applied at once to my garden everything that Kompanion’s agronomists taught in trainings. I had so many questions that they tired out our agronomists!” Mukelen told us smiling.

But orchards do not grow in one day. Long before a farmer is able to reap handsome dividends from his investments he must first sow time and patience. With the first yield from his orchard, Mukelen has built a house for his son. In 2012, the orchard’s harvest equaled 50 tons of apricots, providing income of KGS 1 million and making Mukelen a real millionaire.

“Now we don’t have problems with sales. Quite the contrary, many buyers want to buy our produce and we can choose the best price offered. I have everything I can dream of. The only thing I ask for is good weather.” Mukelen said.



A GARDEN – DREAM THAT CAME TRUE

Jany-Jol villagers love their village. Surrounded with picturesque mountains, this place is situated in the Kochkor region, and it looks as though it was created to be a garden paradise.

Jekshen always wanted to plant a garden on the outskirts of the village.

BUT THE CHALLENGE WAS THAT WHILE THERE IS LAND, HE DID NOT HAVE THE SKILLS TO TILL IT.

Now, Jekshen gratefully recalls the day when he learned about the Eco-Garden Initiative held by Kompanion in Jany-Jol.

The Kochkor region has a fertile climate to grow fruit trees, but the land where Jekshen wanted to plant his garden was stony and dead. Earlier there used to be a dump site.



Agronomists from Kompanion's Development Department explained to Jekshen how to improve the soil and make it suitable for gardening. In 2009, Jekshen decided to take a loan from Kompanion to buy seedlings and a fence. He bought 400 seedlings of apricots and 300 seedlings of apples from a fruit tree nursery. By following recommendations of Kompanion's agronomists, Jekshen got almost all of his seedlings to take root. For three years now Jekshen, his children and grandchildren have looked after their garden.

"TODAY, I HAVE ALL MY LOANS FULLY REPAID. MY FAMILY AND I ARE HAPPY THAT WE PLANTED A GARDEN FOR OUR CHILDREN. WE MADE OUR DREAM COME TRUE."

Jekshen told us.



**KOMPANION FINANCIAL GROUP
MICROFINANCE CLOSED JOINT
STOCK COMPANY**

**CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012**

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

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KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Kompanion Financial Group Microfinance Closed Joint Stock Company and its subsidiaries ("the Group") as at 31 December 2012, and the results of its operations, cash flows and changes in shareholders' equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with Kyrgyz legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2012 were approved by the Group's management on 1 April 2013.

The notes on pages 19–61 form an integral part of these financial statements.

On behalf of the Management:


Ulanbek Termekchikov
Chief Executive Officer

1 April 2013
Bishkek, Kyrgyz Republic




Gulbara Djakypbaeva
Chief Accountant

1 April 2013
Bishkek, Kyrgyz Republic

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Kompanion Financial Group Microfinance Closed Joint Stock Company.

We have audited the accompanying consolidated financial statements of Kompanion Financial Group Microfinance Closed Joint Stock Company and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks

Deloitte.

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of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

1 April 2013
Bishkek, Kyrgyz Republic



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KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012
(in thousand of Kyrgyz Som)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Interest income	3, 20	1,238,897	1,192,950
Interest expense	3	(354,178)	(243,973)
NET INTEREST INCOME BEFORE RECOVERY OF PROVISION/(PROVISION) FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		884,719	948,977
Recovery of provision/(provision) for impairment losses on interest bearing assets	4	29,967	(27,057)
NET INTEREST INCOME		914,686	921,920
Net loss on operations with financial assets at fair value through profit or loss		(52,397)	(102,144)
Net foreign exchange (loss) /gain	5	(5,723)	15,172
Provision for impairment losses on other transaction	4	(54,079)	(4,145)
Fee and commission expense		(7,415)	(5,951)
Other expense		(20,713)	(7,589)
NET NON-INTEREST EXPENSE		(140,327)	(104,657)
OPERATING INCOME		774,359	817,263
OPERATING EXPENSES	6, 20	(740,507)	(627,263)
PROFIT BEFORE INCOME TAX		33,852	190,000
Income tax expense	7	(10,845)	(24,554)
NET PROFIT		23,007	165,446
TOTAL COMPREHENSIVE INCOME		23,007	165,446

The notes on pages 19–61 form an integral part of these financial statements.

On behalf of the Management:


Ulanbek Termeshev
Chief Executive Officer




Gulbara Djakypbaeva
Chief Accountant

1 April 2013
Bishkek, Kyrgyz Republic

1 April 2013
Bishkek, Kyrgyz Republic

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

(in thousand of Kyrgyz Som)

	Notes	31 December 2012	31 December 2011
ASSETS:			
Cash	8	31	1
Due from banks and other financial institutions	9, 20	721,232	402,623
Financial assets at fair value through profit or loss	12	111,805	112,247
Loans to customers	10	2,490,040	2,678,322
Property, equipment and intangible assets	11	280,071	201,632
Income tax assets	7	16,212	–
Other assets	13	69,383	43,808
TOTAL ASSETS		3,688,774	3,438,633
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and other financial institutions	14	2,467,720	2,308,825
Subordinated debt	16	289,915	283,630
Other liabilities	15	231,111	146,693
Income tax liabilities	7	–	3,564
TOTAL LIABILITIES		2,988,746	2,742,712
EQUITY:			
Share capital	18	530,400	530,400
Reserves	22	–	92,568
Retained earnings		169,626	72,951
Total equity attributable to owners of the Company		700,026	695,919
Non-controlling interest	17	2	2
Total equity		700,028	695,921
TOTAL LIABILITIES AND EQUITY		3,688,774	3,438,633

The notes on pages 19–61 form an integral part of these financial statements.

On behalf of the Management:


Ulanbek Termechikov
Chief Executive Officer

1 April 2013
 Bishkek, Kyrgyz Republic




Gulbara Djakypbaeva
Chief Accountant

1 April 2013
 Bishkek, Kyrgyz Republic

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012
(in thousand of Kyrgyz Som)

	Share capital	Retained earnings	Reserves	Non-controlling interest	Total equity
AS AT 31 DECEMBER 2010	265,000	265,473	–	–	530,473
Issue of ordinary shares	265,400	(265,400)	–	–	–
Total comprehensive income	–	165,446	–	–	165,446
Creation of reserves (Note 22)	–	(92,568)	92,568	–	–
Non-controlling interests arising on the establishment of Subsidiary (Note 17)	–	–	–	2	2
AS AT 31 DECEMBER 2011	530,400	72,951	92,568	2	695,921
Dividends declared	–	(18,900)	–	–	(18,900)
Total comprehensive income	–	23,007	–	–	23,007
Release of reserves (Note 22)	–	92,568	(92,568)	–	–
AS AT 31 DECEMBER 2012	530,400	169,626	–	2	700,028

The notes on pages 19–61 form an integral part of these financial statements.

On behalf of the Management:


Ulanbek Termekchikov
Chief Executive Officer

1 April 2013
Bishkek, Kyrgyz Republic




Gulbara Djakypbaeva
Chief Accountant

1 April 2013
Bishkek, Kyrgyz Republic

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012 (in thousand of Kyrgyz Som)

	Notes	Year ended 31 Dec 2012	Year ended 31 Dec 2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		33,852	190,000
Adjustments for:			
(Recovery of provision)/ Provision for impairment losses on interest bearing assets		(29,967)	27,057
Provision for impairment losses on other assets		54,079	4,145
Provision for vacations and bonuses		52,547	37,438
Foreign exchange loss/(gain)		5,928	(16,151)
Net loss of financial assets at fair value through profit or loss		52,397	102,144
Depreciation and amortization		38,815	34,501
Loss/(gain) on disposal of property, equipment and intangible assets		18,690	(29)
Net change in accrued interest income and expense		(13,636)	6,719
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		212,705	385,824
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Due from banks and other financial institutions		(173,584)	4,642
Loans to customers		196,817	(847,063)
Financial assets at fair value through profit or loss		(16,963)	(102,036)
Other assets		(25,575)	6,759
Increase in operating liabilities			
Other liabilities		73,005	33,162
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES BEFORE TAXATION		266,405	(518,712)
Income tax paid		(30,621)	(27,971)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		235,784	(546,683)

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012
(in thousand of Kyrgyz Som)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
CASH FLOWS FROM INVESTMENT ACTIVITIES:			
Purchase of property, equipment and intangible assets		(137,782)	(108,863)
Proceeds on sale of property, plant and equipment		1,838	1,757
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES		(135,944)	(107,106)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from due to banks and other financial institutions		319,816	1,758,202
Repayments of due to banks and other financial institutions		(281,074)	(895,051)
Dividends paid		(7,560)	(2,211)
NET CASH INFLOW FROM FINANCING ACTIVITIES		31,182	860,940
Effect of changes in foreign exchange rate on cash and cash equivalents		961	(3,331)
NET INCREASE IN CASH AND CASH EQUIVALENTS		131,983	203,820
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE YEAR	8	390,227	186,407
CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR	8	522,210	390,227

Interest paid and received by the Group during the year ended 31 December 2012 amounted to KGS 370,949 thousand and KGS 1,242,032 thousand, respectively. Interest paid and received by the Group during the year ended 31 December 2011 amounted to KGS 262,481 thousand and KGS 1,204,739 thousand, respectively.

The notes on pages 19–61 form an integral part of these financial statements.

On behalf of the Management:


Ulanbek Termechikov
Chief Executive Officer




Gulbara Djakypbaeva
Chief Accountant

1 April 2013
Bishkek, Kyrgyz Republic

1 April 2013
Bishkek, Kyrgyz Republic

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousand of Kyrgyz Som)

1. ORGANISATION

Kompanion Financial Group Microfinance Closed Joint Stock Company ("the Group") was established in the Kyrgyz Republic in 2004 as Kompanion Financial Group Micro Credit Limited Liability Company. On 9 April 2009, the Group was reorganized into a Closed Joint Stock Company. On 29 April 2009, the Group was re-registered at the Ministry of Justice of the Kyrgyz Republic under certificate #21732-3300-AO. On 25 November 2011, the Group was re-registered at the Ministry of Justice of the Kyrgyz Republic under certificate #21732-3300-3AO. The main activity of the Group is granting microcredit loans to individuals and legal entities.

The Group is registered and located at 2/1 Jukeeva-Pudovkina St., Bishkek, Kyrgyz Republic.

The Group's operations are administered in the head office, which is located in Bishkek. As at 31 December 2012 and 2011, the Group had 16 and 13 branches in the Kyrgyz Republic, respectively.

As at 31 December 2012 and 2011, the Group had 1,067 and 1,075 employees, respectively.

The sole owner of the Group is an international non-governmental organization Mercy Corps ("the Founder") with headquarters in Portland, Oregon, USA and Edinburgh, Scotland.

These financial statements were approved by the management of the Group on 1 April 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Other basis of presentation criteria

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

These consolidated financial statements are presented in thousands of Kyrgyz Soms ("KGS"), unless otherwise stated. These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group maintains its accounting records in accordance with Kyrgyz legislation which stipulates preparation of financial statements in conformity with IFRS.

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The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 23.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Kompanion Financial Group Microfinance Closed Joint Stock Company ("the Company") and entities (including special purpose entities) controlled by the Company (its subsidiaries) ("the Group"). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Group.

Non-controlling interests are presented separately within equity in the consolidated statement of financial position from parent shareholders' equity.

Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest earned on assets at fair value is classified within interest income.

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Recognition of revenue – other

Recognition of fee and commission income and expense

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in the consolidated statement of comprehensive income over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in the consolidated statement of comprehensive income on expiry. Loan servicing fees are recognized as revenue as the services are provided. All other commissions are recognized when services are provided or received.

Financial instruments

The Group recognizes financial assets and liabilities in its statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of comprehensive income.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- ❑ It has been acquired principally for the purpose of selling it in the near term; or
- ❑ On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- ❑ It is a derivative that is not designated and effective as a hedging instrument.

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A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- ❑ Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ❑ The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- ❑ It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the consolidated statement of comprehensive income. Fair value is determined in the manner described in Note 21.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts and advances to banks with original maturities within 90 days, which may be converted to cash within a short period of time and thus are considered liquid.

Loans and receivables

Due from banks and other financial institutions, loans to customers, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- ❑ Significant financial difficulty of the issuer or counterparty; or
- ❑ Breach of contract, such as default or delinquency in interest or principal payments; or
- ❑ Default or delinquency in interest or principal payments; or
- ❑ It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- ❑ Disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as loans and receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of loans and receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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For financial assets carried at amortized cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortized cost, 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, the previously recognized impairment loss is reversed through the consolidated statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Write-off of loans and advances

Loans and advances are written off against the allowance for impairment losses when deemed uncollectible. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Group and after the Group has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the consolidated statement of comprehensive income in the period of recovery.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the consolidated statement of comprehensive income.

On derecognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of the transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer

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recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in the consolidated statement of comprehensive income. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Other financial liabilities

Other financial liabilities, including due to banks and other financial institutions, and other liabilities, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of comprehensive income.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments including swaps and back-to-back loans. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Derivatives are included in financial assets and liabilities at fair value through profit or loss in the consolidated statement of financial position. Gains and losses resulting from these instruments are included in net (loss)/gain from financial assets and liabilities at fair value through profit or loss in the consolidated statement of comprehensive income.

Loans to customers

Loans to customers are non-derivative assets with fixed or determinable payments that are not quoted in an active market, other than those classified in other categories of financial assets.

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Loans to customers granted by the Group are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the consolidated statement comprehensive income according to nature of the losses. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation and amortization. Depreciation on assets under construction and those not placed in service commences from the date the assets are ready for their intended use.

Depreciation and amortization is charged on the carrying value of property, equipment and intangible assets, and is designed to write off assets over their useful economic lives. Depreciation and amortization is calculated on a straight line basis at the following annual prescribed rates:

Buildings	2%
Vehicles	10–17%
Furniture and office equipment	20%
Computer equipment	33.3%
Intangible assets	20%

Capital expenditures for leasehold improvements are amortized over the shorter of the life of the related leased asset or the lease term. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

The carrying amounts of property and equipment are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use. Where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount, impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the consolidated statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Operating taxes

The Kyrgyz Republic also has various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated statement of comprehensive income.

Due to banks and other financial institutions and subordinated debt

Due to banks and other financial institutions and subordinated debt are initially recognized at fair value. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method.

Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

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Foreign currencies

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the consolidated statement of comprehensive income in the period in which they arise.

The exchange rates used by the Group in the preparation of the consolidated financial statements as at year-end are as follows:

	31 December 2012	31 December 2011
KGS/USD	47.4012	46.4847
KGS/EUR	62.6573	60.0652

Share capital

Share capital is recognized at historical cost.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under IAS 10 "Events after the Balance Sheet Date" ("IAS 10") and disclosed accordingly.

Retirement obligations

In accordance with the requirements of the Kyrgyz legislation certain percentages of pension payments are withheld from total disbursements to staff to be transferred to state pension fund, such that a portion of salary expense is withheld from the employee and instead paid to a pension fund on behalf of the employee. This expense is charged in the period in which the related salaries are earned. Upon retirement, all retirement benefit payments are made by the state pension fund.

The Group also has pension arrangement that provides for defined amount to be paid each year to the special fund. Upon retirement eligible employees would receive pension benefits from this fund in accordance with the amount accumulated in this fund.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that periods, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of loans and receivables

The Group regularly reviews its loans and receivables to assess for impairment. The Group's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Group considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses would require the Group to record provisions which could have a material impact on its consolidated financial statements in future periods.

The Group uses management's judgment to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on past performance, past customer behaviour, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans. The Group uses management's judgment to adjust observable data for a group of loans to reflect current circumstances not reflected in historical data.

The allowances for impairment losses of financial assets in the consolidated financial statements have been determined on the basis of existing economic and political conditions. The Group is not in a position to predict what changes in conditions will take place in the Kyrgyz Republic and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

As at 31 December 2012 and 2011, gross loans to customers totalled KGS 2,625,353 thousand and KGS 2,821,542 thousand, respectively, and allowance for impairment losses amounted to KGS 135,313 thousand and KGS 143,220 thousand, respectively.

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- ▣ IFRS 9 *Financial Instruments*³;
- ▣ IFRS 10 *Consolidated Financial Statements*²;
- ▣ IFRS 11 *Joint Arrangements*²;

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- IFRS 12 *Disclosure of Interest in Other Entities*²;
- IFRS 13 *Fair Value Measurement*¹;
- Amendments to IFRS 7 *Financial Instruments: Disclosures* – “Disclosures – Offsetting Financial Assets and Financial Liabilities”¹;
- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* – “Mandatory Effective Date of IFRS 9 and Transition Disclosures”³;
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interest in Other Entities* – “Consolidated Financial statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance”¹;
- IAS 19 (as revised in 2011) *Employee Benefits*¹;
- IAS 27 (as revised in 2011) *Separate Financial Statements*²;
- IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*²;
- Amendments to IAS 32 *Financial Instruments: Presentation* – “Offsetting Financial Assets and Financial Liabilities”⁴;
- Amendments to IFRSs – *Annual Improvements to IFRSs 2009–2011 cycle*.

¹ Effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

² Each of the five standards becomes effective for annual periods beginning on or after January 1, 2013, with earlier application permitted if all the other standards in the ‘package of five’ are also early applied (except for IFRS 12 that can be applied earlier on its own).

³ Effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

⁴ Effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments*, issued in November 2009 and amended in October 2010, introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9 *Financial Instruments*, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 *Financial Instruments* requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a

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financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The Group management anticipates that IFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of the new Standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interest in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*.

Key requirements of these five Standards are described below.

IFRS 10 Consolidated Financial Statements replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of IFRS 10 Consolidated Financial Statements. Under IFRS 10 Consolidated Financial Statements, there is only one basis for consolidation, that is, control. In addition, IFRS 10 Consolidated Financial Statements includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in IFRS 10 Consolidated Financial Statements to deal with complex scenarios.

IFRS 11 Joint Arrangements replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 *Joint Arrangements* deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of IFRS 11 *Joint Arrangements*. Under IFRS 11 *Joint Arrangements*, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, joint ventures under IFRS 11 *Joint Arrangements* are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 *Interests in Joint Ventures* can be accounted for using the equity method of accounting or proportional consolidation.

IFRS 12 Disclosure of Interests in Other Entities is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interest in Other Entities* were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

The Group management anticipates that the application of these five standards will have a significant impact on amounts reported in the consolidated financial statements. A detailed review will be performed by the Group management to quantify the impact on the application of IFRS 10 *Consolidated Financial Statements*.

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IFRS 13 Fair Value Measurement

IFRS 13 *Fair Value Measurement* establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 *Fair Value Measurement* is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures amount fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 *Fair Value Measurement* are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 *Fair Value Measurement* to cover all assets and liabilities within its scope.

The Group management anticipates that the application of the new Standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation – “Offsetting Financial Assets and Financial Liabilities and the related disclosures”

The amendments to IAS 32 *Financial Instruments: Presentation* clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realization and settlement’.

The amendments to IFRS 7 *Financial Instruments: Disclosures* require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The disclosures should be provided retrospectively for all comparative periods.

The Group management anticipates that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regards to offsetting financial assets and financial liabilities in the future.

Annual Improvements to IFRSs 2009–2011 Cycle issued in May 2012

The *Annual Improvements to IFRSs 2009–2011 Cycle* include a number of amendments to various IFRSs. Amendments to IFRSs include:

Amendments to IAS 32 *Financial Instruments: Presentation*

The amendments to IAS 32 *Financial Instruments: Presentation* clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The Group management anticipates that the amendments to IAS 32 *Financial Instruments: Presentation* will have no effect on the Group’s consolidated financial statements as the Group has already adopted this treatment.

All other Standards and Interpretations are not applicable to the Group’s operations. Management believes the adoption of these Standards and Interpretations will not have a significant impact on the results of the Group’s business.

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3. NET INTEREST INCOME

	Year ended 31 December 2012	Year ended 31 December 2011
INTEREST INCOME COMPRISES:		
Interest income on assets recorded at amortized cost comprises:		
– interest income on unimpaired financial assets	1,233,914	1,191,033
– interest income on individually impaired financial assets	4,893	1,917
TOTAL INTEREST INCOME	1,238,897	1,192,950
Interest on loans to customers, including:		
Group loans	1,206,234	1,172,051
Individual loans	5,137	4,137
Interest on due from banks and other financial institutions	16,365	11,068
Interest on investments held to maturity	–	383
Other interest income	11,161	5,311
TOTAL INTEREST INCOME ON FINANCIAL ASSETS RECORDED AT AMORTIZED COST	1,238,897	1,192,950
INTEREST EXPENSE COMPRISES:		
Interest expense on liabilities recorded at amortized cost comprise:		
Interest expenses on due to banks and other financial institutions	323,458	214,114
Interest expense on subordinated debt	30,720	29,859
TOTAL INTEREST EXPENSE ON FINANCIAL ASSETS RECORDED AT AMORTIZED COST	354,178	243,973
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	884,719	948,977

Group loans are unsecured loans granted to groups of borrowers who sign loan agreements with joint responsibility to repay the loan.

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4. ALLOWANCE FOR IMPAIRMENT LOSSES

	Loans to customers	Due from banks and other financial institutions	Financial assets at fair value through profit or loss	Total
31 DECEMBER 2010	105,858	14,250	51,453	171,561
Provision/(recovery of provision)	46,018	-2,500	-16,461	27,057
Write-off assets	(8,656)	-	-	(8,656)
31 DECEMBER 2011	143,220	11,750	34,992	189,962
Provision/(recovery of provision)	5,025	-	(34,992)	(29,967)
Write-off assets	(14,649)	-	-	(14,649)
Recovery of written-off assets	1,717	-	-	1,717
31 DECEMBER 2012	135,313	11,750	-	147,063

	Other assets	Provision for tax claim	Total
31 DECEMBER 2010	4,264	-	4,264
Additional provision recognized	4,145	-	4,145
Write-off assets	(88)	-	(88)
31 DECEMBER 2011	8,321	-	8,321
Additional provision recognized	5,772	48,307	54,079
31 DECEMBER 2012	14,093	48,307	62,400

5. NET FOREIGN EXCHANGE GAIN/(LOSS)

	Year ended 31 December 2012	Year ended 31 December 2011
(Loss)/gain from revaluation of financial assets and liabilities Dealing, net	(5,928) 205	16,151 (979)
TOTAL NET FOREIGN EXCHANGE (LOSS)/GAIN	(5,723)	15,172

Derivative financial instruments are used by the Group for trading purposes and to provide economic hedges against exposures to fluctuations in foreign currency exchange rates (Note 23).

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

6. OPERATING EXPENSES

	Year ended 31 December 2012	Year ended 31 December 2011
Salary and bonuses	415,876	358,318
Contributions to Social Fund of Kyrgyz Republic	59,758	51,041
Depreciation and amortization	38,815	34,501
Transportation costs	33,335	29,370
Rent of premises	31,961	29,398
Security	31,441	28,352
Property and equipment maintenance	28,127	13,090
Communication, mail and courier expenses	16,448	15,910
Professional services	14,598	13,883
Business trips and representative expenses	11,299	8,146
Advertising and subscription costs	9,874	5,603
Stationery	6,142	5,270
Staff training	5,658	2,890
Utilities	5,272	4,423
Taxes, other than income tax	1,797	664
Charity and sponsorship	1,609	324
Other expenses	28,497	26,080
TOTAL OPERATING EXPENSES	740,507	627,263

7. INCOME TAXES

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations in the Kyrgyz Republic, which may differ from International Financial Reporting Standards. For the years ended 31 December 2012 and 2011 the income tax rate was 10%.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2012 and 2011 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

Temporary differences as at 31 December 2012 and 2011 comprise:

	31 December 2012	31 December 2011
DEFERRED INCOME TAX ASSETS:		
Provision for court fillings	47,000	–
Deferred income	23,405	35,414
Vacation provision	20,588	17,953
Premiums provision	18,961	17,108
Provision for healthcare	9,565	–
Bonuses provision	6,577	8,893
Provision for pension scheme	6,438	–
TOTAL DEFERRED INCOME TAX ASSETS	132,534	79,368
DEFERRED INCOME TAX LIABILITIES:		–
Property, equipment and intangible assets	131,380	88,787
Provision on loans to customers	11,698	–
TOTAL DEFERRED INCOME TAX LIABILITIES	143,078	88,787
Net deferred income tax liabilities at the statutory rate (10%)	1,054	942
NET DEFERRED INCOME TAX LIABILITIES	1,054	942

The reconciliation between tax expenses and accounting profit for the years ended 31 December 2012 and 2011 are disclosed as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
PROFIT BEFORE INCOME TAX	33,852	190,000
Tax at the statutory tax rate	3,385	19,000
Tax effect of permanent differences	7,460	5,554
INCOME TAX EXPENSE	10,845	24,554
Current income tax expense	10,733	24,345
Deferred income tax expense	112	209
INCOME TAX EXPENSE	10,845	24,554

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

	2012	2011
DEFERRED INCOME TAX LIABILITIES		
Beginning of the year	942	733
Change in deferred income tax for the year	112	209
END OF THE YEAR	1,054	942
Current income tax asset/(liability)	17,266	(2,622)
Deferred tax liability	(1,054)	(942)
TOTAL INCOME TAX LIABILITY	16,212	(3,564)

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows is composed of the following items:

	31 December 2012	31 December 2011
Cash	31	1
Due from banks (with a maturity of less than 3 months)	522,179	390,226
TOTAL CASH AND CASH EQUIVALENTS	522,210	390,227

9. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2012	31 December 2011
Demir Kyrgyz International Bank, CJSC	139,984	108,474
RSK Bank, OJSC	133,692	131,083
Aiyl Bank, OJSC	133,444	285
Kyrgyz Investment and Credit Bank, CJSC	131,032	70,033
Commercial Bank Kyrgyzstan, OJSC	94,766	956
TCX Fund	42,690	–
UniCreditBank, OJSC	31,042	58,117
Asian Credit Fund MCF, LLP	24,147	24,147
Bank Asia, OJSC	1,276	2
Zalkar Bank, OJSC	663	1,211
BTA Bank, CJSC	185	60
Kazkommertsbank Kyrgyzstan, OJSC	50	3
Bakai Bank, OJSC	9	20,000
Manas Bank, OJSC	2	2

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

TOTAL DUE FROM BANKS	732,982	414,373
LESS ALLOWANCE FOR IMPAIRMENT LOSS	(11,750)	(11,750)
TOTAL DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS	721,232	402,623

As at 31 December 2012 and 2011, due from banks includes accrued interest of KGS 719 thousand and KGS 689 thousand, respectively.

10. LOANS TO CUSTOMERS

	31 December 2012	31 December 2011
Originated loans	2,625,353	2,821,542
Less allowance for impairment losses	(135,313)	(143,220)
TOTAL LOANS TO CUSTOMERS	2,490,040	2,678,322

As at 31 December 2012 and 2011, accrued interest income included in loans to customers amounted to KGS 48,473 and KGS 51,638 thousand, respectively.

Movements in allowances for impairment losses for the years ended 31 December 2012 and 2011 are disclosed in Note 4.

As at 31 December 2012 and 2011, loans to customers comprised of the following products:

	31 December 2012	31 December 2011
Group loans	2,597,023	2,805,660
Individual loans	28,330	15,882
	2,625,353	2,821,542
Less allowance for impairment losses	(135,313)	(143,220)
TOTAL LOANS TO CUSTOMERS	2,490,040	2,678,322

Group loans are unsecured loans granted to groups of borrowers who sign loan agreements with joint responsibility to repay the loan.

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The Group provides loans to customers for development of small businesses.

	31 December 2012	31 December 2011
Unsecured loans – group loans	2,597,021	2,806,116
Loans secured by various collateral – individual loans	15,892	11,698
Unsecured loans – individual loans	12,440	3,728
	2,625,353	2,821,542
Less allowance for impairment losses	(135,313)	(143,220)
TOTAL LOANS TO CUSTOMERS	2,490,040	2,678,322

	31 December 2012	31 December 2011
ANALYSIS BY SECTOR:		
Agriculture	2,143,471	2,313,664
Trade	426,533	451,447
Services	27,251	28,216
Manufacturing	26,231	28,215
Others	1,867	–
	2,625,353	2,821,542
Less allowance for impairment losses	(135,313)	(143,220)
TOTAL LOANS TO CUSTOMERS	2,490,040	2,678,322

As at 31 December 2012 and 2011, the entire loan portfolio of KGS 2,625,353 thousand and KGS 2,821,542 thousand was disbursed to customers operating in the Kyrgyz Republic, which represents a significant geographical concentration and credit risk exposure.

As at 31 December 2012 and 2011, the Group had taken possession of collateral it held as security of KGS 212 thousand and KGS 356 thousand, respectively.

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11. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Land	Buildings	Leasehold improvements	Furniture and office equipment	Computer equipment	Vehicles	Intangible assets	Construction in progress	Total
At cost									
31 December 2010	–	61,786	1,337	24,749	31,502	23,444	33,547	265	176,630
Additions	1,364	21,468	542	4,060	9,307	8,907	63,215	–	108,863
Disposals	–	–	(288)	(482)	(1,273)	(2,548)	–	–	(4,591)
Transfers	–	(4,029)		4,244	(215)	–	–	–	–
31 December 2011	1,364	79,225	1,591	32,571	39,321	29,803	96,762	265	280,902
Additions	–	97,478	674	7,318	17,782	11,427	3,103	–	137,782
Disposals	–	(21,267)	(145)	(769)	(2,098)	(4,178)	(1,418)	–	(29,875)
31 December 2012	1,364	155,436	2,120	39,120	55,005	37,052	98,447	265	388,809
Accumulated depreciation and amortization									
31 December 2010	–	(2,976)	(868)	(11,168)	(14,984)	(7,017)	(10,621)	–	(47,634)
Charge for the year	–	(1,468)	(492)	(5,069)	(12,556)	(5,741)	(9,175)	–	(34,501)
Disposals	–	–	288	265	1,168	1,144	–	–	2,865
Transfers	–	188	–	(285)	97	–	–	–	–
31 December 2011	–	(4,256)	(1,072)	(16,257)	(26,275)	(11,614)	(19,796)	–	(79,270)
Charge for the year	–	(2,966)	(1,004)	(5,582)	(10,450)	(6,374)	(12,439)	–	(38,815)
Disposals	–	2,241	145	698	1,850	3,334	1,079	–	9,347

KOMPANION FINANCIAL GROUP MICROFINANCE CLOSED JOINT STOCK COMPANY

31 December 2012	–	(4,981)	(1,931)	(21,567)	(34,875)	(14,654)	(30,730)	–	(108,738)
Net book value									
31 December 2011	1,364	74,969	519	16,314	13,046	18,189	76,966	265	201,632
31 December 2012	1,364	150,455	189	17,553	20,130	22,398	67,717	265	280,071

As at 31 December 2012 and 2011, the Group did not have property and equipment that was pledged as collateral.

As at 31 December 2012 and 2011, property and equipment included fully depreciated equipment with an initial cost of KGS 40,216 thousand and KGS 30,028 thousand, respectively.

As at 31 December 2012 and 2011, intangible assets comprised of software.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notional value	31 December 2012		Notional value	31 December 2011	
		Net fair value			Net fair value	
Derivative financial instruments		Assets	Liabilities		Assets	Liabilities
Foreign exchange swap contracts, gross	1,618,120	111,805	–	1,435,689	147,239	–
Less allowance for impairment losses		–	–		(34,992)	–
		111,805	–		112,247	–

As at 31 December 2012 and 2011, the Group placed US Dollar denominated non-interest deposits, foreign currency swaps amounting to KGS 1,618,120 thousand (34,136 thousand US Dollars) and KGS 1,435,689 thousand (30,885 thousand US Dollars), respectively.

The loans and foreign currency swaps in Kyrgyz Som from the same banks were received in the amount of KGS 1,489,374 thousand and KGS 1,288,450 thousand.

In addition to foreign currency swap agreements, derivative financial instruments include back-to-back loans, which in substance represent foreign currency swap arrangements. Back-to-back loans are agreements with commercial banks under which the Group receives a loan in KGS and places a deposit with the same bank for the equivalent (or higher) amount of USD as collateral for the loan received. Upon maturity of the loan the Group repays KGS loan and receives back the amount of deposited USD.

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13. OTHER ASSETS

	31 December 2012	31 December 2011
OTHER FINANCIAL ASSETS		
Accounts receivable	2,075	190
Spot financial instruments	–	464
	2,075	654
OTHER NON-FINANCIAL ASSETS		
Prepayments for services and property	45,922	26,035
Prepaid expenses	14,921	8,178
Prepayments on taxes other than income tax	13,290	10,833
Inventory	6,370	5,066
Foreclosed property	212	356
Other	686	1,007
	81,401	51,475
LESS ALLOWANCE FOR IMPAIRMENT LOSSES	(14,093)	(8,321)
TOTAL OTHER ASSETS	69,383	43,808

14. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Counterparty	Currency	Interest rate	Maturity date	31 December 2012	31 December 2011
IFC	KGS	6m t– bills of the Ministry of Finance of KR + 5.75%	15/03/2015	294,093	–
DWM Asset Management (SNS Institutional Microfinance Fund)	USD	6.50%	31/03/2014	293,137	140,557
BO_SICAV–SIF/ Blue Orchard	USD	7.00%	10/08/2015	146,628	–
European Bank for Reconstruction and Development	KGS	3m t– bills of the Ministry of Finance of KR + 2%	31/03/2014	122,329	157,307
Incofin Investment Management (Rural Impulse Fund)	USD	7.00%	18/08/2014	121,307	118,248

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ResponsAbility (ResponsAbility Global)	USD	7.25%	08/06/2013	119,086	116,724
Blue Orchard Finance S.A. (SICAV-SIF)	USD	6.90%	17/10/2014	95,783	93,447
Incofin Investment Management (VDK Spaarbank)	USD	7.00%	14/05/2013	95,608	93,156
Rural Impulse Fund II / INCOFIN	USD	7.50%	19/08/2014	91,042	–
Oikocredit	KGS	6m t– bills of the Ministry of Finance of KR + 4%	22/11/2013	76,074	152,691
Deutsche Bank	USD	7.00%	05/11/2013	71,947	70,470
Triodos SICAV II (Tranche 1)	USD	7.25%	31/03/2015	71,102	–
Triodos SICAV II (Tranche 2)	USD	7.25%	31/03/2015	71,102	–
Triodos Investment Management (Tranche 1)	USD	7.25%	31/03/2014	70,805	69,203
Triodos Investment Management (Tranche 2)	USD	7.25%	31/03/2014	70,805	69,203
Oikocredit	KGS	6 months treasury bills of the Ministry of finance of KR + 4%	05/09/2014	58,677	70,977
Incofin Investment Management (Rural Impulse Fund)	USD	7.00%	08/09/2013	48,451	47,123
ResponsAbility SICAV(Lux) / ResponsAbility	USD	7.50%	14/06/2013	47,577	–
ResponsAbility (Res_Natixis Impact)	USD	7.00%	20/12/2013	47,504	46,575
European Bank for Reconstruction and Development	KGS	3m t–bills of the Ministry of Finance of KR + 4%	31/03/2014	47,481	71,448
European Bank for Reconstruction and Development	KGS	3m t–bills of the Ministry of Finance of KR + 4%	31/03/2014	47,126	70,929
Credit Suisse Microfinance / ResponsAbility	KGS	17.50%	12/03/2013	39,450	–
Responsibility SICAV/ ResponsAbility	USD	7.50%	17/01/2014	36,892	–
Responsibility Credit Susse / ResponsAbility	USD	7.50%	17/01/2014	36,892	–
Wallberg Invest /Symbiotics	USD	6.75%	09/03/2014	25,087	–
Dual Return Fund/Symbiotics	KGS	16.50%	27/08/2013	24,877	–

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Blue Orchard Finance S.A. (Dexia Microcredit Fund)	USD	6.80%	19/02/2013	24,382	71,511
Dual Return Fund SICAV/ Symbiotics	USD	6.75%	27/02/2014	24,313	–
EMF Microfinance Fund/Symbiotics	USD	6.75%	09/03/2014	24,254	–
Blue Orchard Finance S.A.(Dexia Microcredit Fund)	USD	6.80%	19/03/2013	24,228	71,078
Wallberg Invest S.A./Symbiotics	USD	6.50%	12/03/2014	24,219	–
EMF Microfinance Fund/Symbiotics	USD	6.50%	12/03/2014	24,219	–
ResponsAbility (responsAbility SICAV)	USD	7.25%	08/06/2013	23,817	23,345
European Bank for Reconstruction and Development	KGS	3 months treasury bills of the Ministry of finance of KR + 2%	31/03/2014	17,564	22,582
Responsibility SICAV (Lux) / ResponsAbility	KGS	17.50%	12/03/2013	9,862	–
Blue Orchard Finance S.A. (Dexia Microcredit Fund)	USD	9.00%	24/04/2012	–	106,361
Incofin Investment Management (Rural Impulse Fund)	USD	8.00%	18/08/2012	–	90,701
Symbiotics (Wallberg Invest S.A. and EMF Microfinance Fund)	USD	8.00%	20/08/2012	–	47,822
Symbiotics (Dual Return Fund)	USD	8.00%	25/08/2012	–	47,770
Symbiotics (Finethic Microfinance)	USD	7.25%	27/11/2012	–	46,824
Symbiotics	USD	7.25%	03/06/2012	–	46,764
Symbiotics (Dual Return Fund)	USD	7.50%	06/12/2012	–	46,716
Blue Orchard Finance S.A. (Dexia Microcredit Fund)	USD	9.00%	20/06/2012	–	46,612
Symbiotics	USD	7.00%	12/05/2012	–	36,402
Symbiotics (EMF Microfinanse Fund)	USD	7.00%	19/05/2012	–	36,355
Symbiotics	USD	7.75%	26/05/2012	–	35,118
Frontiers	KGS	19.00%	07/05/2012	–	25,330
Symbiotics (Wallberg Invest S.A)	USD	6.60%	17/02/2012	–	24,584
responsAbility (Credit Suisse Microfinance)	USD	6.60%	17/02/2012	–	23,798
Symbiotics (EMF Microfinanse Fund)	USD	6.60%	17/02/2012	–	23,798
responsAbility (responsAbility SICAV)	USD	6.60%	17/02/2012	–	23,798
European Bank for Reconstruction and Development	USD	5.25%+6 month LIBOR	24/04/2012	–	23,498
				2,467,720	2,308,825

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As at 31 December 2012 and 2011, due to banks and other financial institutions include accrued interest amounting to KGS 52,174 thousand and KGS 35,464 thousand, respectively.

As at 31 December 2012 and 2011, due to banks and other financial institutions include deferred commission paid on origination of loans amounting to KGS 3,595 thousand and KGS 7,799 thousand, respectively.

The Group is required to comply with financial covenants in relation to borrowed funds disclosed above. These covenants include stipulated ratios, debt to equity ratios and various other financial performance ratios. The Group has not breached any of these covenants during the years ended 31 December 2012 and 2011.

15. OTHER LIABILITIES

	31 December 2012	31 December 2011
Other financial liabilities		
Dividends payable	11,340	–
Accounts payable for services and goods	6,296	1,571
TOTAL OTHER FINANCIAL LIABILITIES	17,636	1,571
Other non-financial liabilities		
Provision for tax claim	48,307	–
Provision for court filings	47,000	20,000
Provision for vacation and bonuses to employees	46,125	49,696
Deferred income	23,405	35,374
Short-term liabilities within Community Development Initiative project	14,570	10,188
Taxes payable, other than income tax	10,269	15,694
Provision for health scheme	9,565	–
Provision for pension scheme	6,438	3,748
Other	7,796	10,422
TOTAL OTHER NON-FINANCIAL LIABILITIES	213,475	145,122
TOTAL OTHER LIABILITIES	231,111	146,693

During the year ended 31 December 2012 the Group received a claim from tax authorities requiring payment of KGS 48,307 thousand as withholding tax on dividend paid to shareholders. The Group is in process of appealing this claim in court. Due to uncertainty of result of appeal the management of the Group recognized a provision for the full amount of claim as at 31 December 2012.

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16. SUBORDINATED DEBT

Counterparty	Currency	Maturity date year	Interest rate %	31 December 2012	31 December 2011
Deutsche Bank	USD	31/12/2014	10.50%	289,915	283,630

As at 31 December 2012 and 2011, subordinated debt to Deutsche Bank included accrued interest expense amounting to KGS 2,602 thousand and KGS 2,541 thousand, respectively.

As at 31 December 2012 and 2011, subordinated debt to Deutsche Bank include deferred commission paid on origination of loans amounting to KGS 755 thousand and KGS 1,125 thousand, respectively.

17. SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 Dec 2012	31 Dec 2011
MCC Kompanion Invest, LLC	Alternative financing	Kyrgyzstan	99.99%	99.99%
MCC Kompanion, LLC	Micro lending	Tajikistan	90%	90%

MCC Kompanion Invest, LLC

MCC Kompanion Invest, LLC obtained certificate of state registration in Ministry of Justice of the Kyrgyz Republic on 1 November 2011 and certificate from the National Bank of the KR on 21 November 2011.

MCC Kompanion, LLC

MCC Kompanion, LLC obtained certificate of state registration in Tax authorities of the Republic of Tajikistan on 18 July 2011. The license of the National Bank of Tajikistan has not been obtained as at 31 December 2012 by MCC Kompanion, LLC.

Non-controlling interests

During 2012, the Group disclosed non-controlling interest in its subsidiary *MCC Kompanion Invest*.

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Non-controlling interests comprise:

	Year ended 31 Dec, 2012	Year ended 31 Dec, 2011
Balance at beginning of year	2	–
Share of profit for the year	–	–
Non-controlling interests arising on establishment of subsidiary	–	2
BALANCE AT END OF YEAR	2	2

18. SHARE CAPITAL

As at 31 December 2012 and 2011, the Group's authorized and paid share capital amounted to KGS 530,400 thousand.

During 2012, the Group declared and paid to the Group's Founder dividends in the amount of KGS 18,900 thousand and KGS 7,560 thousand, respectively.

19. FINANCIAL COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 31 December 2012 and 2011, the Group had no material commitments for capital expenditure.

Operating lease commitments

As at 31 December 2012 and 2011, the Group had no material commitments under non-cancellable operating leases.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. As at 31 December 2012 the Group's management estimates contingent liabilities in the amount of KGS 60,000 thousand for possible future court claims against the Group. As at 31 December 2012 and 2011, a provision for such court claims was recognized in the amount of KGS 47,000 thousand and KGS 20,000 thousand, respectively (Note 15). Management believes that disclosure of full information as required by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" may prejudice the position of the Group in such disputes, and decides not to disclose as permitted by IAS 37.

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Taxes

Commercial legislation of the Kyrgyz Republic and countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management’s judgment of the Group’s business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

Operating environment

Emerging markets such as Kyrgyz Republic are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kyrgyz Republic continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kyrgyz Republic is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

20. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, attention is paid to the substance of the relationship rather than only their legal status. The Group had the following transactions outstanding with related parties:

	31 December 2012		31 December 2011	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Due from banks and other financial institutions	24,147	721,232	24,147	402,623

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Included in the consolidated statement of comprehensive income for the years ended 31 December 2012 and 2011 there are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2012		Year ended 31 December 2011	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	–	1,238,897	3,754	1,192,950
Operating expenses	–	(740,507)	11,784	(627,623)
Key management personnel compensation				
– short term employee benefit	11,615	475,634	10,880	409,359

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement. Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The Group uses the following hierarchy in analysis of financial instruments that are measured subsequent to initial recognition at fair value, based on the degree to which the fair value is observable:

- Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial assets and liabilities that have a short term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value.

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The table below summarizes the Group's financial assets held at fair value by valuation methodology at 31 December 2012 and 2011, respectively:

Category as per the consolidated statement of financial position		Quoted prices in active markets (Level 1)	Internal models based on market prices (Level 2)	Internal models (unobservable inputs) (Level 3)	31 December 2012 Total
ASSETS:					
Financial assets at fair value through profit or loss	Foreign exchange contracts	–	111,805	–	111,805

Category as per the consolidated statement of financial position		Quoted prices in active markets (Level 1)	Internal models based on market prices (Level 2)	Internal models (unobservable inputs) (Level 3)	31 December 2011 Total
ASSETS:					
Financial assets at fair value through profit or loss	Foreign exchange contracts	–	112,247	–	112,247

As no readily available market exists for other financial instruments held by the Group, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The Group's management estimates that the carrying value of all assets and liabilities approximates their fair value.

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of equity attributable to the Founder, comprising issued capital and retained earnings as disclosed in statement of changes in equity.

The Management Board reviews the capital structure on a regular basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

During the year ended 31 December 2011, the Group decided to reserve KGS 92,568 thousand from retained earnings to mitigate the possible future losses from unfavorable foreign exchange rate fluctuations. During the year ended 31 December 2012, the Group decided to release the full amount of the previously recognized reserve

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as the Group had positive foreign currency position.

23. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Group's business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are:

- ▣ Credit risk
- ▣ Operational risk
- ▣ Liquidity risk
- ▣ Market risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives.

Risk management policies and procedures

The Group's risk management policies aim to identify, analyze and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Board of Directors of the Group has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board of the Group is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the established risk parameters. Each department is responsible for direct management of the relevant risks, and together with the legal department continuously monitors compliance with currently effective legislation.

Credit, market and liquidity risks both at portfolio and transactional levels are managed and controlled through a system of different committees.

Both external and internal risk factors are identified and managed throughout the Group's organizational structure.

Through the risk management framework, the Group manages the following risks:

Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed within set limits of authority, by the Credit Committees and the Group's Management. Before any application is made by the Credit Committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the Branch Management. Daily risk management is performed by the Credit Administration Department.

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The Group has developed policies and procedures for the management of credit exposures including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors the Group's credit risk. The Group's credit policy is reviewed and approved by the Board of Directors. The Group establishes limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees but a significant portion is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Operational risk

The Group is exposed to operational risk which is the risk of losses that can be a result of any system inefficiencies or breaks of internal process, systems, presence of human error or effect of any external negative factor.

The Group's risk management policies are designed to identify and analyze this risk to set appropriate risk limits and controls.

Maximum Exposure

The Group's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of balance sheet and off balance sheet financial assets and contingent liabilities. For financial assets in the consolidated statement of financial position, the maximum exposure equals to the carrying amount value of those assets prior to any offset or collateral. For financial guarantees and other off balance sheet assets contingent liabilities, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on.

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	31 Dec 2012 Net exposure after offset and collateral
CASH	31	–	31		31
Due from banks and other financial institutions	721,232	–	721,232	–	721,232
Loans to customers	2,490,040	–	2,490,040	15,892	2,474,148
Financial assets at fair value through profit and loss	111,805	–	111,805	–	111,805
Other financial assets	2,075	–	2,075	–	2,075

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	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	31 Dec 2011 Net exposure after offset and collateral
CASH	1	–	1	–	1
Due from banks and other financial institutions	402,623	–	402,623	–	402,623
Loans to customers	2,678,322	–	2,678,322	11,698	2,666,624
Financial assets at fair value through profit and loss	112,247	–	112,247	–	112,247
Other financial assets	654	–	654	–	654

As at 31 December 2012 and 2011, the Group did not hold any international rated financial assets.

The banking industry is generally exposed to credit risk through its financial assets and loans to customers. The credit risk exposure of the Group is concentrated within the Kyrgyz Republic. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Group's credit and risk management policy are not breached.

In determining the credit risk of financial assets which do not have ratings, the Group uses internal scoring models based on risk ranking criteria. The scoring model takes into consideration the financial performance of the borrower, the ability of repayment and any delays in repayment and the collateral pledged against any borrowings. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The Group manages credit risk of financial assets by use of an internal rating system. Loans are classified based on internal evaluations and other analytical procedures, branches and Credit Administration Department classify loans according to their risk and the risk of potential losses, with classifications subject to the approval of the Credit Committee.

Standard loans

The financial condition of the borrower is assessed as stable and there is no indication of any external or internal factors to suggest that the financial condition of the borrower has deteriorated. In case there are some minor negative indicators, the Group has confidence that the borrower will be able to cope with such (temporary) difficulties. Interest and principal are repaid in full and in a timely fashion or principal and/or interest are overdue for no more than 30 days. The borrower is considered as having the ability to repay the loan in accordance with its terms and conditions.

Doubtful 1st category

There is evidence of a temporary deterioration in the financial condition of the borrower, including a decrease in income or a loss of market share. The borrower repays the loan principal and the interest without delay and in full.

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Key characteristics are overdue amounts from 31 to 90 days, prolongation of loan, or the repayment of the loan depends to an extent on the realization of collateral. The amount of collateral is sufficient to cover principal amount, interest income accrued, and expenses related to the sale of collateral.

Doubtful 2nd category

The deterioration in the financial condition of the borrower has reached a critical level, including significant operating losses, a loss of market position, negative equity and it is probable that the borrower will be unable to repay the loan and the interest in full. The possibility of loss of doubtful assets is very high, but due to several specific expected factors, that could improve the quality of asset, its classification as loss is deferred until a more precise assessment can be performed. Key characteristics are overdue amounts from 91 to 180 days, or the quality of collateral has deteriorated since origination or it is absent.

Losses

In the absence of any information to the contrary, the borrower's financial condition and operations have reached the point where it is evident that the borrower cannot repay the loan and the collateral value is negligible. The loan is uncollateralized or the value of the collateral covers less than 50 per cent of the borrowers' outstanding debt. Key characteristics are overdue amounts over 180 days, prolongation over 3 times or inability or refusal of the client to repay the loan, or absence of the borrower. Once all legal measures to recover the loan have been exhausted, the loan is accounted for as off-balance for at least five years in case of possible repayment.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

	Neither past due nor impaired	Financial assets past due and unimpaired				Financial assets that have been impaired	31 December 2012 Total
		0-3 months	3-6 months	6 months to 1 year	Greater than one year		
CASH	31	–	–	–	–	–	31
Due from banks and other financial institutions	721,232	–	–	–	–	–	721,232
Loans to customers	2,467,037	–	–	–	–	23,003	2,490,040
Financial assets at fair value through profit and loss	111,805	–	–	–	–	–	111,805
Other financial assets	2,075	–	–	–	–	–	2,075

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	Financial assets past due and unimpaired					Financial assets that have been impaired	31 December 2011 Total
	Neither past due nor impaired	0–3 months	3–6 months	6 months to 1 year	Greater than one year		
CASH	1	–	–	–	–	–	1
Due from banks and other financial institutions	402,623	–	–	–	–	–	402,623
Loans to customers	2,674,145	–	–	–	–	4,177	2,678,322
Financial assets at fair value through profit and loss	112,247	–	–	–	–	–	112,247
Other financial assets	654	–	–	–	–	–	654

Geographical concentration

The Planning and Analysis Department exercises control over the risk related to changes in the legislation and regulatory arena and assess its influence on the Group's activity. This approach allows the Group to minimize potential losses from the investment climate fluctuations in the Kyrgyz Republic.

The geographical concentration of assets and liabilities is shown below:

	Kyrgyz Republic	OECD Countries	CIS countries	31 December 2012 Total
FINANCIAL ASSETS:				
Cash	31	–	–	31
Due from banks and other financial institutions	666,145	42,690	12,397	721,232
Loans to customers	2,490,040	–	–	2,490,040
Financial assets at fair value through profit and loss	101,460	10,345	–	111,805
Other financial assets	2,075	–	–	2,075
TOTAL FINANCIAL ASSETS	3,259,751	53,035	12,397	3,325,183

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FINANCIAL LIABILITIES:				
Due to banks and other financial institutions	–	2,467,720	–	2,467,720
Subordinated debt	–	289,915	–	289,915
Other financial liabilities	6,296	11,340	–	17,636
TOTAL FINANCIAL LIABILITIES	6,296	2,768,975	–	2,775,271
NET POSITION	3,253,455	(2,715,940)	12,397	
	Kyrgyz Republic	OECD Countries	CIS countries	31 December 2011 Total
FINANCIAL ASSETS:				
CASH	1	–	–	1
Due from banks and other financial institutions	390,226	–	12,397	402,623
Loans to customers	2,678,322	–	–	2,678,322
Financial assets at fair value through profit and loss	112,247	–	–	112,247
Other financial assets	654	–	–	654
TOTAL FINANCIAL ASSETS	3,181,450	–	12,397	3,193,847
FINANCIAL LIABILITIES:				
Due to banks and other financial institutions	25,330	2,283,495	–	2,308,825
Subordinated debt	–	283,630	–	283,630
Other financial liabilities	1,571	–	–	1,571
TOTAL FINANCIAL LIABILITIES	26,901	2,567,125	–	2,594,026
NET POSITION	3,154,549	(2,567,125)	12,397	–

Liquidity risk

Liquidity risk refers to availability of funds to repay liabilities as they fall due and meeting the demand in cash in the process of crediting customers.

The Management controls these types of risks by means of maturity analysis, determining the Group's strategy for the next financial period. Current liquidity is managed by the Chief Financial Officer, which supports current liquidity on sufficient level to minimize the liquidity risk.

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The analysis of interest rate and liquidity risk is presented in the following table:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2012 Total
FINANCIAL ASSETS:						
Due from banks and other financial institutions	–	–	–	185,351	12,397	197,748
Loans to customers	32,959	304,330	2,138,005	13,376	1,370	2,490,040
Financial assets at fair value through profit and loss	3,094	21,855	81,344	5,512		111,805
Total interest bearing financial assets	36,053	326,185	2,219,349	204,239	13,767	2,799,593
Cash	31	–	–	–	–	31
Due from banks and other financial institutions	523,484	–	–	–	–	523,484
Other financial assets	257	176	1,642	–	–	2,075
TOTAL FINANCIAL ASSETS	559,825	326,361	2,220,991	204,239	13,767	3,325,183
FINANCIAL LIABILITIES:						
Due to banks and financial institutions	–	97,922	554,940	1,814,858	–	2,467,720
Subordinated debt	–	–	–	289,915	–	289,915
Total interest bearing financial liabilities	–	97,922	554,940	2,104,773	–	2,757,635
Other financial liabilities	17,636	–	–	–	–	17,636
TOTAL FINANCIAL LIABILITIES	17,636	97,922	554,940	2,104,773	–	2,775,271
Liquidity gap	542,189	228,439	1,666,051	(1,900,534)	13,767	
Interest sensitivity gap	36,053	228,263	1,664,409	(1,900,534)	13,767	
Cumulative interest sensitivity gap	36,053	264,316	1,928,725	28,191	41,958	
Cumulative interest sensitivity gap as a percentage of total assets	1%	7%	52%	0.8%	1%	

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	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2011 Total
FINANCIAL ASSETS:						
Due from banks and other financial institutions	22,600	–	–	12,397	–	34,997
Loans to customers	43,785	298,570	2,326,196	5,942	3,829	2,678,322
Financial assets at fair value through profit and loss	5,647	31,490	60,696	14,414	–	112,247
Total interest bearing financial assets	72,032	330,060	2,386,892	32,753	3,829	2,825,566
Cash	1	–	–	–	–	1
Due from banks and other financial institutions	367,626	–	–	–	–	367,626
Other financial assets	654	–	–	–	–	654
TOTAL FINANCIAL ASSETS	440,313	330,060	2,386,892	32,753	3,829	3,193,847
FINANCIAL LIABILITIES:						
Due to banks and financial institutions	–	95,979	636,272	1,576,574	–	2,308,825
Subordinated debt	–	–	–	283,630	–	283,630
Total interest bearing financial liabilities	–	95,979	636,272	1,860,204	–	2,592,455
Other financial liabilities	1,571	–	–	–	–	1,571
TOTAL FINANCIAL LIABILITIES	1,571	95,979	636,272	1,860,204	–	2,594,026
Liquidity gap	438,742	234,081	1,750,620	(1,827,451)	3,829	
Interest sensitivity gap	72,032	234,081	1,750,620	(1,827,451)	3,829	
Cumulative interest sensitivity gap	72,032	306,113	2,056,733	229,282	233,111	
Cumulative interest sensitivity gap as a percentage of total assets	2%	9%	60%	7%	7%	

Substantially all of the Group's interests earning assets are at fixed rates of interest and interest bearing liabilities are at both fixed and floating rates.

Asset and liability maturity periods and the ability to replace interest liabilities at an acceptable cost when they mature are crucial in determining the Group's liquidity and its susceptibility to fluctuation of interest rates and exchange rates.

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A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the consolidated statement of financial position as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the consolidated statement of financial position on an undiscounted basis.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	31 December 2012 Total
FINANCIAL LIABILITIES							
Due to banks and other financial institutions	8.64%	–	107,374	608,504	1,990,031	–	2,705,909
Subordinated debt	10.50%	–	7,610	22,831	320,356	–	350,797
TOTAL FINANCIAL LIABILITIES		–	114,984	631,335	2,310,387	–	3,056,706
	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	31 December 2011 Total
FINANCIAL LIABILITIES							
Due to banks and other financial institutions	8.64%	–	93,789	652,647	1,882,388	–	2,628,824
Subordinated debt	10.50%	–	14,757	14,757	386,429	–	415,943
TOTAL FINANCIAL LIABILITIES		–	108,546	667,404	2,268,817		3,044,767

Market Risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed. There have been no changes as to the way the Group measures risk or to the risk it is exposed in 2012.

The Group is exposed to interest rate risks as it borrows funds at both fixed and floating rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings.

Credit Administration and Treasury Departments also manage interest rate and market risks by matching the

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Group's interest rate position, which provides the Group with a positive interest margin. Planning and Analysis Department conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

Interest rate sensitivity risk

The following table details the Group's sensitivity to 1% increase, decrease in interest rates in 2012 and 2011, respectively. Management of the Group believes that given the current economic conditions in the Kyrgyz Republic that a 1% increase is a realistic movement in the interest rates. This is sensitivity rate used when reporting interest rate internally to key management personnel and represents management's assessment of the possible change in interest rates. The sensitivity analysis includes only outstanding assets and liabilities with floating rates.

Impact on profit before tax based on asset values as at 31 December 2012 and 2011:

	31 December 2012		31 December 2011	
	Interest rate +1%	Interest rate -1%	Interest rate +1%	Interest rate -1%
LIABILITIES:				
Due to banks and other financial institutions	(1,310)	1,310	(865)	865
NET IMPACT ON PROFIT BEFORE TAX	(1,310)	1,310	(865)	865

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's financial position and cash flows are exposed to effects of fluctuations in foreign currency exchange rates. The management controls currency risk by management of the open currency position on the estimated basis of KGS devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations toward its functional currency.

The Group enters into various cross currency swaps and back-to-back loans to economically hedge the currency risk exposure. The result from such transactions for the year ended 31 December 2012 and 2011 was recognized in the consolidated statement of comprehensive income account as loss of KGS 52,397 thousand and gain of KGS 102,144 thousand, respectively.

The Group's exposure to foreign currency exchange rate risk is presented in the tables below:

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	KGS	USD USD 1 = KGS 47.40	Other currencies	31 December 2012 Total
FINANCIAL ASSETS:				
Cash	31	–	–	31
Due from banks and other financial institutions	197,586	523,646	–	721,232
Loans to customers	2,490,040	–	–	2,490,040
Financial assets at fair value through profit and loss	(1,489,374)	1,601,179	–	111,805
Other financial assets	2,075	–	–	2,075
TOTAL FINANCIAL ASSETS	1,200,358	2,124,825	–	3,325,813
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	737,533	1,730,186	–	2,467,720
Subordinated debt	–	289,915	–	289,915
Other financial liabilities	17,636	–	–	17,636
TOTAL FINANCIAL LIABILITIES	755,169	2,020,101	–	2,775,271
OPEN BALANCE SHEET POSITION	766,869	104,724	–	

	KGS	USD USD 1 = KGS 46.48	Other currencies	31 December 2011 Total
FINANCIAL ASSETS:				
Cash	1	–	–	1
Due from banks and other financial institutions	107,748	294,684	191	402,623
Loans to customers	2,678,322	–	–	2,678,322
Financial assets at fair value through profit and loss	(903,565)	1,015,812	–	112,247
Other financial assets	(138,800)	139,454	–	654
TOTAL FINANCIAL ASSETS	1,743,706	1,449,950	191	3,193,847
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	571,264	1,737,561	–	2,308,825
Subordinated debt	–	283,630	–	283,630
Other financial liabilities	1,571	–	–	1,571
TOTAL FINANCIAL LIABILITIES	572,835	2,021,191	–	2,594,026
OPEN BALANCE SHEET POSITION	1,170,871	(571,241)	191	

The above Group's exposure to foreign currency exchange rate risk shows swap agreements on net basis, included in financial assets at fair value through profit and loss (Note 12). The gross exposure of the Group on financial assets at fair value through profit and loss is shown below:

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	KGS	USD	Other currencies	Total
Financial assets at fair value through profit and loss				
31 December 2012	(1,489,374)	1,601,179	–	111,805
31 December 2011	(1,288,450)	1,435,689	–	147,239

Currency risk sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in the US Dollar/Kyrgyz Som exchange rates in 2012 and 2011. Management of the Group believe that given the current economic conditions in the Kyrgyz Republic that a 10% decrease is a realistic movement in the Som exchange rates against the US Dollar. This is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in currency rates as at 31 December 2012 and 2011, respectively.

Impact on net profit based on asset values as at 31 December 2012 and 2011:

	31 December 2012 KGS/USD		31 December 2011 KGS/USD	
	+10%	–10%	+10%	–10%
Impact on profit and loss	10,472	(10,472)	(59,845)	59,845

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action.

24. SUBSEQUENT EVENTS

Up to the date of issue of these financial statements Management have not identified any significant subsequent events which require disclosure.



ГОДОВОЙ ОТЧЕТ

УСТОЙЧИВОСТЬ
РАЗВИТИЕ 2012
СОЦИАЛЬНАЯ ОРИЕНТИРОВАННОСТЬ

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МИССИЯ «КОМПАНЬОНА»

Миссия «Компьюна» – стать ведущим финансовым институтом по развитию сообществ в Центральной Азии. «Компьюна» содействует упрочению и развитию сообществ, предлагая предпринимателям и частным лицам финансовые продукты и услуги для развития.

Будь той переменной которую ты хочешь видеть в мире

О «КОМПАНЬОНЕ»

«Компаньон» был учрежден в 2004 году путем консолидации пяти микрокредитных агентств «Мерсико». Свои услуги «Компаньон» предоставляет в основном сельским жителям, занимающимся животноводством или растениеводством.

Двойной подход «Компаньона», заключающийся в предоставлении микрокредитов и оказании научно–основанной поддержки сельскому хозяйству и управлению природными ресурсами, помогает клиентам по всему Кыргызстану построить здоровые сообщества и создать устойчивые источники дохода.

Учредитель «Компаньона», «Мерсико» работает там, где происходят бедствия, конфликты, существует хроническая бедность и нестабильность, чтобы помочь людям раскрыть свой потенциал и преодолеть даже самое крайнее социальное неравенство. «Компаньон» представляет собой кульминацию 16–летней работы «Мерсико» в области микрокредитования в Кыргызстане. «Мерсико» намерен оставить «Компаньон» как наследие людям Кыргызстана.

«Компаньон» начал свою деятельность в 2004 году, имея в своей клиентской базе всего 8 700 заемщиков, и с тех пор выдал кредиты на сумму около 489 млн. долларов США 860 тыс. клиентам. Помимо финансовых услуг на сегодняшний день десятки тысяч жителей сельских и городских регионов по всему Кыргызстану пользуются программами развития и консультациями от специалистов «Компаньона», которые способствуют созданию устойчивого сельского хозяйства и продуктивного животноводства.

ЦЕЛИ «КОМПАНЬОНА»

- Содействовать росту микро– и малого бизнеса и поощрять социальных предпринимателей, чтобы они могли создавать возможности для себя и других;
- Возглавить инновации социального бизнеса в Центральной Азии;
- Поддерживать сохранение природных ресурсов и содействовать практике их рационального использования клиентами и сообществами;
- Измерять успех на основе оценки воздействия;
- Помогать клиентам в создании здоровых и финансово стабильных сообществ.



был основан



ОБРАЩЕНИЕ РУКОВОДСТВА

Уважаемые друзья, коллеги и партнеры!

В 2012 году «Компаньон» стал первой микрофинансовой организацией из Центральной Азии, которая была номинирована на Европейскую премию за достижения в области микрофинансирования. «Компаньон» получил признание за свой вклад в продовольственную безопасность и развитие сообществ Кыргызстана и был награжден сертификатом, который вручался лично Профессором Мухаммадом Юнусом, основателем микрофинансирования, и Великой Княгиней Люксембургской Марией Терезой. Международное признание поощряет нас не останавливаться на достигнутом и продолжать свой путь к осуществлению нашей социальной миссии.

Мы также с успехом прошли независимую оценку деятельности по защите клиентов, проводимую The Smart Campaign. Данная кампания представляет собой глобальную инициативу по содействию защите клиентов и повышению стандартов лучшей практики в масштабах сектора. Сертификационную оценку по соблюдению стандартов защиты клиентов The Smart Campaign мы намерены пройти в 2013 году.

В рамках социальных проектов, в 2012 году нами была проведена масштабная и по своему охвату и по своему значению «Ярмарка развития», направленная на продвижение передовых методов ведения сельского хозяйства. Уникальное в своем роде мероприятие охватило 16 городов и сел страны, объединив около 65 000 участников из 500 сообществ. Участники мероприятия получили новые знания в области растениеводства и животноводства, воспользовались возможностью представить свою продукцию и живность на одной общей площадке и найти потенциальных покупателей и поставщиков.

Одной из приоритетных задач компании в 2012 году была также борьба с чрезмерной задолженностью. Нами была проведена крупная информационная кампания по повышению осведомленности населения об опасности чрезмерной задолженности, включая показ социальных роликов по национальному телевидению, распространение брошюр и разъяснительные встречи с местными сообществами.

Другим значительным достижением нашей компании в 2012 году явилось завершение и внедрение в работу масштабного проекта – Системы оценки воздействия. В настоящее время система используется во всех филиалах компании. Она позволит лучше узнать наших клиентов, всесторонне отразить результаты нашей социальной деятельности и измерить эффективность наших проектов и инициатив.

Необходимо отметить, что наши инициативы развития, которые на сегодняшний день осуществляются во всех уголках страны, во многом являются результатом плодотворной работы г-жи Кэтрин Браун. В 2012 году она завершила свою миссию в качестве Председателя Совета директоров «Компаньона». От имени всей команды сотрудников выражаю г-же Кэтрин Браун особую благодарность за ее работу и неоценимый вклад в развитие нашей компании.

В течение последних нескольких лет страна переживала политическую и социальную нестабильность. Произошли существенные изменения на рынке микрофинансирования. В свете этих вызовов и трудностей «Компаньон» проявил гибкость и новаторство, способность откликаться на нужды клиентов. Возникающие на нашем пути препятствия лишь сделали нас сильнее и позволили выйти на новый уровень развития.

Как и прежде, наши цели по развитию сообществ и содействию их процветанию остаются неизменными. С призывом нашего учредителя «Мерсико» – «Будь той переменной, которую хочешь видеть в мире» – мы будем продолжать работать над осуществлением своей миссии, опираясь на сплоченную команду, преданных партнеров и инвесторов. Мы выражаем Вам благодарность за Вашу постоянную поддержку и воодушевление нашей работой.

УЛАНБЕК ТЕРМЕЧИКОВ
Председатель Правления
ЗАО МФК «ФГ Компаньон»

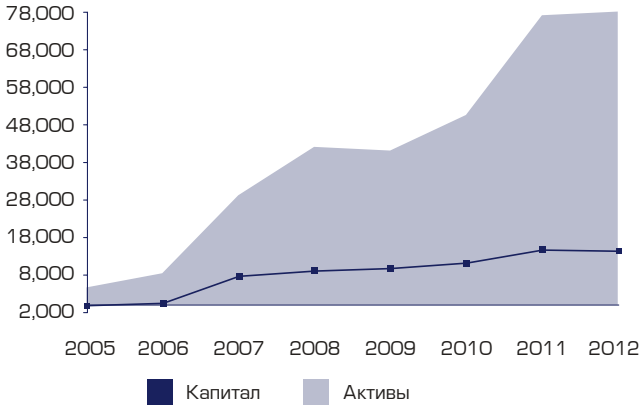
ОБОБЩЕННАЯ ФИНАНСОВАЯ СВОДКА

	2004	2005	2006	2007	2008	2009	2010	2011	2012	CAGR
ОБЩЕЕ КОЛИЧЕСТВО КЛИЕНТОВ	8,591	12,221	21,803	40,326	70,812	99,386	119,396	137,310	116,719	39%
КРЕДИТНЫЙ ПОРТФЕЛЬ (МЛН \$ США)	\$3.2	\$3.8	\$7.1	\$21.6	\$28.4	\$30.5	\$41.6	\$59.7	\$54.9	43%
ПОРТФЕЛЬ ПОД РИСКОМ	0.9%	0.8%	0.4%	0.2%	0.5%	0.5%	0.3%	0.3%	0.9%	
КОЛИЧЕСТВО СОТРУДНИКОВ	151	138	173	503	801	835	929	1,038	1,062	28%
КОЛИЧЕСТВО ОФИСОВ	32	29	42	56	81	82	92	157	161	22%

ДОХОД (ТЫС. ДОЛЛАРОВ США)



АКТИВЫ (ТЫС. ДОЛЛАРОВ США)



ОСНОВНЫЕ ЯРМАРКИ РАЗВИТИЯ СИСТЕМА ОЦЕНКИ ВОЗДЕЙСТВИЯ МОМЕНТЫ

БЕСПЛАТНЫЕ
КОНСУЛЬТАЦИИ
ПО АГРОНОМИИ
И ВЕТЕРИНАРИИ
14 756 КЛИЕНТАМ

ИНИЦИАТИВА
РАЗВИТИЯ
«УПРАВЛЕНИЕ
ДОМАШНИМ
СКОТОМ»



Сстр – совокупный среднегодовой темп роста, рассчитывается по формуле;
calculated as ((Портфель 2012г./Портфель 2004г.) ^{1/8})-1

ОСНОВНЫЕ МОМЕНТЫ ДЕЯТЕЛЬНОСТИ В 2012 ГОДУ

КОНСУЛЬТАЦИИ ПО СЕЛЬСКОМУ ХОЗЯЙСТВУ



16 ветеринаров и 16 агрономов команды Отдела развития «Компаньона» предоставили бесплатные консультации по агрономии и ветеринарии 14 756 клиентам.

ГОРОДСКАЯ ИНИЦИАТИВА



В рамках программы «Городская инициатива» были открыты офисы в двух новостройках в г. Бишкек. 125 молодых людей могли бесплатно пользоваться компьютером и Интернетом, изучать иностранные языки, развивать с преподавателями свои музыкальные и творческие способности и проявлять социальную активность.

ИНИЦИАТИВЫ ПО РАЗВИТИЮ



Были проведены тренинги для 5 981 бедных домохозяйств в 172 селах в рамках инициатив развития «Эко-сад» и «Управление домашним скотом».

ФОНД МОЛОДЕЖНОГО ВЕНЧУРНОГО КАПИТАЛА



В рамках работы «Фонда молодежного венчурного капитала» было получено 53 заявки с бизнес идеями от молодых социально- уязвимых предпринимателей. Для реализации самых лучших проектов социального бизнеса будут предоставлены финансовые средства из данного фонда.

ОСНОВНЫЕ МОМЕНТЫ ДЕЯТЕЛЬНОСТИ В 2012 ГОДУ

СИСТЕМА ОЦЕНКИ ВОЗДЕЙСТВИЯ



В 2012 году «Компаньон» завершил значительную работу по улучшению своего исследовательского и аналитического потенциала и разработал Систему оценки воздействия (COB), которая поможет выявить степень охвата целевых клиентов и влияние программ компании на клиентов с экономической перспективы и перспективы развития.

COB позволит «Компаньону»:

- Получать в режиме реального времени надежную и соизмеримую информацию о финансовых и социально-экономических показателях
- Повысить продуктивность работы сотрудников компании
- Проводить мониторинг изменений в уровнях благосостояния и самообеспеченности клиентов
- Анализировать и измерять воздействие наших социальных программ на уровень благосостояния сообществ

Примечание: На момент публикации данного отчета, Проект COB является завершенным и внедренным в работу во всех офисах компании.

ЯРМАРКИ РАЗВИТИЯ



Весной 2012 года в 16 городах и сёлах страны были проведены «Ярмарки развития». Основной целью данного мероприятия являлось предоставление жителям отдаленных регионов и участникам мероприятия новых знаний о передовых методах ведения сельского хозяйства. Применение инновационных подходов в сельском хозяйстве должно способствовать рациональному использованию природных ресурсов.

«Ярмарки развития» дали возможность участникам представить свою животноводческую и сельскохозяйственную продукцию на одной общей площадке и стали местом встречи покупателей и продавцов лучших сортов плодовых деревьев и племенных животных. Масштабная акция, которая длилась почти месяц, объединила около 65 тысяч участников из 500 местных сообществ, 350 фермерских хозяйств, плодопитомников и семеноводческих хозяйств.

ОСНОВНЫЕ МОМЕНТЫ ДЕЯТЕЛЬНОСТИ В 2012 ГОДУ

ЯБЛОЧНЫЙ ФЕСТИВАЛЬ



Осенью 2012 года в высокогорном селе Баетово Нарынской области «Компаньон» организовал 7-й Ежегодный Яблочный фестиваль. Место для проведения «Яблочного фестиваля» было выбрано не случайно. Из-за сурового климата, бытовало мнение, что яблоки в этом высокогорном районе не растут. Но на самом деле, этот район является местом естественного произрастания так называемой дички или диких яблонь, которые являются идеальным материалом для выращивания высококачественных саженцев яблонь. Поэтому этот регион имеет огромный потенциал для открытия плодопитомников.

Яблочный фестиваль собрал более 500 человек из 16 сел Нарынской и Иссык-Кульской областей. Участники имели возможность ознакомиться с возможностями данного региона по выращиванию яблок, обсудить и обменяться опытом по решению проблем садоводства. Фестиваль сопровождался танцевальными номерами, сценками, песнями местных детских коллективов и поделками и блюдами из яблок, и был высоко оценен местными жителями и гостями фестиваля.

ПОМОЩЬ ФЕРМЕРАМ



В сентябре 2012 года в Джалал-Абадской области произошел массовый падеж овец из-за применения некачественной вакцины против оспы, в результате чего пало свыше 2 тысяч голов скота. «Компаньон» одним из первых предоставил безвозмездную помощь инвентарем, дезинфицирующими средствами и средствами защиты для пострадавших фермеров-клиентов и для ветеринарных работников района.

ОСНОВНЫЕ МОМЕНТЫ ДЕЯТЕЛЬНОСТИ В 2012 ГОДУ

ЕВРОПЕЙСКАЯ НАГРАДА ЗА ДОСТИЖЕНИЯ В ОБЛАСТИ МИКРОФИНАНСИРОВАНИЯ



«Финансовая Группа Компаньон» стала первой микрофинансовой организацией в Центральной Азии, которая была номинирована на Европейскую награду за достижения в области микрофинансирования.

Данное мероприятие проводится каждые два года совместными усилиями Управления по сотрудничеству в целях развития Министерства иностранных дел Люксембурга, Европейской микрофинансовой платформы (e-MFP), Люксембургского круглого стола по микрофинансированию и Европейского инвестиционного банка. Цель мероприятия – осветить деятельность компаний, работающих в данном секторе и поддержать инновационные идеи в сфере микрофинансирования.

«Компаньон» был представлен с Инициативой «Развитие приусадебного участка: этно-экологический подход к улучшению продовольственной безопасности в стране». «Компаньон» был награжден сертификатом, который вручался самим основателем микрофинансирования Профессором Мухаммадом Юнусом и Великой Княгиней Люксембургской Марией Терезой.



СЕДЬМОЙ
ЕЖЕГОДНЫЙ
ЯБЛОЧНЫЙ
ФЕСТИВАЛЬ

2012 ДЕЯТЕЛЬНОСТИ

ИНИЦИАТИВА
РАЗВИТИЯ «ЭКО-САД»

ЕВРОПЕЙСКАЯ НАГРАДА
ЗА ДОСТИЖЕНИЯ В ОБЛАСТИ
МИКРОФИНАНСИРОВАНИЯ

ТОСОРСКИЙ МИЛЛИОНЕР



**У МЕНЯ ЕСТЬ ВСЕ, О ЧЕМ Я МЕЧТАЛ,
ЕДИНСТВЕННОЕ ЧЕГО МОГУ ЕЩЕ
ПРОСИТЬ – ЭТО ХОРОШЕЙ ПОГОДЫ.**

Житель села Тосор, инженер–строитель по образованию, Мукелен Акжолтоев никогда не был садоводом. После развала Советского Союза, имея 10 детей, он остался без работы и достаточных средств к существованию. Получив 4 гектара земли, как многодетный отец, Мукелен занялся сельским хозяйством.

В 2005 году в селах Тосор и Тамга был запущен проект «Яблоко» (Проект действовал в 2005–2006 годах как результат совместной деятельности «Мерсико» и «Компаньона»), и Мукелен сразу же стал одним из самых активных участников проекта и 4 гектара своей земли превратил в абрикосовый сад. А старый яблоневый сад, который растет у Мукелена на приусадебном участке, благодаря знаниям, полученным в Проекте, обрел новую жизнь и стал еще одним источником дохода для Мукелена.

Никогда до участия в проекте он не думал, что плодовые деревья требуют такого ухода. – Мы раньше просто сажали деревья и ждали, пока будет урожай. Все, что нам рассказывали агрономы «Компаньона» на занятиях, я сразу же применял на практике. У меня было столько вопросов, что я утомлял наших агрономов постоянными расспросами, – улыбаясь, говорит Мукелен.

Сад не вырастает за один день и нужно время и терпение прежде, чем инвестиции в него начнут приносить свои дивиденды. Этому Мукелену не занимать. С первых прибылей Мукелен смог построить дом сыну. А в 2012 году прибыль с абрикосового сада сделала Мукелена миллионером и составила 1 миллион сомов, а урожай – 50 тонн абрикосов высшего сорта.

– Сейчас у нас нет проблем со сбытом, даже наоборот покупателей много, мы можем сами выбирать лучшую цену. У меня есть все, о чем я мечтал, единственное чего могу еще просить – это хорошей погоды, – рассказал Мукелен.



САД – МЕЧТА, ВОПЛОТИВШАЯСЯ В РЕАЛЬНОСТЬ

Жители села Жаны-Жол очень любят свое село. Расположенная в Кочкорском районе в окружении живописных гор, эта местность как будто создана для того, чтобы здесь росли сады.

Давней мечтой Жекшена Мамбеталиева было разбить фруктовый сад на окраине села Жаны-Жол.

НО КАК БЫТЬ, ЗЕМЛЯ ЕСТЬ, НО НЕОБХОДИМЫХ ЗНАНИЙ НЕТ?

Сейчас Жекшен с благодарностью вспоминает тот день, когда узнал об Инициативе «Эко-сад», проводимой «Компаньоном» в сообществе Жаны-Жол.

Кочкорский район имеет благоприятный климат для выращивания фруктовых деревьев, но земля, на которой Жекшен планировал посадить сад, была каменистой и неплодородной. На этом месте когда-то была свалка.



От агрономов Отдела развития «Компаньона» Жекшен узнал, как облагородить землю и сделать ее пригодной для садоводства. В 2009 году Жекшен решил взять кредит в «Компаньоне» для покупки саженцев и ограждений. В плодопитомнике он приобрел 400 саженцев абрикосов и 300 саженцев яблонь различных сортов. Благодаря рекомендациям агрономов «Компаньона» почти 100% саженцев принялись. Вот уже 3 года Жекшен, его дети и внуки ухаживают за своим садом.

К НАСТОЯЩЕМУ ВРЕМЕНИ Я УЖЕ ПОЛНОСТЬЮ ПОГАСИЛ КРЕДИТ. Я И ВСЯ МОЯ СЕМЬЯ СЧАСТЛИВЫ, ЧТО МЫ НАКОНЕЦ-ТО СМОГЛИ ВОПЛОТИТЬ НАШУ МЕЧТУ В ЖИЗНЬ И ПОСАДИЛИ САД ДЛЯ НАШИХ ДЕТЕЙ, – говорит Жекшен.



**ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
МИКРОФИНАНСОВАЯ КОМПАНИЯ
«ФИНАНСОВАЯ ГРУППА КОМПАНЬОН»**

**КОНСОЛИДИРОВАННАЯ ФИНАНСОВАЯ
ОТЧЕТНОСТЬ ЗА ГОД, ЗАКОНЧИВШИЙСЯ
31 ДЕКАБРЯ 2012 ГОДА**

**ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
МИКРОФИНАНСОВАЯ КОМПАНИЯ «ФИНАНСОВАЯ ГРУППА КОМПАНЬОН»
ПОДТВЕРЖДЕНИЕ РУКОВОДСТВА ОБ ОТВЕТСТВЕННОСТИ
ЗА ПОДГОТОВКУ И УТВЕРЖДЕНИЕ КОНСОЛИДИРОВАННОЙ ФИНАНСОВОЙ ОТЧЕТНОСТИ
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2012 ГОДА**

Руководство отвечает за подготовку консолидированной финансовой отчетности, достоверно отражающей во всех существенных аспектах финансовое положение закрытого акционерного общества Микрофинансовая компания «Финансовая группа Компаньон» и его дочерних компаний («Группа») по состоянию на 31 декабря 2012 года, а также результаты его деятельности, движение денежных средств и изменения в капитале за год, закончившийся на указанную дату, в соответствии с Международными стандартами финансовой отчетности («МСФО»).

При подготовке консолидированной финансовой отчетности руководство несет ответственность за:

- обеспечение правильного выбора и применение принципов учетной политики;
- представление информации, в т.ч. данных об учетной политике, в форме, обеспечивающей уместность, достоверность, сопоставимость и понятность такой информации;
- раскрытие дополнительной информации в случаях, когда выполнения требований МСФО оказывается недостаточно для понимания пользователями отчетности того воздействия, которое те или иные сделки, а также прочие события или условия оказывают на консолидированное финансовое положение и финансовые результаты деятельности Группы;
- оценку способности Группы продолжать деятельность в обозримом будущем.

Руководство также несет ответственность за:

- разработку, внедрение и поддержание эффективной и надежной системы внутреннего контроля Группы;
- ведение учета в форме, позволяющей раскрыть и объяснить сделки Группы, а также предоставить на любую дату информацию достаточной точности о консолидированном финансовом положении Группы и обеспечить соответствие консолидированной финансовой отчетности требованиям МСФО;
- ведение бухгалтерского учета в соответствии с законодательством и стандартами бухгалтерского учета Кыргызской Республики;
- принятие всех разумно возможных мер по обеспечению сохранности активов Группы; и
- выявление и предотвращение фактов финансовых и прочих злоупотреблений.

Консолидированная финансовая отчетность Группы за год, закончившийся 31 декабря 2012 года, была утверждена руководством Группы 1 апреля 2013 года.

От имени руководства Группы

Уланбек Термечиков
Председатель Правления

1 апреля 2013 года
г. Бишкек,
Кыргызская Республика



Гульбара Джакыпбаева
Главный бухгалтер

1 апреля 2013 года
г. Бишкек,
Кыргызская Республика

ОТЧЕТ НЕЗАВИСИМЫХ АУДИТОРОВ

Совету директоров Закрытого акционерного общества Микрофинансовая компания «Финансовая группа Компаньон»:

Мы провели аудит прилагаемой консолидированной финансовой отчетности Закрытого акционерного общества Микрофинансовая компания «Финансовая группа Компаньон» и его дочерних компаний (далее – «Группа»), которая включает консолидированный отчет о финансовом положении по состоянию на 31 декабря 2012 года и соответствующие консолидированные отчеты о совокупном доходе, об изменениях капитала и о движении денежных средств за год, закончившийся на эту дату, а также раскрытие основных принципов учетной политики и прочих пояснений.

Ответственность руководства за консолидированную финансовую отчетность

Руководство несет ответственность за подготовку и достоверное представление данной консолидированной финансовой отчетности в соответствии с Международными стандартами финансовой отчетности, а также за создание системы внутреннего контроля, которую руководство считает необходимой для подготовки консолидированной финансовой отчетности, не содержащей существенных искажений вследствие недобросовестных действий или ошибок.

Ответственность аудиторов

Наша ответственность состоит в выражении мнения о достоверности данной консолидированной финансовой отчетности на основе проведенного нами аудита. Мы провели аудит в соответствии с Международными стандартами аудита. Эти стандарты требуют соблюдения аудиторами этических норм, а также планирования и проведения аудита таким образом, чтобы получить достаточную уверенность в том, что консолидированная финансовая отчетность не содержит существенных искажений.

Аудит включает проведение процедур, необходимых для получения аудиторских доказательств в отношении числовых показателей и примечаний к консолидированной финансовой отчетности.

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Выбор процедур основывается на профессиональном суждении аудитора, включая оценку рисков существенного искажения консолидированной финансовой отчетности вследствие недобросовестных действий или ошибок. Оценка таких рисков включает рассмотрение системы внутреннего контроля за подготовкой и достоверностью консолидированной финансовой отчетности с целью разработки аудиторских процедур, применимых в данных обстоятельствах, но не для выражения мнения об эффективности системы внутреннего контроля. Аудит также включает оценку надлежащего характера применяемой учетной политики и обоснованности допущений, сделанных руководством, а также оценку представления консолидированной финансовой отчетности в целом.

Мы считаем, что полученные нами аудиторские доказательства являются достаточным и надлежащим основанием для выражения нашего мнения.

Мнение

По нашему мнению, консолидированная финансовая отчетность достоверно, во всех существенных аспектах, отражает финансовое положение Группы по состоянию на 31 декабря 2012 года, а также результаты ее деятельности и движение денежных средств за год, закончившийся на эту дату, в соответствии с Международными стандартами финансовой отчетности.

Deloitte & Touche

1 апреля 2013 года
г. Бишкек, Кыргызская Республика



Наименование «Делойт» относится к одному либо любому количеству юридических лиц, входящих в «Делойт Туш Томацу Лимитед», частную компанию с ответственностью участников в гарантированных ими пределах, зарегистрированную в соответствии с законодательством Великобритании; каждое такое юридическое лицо является самостоятельным и независимым юридическим лицом. Подробная информация о юридической структуре «Делойт Туш Томацу Лимитед» и входящих в нее юридических лиц предоставлена на сайте www.deloitte.com/about. Подробная информация о юридической структуре «Делойта» в СНГ предоставлена на сайте www.deloitte.com/ru/about.

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ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО

МИКРОФИНАНСОВАЯ КОМПАНИЯ «ФИНАНСОВАЯ ГРУППА КОМПАНИОН»

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О СОВОКУПНОМ ДОХОДЕ
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2012 ГОДА

(в тысячах кыргызских сом)

	Примечания	Год, закончившийся 31 декабря 2012 года	Год, закончившийся 31 декабря 2011 года
Процентные доходы	3, 20	1,238,897	1,192,950
Процентные расходы	3	(354,178)	(243,973)
ЧИСТЫЙ ПРОЦЕНТНЫЙ ДОХОД ДО ФОРМИРОВАНИЯ РЕЗЕРВОВ ПОД ОБЕСЦЕНЕНИЕ АКТИВОВ, ПО КОТОРЫМ НАЧИСЛЯЮТСЯ ПРОЦЕНТЫ		884,719	948,977
Восстановление резерва/(формирование резерва) под обесценение активов, по которым начисляются проценты	4	29,967	(27,057)
ЧИСТЫЙ ПРОЦЕНТНЫЙ ДОХОД		914,686	921,920
Чистый убыток по финансовым активам, отражаемым по справедливой стоимости через прибыли или убытки		(52,397)	(102,144)
Чистый (убыток)/прибыль от курсовой разницы	5	(5,723)	15,172
Формирование резерва под обесценение прочих активов	4	(54,079)	(4,145)
Расходы по услугам и комиссии		(7,415)	(5,951)
Прочие расходы		(20,713)	(7,589)
ЧИСТЫЕ НЕПРОЦЕНТНЫЕ РАСХОДЫ		(140,327)	(104,657)
ОПЕРАЦИОННЫЕ ДОХОДЫ		774,359	817,263
ОПЕРАЦИОННЫЕ РАСХОДЫ	6, 20	(740,507)	(627,263)
ПРИБЫЛЬ ДО НАЛОГООБЛОЖЕНИЯ		33,852	190,000
Расход по налогу на прибыль	7	(10,845)	(24,554)
ЧИСТАЯ ПРИБЫЛЬ		23,007	165,446
ИТОГО СОВОКУПНЫЙ ДОХОД		23,007	165,446

От имени руководства Группы



Уланбек Термечиков
Председатель Правления

1 апреля 2013 года
г. Бишкек,
Кыргызская Республика




Гульбара Джакыпбаева
Главный бухгалтер

1 апреля 2013 года
г. Бишкек,
Кыргызская Республика

ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО МИКРОФИНАНСОВАЯ КОМПАНИЯ «ФИНАНСОВАЯ ГРУППА КОМПАНИОН»

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ФИНАНСОВОМ ПОЛОЖЕНИИ
ПО СОСТОЯНИЮ НА 31 ДЕКАБРЯ 2012 ГОДА
(в тысячах кыргызских сом)

	Примечания	31 декабря 2012 года	31 декабря 2011 года
АКТИВЫ:			
Наличность в кассе	8	31	1
Средства в банках и прочих финансовых институтах	9, 20	721,232	402,623
Финансовые активы, отражаемые по справедливой стоимости через прибыли или убытки	12	111,805	112,247
Кредиты, предоставленные клиентам	10	2,490,040	2,678,322
Основные средства и нематериальные активы	11	280,071	201,632
Налоговые активы	7	16,212	–
Прочие активы	13	69,383	43,808
ИТОГО АКТИВЫ		3,688,774	3,438,633
ОБЯЗАТЕЛЬСТВА И КАПИТАЛ			
ОБЯЗАТЕЛЬСТВА:			
Средства банков и прочих финансовых институтов	14	2,467,720	2,308,825
Субординированный заем	16	289,915	283,630
Прочие обязательства	15	231,111	146,693
Налоговые обязательства	7	–	3,564
ИТОГО ОБЯЗАТЕЛЬСТВА		2,988,746	2,742,712
КАПИТАЛ:			
Уставный капитал	18	530,400	530,400
Резервы	22	–	92,568
Нераспределенная прибыль		169,626	72,951
Итого капитал, относящийся к акционерам материнской Компании		700,028	695,919
Неконтрольные доли владения	17	2	2
Итого капитал		700,028	695,921
ИТОГО ОБЯЗАТЕЛЬСТВА И КАПИТАЛ		3,688,774	3,438,633

От имени руководства Группы



Уланбек Термечиков
Председатель Правления

1 апреля 2013 года
г. Бишкек,
Кыргызская Республика




Гульбара Джакыпбаева

Главный бухгалтер
1 апреля 2013 года
г. Бишкек,
Кыргызская Республика

**ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
МИКРОФИНАНСОВАЯ КОМПАНИЯ «ФИНАНСОВАЯ ГРУППА КОМПАЬОН»**

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ ОБ ИЗМЕНЕНИЯХ КАПИТАЛА
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2012 ГОДА
(в тысячах кыргызских сом)

	Уставный капитал	Нерас- пределен- ная прибыль	Резервы	Неконтроль- ные доли владения	Итого капитал
31 ДЕКАБРЯ 2010 ГОДА	265,000	265,473	–	–	530,473
Выпуск простых акций	265,400	(265,400)	–	–	–
Совокупный доход	–	165,446	–	–	165,446
Создание резервов (Примечание 22)	–	(92,568)	92,568	–	–
Неконтрольные доли владения, возникающие при создании дочерней компании (Примечание 17)	–	–	–	2	2
31 ДЕКАБРЯ 2011 ГОДА	530,400	72,951	92,568	2	695,921
Объявленные дивиденды	–	(18,900)	–	–	(18,900)
Совокупный доход	–	23,007	–	–	23,007
Восстановление резервов (Примечание 22)	–	92,568	(92,568)	–	–
31 ДЕКАБРЯ 2012 ГОДА	530,400	169,626	–	2	700,028

От имени руководства Группы



Уланбек Термечиков
Председатель Правления

1 апреля 2013 года
г. Бишкек,
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1 апреля 2013 года
г. Бишкек,
Кыргызская Республика

ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО**МИКРОФИНАНСОВАЯ КОМПАНИЯ «ФИНАНСОВАЯ ГРУППА КОМПАНЬОН»**

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ДВИЖЕНИИ ДЕНЕЖНЫХ СРЕДСТВ
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2012 ГОДА

(в тысячах кыргызских сом)

ДВИЖЕНИЕ ДЕНЕЖНЫХ СРЕДСТВ ОТ ОПЕРАЦИОННОЙ ДЕЯТЕЛЬНОСТИ:	Приме- чания	Год, закончившийся 31 декабря 2012 года	Год, закончившийся 31 декабря 2011 года
Прибыль до налогообложения		33,852	190,000
КОРРЕКТИРОВКИ:			
(Восстановление резерва)/Формирование резерва под обесценение активов, по которым начисляются проценты		(29,967)	27,057
Формирование резерва под обесценение прочих активов		54,079	4,145
Формирование резервов на отпуск и премии сотрудникам		52,547	37,438
Нереализованный убыток/(прибыль) от курсовой разницы		5,928	(16,151)
Чистый убыток от финансовых активов, отражаемым по справедливой стоимости через прибыли или убытки		52,397	102,144
Амортизация основных средств		38,815	34,501
Прибыль/(убыток) от выбытия основных средств и нематериальных активов		18,690	(29)
Чистое изменение начисленных процентных доходов и расходов		(13,636)	6,719
Движение денежных средств от операционной деятельности до изменения операционных активов и обязательств		212,705	385,824
Изменение операционных активов и обязательств			
(Увеличение)/ уменьшение операционных активов:			
Средства в банках и прочих финансовых институтах		(173,584)	4,642
Кредиты, предоставленные клиентам		196,817	(847,063)
Финансовые активы, отражаемые по справедливой стоимости через прибыли или убытки		(16,963)	(102,036)
Прочие активы		(25,575)	6,759
Увеличение операционных обязательств:			
Прочие обязательства		73,005	33,162
ПРИТОК/(ОТТОК) ДЕНЕЖНЫХ СРЕДСТВ ОТ ОПЕРАЦИОННОЙ ДЕЯТЕЛЬНОСТИ ДО НАЛОГООБЛОЖЕНИЯ		266,405	(518,712)
Налог на прибыль уплаченный		(30,621)	(27,971)
ЧИСТЫЙ ПРИТОК/(ОТТОК) ДЕНЕЖНЫХ СРЕДСТВ ОТ ОПЕРАЦИОННОЙ ДЕЯТЕЛЬНОСТИ		235,784	(546,683)

ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО

МИКРОФИНАНСОВАЯ КОМПАНИЯ «ФИНАНСОВАЯ ГРУППА КОМПАЬОН»

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ДВИЖЕНИИ ДЕНЕЖНЫХ СРЕДСТВ (ПРОДОЛЖЕНИЕ)
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2012 ГОДА

(в тысячах кыргызских сом)

	Приме- чания	Год, закончившийся 31 декабря 2012 года	Год, закончившийся 31 декабря 2011 года
ДВИЖЕНИЕ ДЕНЕЖНЫХ СРЕДСТВ ОТ ИНВЕСТИЦИОННОЙ ДЕЯТЕЛЬНОСТИ:			
Приобретение основных средств и нематериальных активов		(137,782)	(108,863)
Поступления от реализации объектов основных средств		1,838	1,757
Чистый отток денежных средств от инвестиционной деятельности		(135,944)	(107,106)
ДВИЖЕНИЕ ДЕНЕЖНЫХ СРЕДСТВ ОТ ФИНАНСОВОЙ ДЕЯТЕЛЬНОСТИ:			
Поступления от средств банков и прочих финансовых институтов		319,816	1,758,202
Погашение средств банков и прочих финансовых институтов		(281,074)	(895,051)
Дивиденды выплаченные		(7,560)	(2,211)
ЧИСТЫЙ ПРИТОК ДЕНЕЖНЫХ СРЕДСТВ ОТ ФИНАНСОВОЙ ДЕЯТЕЛЬНОСТИ		31,182	860,940
Влияния изменения курса иностранной валюты на денежные средства и их эквиваленты		961	(3,331)
ЧИСТОЕ УВЕЛИЧЕНИЕ ДЕНЕЖНЫХ СРЕДСТВ И ИХ ЭКВИВАЛЕНТОВ		131,983	203,820
ДЕНЕЖНЫЕ СРЕДСТВА И ИХ ЭКВИВАЛЕНТЫ, НА НАЧАЛО ГОДА	8	390,227	186,407
ДЕНЕЖНЫЕ СРЕДСТВА И ИХ ЭКВИВАЛЕНТЫ, НА КОНЕЦ ГОДА	8	522,210	390,227

Сумма процентов, уплаченных и полученных Группой за год, закончившийся 31 декабря 2012 года, составила 370,949 тыс. кыргызских сом и 1,242,032 тыс. кыргызских сом, соответственно.

Сумма процентов, уплаченных и полученных Группой за год, закончившийся 31 декабря 2011 года, составила 262,481 тыс. кыргызских сом и 1,204,739 тыс. кыргызских сом, соответственно.

От имени руководства Группы


Уланбек Термечиков
Председатель Правления

1 апреля 2013 года
г. Бишкек,
Кыргызская Республика




Гульбара Джакыпбаева
Главный бухгалтер

1 апреля 2013 года
г. Бишкек,
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