

**Financial Statements in accordance with International Financial
Reporting Standards (IFRS) for the year ended
December 31, 2019**

**"STATE FUND FOR SUPPORT OF ENTREPRENEURIAL
ACTIVITY DEVELOPMENT"**

INTEGRA INTERNATIONAL®

YOUR GLOBAL ADVANTAGE

«NAZORAT-AUDIT» AUDITING COMPANY

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Independent auditor's report

To the management of the
STATE FUND FOR SUPPORT OF ENTREPRENEURIAL
ACTIVITY DEVELOPMENT

Opinion

We have audited the consolidated financial statements of STATE FUND FOR SUPPORT OF ENTREPRENEURIAL ACTIVITY DEVELOPMENT (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.⁸
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Director of an audit organization
LLC "NAZORAT-AUDIT":



Tashkent, Gospital area 11/2.
Date of issue: September 29, 2020

B.N. Nazarov

Auditor qualification certificate
No. 05207 dated April 26, 2014

Information about the audited entity

Name: State Fund for Support of Entrepreneurship Development State registration: The entry was made in the Unified State Register of Legal Entities dated October 26, 2017 and assigned the State Registration Number No. 550147.

Bank details: Settlement account: 2021 0000 7008 0942 5001 in JSCB "Microcreditbank", Bank code - 00433. INN: 305109064.

Statistical reporting codes: OKPO - 27372787, SOATO - 1726277, OKED - 84130 (Regulation and promotion of efficient economic activity).

Director: Ismailov Umrbek Aribdzhonovich.

Location: Republic of Uzbekistan, Tashkent city, Chilanazar district, Koratosh street 1, Phone: 238-69-27.

Main activity and task: Financial support to small businesses, in national and foreign currency through commercial banks in the form of guarantees up to half of the bank loan amount, as well as compensation for part of interest expenses on loans.

Auditor details

Name: Auditing Organization in the form of LLC "NAZORAT-AUDIT"

State registration: Certificate of the Ministry of Justice of the Republic of Uzbekistan No. 545 dated December 11, 2007.

License of the Ministry of Finance of the Republic of Uzbekistan series AF No. 00811 dated April 11, 2019 for auditing all business entities.

Bank details: Current account: 20208000604007713001 in PJSCB "DAVR-BANK" Chilanazar branch, MFO-01046, TIN 202884570, OKONKH 84400.

Director: Nazarov Bakhodir Nematovich, Auditor's qualification certificate No. 05207 dated 26.04. 2014

Location: Republic of Uzbekistan, 100015, Tashkent, Mirabad district, hospital area, 11/2 Tel: +998 95 1447455 Fax: +998 71 1502301.

Statement of financial position

as of December 31, 2019

in thousands of Uzbek soums

| | As of 31.12.2019 | As of 31.12.2018 |
|--|----------------------|--------------------|
| ASSETS | | |
| Long-term assets | | |
| Fixed assets | 526 454 | 603 221 |
| Held-to-maturity financial assets | 160 690 747 | 245 320 975 |
| Total non-current assets | 161 217 201 | 245 924 196 |
| Current assets | | |
| Working stock | 12 672 | 10 185 |
| Accounts receivable | 4 595 907 | 354 683 |
| Advances paid | 4 467 | 8 208 |
| Advance payments of taxes and payments | 27 276 | |
| Short-term investments | 872 171 345 | 472 057 959 |
| Cash and cash equivalents | 609 948 | 11 401 376 |
| Total current assets | 877 421 615 | 483 832 411 |
| TOTAL ASSETS | 1 038 638 816 | 729 756 607 |
| CAPITAL AND LIABILITIES | | |
| Capital | | |
| Targeted income | 882 993 381 | 673 630 475 |
| retained earnings | 131 489 253 | 52 955 966 |
| Total capital | 1 014 482 634 | 726 586 441 |
| long term duties | | |
| Current responsibility | | |
| Provisions for liabilities and expenses | 228 849 | 117 370 |
| Accounts payable current debt | 23 838 048 | 2 878 502 |
| Current liability for taxes and extrabudgetary funds | 1 695 | 56 322 |
| Wage arrears | 87 591 | 117 972 |
| Total current liabilities | 24 156 182 | 3 170 166 |
| TOTAL CAPITAL AND LIABILITIES | 1 038 638 816 | 729 756 607 |

Director:

Chief Accountant:



Gains and losses report
(by purpose of costs)

in thousands of Uzbek soums

| | For the year ended 2019 | For the year ended 2018 |
|---|----------------------------|----------------------------|
| Revenue | | |
| Cost of sales (services) | | |
| Total gross profit | | |
| Other expenses by appointment | (4 708 000) | (244 054) |
| Total profit (loss) from operating activities | (4 708 000) | (244 054) |
| Income from financial activities | 176 332 614 | 76 180 616 |
| Finance expenses | (13 728 157) | (19 518 386) |
| Total profit (loss) before tax | 157 896 457 | 56 418 176 |
| Income tax expense | (26 407 204) | (4 137 512) |
| Total profit (loss) from continuing operations | 131 489 253 | 52 280 664 |

Director:

Chief Accountant:



Cash flow statement*in thousands of Uzbek soums*

| | For the year ended 2019 | For the year ended 2018 |
|--|----------------------------|----------------------------|
| Cash flows from operating activities | | |
| other income from operating activities | 253 675 | 144 041 |
| Cash payments from operating activities | | |
| payments to suppliers of goods, works, services | (131 352) | (139 692) |
| payments to or for employees | (2 836 949) | (1 008 712) |
| other cash flows from operating activities | (235 246) | (180 281) |
| Total cash flows from current operations | (2 949 872) | (1 184 644) |
| taxes paid | (1 220 744) | (509 916) |
| Total cash flows from operating activities | (4 170 616) | (1 694 560) |
| Cash flows from investing activities | | |
| payments for the purchase of fixed assets | (69 762) | (459 879) |
| payments for the purchase of long-term and short-term investments | (639 577 303) | (408 282 773) |
| income from the return of long-term and short-term investments | 405 938 894 | 128 786 522 |
| issuance of long-term loans | - | (32 920 900) |
| proceeds from the return of long-term and short-term loans | 5 080 794 | 1 779 685 |
| other cash flows from investing activities | 83 586 383 | 49 375 675 |
| Total cash flows from investing activities | (145 040 994) | (261 721 670) |
| Cash flows from financing activities | | |
| cash flows from earmarked receipts | 229 643 500 | 161 662 822 |
| interest paid | (92 477 449) | (6 259 978) |
| Total cash flows from financing activities | 137 166 051 | 155 402 844 |
| Total increase (decrease) in cash and cash equivalents before the effects of foreign exchange differences | (12 045 559) | (108 013 386) |
| Impact of exchange rate differences on cash and cash equivalents | 1 254 131 | 368 570 |
| Total increase (decrease) in cash and cash equivalents | (10 791 428) | (107 644 816) |
| Cash and cash equivalents at the beginning of the period | 11 401 376 | 119 046 192 |
| Cash and cash equivalents at the end of the period | 609 948 | 11 401 376 |

Director:

Chief Accountant:

