



ЖАБЫК АКЦИОНЕРДИК КООМУ "В. ЯКОБС - АУДИТ"

ИНН 1204199510045

№ A-46 April 13 2011

INDEPENDENT AUDITOR'S REPORT

TO: FOUNDER OF
MICRO- LENDING COMPANY
"FRONTIERS" LLC

We, W.Jacobs-Audit CJSC, have audited the accompanying consolidated financial statements of Micro-Lending Company "Frontiers" LLC (the "Group"), consisting of consolidated Statement of Financial Position as of 31 December 2010, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement, consolidated Statement of Changes in Equity, and a summary of general principles of the accounting policy and other notes to these consolidated financial statements for the year ended December 31, 2010.

Management's Responsibility for preparation of consolidated financial statements

The Group's Management is responsible for preparation of these consolidated financial statements and its compliance with the International Financial Reporting Standards. The responsibility includes development, introduction and maintenance of internal control system on preparation and fair presentation of the consolidated financial statements that is free of material misstatements whether due to financial abuse, errors; selection and application of relevant accounting policy as well as application of well-grounded accounting estimates.

Auditor's Responsibility

We are responsible for expressing of our opinion on reliability of these consolidated financial statements on the bases of the audit conducted. We conducted our audit in accordance with International Standards on Auditing. These Standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements.

An audit includes procedures that are necessary to obtain assurance evidence with regard to amounts and notes to the consolidated financials statements. The selection of relevant procedures depends upon professional judgment of the auditor including risk assessment of material misstatements or errors in the consolidated financial statements. The assessment of these risks includes the review of internal control system with regard to preparation and fair presentations of consolidated financial statements for the purpose to develop audit procedures applied but not to express an opinion on the effectiveness of the internal control system. Audit also includes the assessment of appropriateness of applied accounting policy and relevance of assumptions made by the management as well as assessment of overall consolidated financial statements presentation.

We believe that our audit evidences provide a reasonable basis to express our opinion on these consolidated financial statements.

Auditor's Opinion

In our opinion, the consolidated financial statements of Micro-Lending Company "Frontiers" LLC in all material aspects give a true and fair view of the financial position of the Group as of 31 December 2010 and activity results and cash flows for the year that ended December 31, 2010 in accordance with the International Financial Reporting Standards.



E.E. Morozova, CAP,
Director of W. Jacobs-Audit CJSC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as at 31 December 2010

	Notes	31 December 2010 '000 soms	31 December 2009 '000 soms
ASSETS			
Cash and cash equivalents	8	76,528	19,828
Loans to customers, net	9	849,177	377,401
Derivative financial instruments	10	13,936	6,358
Held-to-maturity financial assets	11	207,472	109,912
Investments in associates	6, 12	-	39,575
Other assets	13	10,249	831
PPE and intangible assets, net	14	40,409	2,667
Deferred tax assets	23	95	-
TOTAL ASSETS		1,197,866	556,572
LIABILITIES			
Clients' deposits	15	7,444	-
Loans received	16	867,014	323,129
Other liabilities	17	8,545	11,345
Income tax	23	4,976	1,005
TOTAL LIABILITIES		887,979	335,479
EQUITY			
Share capital	18	175,000	175,000
Reserves	18	8,253	5,481
Retained earnings		69,640	40,612
Equity attributable to owners of the parent company		252,893	221,093
Non-controlling interest		56,994	-
TOTAL EQUITY		309,887	221,093
TOTAL LIABILITIES AND EQUITY		1,197,866	556,572

Chief Executive Officer



U. Khusanov

Khusanov U.

Chief Accountant

B. Suleimanova

Suleimanova B.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 31 December 2010

	Notes	2010 '000 soms	2009 '000 soms
Interest income	19	136,459	81,649
Interest expense	19	(63,023)	(34,455)
Interest income		73,436	47,194
Charges on impairment of interest-bearing assets	9	(6,347)	(15,680)
Net interest income		67,089	31,514
Commission and charges	20	6,880	5,328
Commission expenses	20	(1,405)	(609)
Net commission income		5,475	4,719
Net foreign exchange gain /(loss)		(1,100)	604
Other income/ (expenses)	21	54	416
General and administrative expenses	22	(42,967)	(17,285)
Operating expenses		(44,013)	(16,265)
Charges on impairment of assets different from interest-bearing assets	13	(446)	-
Gain from business combinations	6	289	-
Share in profit / (loss) of associated company	12	7,556	4,364
Income before taxes		35,950	24,332
Income tax expenses	23	(4,280)	(1,252)
Net income		31,670	23,080
Other comprehensive income			
Foreign exchange difference on translating foreign operations less taxes		2,772	21
Total comprehensive income:		34,442	23,101
Attributable to:			
Owners of parent company		31,800	
Non-controlling interest		2,642	

Chief Executive Officer



U. Khusanov

Khusanov U.

Chief Accountant

B. Suleimanova

Suleimanova B.

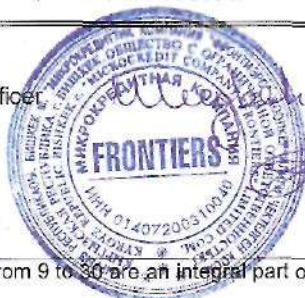
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CONSOLIDATED CASH FLOW STATEMENT
 for the year ended 31 December 2010

	Notes	2010 '000 soms	2009 '000 soms
OPERATING ACTIVITY CASH FLOW			
Interest income		132,030	81,568
Foreign currency transactions income / (loss)		(1,344)	-
Interest expense		(53,686)	(35,801)
Commission income		-	5,417
Commission expenses		(885)	(1,022)
Cash inflow from other income		613	544
Payment for services and goods		(48,623)	(16,636)
Operating activity cash before changes in operating assets and liabilities		28,105	34,070
(Increase) / decrease in loans to clients		(118,697)	(16,286)
(Increase)/ decrease in other assets		(2,258)	(127)
Increase/ (decrease) in other liabilities		(4,454)	8,655
Changes in operating assets and liabilities		(125,409)	(7,758)
Cash employed in operating activity before taxes payment		(97,304)	26,312
Income tax		(4,778)	(311)
Net (outflow)/ inflow of operating activity cash		(102,082)	26,001
INVESTING ACTIVITY CASH FLOW			
Sale of PPE		-	817
(Purchase of PPE)		(6,595)	(2,471)
Purchase of intangible assets		-	-
Inflow from investments in the financial instruments		64,793	120,565
(Outflow) from investments in the financial instruments)		(69,888)	(205,869)
Investments and financial participation		-	(31,115)
Cash received at business combination		24,223	-
Net (outflow)/ inflow of investing activity cash		12,533	(118,073)
FINANCING ACTIVITY CASH FLOW			
Inflow on increase of share capital		-	-
Inflow on debt liabilities		446,993	208,675
(Repayment of debt liabilities)		(301,511)	(119,605)
Net (outflow)/ inflow of financing activity cash		145,482	89,070
Foreign exchange rate effect		767	1,684
NET INCREASE IN CASH AND CASH EQUIVALENTS		56,700	(1,318)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	8	19,828	21,146
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	8	76,528	19,828

Chief Executive Officer  Khusanov U.

Chief Accountant  Suleimanova B.



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Notes on the pages from 9 to 30 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 for the year ended on 31 December 2010

	Share capital	Reserve on general business- risks	Exchange difference on translation of foreign currencies	Retained earnings	Total	Non-controlling interest	Total equity
	'000 soms	'000 soms	'000 soms	'000 soms	'000 soms	'000 soms	'000 soms
Balance as at December 31, 2008	175,000	5,000	460	17,532	197,992	-	197,992
Comprehensive income for the year	-	-	21	23,080	23,101	-	-
Balance as at December 31, 2009	175,000	5,000	481	40,612	221,093	-	221,093
Comprehensive income for the year	-	-	2,772	29,028	31,800	2,642	34,442
Acquisition of subsidiary (Note 6)	-	-	-	-	-	54,352	54,352
Balance as at December 31, 2010	175,000	5,000	3,253	69,640	252,893	56,994	309,887

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Chief Executive Officer



U. Khusanov

Khusanov U.

Chief Accountant

B. Suleimanova

Suleimanova B.