



Crowe Horwath

هوروات مالک

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INDEPENDENT AUDITOR'S REPORT TO BOARD OF SUPERVISORS

We have audited the accompanying financial statements of Bank-e-Millie Afghanistan ("the Bank"), which comprise the statement of financial position as at 30 Hoot 1391 (March 20, 2013), and the income statement / statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan, directives issued by the Central Bank of Afghanistan (DAB), and the Islamic Accounting Standards developed by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

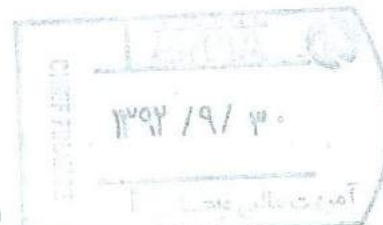
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 30 Hoot 1391 (20 March 2013), and of its financial performance and its cash flows for the year ended in accordance with the requirements of International Financial Reporting Standards (IFRSs), the Law of Banking in Afghanistan, directives issued by the Central Bank of Afghanistan (DAB), and the Islamic Accounting Standards developed by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

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Emphasis of Matter

Without qualifying our audit opinion, we draw attention to Note 2.1 to the financial statements which describes that Bank-e-Millie Afghan holds two fully owned subsidiaries namely 'Afghan National Credit and Finance Limited' and 'Afghan American Trading Co; Inc'. As per International Accounting Standard (IAS) 27 'Consolidated and Separate Financial Statements', being a parent company Bank-e-Millie Afghan is required to prepare consolidated financial statements. However, Bank's management has opted not to prepare consolidated financial statements in contravention of the said IAS.

Other matters

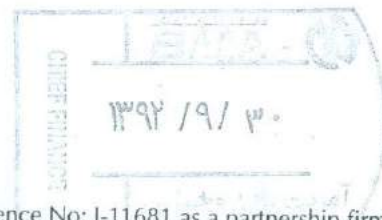
Previous year's financial statements were audited by Ernst & Young Ford Rhodes Sidat Hyder who gave their qualified opinion on September 03, 2013.



Horwath MAK
Auditors & Business Advisors

December 18, 2013

Kabul



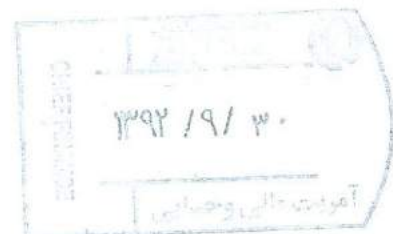
BANK-E-MILLIE AFGHAN
STATEMENT OF FINANCIAL POSITION
AS AT 30 HOOT 1391 (20 MARCH 2013)

	Note	1391 ----- (AFN) -----	1390
Assets			
Cash and bank balances	4	21,028,341,410	16,873,432,486
Loans and advances to customers	5	2,341,931,539	2,074,902,699
Investments	6	352,008,037	334,816,645
Property and equipments	7	1,294,464,119	1,298,066,737
Intangible assets	8	5,596,096	15,011,720
Investment property	9	729,065,389	729,065,389
Other assets	10	284,959,873	200,565,351
Total assets		<u>26,036,366,463</u>	<u>21,525,861,027</u>
Liabilities			
Deposits from banks	11	4,885,636	270,839,006
Deposits from customers	12	20,240,847,086	15,604,506,931
Current tax liabilities	13	98,296,351	143,818,615
Deferred tax liabilities	14	341,914,492	338,476,214
Other liabilities	15	223,837,262	176,183,592
Total liabilities		<u>20,909,780,827</u>	<u>16,533,824,358</u>
Equity			
Share capital	16	1,000,000,000	250,000,000
Retained earnings		3,220,270,765	3,849,474,911
Surplus on revaluation of property and equipment - net	17	914,278,001	914,278,001
Exchange translation reserve		(7,963,130)	(21,716,243)
Total equity		<u>5,126,585,636</u>	<u>4,992,036,669</u>
Total liabilities and equity		<u>26,036,366,463</u>	<u>21,525,861,027</u>
Contingencies and Commitments	18	-	-

The annexed notes from 1 to 31 form an integral part of these financial statements.


 Chief Executive Officer



 Chief Financial Officer



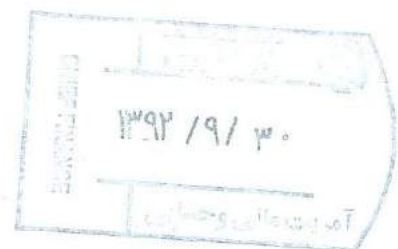
BANK-E-MILLIE AFGHAN
INCOME STATEMENT
FOR THE YEAR ENDED 30 HOOT 1391 (20 MARCH 2013)

	Note	1391 ----- (AFN) -----	1390 -----
Interest income	19	697,619,180	603,789,194
Interest expense	19	(125,358,993)	(192,035,423)
Net interest income		<u>572,260,187</u>	<u>411,753,771</u>
Fee and commission income	20	91,756,051	75,052,777
Fee and commission expense	20	(4,238,334)	(2,733,429)
Net fee and commission income		<u>87,517,717</u>	<u>72,319,348</u>
Net income / (loss) from trading in foreign currencies		11,412,040	202,981,923
Other operating income	21	182,907,807	326,648,503
		<u>194,319,847</u>	<u>529,630,426</u>
Operating income		854,097,751	1,013,703,545
Impairment loss on cash and bank balances		-	(6,167,792)
Impairment loss on loans and advances to customers	5	(179,558,963)	(204,858,210)
Impairment loss on other assets	10	(108,206)	(12,294,280)
Personnel expenses	22	(239,205,670)	(226,679,615)
Depreciation	7	(60,213,151)	(28,659,024)
Amortization	8	(9,811,562)	(8,580,456)
Other expenses	23	(143,824,109)	(129,375,619)
Exchange gain/ (loss)		(70,381,273)	78,068,500
Profit / (loss) before taxation		<u>150,994,817</u>	<u>475,157,049</u>
Taxation	24	(30,198,963)	(79,950,148)
Net profit for the year		<u><u>120,795,854</u></u>	<u><u>395,206,901</u></u>

The annexed notes from 1 to 31 form an integral part of these financial statements.


 Chief Executive Officer


 Chief Financial Officer



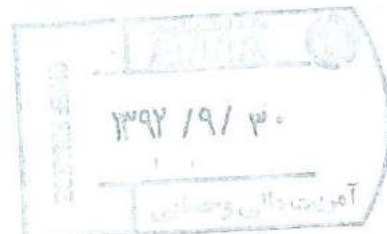
BANK-E-MILLIE AFGHAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 HOOT 1391 (20 MARCH 2013)

	Note	1391 ----- (AFN) -----	1390 -----
Cash flows from operating activities			
Profit before taxation		150,994,817	475,157,049
<i>Adjustments for:</i>			
Depreciation	7	60,213,151	28,659,024
Amortization	8	9,811,562	8,580,456
Impairment loss on loans and advances to customers	5	179,558,963	204,858,210
Impairment loss on other assets		108,206	12,294,280
Provision for staff pension		1,243,339	1,242,417
Interest income		(697,619,180)	(603,789,194)
Interest expense		125,358,993	192,035,423
Reversal of impairment allowance recognized as other income		(2,023,082)	-
Loss on disposal/ writeoff/ adjustments of property and equipment		81,997	(745,324)
		<u>(172,271,234)</u>	<u>318,292,341</u>
Working capital changes			
(Increase) in loans and advances to customers		(445,965,349)	(850,118,474)
(Increase) in other assets		(76,728,524)	(82,515,993)
Increase / (decrease) in deposits from banks		(265,953,370)	(525,646,583)
Increase in deposits from customers		4,636,340,155	6,065,513,769
(Decrease) / increase in other liabilities		46,410,331	(81,180,583)
		<u>3,894,103,243</u>	<u>4,526,052,136</u>
Cash generated from operations		3,721,832,009	4,844,344,477
Interest received		689,847,516	407,121,716
Interest paid		(86,681,066)	(125,600,458)
Tax paid		(75,805,227)	(35,843,561)
Net cash from operating activities		<u>4,249,193,232</u>	<u>5,090,022,174</u>
Cash flows from investing activities			
Acquisition of placements		3,209,705,263	(1,621,604,875)
Purchase of property and equipment		(85,307,914)	(65,338,539)
Acquisition of intangible asset		(8,976,394)	(5,820,475)
Net cash used in investing activities		<u>3,115,420,955</u>	<u>(1,692,763,889)</u>
Net increase in cash and cash equivalents		7,364,614,187	3,397,258,285
Cash and cash equivalents at beginning of year		9,723,048,329	6,325,790,044
Cash and cash equivalents at end of year	25	<u>17,087,662,516</u>	<u>9,723,048,329</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.


 Chief Executive Officer


 Chief Financial Officer



BANK-E-MILLIE AFGHAN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 HOOT 1391 (20 MARCH 2013)

	1391	1390
	----- (AFN) -----	
Exchange gain / (loss) arising on translation of investments	17,191,391	21,790,085
Deferred tax attributable to exchange gain/ (loss) on translation of investments	(3,438,278)	(4,358,017)
	<u>13,753,113</u>	<u>17,432,068</u>
Net profit for the year	120,795,854	395,206,901
Total comprehensive income for the year	<u>134,548,967</u>	<u>412,638,969</u>

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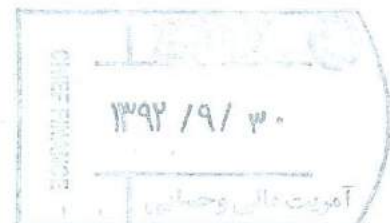
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 Chief Executive Officer




 Chief Financial Officer



BANK-E-MILLIE AFGHAN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 HOOT 1391 (20 MARCH 2013)

	Share Capital	Retained earnings	Surplus on revaluation of property and equipment -net (Note 17) (AFN)	Exchange translation reserve	Total
Balance at 21 March 2012 (1390)	250,000,000	3,849,474,911	914,278,001	(21,716,243)	4,992,036,669
Comprehensive income for the year					
Profit for the year	-	120,795,854	-	-	120,795,854
Capital Introduced During the year	750,000,000	(750,000,000)	-	-	-
Exchange gain on translation of investments	-	-	-	13,753,113	13,753,113
Total comprehensive income for the year	750,000,000	(629,204,146)	-	13,753,113	134,548,967
Balance at 20 March 2013 (1391)	1,000,000,000	3,220,270,765	-	(7,963,130)	5,126,585,636
Balance at 21 March 2011 (1389)	250,000,000	3,454,268,010	914,278,001	(39,148,311)	4,579,397,700
Comprehensive income for the year					
Profit for the year	-	395,206,901	-	-	395,206,901
Exchange gain on translation of investments	-	-	-	17,432,068	17,432,068
Total comprehensive income for the year	-	395,206,901	-	17,432,068	412,638,969
Balance at 19 March 2012 (1390)	250,000,000	3,849,474,911	914,278,001	(21,716,243)	4,992,036,669

The annexed notes from 1 to 31 form an integral part of these financial statements.


 Chief Executive Officer

1391 / 19 / 1391

 Chief Financial Officer