

## REVISED 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 revised statement of financial position as at 30 Qaws 1393 (December 21, 2014), 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.

*AMM*

*Audit Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 30 Qaws 1393 (December 21, 2014), 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).

*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*

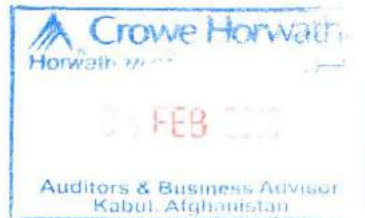
Reason for revision of the audit report and financial statements has been disclosed in Note 2.2 to these financial statements



**Horwath MAK**

Auditors & Business Advisors

Kabul



**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 Qaws 1393 (21 DECEMBER 2014)**

	Note	30 Qaws 1393 ----- (AFN)	30 Qaws 1392 -----
<b>Assets</b>			
Cash and bank balances	4	17,824,201,153	19,692,283,052
Loans and advances to customers	5	2,225,138,519	1,523,821,305
Investments	6	1,390,074,076	390,808,807
Property and equipments	7	1,274,832,580	1,279,465,178
Intangible assets	8	1,338,417	3,309,789
Investment property	9	645,683,089	645,683,089
Other assets	10	1,751,115,779	1,789,884,442
<b>Total assets</b>		<u><u>25,112,383,613</u></u>	<u><u>25,325,255,662</u></u>
<b>Liabilities</b>			
Deposits from banks and customers	11	18,771,766,522	17,673,625,929
Current tax liabilities	12	80,602,681	101,073,587
Deferred tax liabilities	13	332,779,740	332,998,186
Short term borrowing		-	1,500,000,000
Other liabilities	14	211,518,370	302,801,201
<b>Total liabilities</b>		<u><u>19,396,667,313</u></u>	<u><u>19,910,498,903</u></u>
<b>Equity</b>			
Share capital	15	1,000,000,000	1,000,000,000
Retained earnings		3,845,940,438	3,544,107,112
Surplus on revaluation of property and equipment - net	16	847,572,161	847,572,161
Exchange translation reserve		22,203,701	23,077,486
<b>Total equity</b>		<u><u>5,715,716,300</u></u>	<u><u>5,414,756,759</u></u>
<b>Total liabilities and equity</b>		<u><u>25,112,383,613</u></u>	<u><u>25,325,255,662</u></u>
<b>Contingencies and Commitments</b>	17		

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

  
 Chief Executive Officer

FOR:   
 Chief Financial Officer

**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 QAWS 1393 (21 DECEMBER 2014)**

	Note	30 Qaws 1393 ----- (AFN)	For the nine months ended 30 Qaws 1392 -----
Interest income	18	826,141,299	563,512,735
Interest expense	18	(101,687,367)	(60,604,796)
<b>Net interest income</b>		<b>724,453,932</b>	<b>502,907,939</b>
Fee and commission income	19	124,316,533	51,104,509
Fee and commission expense	19	(18,785,532)	(6,451,871)
<b>Net fee and commission income</b>		<b>105,531,001</b>	<b>44,652,638</b>
Net income from trading in foreign currencies		93,211,932	45,923,763
Other operating income	20	183,545,995	141,399,059
		<b>276,757,927</b>	<b>187,322,822</b>
<b>Operating income</b>		<b>1,106,742,860</b>	<b>734,883,399</b>
Impairment reversal / (loss) on loans and advances to customers	5	(159,136,071)	35,570,112
Impairment loss on other assets		(118,948)	(81,482)
Personnel expenses	21	(273,734,386)	(178,576,116)
Depreciation	7	(22,417,721)	(24,869,562)
Amortization	8	(2,257,934)	(2,330,305)
Other expenses	22	(149,078,563)	(113,079,511)
Exchange loss		(122,707,580)	(46,616,101)
<b>Profit before taxation</b>		<b>377,291,657</b>	<b>404,900,434</b>
Taxation	23	(75,458,331)	(81,064,087)
<b>Net profit for the year / period</b>		<b>301,833,326</b>	<b>323,836,347</b>

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

  
 Chief Executive Officer

For:   
 Chief Financial Officer

**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 QAWS 1393 (21 DECEMBER 2014)**

	30 Qaws 1393	For the nine months ended 30 Qaws 1392 ----- (AFN) -----
Exchange gain / (Loss) arising on translation of investments	(1,092,231)	38,800,770
Deferred tax attributable to exchange gain on translation of investments	218,446	(7,760,154)
	(873,785)	31,040,616
Revaluation surplus adjusted during the period	-	(83,382,300)
Deferred tax attributable to revaluation surplus adjusted during the year / period	-	16,676,460
	-	(66,705,840)
Net profit for the year / period	301,833,326	323,836,347
Total comprehensive income for the year / period	<u>300,959,541</u>	<u>288,171,123</u>

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

  
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 Chief Executive Officer

For:   
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 Chief Financial Officer

**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 QAWS 1393 (21 DECEMBER 2014)**

	30 Qaws 1393	For the nine months ended 30 Qaws 1392
Note	------(AFN)-----	
<b>Cash flows from operating activities</b>		
Profit before taxation	377,291,657	404,900,434
<i>Adjustments for:</i>		
Depreciation	7 22,417,721	24,869,562
Amortization	8 2,257,934	2,330,305
Impairment (reversal) / loss on loans and advances to customers	5 159,136,071	(35,570,112)
Impairment loss on other assets	118,948	81,482
Provision for staff pension	-	4,697,165
Interest income	(826,141,299)	(563,512,735)
Interest expense	101,687,367	60,604,796
Reversal of impairment allowance recognized as other income	(6,228,244)	(2,252,416)
Reversal of excess depreciation charged as other income	-	933,040
Loss on disposal/ write off/ adjustments of property and equipment	12,846	91,703
	<u>(169,446,999)</u>	<u>(102,826,776)</u>
<b>Working capital changes</b>		
Decrease / (Increase) in loans and advances to customers	(815,712,155)	860,692,525
Decrease / (Increase) in other assets	60,175,983	109,476,780
(Decrease) / Increase in deposits from customers	1,098,140,593	(2,572,106,793)
Increase in other liabilities	(97,274,556)	95,375,688
	<u>245,329,865</u>	<u>(1,506,561,800)</u>
Cash generated from operations -	75,882,866	(1,609,388,576)
Interest received	835,542,692	562,388,386
Interest paid	(100,706,167)	(21,852,083)
Tax paid	(95,929,237)	(78,202,851)
<b>Net cash (used in) / generated from operating activities</b>	<u>714,790,154</u>	<u>(1,147,055,124)</u>
<b>Cash flows from investing activities</b>		
Acquisition of placements	(1,467,286,092)	(3,205,144,245)
Proceeds from sale of investment property	-	62,510,899
Investment in associated companies	(1,000,000,000)	-
Purchase of property and equipment	(28,501,195)	(9,006,981)
Acquisition of intangible asset	(286,562)	(44,000)
<b>Net cash (used in) / generated from investing activities</b>	<u>(2,496,073,849)</u>	<u>(3,151,684,327)</u>
<b>Cash flows from financing activities</b>		
Short term borrowings	-	1,500,000,000
<b>Net cash generated from financing activities</b>	<u>-</u>	<u>1,500,000,000</u>
Net increase in cash and cash equivalents	(1,781,283,695)	(2,798,739,451)
Cash and cash equivalents at beginning of year / period	12,654,537,151	15,453,276,602
Cash and cash equivalents at end of year / period	24 <u>10,873,253,456</u>	<u>12,654,537,151</u>

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

  
 Chief Executive Officer

For:   
 Chief Financial Officer

**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 QAWS 1393 (21 DECEMBER 2014)**

	Share Capital	Retained earnings	Surplus on revaluation of property and equipment -net	Exchange translation reserve	Total
	(AFN)				
<b>For the Nine Months ended 30 Qaws 1392 (21 December 2013)</b>					
Profit for the period	1,000,000,000	3,544,107,112	847,572,161	23,077,486	5,414,756,759
Other comprehensive income	-	301,833,326	-	(873,785)	301,833,326 (873,785)
<b>Total comprehensive income for the period</b>	-	301,833,326	-	(873,785)	300,959,541
<b>FOR THE YEAR ENDED 30 QAWS 1393 (21 DECEMBER 2014)</b>					
Balance at 30 Hoot 1391 (20 March 2013)	1,000,000,000	3,220,270,765	914,278,001	(7,963,130)	5,126,585,636
Comprehensive income for the period:					
Profit for the period	-	323,836,347	-	-	323,836,347
Other comprehensive income	-	-	(66,705,840)	31,040,616	(35,665,224)
<b>Total comprehensive income for the period</b>	-	323,836,347	(66,705,840)	31,040,616	288,171,123
<b>For the Nine Months ended 30 Qaws 1392 (21 December 2013)</b>	1,000,000,000	3,544,107,112	847,572,161	23,077,486	5,414,756,759

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 Chief Executive Officer

For:   
 Chief Financial Officer