



AUDITOR'S REPORT

of the Annual Accounting (Financial) Statements

of Limited Liability Company

Microcredit Company PROFIREAL

for the year 2017

AUDITOR'S REPORT

To the shareholders of LLC MCC PROFIREAL

OPINION

We have audited the annual accounting (financial) statements of LLC MCC PROFIREAL (OGRN 1137847255765), 266 Ligovsky prospekt, litera O, Saint Petersburg, 196084, Russian Federation), which consists of:

- balance sheet as at December 31, 2017;
- statement of financial results for the year 2017;
- supplements to the balance sheet and statement of financial results, including:
- statement of changes in equity for the year 2017;
- cash flow statement for the year 2017;
- notes to the balance sheet and statement of financial results.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of LLC MCC PROFIREAL as at December 31, 2017, and its financial performance and cash flows for the year 2017 in accordance with the Financial Reporting Standards applicable in the Russian Federation.

BASIS FOR OUR OPINION

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Section "Auditor's responsibilities for the audit of annual accounting (financial) statements" of our report. We are independent of LLC MCC PROFIREAL in accordance with the Rules of Independence of Auditors and Audit Organizations and Code of Ethics for Professional Auditors corresponding to the Code of Ethics for Professional Accountants developed by the International Ethics Standards Board for Accountants, and we have fulfilled other obligations in accordance with these requirements of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

RESPONSIBILITIES OF THE MANAGEMENT AND MEMBERS OF THE BOARD OF DIRECTORS FOR ACCOUNTING (FINANCIAL) STATEMENTS

The management is responsible for the preparation and fair presentation of these annual financial statements in accordance with the Financial Reporting Standards applicable in the Russian Federation and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from any material misstatement, whether due to fraud or error.

When preparing the annual financial statement the management is responsible for assessing the ability of LLC MCC PROFIREAL to continue its operations as a going concern, for disclosure, when required, of the information related to applicability of the going-concern principle, and for preparing the financial statements using the going-concern basis of accounting unless management either intends to liquidate LLC MCC PROFIREAL or cease operations, or has no realistic alternative but to do so.

The members of the Board of Directors are responsible for the supervision of the process of preparation of the annual financial statements of LLC MCC PROFIREAL.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objective is to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance that an audit conducted in conformance with the ISA always detects material misstatements, if there are any. Misstatements may arise due to fraud or error and are considered to be 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 annual financial statements.

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with International Standards on Auditing. Our audit consisted, among other things, of the following:

- Identifying and assessing the risks of material misstatement of the annual financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control;
- Obtaining 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 internal control of LLC MCC PROFIREAL;
- Evaluating the appropriateness of accounting policies used, reasonableness of accounting estimates and related disclosures made by the management of LLC MCC PROFIREAL;
- Concluding on the appropriateness of use of the going-concern basis of accounting by the management of LLC MCC PROFIREAL, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of LLC MCC PROFIREAL 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 annual 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 LLC MCC PROFIREAL to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the annual financial statements, including the disclosures, and evaluating whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members of the Board of Directors for the financial statements 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.

Head of the audit task based on the results of which
this auditor's report was drawn up,
acting on the basis of Power of Attorney No.02-01-170583
dated July 01, 2017 valid till June 30, 2018

/signature/ N.R. Tarabarina

Seal:
FinExpertiza
Limited Liability Company
Registration Certificate No.937341
Moscow

Audit organization:
Limited Liability Company FinExpertiza
OGRN 1027739127734
14 Olimpiysky Avenue, Moscow, 129090
Member of the Self-Regulatory Organization of Auditors "Russian Union of Auditors" (Association),
ORNZ 11603076287

March 30, 2018

Balance Sheet
as at December 31, 2017

Company **Limited Liability Company Microcredit Company**
PROFIREAL

Taxpayer Identification Number

Economic activity **Microfinance activities**

Legal form / ownership form

Limited Liability Company / Private ownership

Measurement unit: thousands of rubles

Location (address):

266 Ligovsky pr., bld. O, Saint Petersburg, 190000

Form according to
OKUD
Date (day, month, year)

OKPO

INN

OKVED

OKOPF/OKFS

OKEI

| Codes | | |
|-------------------|-----------|-------------|
| 0710001 | | |
| 31 | 12 | 2017 |
| 23098349 | | |
| 7838492459 | | |
| 64.92.7 | | |
| 12300 | 16 | |
| 384 | | |

| Notes | Narrative | Line code | As at December 31, 2017 | As at December 31, 2016 | As at December 31, 2015 |
|------------|---|-------------|-------------------------|-------------------------|-------------------------|
| | ASSETS | | | | |
| | I. NON-CURRENT ASSETS | | | | |
| 1.1. | Intangible assets | 1110 | 228 | 380 | - |
| | Results of research and development | 1120 | - | - | - |
| | Intangible development assets | 1130 | - | - | - |
| | Tangible development assets | 1140 | - | - | - |
| 2.1. | Fixed assets | 1150 | 17,007 | 12,969 | 7,613 |
| | Income-bearing investments in tangible assets | 1160 | - | - | - |
| 3.1. | Financial investments | 1170 | 109,991 | 60,536 | 19,377 |
| EN para. 7 | Deferred tax assets | 1180 | 173,163 | 112,885 | 59,976 |
| EN para. 5 | Other non-current assets | 1190 | 67,694 | 62,677 | 46,270 |
| | Total Section I | 1100 | 368,083 | 249,447 | 133,236 |
| | II. CURRENT ASSETS | | | | |
| 4. | Inventories | 1210 | 19 | 3 | - |
| | Value added tax on acquired assets | 1220 | - | 218 | - |
| 5.1., 5.2. | Accounts receivable | 1230 | 72,496 | 37,612 | 23,838 |
| 3.1. | Financial investments (less cash equivalents) | 1240 | 202,774 | 111,710 | 41,137 |
| EN para. 9 | Cash and cash equivalents | 1250 | 43,627 | 54,684 | 23,320 |
| | Other current assets | 1260 | 1,716 | 57 | 1,603 |
| | Total Section II | 1200 | 320,632 | 204,284 | 89,898 |
| | BALANCE | 1600 | 688,715 | 453,731 | 223,134 |

| Notes | Narrative | Line code | As at December 31, 2017 | As at December 31, 2016 | As at December 31, 2015 |
|-------------|--|-----------|-------------------------|-------------------------|-------------------------|
| | LIABILITIES SIDE | | | | |
| | III. EQUITY AND RESERVES | | | | |
| | Authorized capital (share capital, authorized fund, contributions of partners) | 1310 | 200,000 | 200,000 | 200,000 |
| | Shares repurchased | 1320 | - | - | - |
| | Revaluation of non-current assets | 1340 | - | - | - |
| EN para. 10 | Additional capital (without revaluation) | 1350 | 985,128 | 410,514 | 198,286 |
| | Reserve capital | 1360 | - | - | - |
| | Retained profit (outstanding loss) | 1370 | (840,227) | (532,624) | (276,116) |
| | Total Section III | 1300 | 344,901 | 77,890 | 122,170 |
| EN para. 10 | IV. NON-CURRENT LIABILITIES | | | | |
| | Borrowings | 1410 | 159,731 | 313,252 | 80,000 |
| EN para. 7 | Deferred tax liabilities | 1420 | 1,162 | 461 | - |
| | Estimated liabilities | 1430 | - | - | - |
| | Other liabilities | 1450 | - | - | - |
| | Total Section IV | 1400 | 160,893 | 313,713 | 80,000 |
| EN para. 10 | V. CURRENT LIABILITIES | | | | |
| | Borrowings | 1510 | 123,716 | 11,215 | 1,539 |
| 5.3., 5.4. | Accounts payable | 1520 | 29,353 | 19,815 | 5,787 |
| | Deferred income | 1530 | - | - | - |
| EN para. 11 | Estimated liabilities | 1540 | 29,852 | 31,098 | 13,638 |
| | Other liabilities | 1550 | - | - | - |
| | Total Section V | 1500 | 182,921 | 62,128 | 20,964 |
| | BALANCE | 1700 | 688,715 | 453,731 | 223,134 |

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ALEKSANDR OLEGOVICH KUZNETSOV
(printed name)

March 29, 2018

Seal:

Limited Liability Company
Microcredit Company PROFIREAL
OGRN 1137847255765
INN7838492459
Saint Petersburg

**Statement of Financial Results
for January – December 2017**

Company **Limited Liability Company Microcredit Company
PROFIREAL**
 Taxpayer Identification Number
 Economic activity **Microfinance activities**
 Legal form / ownership form
Limited Liability Company / Private ownership
 Measurement unit: thousands of rubles

Form according to
OKUD
 Date (day, month, year)
OKPO
 INN
 OKVED
 OKOPF/OKFS
 OKEI

| Codes | | |
|-------------------|-----------|-------------|
| 0710002 | | |
| 31 | 12 | 2017 |
| 23098349 | | |
| 7838492459 | | |
| 64.92.7 | | |
| 12300 | 16 | |
| 384 | | |

| Notes | Narrative | Line code | for January – December 2017 | for January – December 2016 |
|----------------|--|-----------|--------------------------------|--------------------------------|
| EN para. 12 | Revenue | 2110 | 351,689 | 140,770 |
| EN para. 13 | Cost of sales | 2120 | (233,585) | (144,250) |
| | Gross profit (loss) | 2100 | 118,104 | (3,480) |
| EN para. 13 | Selling expenses | 2210 | (55,005) | (44,624) |
| EN para. 13 | Administrative expenses | 2220 | (214,487) | (186,033) |
| | Profit (loss) from sales | 2200 | (151,388) | (234,137) |
| | Income from shareholdings | 2310 | - | - |
| | Interest receivable | 2320 | 1,748 | 2,625 |
| | Interest payable | 2330 | (61,148) | (25,653) |
| EN para. 14 | Other income | 2340 | 80,501 | 32,972 |
| EN para. 15 | Other expenses | 2350 | (236,892) | (84,763) |
| | Profit (loss) before taxation | 2300 | (367,179) | (308,956) |
| | Current income tax | 2410 | - | - |
| EN para. 7 | including permanent tax liabilities (assets) | 2421 | 15,913 | 9,343 |
| | Changes in deferred tax liabilities | 2430 | (701) | (461) |
| | Changes in deferred tax assets | 2450 | 60,277 | 52,909 |
| | Other | 2460 | - | - |
| | Net profit (loss) | 2400 | (307,603) | (256,508) |

| Notes | Narrative | Line code | for January – December 2017 | for January – December 2016 |
|-------|---|-----------|--------------------------------|--------------------------------|
| | Result of revaluation of non-current assets not included in the net profit (loss) of the period | 2510 | - | - |
| | Result of other transactions not included in the net profit (loss) of the period | 2520 | - | - |
| | Cumulative financial result of the period | 2500 | (307,603) | (256,508) |
| | Reference | | | |
| | Basic earnings (loss) per share | 2900 | - | - |
| | Diluted earnings (loss) per share | 2910 | - | - |

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(signature)

ALEKSANDR OLEGOVICH KUZNETSOV
(printed name)

March 29, 2018

Seal:

Limited Liability Company

Microcredit Company PROFIREAL

OGRN 1137847255765

INN7838492459

Saint Petersburg

**Statement of Changes in Equity
for January – December 2017**

Company **Limited Liability Company Microcredit Company
PROFIREAL**

Taxpayer Identification Number

Economic activity **Microfinance activities**

Legal form / ownership form

Limited Liability Company / Private ownership

Measurement unit: thousands of rubles

Form according to OKUD

Date (day, month, year)

OKPO

INN

OKVED

OKOPF/OKFS

OKEI

| Codes | | |
|------------|----|------|
| 0710003 | | |
| 31 | 12 | 2017 |
| 23098349 | | |
| 7838492459 | | |
| 64.92.7 | | |
| 12300 | | 16 |
| 384 | | |

1. Changes in equity

| Narrative | Line code | Authorized capital | Shares repurchased | Additional capital | Capital reserves | Retained profit (outstanding loss) | Total |
|--|-----------|--------------------|--------------------|--------------------|------------------|------------------------------------|-----------|
| Equity as at December 31, 2015 | 3100 | 200,000 | - | 198,286 | - | (276,116) | 122,170 |
| <u>for the year 2016:</u> | | | | | | | |
| Increase of equity – total: | 3210 | - | - | 212,228 | - | - | 212,228 |
| including net profit | 3211 | X | X | X | X | - | - |
| revaluation of assets | 3212 | X | X | - | X | - | - |
| income directly attributable to increase of equity | 3213 | X | X | 212,228 | X | - | 212,228 |
| additional shares issue | 3214 | - | - | - | X | X | - |
| increase of share par value | 3215 | - | - | - | X | - | X |
| reorganization of the legal entity | 3216 | - | - | - | - | - | - |
| | 3217 | - | - | - | - | - | - |
| Decrease of equity – total: | 3220 | - | - | - | - | (256,508) | (256,508) |
| including loss | 3221 | X | X | X | X | (256,508) | (256,508) |
| revaluation of assets | 3222 | X | X | - | X | - | - |
| income directly attributable to decrease of equity | 3223 | X | X | - | X | - | - |
| decrease of share par value | 3224 | - | - | - | X | - | - |
| decrease in number of shares | 3225 | - | - | - | X | - | - |
| reorganization of the legal entity | 3226 | - | - | - | - | - | - |
| dividends | 3227 | X | X | X | X | - | - |

| Narrative | Line code | Authorized capital | Shares repurchased | Additional capital | Capital reserves | Retained profit (outstanding loss) | Total |
|--|-----------|--------------------|--------------------|--------------------|------------------|------------------------------------|-----------|
| Change of additional capital | 3230 | X | X | - | - | - | X |
| Change of reserve capital | 3240 | X | X | X | - | - | X |
| | 3245 | - | - | - | - | - | - |
| Equity as at December 31, 2016 | 3200 | 200,000 | - | 410,514 | - | (532,624) | 77,890 |
| <u>for the year 2017:</u> | | | | | | | |
| Increase of equity – total: | 3310 | - | - | 574,614 | - | - | 574,614 |
| including | | | | | | | |
| net profit | 3311 | X | X | X | X | - | - |
| revaluation of assets | 3312 | X | X | - | X | - | - |
| income directly attributable to increase of equity | 3313 | X | X | 574,614 | X | - | 574,614 |
| additional shares issue | 3314 | - | - | - | X | X | - |
| increase of share par value | 3315 | - | - | - | X | - | X |
| reorganization of the legal entity | 3316 | - | - | - | - | - | - |
| | 3317 | - | - | - | - | - | - |
| Decrease of equity – total: | 3320 | - | - | - | - | (307,603) | (307,603) |
| including | | | | | | | |
| loss | 3321 | X | X | X | X | (307,603) | (307,603) |
| revaluation of assets | 3322 | X | X | - | X | - | - |
| income directly attributable to decrease of equity | 3323 | X | X | - | X | - | - |
| decrease of share par value | 3324 | - | - | - | X | - | - |
| decrease in number of shares | 3325 | - | - | - | X | - | - |
| reorganization of the legal entity | 3326 | - | - | - | - | - | - |
| dividends | 3327 | X | X | X | X | - | - |
| Change of additional capital | 3330 | X | X | - | - | - | X |
| Change of reserve capital | 3340 | X | X | X | - | - | X |
| | 3345 | - | - | - | - | - | - |
| Equity as at December 31, 2017 | 3300 | 200,000 | - | 985,128 | - | (840,227) | 344,901 |

2. Adjustment due to changes in accounting policies and correction of errors

| Narrative | Line code | As at December 31, 2015 | Changes in equity for the year 2018 | | As at December 31, 2016 |
|-------------------------------------|-----------|-------------------------|-------------------------------------|----------------------|----------------------------|
| | | | from net profit (loss) | due to other factors | |
| Equity – total | | | | | |
| before adjustment | 3400 | - | - | - | - |
| adjustment due to: | | | | | |
| changes in accounting policies | 3410 | - | - | - | - |
| correction of errors | 3420 | - | - | - | - |
| after adjustment | 3500 | - | - | - | - |
| including: | | | | | |
| retained profit (outstanding loss): | | | | | |
| before adjustment | 3401 | - | - | - | - |
| adjustment due to: | | | | | |
| changes in accounting policies | 3411 | - | - | - | - |
| correction of errors | 3421 | - | - | - | - |
| after adjustment | 3501 | - | - | - | - |
| before adjustment | 3402 | - | - | - | - |
| adjustment due to: | | | | | |
| changes in accounting policies | 3412 | - | - | - | - |
| correction of errors | 3422 | - | - | - | - |
| after adjustment | 3502 | - | - | - | - |

**Cash Flow Statement
for January – December 2017**

Company **Limited Liability Company Microcredit Company
PROFIREAL**
 Taxpayer Identification Number _____
 Economic activity **Microfinance activities**
 Legal form / ownership form _____
Limited Liability Company / Private ownership
 Measurement unit: thousands of rubles

Form according to
OKUD
Date (day, month, year)
OKPO
INN
OKVED
OKOPF/OKFS
OKEI

| Codes | | |
|-------------------|-----------|-------------|
| 0710004 | | |
| 31 | 12 | 2017 |
| 23098349 | | |
| 7838492459 | | |
| 64.92.7 | | |
| 12300 | 16 | |
| 384 | | |

| Narrative | Line code | for January – December 2017 | for January – December 2016 |
|---|-----------|--------------------------------|--------------------------------|
| Cash flows from operating activities | | | |
| Receipts – total | 4110 | 481,131 | 190,657 |
| including: | | | |
| from sale of goods, products, works and services | 4111 | - | - |
| rent payments, license payments, royalties, commissions and other similar payments | 4112 | 5 | - |
| resale of financial investments | 4113 | - | - |
| repayment of loans granted | 4114 | 480,161 | 190,238 |
| other receipts | 4119 | 965 | 419 |
| Payments – total | 4120 | (960,321) | (562,060) |
| including: | | | |
| to suppliers (contractors) for raw materials, materials, works, services | 4121 | (163,828) | (126,014) |
| wages and salaries | 4122 | (349,612) | (218,017) |
| interest on liabilities | 4123 | (10,874) | (3,748) |
| corporate income tax | 4124 | - | - |
| granting of microloans | 4125 | (433,658) | (208,635) |
| other payments | 4129 | (2,349) | (5,646) |
| Net cash flows from operating activities | 4100 | (479,190) | (371,403) |
| Cash flows from investment activities | | | |
| Receipts – total | 4210 | 2,860 | 2,625 |
| including: | | | |
| from sale of non-current assets (except financial investments) | 4211 | 1,112 | - |
| from sale of shares of other entities (ownership interest) | 4212 | - | - |
| from repayment of loans granted, sale of debt securities (rights of claiming cash to third parties) | 4213 | - | - |
| dividends, interest on long-term financial investments and similar receipts from participation in other entities | 4214 | 1,748 | 2,625 |
| | 4215 | - | - |
| other receipts | 4219 | - | - |
| Payments – total | 4220 | (12,814) | (32,762) |
| including: | | | |
| due to acquisition, creation, modernization, reconstruction and preparation for use of non-current assets | 4221 | (12,814) | (32,762) |
| due to acquisition of shares of other entities (ownership interest) | 4222 | - | - |
| due to acquisition of debt securities (rights of claiming cash to third parties), granting of loans to other entities | 4223 | - | - |
| interest on liabilities included to the cost of investment assets | 4224 | - | - |
| | 4225 | - | - |
| other payments | 4229 | - | - |
| Net cash flows from investment activities | 4200 | (9,954) | (30,137) |

| Narrative | Line code | for January – December 2017 | for January – December 2016 |
|--|-----------|--------------------------------|--------------------------------|
| Cash flows from financing activities | | | |
| Receipts – total | 4310 | 565,187 | 448,677 |
| including: | | | |
| borrowings | 4311 | 220,187 | 56,617 |
| contributions of owners (members) | 4312 | - | - |
| from issue of shares, increase in ownership interest | 4313 | - | - |
| from issue of bonds, promissory notes and other debt securities, etc. | 4314 | - | - |
| borrowings from the parent company | 4315 | 345,000 | 392,060 |
| other receipts | 4319 | - | - |
| Payments – total | 4320 | (87,352) | (15,425) |
| to owners (members) due to repurchase of their shares (ownership interest) of the company or cessation of their membership | 4321 | - | - |
| for payment of dividends or other payments on profit distribution to owners | 4322 | - | - |
| due to redemption (buy-back) of promissory notes and other debt securities, repayment of loans | 4323 | (87,352) | (15,425) |
| | 4324 | - | - |
| other payments | 4329 | - | - |
| Net cash flows from financing activities | 4300 | 477,835 | 433,252 |
| Net cash flows for the reporting period | 4400 | (11,309) | 31,712 |
| Cash and cash equivalents at the beginning of the reporting period | 4450 | 54,684 | 23,320 |
| Cash and cash equivalents at the end of the reporting period | 4500 | 43,627 | 54,684 |
| Effect of exchange rate changes | 4490 | 252 | (348) |

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(signature)

ALEKSANDR OLEGOVICH KUZNETSOV

(printed name)

March 29, 2018**Seal:**

Limited Liability Company

Microcredit Company PROFIREAL

OGRN 1137847255765

INN7838492459

Saint Petersburg

**Notes to the Balance Sheet and
Statement of Financial Results (thousands of rubles)**
1. Intangible assets and research and development (R&D) expenses
1.1. Availability and movement of intangible assets

Form 0710005 p.1

| Narrative | Line code | Period | At the beginning of the year | | Changes for the reporting period | | | | | | | At the end of the reporting period | |
|---------------------------------------|-----------|----------|------------------------------|--|----------------------------------|---------------|--|----------------------|-----------------|---------------|--|------------------------------------|--|
| | | | initial value | accumulated depreciation and impairment losses | Additions | Disposals | | Accrued depreciation | Impairment loss | Revaluation | | initial value | accumulated depreciation and impairment losses |
| | | | | | | initial value | accumulated depreciation and impairment losses | | | initial value | accumulated depreciation and impairment losses | | |
| Intangible assets – total | 5100 | for 2017 | 456 | (76) | - | - | - | (152) | - | - | - | 456 | (228) |
| | 5110 | for 2016 | 957 | (957) | 456 | - | 957 | (76) | - | - | - | 456 | (76) |
| including: Other intangible assets | 5101 | for 2017 | 456 | (76) | - | - | - | (152) | - | - | - | 456 | (228) |
| | 5111 | for 2016 | - | - | 456 | - | - | (76) | - | - | - | 456 | (76) |

1.2. Initial value of intangible assets created by the Company

| Narrative | Line code | As at December 31, 2017 | As at December 31, 2016 | As at December 31, 2015 |
|------------|-----------|-------------------------|-------------------------|-------------------------|
| Total | 5120 | - | - | - |
| including: | 5121 | - | - | - |

1.5. In-progress research and development works and intangible assets acquisition

| Narrative | Line code | Period | At the beginning of the year | Changes for the reporting period | | | At the end of the reporting period |
|---|-----------|----------|------------------------------|----------------------------------|--|--|------------------------------------|
| | | | | costs for the period | written off costs (research and development without positive result) | recognized as intangible assets or R&D | |
| Costs of in-progress research and development works – total | 5160 | for 2017 | - | - | - | - | - |
| | 5170 | for 2016 | - | - | - | - | - |
| including: | 5161 | for 2017 | - | - | - | - | - |
| | 5171 | for 2016 | - | - | - | - | - |
| acquisition of intangible assets in progress – total | 5180 | for 2017 | - | - | - | - | - |
| | 5190 | for 2016 | - | 456 | - | (456) | - |
| including: web site | 5181 | for 2017 | - | - | - | - | - |
| | 5191 | for 2016 | - | 456 | - | (456) | - |

Head _____
/signature/
 (signature)

ALEKSANDR OLEGOVICH KUZNETSOV
 (printed name)

March 29, 2018

Seal:
 Limited Liability Company
 Microcredit Company PROFIREAL
 OGRN 1137847255765
 INN7838492459
 Saint Petersburg

2.2. In-progress capital investments

| Narrative | Line code | Period | At the beginning of the year | Changes for the reporting period | | | At the end of the reporting period |
|---|-----------|----------|------------------------------|----------------------------------|-------------------|---|------------------------------------|
| | | | | costs for the period | written off costs | recognized as fixed assets or increased costs | |
| In-progress construction and in-progress activity on acquisition, modernization, etc. of fixed assets – total | 5240 | for 2017 | - | 9,681 | - | (9,245) | 436 |
| | 5250 | for 2016 | - | 8,368 | - | (8,368) | - |
| including: | 5241 | for 2017 | - | 436 | - | - | 436 |
| Automatic fire fighting and alarm system | 5251 | for 2016 | - | - | - | - | - |
| Server Dell PowerEdge R730 | 5242 | for 2017 | - | 98 | - | 98 | - |
| | 5252 | for 2016 | - | 763 | - | 763 | - |
| Server Dell Power Vault MD3820i | 5243 | for 2017 | - | 597 | - | 597 | - |
| | 5253 | for 2016 | - | 305 | - | 305 | - |
| Server PowerEdge R730 #2 | 5244 | for 2017 | - | 232 | - | 232 | - |
| | 5254 | for 2016 | - | 20 | - | 20 | - |
| Hardware system "S-Terra VPN" Edition 4.1, version 3-2-"S-Terra Gate CP KC1" | 5245 | for 2017 | - | 108 | - | 108 | - |
| | 5255 | for 2016 | - | 172 | - | 172 | - |
| Ultra book LenovoThinkPadXI Carbon Core i7 Windows 8.1 Professional | 5246 | for 2017 | - | 123 | - | 123 | - |
| | 5256 | for 2016 | - | - | - | - | - |
| Conference telephone SoundStation Duo, WEB- interface | 5247 | for 2017 | - | 48 | - | 48 | - |
| | 5257 | for 2016 | - | - | - | - | - |
| On-floor cabinet CloudMax 19" 42U800*1200 | 5248 | for 2017 | - | 65 | - | 65 | - |
| | 5258 | for 2016 | - | - | - | - | - |
| Rack-mountable UPS, Smart-UPS SRT 3000VA RM, 2.7 kW/3.0 kVA, on-line | 5249 | for 2017 | - | 291 | - | 291 | - |
| | 5259 | for 2016 | - | - | - | - | - |
| Hardware system "S-Terra VPN" Edition 4.1, version 3-2-"S-Terra Gate CP KC1" (G-1000-D-4103-3-C | | for 2017 | - | 122 | - | 122 | - |
| | | for 2016 | - | - | - | - | - |
| Hardware system "S-Terra VPN" Edition S-Terra VPN Gate E (GE-1000-D-4103-3-KC1) | | for 2017 | - | 41 | - | 41 | - |
| | | for 2016 | - | - | - | - | - |
| Notebook HP 250 G5 15.6/Intel Pentium | | for 2017 | - | 658 | - | 658 | - |
| | | for 2016 | - | - | - | - | - |
| Switch ZyXEL XS1920-12 12-port Web- manager 10 G with 2 of 12 RJ-45 | | for 2017 | - | 186 | - | 186 | - |
| | | for 2016 | - | - | - | - | - |
| Tape autoloader PowerVaultTL 1000 LTO-6 (210-ADLJ/002) | | for 2017 | - | 403 | - | 403 | - |
| | | for 2016 | - | - | - | - | - |
| Server Dell PowerEdge R730(210-ACXU/218) | | for 2017 | - | 3,154 | - | 3,154 | - |
| | | for 2016 | - | - | - | - | - |
| Wall non-inverter split air conditioner Mitsubishi Electric MS-GF35VA/MU-GF35VA series "Sta | | for 2017 | - | 45 | - | 45 | - |
| | | for 2016 | - | - | - | - | - |
| Notebook HP 250 G5 i3 5005U/4Gb | | for 2017 | - | 814 | - | 814 | - |
| | | for 2016 | - | - | - | - | - |
| PC HP Bundles 260 G2.5 DM Intel Core i3 + HP ProDisplay | | for 2017 | - | 426 | - | 426 | - |
| | | for 2016 | - | - | - | - | - |
| Multifunction Printer Kyocera FS-6525MFP | | for 2017 | - | 57 | - | 57 | - |
| | | for 2016 | - | - | - | - | - |

| | | | | | | | |
|---|--|----------|---|-------|---|-------|---|
| Notebook HP Probook 440 G4 Core i5 | | for 2017 | - | 1,778 | - | 1,778 | - |
| | | for 2016 | - | - | - | - | - |
| Server Dell PE R530 | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 482 | - | 482 | - |
| Server PowerEdge R730 | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 134 | - | 134 | - |
| Server | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 41 | - | 41 | - |
| Network-attached storage Ready NAS 2120, RN2120-200NES | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 127 | - | 127 | - |
| Car Volkswagen Polo (vin XW8ZZZ61ZGG042074) | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 658 | - | 658 | - |
| Car Volkswagen Polo (vin XW8ZZZ61ZGG042064) | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 658 | - | 658 | - |
| Car Volkswagen Polo (vin XW8ZZZ61ZGG043280) | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 658 | - | 658 | - |
| Car Volkswagen Polo (vin XW8ZZZ61ZGG045403) | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 658 | - | 658 | - |
| Uninterruptible power supply unit APC SRT3000RMXLI Smart-UPS | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 301 | - | 301 | - |
| Computer No.065398 | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 476 | - | 476 | - |
| Server Dell PowerVault MD3820i | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 546 | - | 546 | - |
| Notebook HP ProBook 430 G3 (W4N70EA) | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 1,013 | - | 1,013 | - |
| Fire and burglary-resistant safe (k4)VALBERG | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 142 | - | 142 | - |
| Managed switch HP JH 295A 1950 12XGT | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 137 | - | 137 | - |
| Computer LenovoThinkCentre M700+Monitor 21.5BenQW2270HM | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 417 | - | 417 | - |
| Notebook HP ProBook 430 G3 (W4N84EA) | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 365 | - | 365 | - |
| LAN equipment ZyxelZyWALL USG 60W | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 80 | - | 80 | - |
| Smartphone Apple iPhone 6S. 32GB | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 45 | - | 45 | - |
| Telephone Apple iPhone 6s 64 GB Gold | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 62 | - | 62 | - |
| Network-attached storage NETGEAR RN2120-200 NES with HDD SATA 3TBSeagateST3000NM 0033 3.5 4pcs. | | for 2017 | - | - | - | - | - |
| | | for 2016 | - | 108 | - | 108 | - |

2.3. Change of the value of fixed assets as a result of completion, equipping, reconstruction and partial liquidation

| Narrative | Line code | for 2017 | for 2016 |
|--|-----------|----------|----------|
| Increase in value of fixed assets as a result of completion, equipping, reconstruction – total | 5260 | 810 | 585 |

| | | | |
|---|------|-----|-----|
| including: | | | |
| Server Dell Power Vault MD3820i | 5261 | 521 | 305 |
| Server DellPowerEdge R730(210-ACXU/218) | 5262 | 86 | - |
| Server PowerEdge R730 #2 | 5263 | 203 | 18 |
| Server | 5264 | - | 35 |
| Server Dell PE R530 | 5265 | - | 18 |
| Server Dell Power R730 | 5266 | - | 18 |
| Network-attached storage ReadyNAS 2120.RN2120-200NES | 5267 | - | 57 |
| Server PowerEdge R730 | 5268 | - | 134 |
| Decrease in value of fixed assets as a result of partial liquidation – total: | 5270 | - | - |
| including: | 5271 | - | - |

2.4. Other use of fixed assets

| Narrative | Line code | As at December 31, 2017 | As at December 31, 2016 | As at December 31, 2015 |
|---|-----------|-------------------------|-------------------------|-------------------------|
| Leased-out on-balance fixed assets | 5280 | - | - | - |
| Leased-out off-balance fixed assets | 5281 | - | - | - |
| On-balance fixed assets received for lease | 5282 | - | - | - |
| Off-balance fixed assets received for lease | 5283 | - | - | - |
| Accepted for operation and actually used real estate items being in the process of state registration | 5284 | - | - | - |
| Fixed assets in reserve | 5285 | - | - | - |
| other use of fixed assets (pledge, etc.) | 5286 | - | - | - |
| | 5287 | - | - | - |

Head

/signature/
 (signature)

ALEKSANDR OLEGOVICH KUZNETSOV
 (printed name)

March 29, 2018

Seal:

Limited Liability Company
 Microcredit Company PROFIREAL
 OGRN 1137847255765
 INN7838492459
 Saint Petersburg

3. Financial investments
3.1. Availability and movement of financial investments

| Narrative | Line code | Period | At the beginning of the year | | Changes for the reporting period | | | | | At the end of the reporting period | |
|--|-----------|----------|------------------------------|------------------------|----------------------------------|---------------|------------------------|--|--|------------------------------------|------------------------|
| | | | initial value | accumulated adjustment | Additions | Disposals | | interest accrual (including reduction of initial value to nominal value) | current market value (impairment loss) | initial value | accumulated adjustment |
| | | | | | | initial value | accumulated adjustment | | | | |
| Long-term – total | 5301 | for 2017 | 65,619 | (5,083) | 97,205 | (51,344) | - | - | - | 111,480 | (1,489) |
| | 5311 | for 2016 | 19,678 | (301) | 57,855 | (11,914) | - | - | - | 65,619 | (5,083) |
| including: microloans to natural entities | 5302 | for 2017 | 65,619 | (5,083) | 97,205 | (51,344) | - | - | - | 111,480 | (1,489) |
| | 5312 | for 2016 | 19,678 | (301) | 57,855 | (11,914) | - | - | - | 65,619 | (5,083) |
| reserves on microloans to natural entities | 5303 | for 2017 | (5,083) | - | 3,594 | - | - | - | - | (1,489) | - |
| | 5313 | for 2016 | (301) | - | (4,782) | - | - | - | - | (5,083) | - |
| Short-term – total | 5305 | for 2017 | 141,705 | (29,995) | 323,563 | (136,161) | - | - | - | 329,107 | (126,333) |
| | 5315 | for 2016 | 46,913 | (5,776) | 151,601 | (56,809) | - | - | - | 141,704 | (29,995) |
| including: microloans to natural entities | 5306 | for 2017 | 141,705 | (29,995) | 323,563 | (136,161) | - | - | - | 329,107 | (126,333) |
| | 5316 | for 2016 | 46,913 | (5,776) | 151,601 | (56,809) | - | - | - | 141,704 | (29,995) |
| reserves on microloans to natural entities | 5307 | for 2017 | (29,995) | - | (96,338) | - | - | - | - | (126,333) | - |
| | 5317 | for 2016 | (5,776) | - | (24,219) | - | - | - | - | (29,995) | - |
| Financial investments – total | 5300 | for 2017 | 207,324 | (35,078) | 420,768 | (187,505) | - | - | - | 440,587 | (127,822) |
| | 5310 | for 2016 | 66,591 | (6,077) | 209,456 | (68,723) | - | - | - | 207,323 | (35,078) |

3.2. Other use of financial investments

| Narrative | Line code | As at December 31, 2017 | As at December 31, 2016 | As at December 31, 2015 |
|--|-----------|-------------------------|-------------------------|-------------------------|
| Pledged long-term investments – total | 5320 | 293,080 | 46,898 | - |
| including: microloans to natural entities (principal debt) | 5321 | 293,080 | 46,898 | - |
| Financial investments transferred to third parties (except sale) – total | 5325 | - | - | - |
| including: | 5326 | - | - | - |
| Other use of financial investments | 5329 | - | - | - |

Head

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(signature)

ALEKSANDR OLEGOVICH KUZNETSOV

(printed name)

March 29, 2018**Seal:**

Limited Liability Company

Microcredit Company PROFIREAL

OGRN 1137847255765

INN7838492459

Saint Petersburg

4.2. Pledged inventory

| Narrative | Line code | As at December 31, 2017 | As at December 31, 2016 | As at December 31, 2015 |
|---|-----------|----------------------------|----------------------------|----------------------------|
| Inventory not paid as at the reporting date – total | 5440 | - | - | - |
| including: | 5441 | - | - | - |
| Pledged inventory on a contractual basis – total | 5445 | - | - | - |
| including: | 5446 | - | - | - |

Head

/signature/
(signature)

ALEKSANDR OLEGOVICH KUZNETSOV
(printed name)

March 29, 2018**Seal:**

Limited Liability Company
 Microcredit Company PROFIREAL
 OGRN 1137847255765
 INN7838492459
 Saint Petersburg

5. Accounts receivable and accounts payable
5.1. Availability and movement of accounts receivable

| Narrative | Line code | Period | At the beginning of the year | | Changes for the reporting period | | | | | | | | At the end of the reporting period | |
|---|-----------|----------|---------------------------------|-----------------------------|---|--|------------|-------------------------------|-----------------------|---------------------------------------|---|---|-------------------------------------|-----------------------------|
| | | | recognized under contract terms | provision for doubtful debt | Additions | | Disposals | | | transfer from long-term to short-term | transfer from accounts receivable to accounts payable | transfer from accounts payable to accounts receivable | recognized under the contract terms | provision for doubtful debt |
| | | | | | as a result of business operations (debt on the transaction, operation) | interest payable, penalties and other accruals | settlement | write-off to financial result | recovery of provision | | | | | |
| Long-term accounts receivable – total | 5501 | for 2017 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 5521 | for 2016 | - | - | - | - | - | - | - | - | - | - | - | - |
| including: Settlements with buyers and customers | 5502 | for 2017 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 5522 | for 2016 | - | - | - | - | - | - | - | - | - | - | - | - |
| Advances paid out | 5503 | for 2017 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 5523 | for 2016 | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | 5504 | for 2017 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 5524 | for 2016 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 5505 | for 2017 | - | - | - | - | - | - | - | - | X | X | - | - |
| | 5525 | for 2016 | - | - | - | - | - | - | - | - | X | X | - | - |
| Short-term accounts receivable – total | 5510 | for 2017 | 82,913 | (45,301) | 1,069,453 | - | (923,037) | (111,305) | 243 | - | - | - | 228,859 | (156,363) |
| | 5530 | for 2016 | 28,390 | (4,552) | 505,756 | - | (451,233) | (40,749) | - | - | - | - | 82,913 | (45,301) |
| including: Interest, fines and penalties under microloan agreements | 5511 | for 2017 | 67,646 | (44,857) | 426,331 | - | (293,062) | (97,448) | - | - | - | - | 200,915 | (142,305) |
| | 5531 | for 2016 | 20,098 | (4,552) | 170,025 | - | (122,477) | (40,305) | - | - | - | - | 67,646 | (44,857) |
| Advances paid out | 5512 | for 2017 | 6,097 | (444) | 171,583 | - | (171,455) | - | 243 | - | - | - | 6,225 | (201) |
| | 5532 | for 2016 | 5,757 | - | 95,104 | - | (94,764) | (444) | - | - | - | - | 6,097 | (444) |
| Other | 5513 | for 2017 | 9,170 | - | 471,539 | - | (458,954) | (13,857) | - | - | - | - | 21,719 | (13,857) |
| | 5533 | for 2016 | 2,535 | - | 240,627 | - | (233,992) | - | - | - | - | - | 9,170 | - |
| | 5514 | for 2017 | - | - | - | - | - | - | - | - | X | X | - | - |
| | 5534 | for 2016 | - | - | - | - | - | - | - | - | X | X | - | - |
| Total | 5500 | for 2017 | 82,913 | (45,301) | 1,069,453 | - | (923,037) | (111,305) | 243 | X | X | X | 228,859 | (156,363) |
| | 5520 | for 2016 | 28,390 | (4,552) | 505,756 | - | (451,233) | (40,749) | - | X | X | X | 82,913 | (45,301) |

5.2. Overdue receivables

| Narrative | Line code | As at December 31, 2017 | | As at December 31, 2016 | | As at December 31, 2015 | |
|---|-----------|---------------------------------|------------|---------------------------------|------------|---------------------------------|------------|
| | | recognized under contract terms | book value | recognized under contract terms | book value | recognized under contract terms | book value |
| Total | 5540 | 200,358 | 43,995 | 65,172 | 19,871 | 14,860 | 10,308 |
| including: | | | | | | | |
| Interest, fines and penalties under microloan agreements | 5541 | 186,300 | 43,995 | 64,728 | 19,871 | 14,860 | 10,308 |
| settlements with suppliers and customers (as a part of advances, prepayments) | 5542 | 201 | - | 444 | - | - | - |
| other | 5543 | 13,857 | - | - | - | - | - |
| | 5544 | - | - | - | - | - | - |

5.3. Availability and movement of accounts payable

| Narrative | Line code | Period | Balance at the beginning of the year | Changes for the reporting period | | | | | | | At the end of the reporting period |
|--|-----------|----------|--------------------------------------|---|--|-------------|-------------------------------|---------------------------------------|---|---|------------------------------------|
| | | | | Additions | | Disposals | | transfer from long-term to short-term | transfer from accounts receivable to accounts payable | transfer from accounts payable to accounts receivable | |
| | | | | as a result of business operations (debt on the transaction, operation) | interest payable, penalties and other accruals | settlement | write-off to financial result | | | | |
| Long-term accounts payable – total | 5551 | for 2017 | 313,252 | 570,672 | - | (618,411) | - | (105,782) | - | - | 159,731 |
| | 5571 | for 2016 | 80,000 | 443,680 | 3,734 | (214,162) | - | - | - | - | 313,252 |
| including: | | | | | | | | | | | |
| borrowings | 5552 | for 2017 | 41,192 | 225,672 | - | (87,351) | - | (105,850) | - | - | 73,663 |
| | 5572 | for 2016 | - | 51,620 | 3,734 | (14,162) | - | - | - | - | 41,192 |
| loans | 5553 | for 2017 | 272,060 | 345,000 | - | (531,060) | - | 68 | - | - | 86,068 |
| | 5573 | for 2016 | 80,000 | 392,060 | - | (200,000) | - | - | - | - | 272,060 |
| other | 5554 | for 2017 | - | - | - | - | - | - | - | - | - |
| | 5574 | for 2016 | - | - | - | - | - | - | - | - | - |
| | 5555 | for 2017 | - | - | - | - | - | - | X | X | - |
| | 5575 | for 2016 | - | - | - | - | - | - | X | X | - |
| Short-term accounts payable – total | 5560 | for 2017 | 31,030 | 1,107,689 | 85,622 | (986,667) | - | (73,731) | - | - | 153,069 |
| | 5580 | for 2016 | 7,326 | 482,718 | 21,918 | (480,932) | - | - | - | - | 31,030 |
| including: | | | | | | | | | | | |
| settlements with suppliers and contractors | 5561 | for 2017 | 9,028 | 95,608 | - | (93,597) | - | - | - | - | 11,039 |
| | 5581 | for 2016 | 3,343 | 141,472 | - | (135,787) | - | - | - | - | 9,028 |
| advances received | 5562 | for 2017 | - | 2,228 | - | (2,227) | - | - | - | - | 1 |
| | 5582 | for 2016 | - | - | - | - | - | - | - | - | - |
| tax and due payments | 5563 | for 2017 | 4,135 | 208,546 | - | (204,251) | - | - | - | - | 8,430 |
| | 5583 | for 2016 | 1 | 132,468 | - | (128,334) | - | - | - | - | 4,135 |
| borrowings | 5564 | for 2017 | - | 211,700 | 10,874 | (32,188) | - | (73,662) | - | - | 105,850 |
| | 5584 | for 2016 | - | 4,997 | 14 | (5,011) | - | - | - | - | - |
| loans | 5565 | for 2017 | 11,215 | - | 74,748 | (68,028) | - | (69) | - | - | 17,866 |
| | 5585 | for 2016 | 1,539 | - | 21,904 | (12,228) | - | - | - | - | 11,215 |
| other | 5566 | for 2017 | 6,652 | 589,607 | - | (586,376) | - | - | - | - | 9,883 |
| | 5586 | for 2016 | 2,443 | 203,781 | - | (199,572) | - | - | - | - | 6,652 |
| | 5567 | for 2017 | - | - | - | - | - | - | X | X | - |
| | 5587 | for 2016 | - | - | - | - | - | - | X | X | - |
| Total | 5550 | for 2017 | 344,282 | 1,678,361 | 85,622 | (1,605,078) | - | X | X | X | 312,800 |
| | 5570 | for 2016 | 87,326 | 926,398 | 25,652 | (695,094) | - | X | X | X | 344,282 |

1. GENERAL INFORMATION

Limited Liability Company Microcredit Company PROFIREAL (hereinafter referred to as the Company).
Legal and business address: 266 Ligovsky prospekt, litera O, Saint Petersburg, 196084, Russian Federation.
INN 7838492459, KPP 781001001, OGRN 1137847255765.

The Company was created and registered on July 05, 2013.

The principal activity of the Company is microfinance activity, in particular granting of loans to natural entities.
Registration number of entry in the State Register of Microfinance Organizations 651303140004444, certificate series 01 No.000522 dated December 13, 2013.

Founder: Limited Liability Company PGJT B.V., a legal entity established and operating in accordance with the laws of the Kingdom of the Netherlands.

The founder's share in authorized capital of the Company is 100%.

Director General: Aleksandr Olegovich Kuznetsov.

Chief Accountant: Irina Anatolievna Matveenko.

As at December 31, 2017 the Board of Directors included:

| | |
|-------------------------------|------------------------------------|
| David Chour | Chairman of the Board of Directors |
| Aleksandr Olegovich Kuznetsov | Members of the Board of Directors |
| Irina Valerievna Efimova | Members of the Board of Directors |
| David Staněk | Members of the Board of Directors |

Average number of listed employees at at:

| | |
|-------------------|---------------|
| December 31, 2017 | 195 employees |
| December 31, 2016 | 88 employees |
| December 31, 2015 | 56 employees |

The Company's activity is governed by the laws of the Russian Federation (hereinafter referred to as RF), in particular, the Federal Law dated July 02, 2010 No.151-ФЗ "On Microfinance Activity and Microfinance Organizations".

2. ACCOUNTING PROCEDURE

The financial statements have been prepared in accordance with the accounting and reporting regulations currently applicable in the RF.

The Company's accounting procedures are organized in accordance with the requirements of RF accounting legislation, regulations of RF Ministry of Finance and the bodies which are authorized to govern the accounting procedures in accordance with the federal laws.

In 2017 the accounting records were maintained in accordance with the procedures specified in the Company Accounting Policies, taking into account the amendments approved by the order of the Director General as of November 30, 2016.

Accounting and tax records are maintained using the corporate information system 1C "Accounting". The number of microloans granted is recorded in the system Microsoft Dynamics Navision.

2.1. Going concern assumption

In preparation of the financial statements, the Company's management assumed that the Company will continue as a going concern in the foreseeable future and has no plans to discontinue or significantly reduce its activities, and that, therefore, its obligations will be discharged appropriately.

The financial result at the end of the Company activity in 2017 demonstrated loss in the amount of 307,603 thousand rubles. As at December 31, 2017 accumulated loss of the Company is 840,227 thousand rubles. Such losses are due to the expansion of regional presence, opening of additional offices, expansion of the sales network, increase in authorized personnel complement. In 2017 the Company carried out its activity in the territory of Northwestern Federal District, Samara, Nizhny Novgorod, Saratov, Rostov, Voronezh, Ulyanovsk, Tver, Sverdlovsk, Chelyabinsk and Belgorod Regions and Krasnodar Territory.

The current financial results of the Company correspond to the business plan approved with the Founder at the stage of making the decision on creation of the Company and operating in the territory of RF, therefore, the Founder continues to invest massively in development of the Company, increases the capital and finances operating activities.

On February 03, 2017 the Company concluded with the Founder the Loan Agreement with fixed lending limit in the amount of 300,000 thousand rubles. On July 28, 2017 the Founder decided to make a contribution to assets of the Company in the amount of 43,554 thousand rubles by off-setting the claims under the Loan Agreement No.1 dated February 03, 2017 and Loan Agreement No.2 dated July 21, 2016. Also on November 01, 2017 the Founder decided to make a contribution to assets of the Company in the amount of 531,060 thousand rubles by off-setting the claims under the Loan Agreement No.1 dated February 03, 2017 and Loan Agreement No.2 dated July 21, 2016. On December 21, 2017 the Company and Founder signed the Loan Agreement for a total amount of 200,000 thousand rubles. Under the terms of the above agreement on December 25, 2017 the founder transferred the first installment in the amount of 45,000 thousand rubles for the period of 7 years at 9.3% per annum. Moreover, the Company attracted additional financing by conclusion of Medium-Term Loan Facility Agreement for the amount of 500,000 thousand rubles with the loan company on May 31, 2017. The expected volume of attracted funds is sufficient to ensure continuity of operations in accordance with the approved business plan.

The Company expects to reach a breakeven point in 2019. By 2019 the Company forecasts increment of microloan portfolio and increase of income from microfinance activity in the volume of sufficient to cover the Company's expenses and, wherefore the Company's management:

- carries out intensive advertising activity aimed at attraction of new clients;
- develops the programs and special offers for the existing clients;
- performs regular market analysis and develops new updated products;
- optimizes business processes which improve operation efficiency and directly influence sales growth;
- actively expands sales network and increases the number of agents selling the Company's products;
- intensively enlarges its footprint and opens new offices in the current regions and separate subdivisions in new regions;
- holds incentive programs aimed at sales growth for the sales network
- cuts operating expenses which increase the initial cost.

In the Founder's opinion, Russian Federation is extremely attractive market with a huge potential. The Founder expects to do long-term business and plans to take leading positions in the RF market. Also the Founder has no plans to discontinue the Company and is willing to make financial contributions in the foreseeable future. In Company's management opinion, off-setting of deferred tax asset on losses will most likely take place since the Company is planning to receive taxable profit.

2.2. Chart of accounts

The Company has developed and applies a chart of accounts based on the standard chart of accounts for financial and business activities of organizations as approved by Order of the RF Ministry of Finance No.94H dated October 31, 2000, using certain subaccounts which enable preparation of financial statements that comply with the Russian accounting and tax laws and separate cost accounting requirements.

2.3. Physical inventory

Physical inventory is performed in accordance with the Assets and Financial Liabilities Inventory Guidelines approved by the RF Ministry of Finance Order No. 49 dated June 13, 1995.

The inventory of fixed assets is performed for each subdivision and each class of fixed assets at least once every three years. The last inventory of fixed assets was performed on December 31, 2017.

The inventory of all other assets and liabilities was performed as at December 31, 2017.

2.4. Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are accounted for in line with the Russian Accounting Standards 3/2006 “Accounting for Assets and Liabilities Denominated in Foreign Currency”. Assets and liabilities denominated in foreign currencies are translated into rubles as at:

- recognition date;
- last day of the month as at the reporting date and transaction date;
- date of settlement

Exchange rate differences are reported in the Statement of financial results through other income or other expenses on a gross basis.

When accounting for foreign currency transactions, the Company uses the official exchange rate of the Russian ruble established by the Central Bank of the Russian Federation (“CBRF”), which is applicable of the transaction date. Assets and liabilities denominated in foreign currencies are reported in amounts calculated on the basis of RUB official exchange rates established by the CBRF as at December 31, 2017, December 31, 2016 and December 31, 2015.

The exchange rates applicable as at the end of the year and used by the Company in preparation of these financial statements are given below:

| | December 31, 2017 | December 31, 2016 | December 31, 2015 |
|---------|--------------------------|--------------------------|--------------------------|
| RUB/USD | 57.6002 | 60.6569 | 72.8827 |
| RUB/EUR | 68.8668 | 63.8111 | 79.6972 |

2.5. Current and non-current assets and liabilities

Assets classified as current assets in the financial statements are expected to be used in the Company's production and other activities within 12 months. Liabilities classified in the financial statements as current liabilities are expected to be repaid within 12 months. All other assets and liabilities are classified as non-current.

2.6. Accounting of fixed assets

Accounting of fixed assets is maintained by the Company in accordance with the accounting regulations “On Accounting of Fixed Assets” of the Russian Accounting Standards 6/01 approved by the RF Ministry of Finance Order No. 26H dated March 30, 2001.

**NOTES TO FINANCIAL STATEMENTS OF
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The cost of fixed assets acquired for consideration includes actual costs incurred by the Company for their acquisition, construction and manufacture, delivery of items and making them suitable for use, net of value added tax and other recoverable taxes (unless otherwise prescribed by the Russian legislation).

Assets in respect of which the conditions, satisfying the criteria of fixed assets as prescribed by clause 4 of the Russian Accounting Standards 6/01, are performed, and whose value does not exceed RUB 40,000 per item are recorded as inventories.

Changes of the initial cost are allowed in the cases of completion, equipping, reconstruction, modernization, partial liquidation and revaluation of the items of fixed assets. Accounting of expenses associated with modernization and reconstruction of item of fixed assets is maintained in accordance with the procedure established for capital investments accounting. Upon modernization and reconstruction of items of fixed assets current recovery value of the items of fixed assets is increased by the amount of actually incurred expenses. In the event of improvement (increase) of initially accepted regulatory performance indicators of the item of fixed assets as a result of modernization and reconstruction, the useful life of this item shall be revised. Useful life may be revised either to increase or decrease of earlier established useful life.

The unit used for accounting of fixed assets is inventory item.

Depreciation on items of fixed assets is accrued on a straight-line basis based on the initial cost of the items of fixed assets and depreciation rates calculated based on the item's useful life. The straight-line basis for depreciation accrual is used throughout the entire useful life of the item.

Useful lives of fixed assets (in years) used for depreciation accrual are given below:

| Groups of fixed assets | Useful life |
|-------------------------------|--------------------|
| Motor cars | 5 |
| Furniture | 5 |
| Computer equipment | 3 |
| Safes | 25 |

No revaluation of fixed assets is performed.

Actual expenses for current and major repairs of the items of fixed assets are carried through the expenses associated with manufacture and sale of the period in which they such repairs were performed.

2.7. Accounting of intangible assets

Accounting of intangible assets is maintained by the Company in accordance with the accounting regulations "On Accounting of Intangible Assets" of the Russian Accounting Standards 14/2007 approved by the RF Ministry of Finance Order No. 153H dated December 27, 2007.

Intangible assets are recognized in the accounting at the actual (initial) cost determined on the date of recognition:

- intangible assets acquired for consideration – at the actual cost incurred by the Company for their acquisition and additional costs for making them suitable for use as intended, net of value added tax and other recoverable taxes (unless otherwise prescribed by the Russian legislation);
- intangible assets created by the Company – at the actual cost incurred by the Company for their creation.

The useful life is determined upon recognition of the item and based on:

- term of the Company's right to the result of intellectual activity or brand identity (including term of the patent, certificate, license (copyright) agreement on exclusive rights transferred);

- estimated useful life of the asset during which the Company expects to gain financial benefits and determined by the competent subdivision.

If the above documents provide no sufficient evidence for making a conclusion on the useful life, this useful life shall be determined by the committee approved by the Director General of the Company.

The unit used for accounting of intangible assets is inventory item.

Depreciation of intangible assets is performed on a straight-line basis based on the initial cost of intangible assets and depreciation rates calculated based on their useful life.

Depreciation deductions are made to full repayment of the item cost or derecognition of this item.

For accounting purposes, depreciation is not accrued on intangible assets with indefinite useful life.

No revaluation of intangible assets is performed.

2.8. Accounting of investments

Accounting for investments is maintained by the Company in accordance with the accounting regulations “On Accounting of Investments” of the Russian Accounting Standards 19/02 approved by the RF Ministry of Finance Order No. 126H dated December 10, 2002.

The Company’s investments include:

- microloans granted;
- loans granted to other entities.

Investments are recognized in the amount of actual expenses spent for their acquisition.

Accounting of microloans granted is maintained using the following accounts:

- 58.03 “Loans granted”
- 76.12 “Payment of interest accrued on microloan agreements”
- 76.13 “Payment of penalties for breach of microloan agreements”
- 76.15 “Settlements on punitive sanctions”
- 76.16 “Payment of remuneration for additional services rendered”
- 76.17 “Settlements with paying agent”
- 76.18 “Payment of legal expenses claimed for reimbursement”
- 76.19 “Settlements on reimbursement of expenses incurred as a result of debt recovery proceedings”
- 76.20 “Payment of bonuses under the loyalty program “Privilege”

Accounting of micrloans granting is maintained usng the account 76.06 “Settlements with sundry debtors and creditors”.

Settlement of the borrowers’ liabilities under microloan agreements is maintained usng the account 76.10 “Settlemenst under microloan agreement”.

Analytic accounting is maintained with a breakdown into counterparties (borrowers) and microloan agreements using the software Microsoft Dynamics Navision.

For the purposes of preparation of financial statements, investments are divided into short-term, repayment period of which does not exceed 12 months after the reporting date, and long-term, repayment period of which exceeds 12 months after the reporting date.

If the borrower violates the terms and conditions of microloan agreement in respect of repayment of the principal amount of loan and (or) payment of interest for (for the total duration of) more than 60 calendar days within the last 180 calendar days, the loan agreement shall be terminated by the Company on a unilateral basis and the case is brought to the court proceedings.

If the payment made by the borrower under the loan agreement is not sufficient for complete settlement of the borrower's obligation under the loan agreement, the loan shall be repaid in accordance with the following procedure prescribed by the Federal Law dated December 21, 2013 No.353-ФЗ "On Consumer (Credit) Loan":

1. past due interest;
2. overdue principal debt;
3. punitive sanctions (default charges, fines, penalties);
4. interest on the current payment period;
5. other payments provided for by legislation of the Russian Federation on consumer credit (loan) and loan agreement.

Accounting of provisions to cover expected losses on microloans is described in Note 2.14.

2.9. Accounting of inventories

Accounting of inventories is maintained by the Company in accordance with the accounting regulations "On Accounting of Inventories" of the Russian Accounting Standards 05/01 approved by the RF Ministry of Finance Order No. 44H dated June 09, 2001.

The actual cost of inventories acquired for consideration is defined as acquisition costs actually incurred by the Company, net of value added tax and other recoverable taxes (unless otherwise prescribed by the Russian legislation).

Upon issue of purchased inventories (except goods recognized at selling value) for production purposes and other disposal, they are measured at the average cost of the item.

2.10. Accounting of cash and cash equivalents

Highly liquid investments with original maturities less than three months, which can be easily translated into previously known amount of cash and which are exposed to insignificant risk of the cost change, are recognized in the line "Cash and cash equivalents" of the balance sheet.

2.11. Income recognition

Income is recognized by the Company in accordance with the accounting regulations "On Corporate Income" of the Russian Accounting Standards 9/99 approved by the RF Ministry of Finance Order No. 32H dated May 06, 1999.

Based on the nature, conditions of receipt and type of operations, the Company's income is divided into:

- income from operating activities;
- other income.

Income from operating activities includes:

- interest income from microloan agreements;

- fee-based income from rendering of additional services under microloan agreements.

Revenue is recognized when all of the following conditions are met simultaneously:

- the Company is entitled to this revenue in accordance with a specific contract or otherwise;
- the amount of revenue can be measured reliably;
- It is certain that an increase in economic benefits is going to occur for the Company as a result of a specific transaction. An increase in economic benefits is certain where the Company will receive an asset as consideration or there is no uncertainty as to the receipt of an asset;
- the title (right of ownership, use and disposal) for products (goods) has passed from the Company to the customer or work has been accepted by the customer (service has been rendered);
- expenses that have been or will be incurred by the Company with regard to the transaction are measurable.

Interest income is recognized using the account 90.01 “Revenue”.

Taking into account that income from remuneration for rendering additional services under microloan agreements is significant and regular, it is recognized using the account 90.01 “Revenue”.

Interest, payable in accordance with clause 2 Art. 811 of the Civil Code of the Russian Federation and attributed to the period after the date of early termination of microloan agreement due violation by the borrower of the terms and conditions in respect of repayment of the principal amount of loan and (or) interest, are recognized using the account 91.01 “Other income”.

Other income in respect of acknowledged penalties, punitive sanctions by the borrowers or court and other sums in reimbursement of losses incurred shall be recognized using the account 91.01 “Other income”.

2.12. Recognition of expenses

Expenses are recognized by the Company in accordance with the accounting regulations “On Corporate Expenses” of the Russian Accounting Standards 10/99 approved by the RF Ministry of Finance Order No. 33Н dated May 06, 1999.

General expenses are divided into initial cost, selling expenses and administrative expenses.

The initial cost includes expenses for labor remuneration and other expenses attributed to activity of divisions – Sales Department and Borrowers Support Department. Direct expenses are recognized in the account 20 “Main production”.

Administrative and selling expenses are recognized in the accounts 26 “General business expenses” and 44 “Selling expenses”, respectively.

Other expenses include expenses for creation of provisions, interest accrued for use of loan facilities, exchange differences and other similar expenses.

The Company does not recognize as expenses a disposal of assets in prepayment for inventories and other assets, works, services and property rights.

2.13. Accounting of loans and borrowings

Accounting of loans and borrowings is maintained by the Company in accordance with the accounting regulations “On Accounting of Inventories” of the Russian Accounting Standards 15/2008 approved by the RF Ministry of Finance Order No. 107H dated October 06, 2008.

Expenses related to the discharge of obligations on loans and borrowings received include:

- interest on principal payable to the lender in the amount and on the conditions stipulated by the loan agreement;
- commission remuneration to the lender;
- additional borrowing costs.

Additional borrowing costs comprise:

- amounts paid for information and consulting services;
- amounts paid for expert examination of the loan agreement;
- other expenses directly related to raising of loans/borrowings.

Additional expenses directly related to raising of loans/borrowings are included in other expenses in the period during which they were actually incurred.

2.14. Accounting of valuation provisions and estimated liabilities

Provisions

The following types of provisions are accrued for accounting purposes:

- (i) for potential losses on loans (quarterly);
- (ii) for doubtful debts;
- (iii) for other assets, if their value is less than the amount of financial benefit which the Company expects to gain from these assets when performing ordinary activities.

Accounting policies of the Company provides for the following provision creation procedure:

Provision for potential losses on loans is formed in accordance with the Directive of the Central Bank of the Russian Federation dated June 28, 2016 No. 4054-Y “On Procedure for Formation of Provisions for Potential Losses on Loans by Microfinance Organizations” (hereinafter referred to as the “Directive 4054-Y”).

Provisions for potential losses on loans are formed:

- on the principal amount on microloans, which does not include: payments in the form interest for use of microloan, commission remunerations, default charges, other payments in favor microfinance organization and arising out of microloan agreement;
- on the amount of claims on accrued interest income on microloans, including: interest for use of microloan and any income on microloan established by the terms of microloan agreement, as well as punitive sanctions recognized in income of the Company in accordance with the requirements of clause 10.2 of the accounting regulations “On Corporate Income” of the Russian Accounting Standards 9/99.

All concluded microloan agreements are classified in accordance with the Directive 4054-Y as “Other debts of natural entities not operating as individual entrepreneurs”.

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Depending on the availability and duration of overdue payments, the Directive 4054-Y establishes the following rates of provisions for potential losses on loans:

| Debt category | Provision ratio |
|--|------------------------|
| Debt without overdue payments | 0 |
| Debt with overdue payments from 1 to 30 calendar days | 3 |
| Debt with overdue payments from 31 to 60 calendar days | 10 |
| Debt with overdue payments from 61 to 90 calendar days | 20 |
| Debt with overdue payments from 91 to 120 calendar days | 40 |
| Debt with overdue payments from 121 to 180 calendar days | 50 |
| Debt with overdue payments from 181 to 270 calendar days | 65 |
| Debt with overdue payments from 271 to 360 calendar days | 80 |
| Debt with overdue payments for more than 360 calendar days | 100 |

As at December 31, 2017 the Company created provisions for potential losses on loans in the amount of 100% of the amount of provisions for potential losses on loans established by the Directive 4054-Y.

Provision for doubtful debts is formed on the following types of loans:

- doubtful debt of the buyers and customers for the products, goods, works and services;
- sums in reimbursement of incurred losses (state duty, legal costs) claimed for collection under loan agreements;
- other doubtful accounts receivable.

In this case, the Company's accounts receivable, not paid on due time established in the agreement and not secured by the relevant guarantees, are classified as doubtful debt.

The provision is created quarterly based on the results of physical inventory of settlements with the buyers and customers for the products, goods, works and services in each doubtful debt as follows:

- the provision in the amount equal to 100% of the debt is created on doubtful debts with overdue period exceeding 90 days;
- the provision in the amount equal to 50% of the debt is created on doubtful debts with overdue period from 60 to 90 days (inclusive);
- the provision in the amount equal to 25% of the debt is created on doubtful debts with overdue period from 30 to 60 days (inclusive);
- the provision is not created on doubtful debts with overdue period less than 30 days (inclusive).

The above-mentioned provision ratio is determined on the basis of historical data of collection rate of accounts receivable for the last 3 calendar years and is subject to revision as at the end of each reporting period.

Estimated liabilities

The financial statements recognize the following types of estimated liabilities:

- for payment of remunerations based on quarter and annual performance results. Such payments are made in the following cases:
 - remunerations are provided for by employment agreements and collective employment agreements;
 - taking into account the Company's acts which, due to the established practice or declarations made by the Company, give grounds to the employees to suggest that the Company assumes liabilities on the relevant payments and that the Company has sufficient resources for discharge of such liabilities;
- for payment of unused vacations;
- provisions for future expenses;

- other estimated liabilities which meet the requirements of clause 4, 5 of the accounting regulations “On Approval of “Estimated Liabilities, Contingent Liabilities and Contingent Assets” (RAS 8/2010) approved by the RF Ministry of Finance Order No. 167H dated December 13, 2010.

2.15. Accounting of prepaid expenses

Prepaid expenses include the expenses for acquisition of non-exclusive rights to intellectual property items, including software.

Prepaid expenses are recognized in the account 97 “Prepaid expenses” on the basis of actual costs. Prepaid expenses are amortized on a monthly basis to the debit of expense accounts during the period specified in the respective documents (licenses, contracts, etc.). If it is impossible to determine the period from the relevant documents, it shall be determined by the committee approved by the Director General of the Company.

Prepaid expenses are presented on the balance sheet as part of other current assets and other non-current assets depending on the expected useful life at the time of the asset acquisition.

2.16. Deferred income tax

The Company recognizes deferred income tax (deferred tax assets and deferred tax liabilities, i.e. amounts that can affect current income tax in subsequent periods) in accordance with the accounting regulations “Recognition of profit tax calculations” of the Russian Accounting Standards 18/02 approved by the RF Ministry of Finance Order No. 114H dated November 19, 2002.

3. CHANGES IN CLASSIFICATION, CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

3.1. Correction of errors in accounting and reporting

The Company determines the materiality of errors based on both the size and nature of the relevant item (items) of financial statements.

An error is deemed to be material if the correction of the respective item of financial statements results in the group of financial statement items changing by more than 5%, and if, separately or in aggregate with other errors for the same reporting period, it may affect the economic decisions of users made on the basis of the financial statements prepared for the same reporting period.

3.2. Changes of accounting policies

Accounting policies of the Company for the year 2017 are approved by the Director General’s Order No.197/2 dated December 31, 2016.

4. FIXED ASSETS

Availability and movement of fixed assets and accumulated depreciation are presented in the Explanatory table No.2.1.

Availability and movement of in-progress construction objects of fixed assets are presented in the Explanatory table No.2.2.

5. OTHER NON-CURRENT ASSETS

Other non-current assets are recognized on the basis of actual costs of their acquisition. Other non-current assets are amortized on a monthly basis to the debit of expense accounts during the period specified in the respective documents (licenses, contracts, etc.). If it is impossible to determine the period from the relevant documents, it shall be determined by the committee approved by the Director General of the Company.

Other non-current assets are presented on the balance sheet depending on the expected useful life at the time of the asset acquisition.

(thousands of rubles)

| Other non-current assets | 2017 | December 31 2016 | 2015 |
|---|---------------|-----------------------------|---------------|
| Design, delivery and implementation of software | 53,896 | 55,796 | 43,742 |
| Software licenses | 13,798 | 6,881 | 2,528 |
| Total | 67,694 | 62,677 | 46,270 |

6. FINANCIAL INVESTMENTS

Short-term financial investments as at December 31, 2017, December 31, 2016 and December 31, 2015 are as follows:

(thousands of rubles)

| Loans granted | 2017 | December 31 2016 | 2015 |
|---|----------------|-----------------------------|---------------|
| Microloans to natural entities | 329,107 | 141,704 | 46,771 |
| Total before deduction of provisions for potential losses | 329,107 | 141,704 | 46,771 |
| Provisions for potential losses | (126,333) | (29,994) | (5,634) |
| Total | 202,774 | 111,710 | 41,137 |

Long-term financial investments as at December 31, 2017, December 31, 2016 and December 31, 2015 are as follows:

(thousands of rubles)

| Loans granted | 2017 | December 31 2016 | 2015 |
|---------------------------------|----------------|-----------------------------|---------------|
| Microloans to natural entities | 111,480 | 65,619 | 19,678 |
| Provisions for potential losses | (1,489) | (5,083) | (301) |
| Total | 109,991 | 60,536 | 19,377 |

Movement of provisions for potential losses on loans of the principal debt for 2017 and 2016 is as follows:

(thousands of rubles)

| | |
|--|----------------|
| Balance as at December 31, 2015 | 5,935 |
| Creation of provisions | 29,161 |
| Release of provisions (bad debt write-off) | (19) |
| Balance as at December 31, 2016 | 35,077 |
| Creation of provisions | 92,932 |
| Release of provisions (bad debt write-off) | (188) |
| Balance as at December 31, 2017 | 127,821 |

Financial investments of the Company as at December 31, 2017 are represented by two main types of microloans granted to natural entities:

| Microloan type | Term, months | Loan amount, thousands of rubles | Average interest rate |
|-----------------------|---------------------|---|------------------------------|
| PROFI Comfort | ≤ 12 | from 5 to 50 | 183% per annum |
| PROFI Vmeste | from 18 to 36 | from 20 to 100 | 68% per annum |

7. INCOME TAX

The current income tax for 2017 and 2016 comprised:

(thousands of rubles)

| | 2017 | 2016 |
|---------------------------------------|------------------|------------------|
| Loss before taxation | (367,179) | (308,955) |
| Provisional profits tax income | (75,489) | (61,791) |
| Permanent tax liabilities: | | |

**NOTES TO FINANCIAL STATEMENTS OF
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| | | |
|---|---------------|---------------|
| non-deductible expenses | 15,193 | 9,343 |
| Changes in deferred tax liabilities | (701) | (461) |
| Changes in deferred tax liabilities: | | |
| on brought forward losses of previous years | 54,307 | 49,417 |
| on valuation provisions | 5,970 | 3,492 |
| Total | 75,489 | 61,791 |
| Total current income tax | - | - |

8. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Movement and availability of accounts receivable is presented in the Explanatory table 5.1.

Movement of provisions on potential losses on interest and other income under microloan agreements for 2017 and 2016 is as follows:

| | |
|--|------------------------------|
| | <i>(thousands of rubles)</i> |
| Balance as at December 31, 2015 | 4,552 |
| Creation of provisions | 40,313 |
| Release of provisions (bad debt write-off) | (8) |
| Balance as at December 31, 2016 | 44,857 |
| Creation of provisions | 111,477 |
| Release of provisions (bad debt write-off) | (172) |
| Balance as at December 31, 2017 | 156,162 |

Movement and availability of accounts payable is presented in the Explanatory table 5.3.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2017, 2016 and 2015 are as follows:

| | | | |
|-----------------------------------|------------------------------|---------------|---------------|
| | <i>(thousands of rubles)</i> | | |
| | December 31 | | |
| Cash and cash equivalents | 2017 | 2016 | 2015 |
| Accounts with banks | | | |
| Settlement accounts | 19,916 | 3,853 | 23,280 |
| Current foreign currency accounts | 3,711 | 831 | 40 |
| Cash equivalents | 20,000 | 50,000 | - |
| Total | 43,627 | 54,684 | 23,320 |

As at December 31, 2017 cash and cash equivalents are not overdue or impaired.

10. BORROWINGS AND LOANS

As at December 31, 2017 the Company's indebtedness on the borrowing and loans is as follows:

| Borrowings and loans | Principal debt, thousands of rubles | Interest payable, thousands of rubles | Granting date | Repayment date | Interest rate |
|---|--|--|--------------------------|---------------------------|--------------------------|
| Limited Liability Company PGJ T B.V. Agreement No.1 dated 03.02.2017 | 41,000 | 7,803 | 27.11.2017 | 27.11.2024 | 10.3125 |
| Limited Liability Company PGJ T B.V. Agreement No.2 dated 21.12.2017 | 45,000 | 10,132 | 25.12.2017 | 21.12.2024 | 9.3 |
| J&T Bank, a.o. | 179,513 | - | 14.07.2017 | 29.05.2020 | 9.6875 |

**NOTES TO FINANCIAL STATEMENTS OF
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As at December 31, 2017 the Company has indebtedness arising out of Loan Agreement, concluded with the Founder, and Medium-Term Loan Facility Agreement.

Liabilities to the Founder are not secured.

As a security of liabilities to J&T Bank, a.o. under Medium-Term Loan Facility Agreement, as at December 31, 2017 the Company has pledged the rights of claiming cash, arising out of microloan agreements, for the total amount of 667,495 thousand rubles.

11. ESTIMATED LIABILITIES

Movement of estimated liabilities for 2017 and 2016 is as follows:

| | <i>(thousands of rubles)</i> | | | |
|--|---------------------------------------|------------------------|---------------------------------|-----------------|
| | For payment of unused vacations | For future expenses | For payment of remunerations | Total |
| Balance as at December 31, 2015 | <u>5,756</u> | <u>7,882</u> | - | <u>13,638</u> |
| Creation of provisions | <u>8,335</u> | <u>5,792</u> | <u>14,518</u> | <u>28,645</u> |
| Written-off during payment of expenses | <u>(5,756)</u> | <u>(5,429)</u> | - | <u>(11,185)</u> |
| Balance as at December 31, 2016 | <u>8,335</u> | <u>8,245</u> | <u>14,518</u> | <u>31,098</u> |
| Creation of provisions | <u>7,910</u> | <u>10,888</u> | <u>10,809</u> | <u>29,608</u> |
| Recognized as expenses | <u>(7,247)</u> | <u>(9,159)</u> | <u>(14,447)</u> | <u>(30,854)</u> |
| Balance as at December 31, 2017 | <u>8,998</u> | <u>9,974</u> | <u>10,880</u> | <u>29,852</u> |

12. REVENUE

Apart from granting of microloans, the Company provides the clients with additional services under microloan agreements; therefore, revenue comprises interest income under microloan agreements, and fee-based income from rendering of additional services under the scope of microloan agreements.

| | <i>(thousands of rubles)</i> | |
|------------------|------------------------------|----------------|
| Revenue | 2017 | 2016 |
| Interest income | <u>295,529</u> | <u>131,553</u> |
| Fee-based income | <u>56,160</u> | <u>9,217</u> |
| Total | <u>351,689</u> | <u>140,770</u> |

13. INITIAL COST, ADMINISTRATIVE EXPENSES AND SELLING EXPENSES

Initial cost of services by cost elements for 2017 and 2016 is as follows:

| | <i>(thousands of rubles)</i> | |
|-----------------------------------|------------------------------|----------------|
| Initial cost | 2017 | 2016 |
| Wages and salaries | <u>98,346</u> | <u>62,402</u> |
| Insurance payments | <u>26,745</u> | <u>15,266</u> |
| Commission remuneration to agents | <u>65,303</u> | <u>41,192</u> |
| Lease | <u>13,960</u> | <u>10,476</u> |
| Other expenses | <u>20,436</u> | <u>8,013</u> |
| Cost of materials | <u>5,950</u> | <u>4,687</u> |
| Communications services | <u>2,845</u> | <u>2,214</u> |
| Total | <u>233,585</u> | <u>144,250</u> |

Administrative expenses by cost elements for 2017 and 2016 are as follows:

| | <i>(thousands of rubles)</i> | |
|-------------------------|------------------------------|---------------|
| Administrative expenses | 2017 | 2016 |
| Wages and salaries | <u>105,949</u> | <u>97,532</u> |

**NOTES TO FINANCIAL STATEMENTS OF
LCC MCC PROFIREAL FOR THE YEAR 2017**

| | | |
|-------------------------|-----------------------|-----------------------|
| Consulting services | <u>12,594</u> | <u>20,358</u> |
| Insurance payments | <u>17,229</u> | <u>9,955</u> |
| Lease | <u>12,062</u> | <u>9,085</u> |
| Cost of materials | <u>12,304</u> | <u>8,624</u> |
| Licenses | <u>7,789</u> | <u>7,085</u> |
| Auditing expenses | <u>746</u> | <u>4,151</u> |
| Accounting services | <u>5,603</u> | <u>4,013</u> |
| Personnel selection | <u>3,223</u> | <u>3,609</u> |
| Communications services | <u>6,850</u> | <u>2,933</u> |
| Depreciation | <u>3,517</u> | <u>3,088</u> |
| Information services | <u>5,715</u> | <u>2,621</u> |
| Provision for vacations | <u>4,605</u> | <u>2,578</u> |
| Other expenses | <u>16,301</u> | <u>10,401</u> |
| Total | <u>214,487</u> | <u>186,033</u> |

Selling expenses by cost elements for 2017 and 2016 are as follows:

| | | |
|-------------------------|----------------------|------------------------------|
| | | <i>(thousands of rubles)</i> |
| Selling expenses | 2017 | 2016 |
| Marketing | <u>38,594</u> | <u>23,770</u> |
| Wages and salaries | <u>11,651</u> | <u>7,694</u> |
| Other income | <u>4,760</u> | <u>13,160</u> |
| Total | <u>55,005</u> | <u>44,624</u> |

14. OTHER INCOME

Other income by items for 2017 and 2016 is as follows:

| | | |
|--|----------------------|------------------------------|
| | | <i>(thousands of rubles)</i> |
| Other income | 2017 | 2016 |
| Income on loans recognized by the court ruling | <u>63,074</u> | <u>27,593</u> |
| Exchange differences | <u>478</u> | <u>2,175</u> |
| Reimbursement of legal costs | <u>13,018</u> | <u>1,755</u> |
| Other income | <u>3,931</u> | <u>1,449</u> |
| Total | <u>80,501</u> | <u>32,972</u> |

15. OTHER EXPENSES

Other expenses by items for 2017 and 2016 are as follows:

| | | |
|--|-----------------------|------------------------------|
| | | <i>(thousands of rubles)</i> |
| Other expenses | 2017 | 2016 |
| Expenses on formation of provisions | <u>207,082</u> | <u>69,474</u> |
| Charges of lending organizations and payments agents | <u>14,636</u> | <u>7,262</u> |
| Exchange differences | <u>246</u> | <u>2,199</u> |
| State duty on legal proceedings | <u>6,133</u> | <u>2,242</u> |
| Other expenses | <u>8,795</u> | <u>3,586</u> |
| Total | <u>236,892</u> | <u>84,763</u> |

15.1. RELATED PARTIES

Accounting of related-party transactions is maintained by the Company in accordance with the accounting regulations "Information About Related Parties" of the Russian Accounting Standards 11/2008 approved by the RF Ministry of Finance Order No. 48Н dated April 29, 2008.

The list of the Company's related parties as at December 31, 2017:

| No. | Full name / corporate name | Type of relations |
|-----|-------------------------------|---|
| 1 | Aleksandr Olegovich Kuznetsov | Director General, Member of the Board of Directors |
| 2 | Irina Valerievna Efimova | Financial Director, Member of the Board of Directors |

**NOTES TO FINANCIAL STATEMENTS OF
LCC MCC PROFIREAL FOR THE YEAR 2017**

| | | |
|---|--|------------------------------------|
| 3 | David Chour | Chairman of the Board of Directors |
| 4 | David Staněk | Member of the Board of Directors |
| 5 | PGJT B.V. | Founder, sole member |
| 6 | Public Joint-Stock Company PROFI Investment NL N.V. | Company of the group |
| 7 | Profireal Group SE, European company • Proficredit Czech Republic | Company of the group |
| 8 | DTMR Public investment management company, Public Limited Company | Company of the group |
| 9 | David Beran | Ultimate beneficiary |

Related-party transactions

The amounts of remunerations paid to the members of the Board of Directors and key management personnel (key management personnel shall mean the officials specified in clause 11 of the Russian Accounting Standards 11/2008) during 2017 and 2016 are as follows:

| | <i>(thousands of rubles)</i> | |
|--------------|------------------------------|----------------------|
| | 2017 | 2016 |
| Total | <u>33,569</u> | <u>39,629</u> |

Balances on outstanding settlements on related-party transactions as at December 31, 2017 are as follows:

| Borrowings and loans | Principal debt, thousands of rubles | Interest payable, thousands of rubles |
|-------------------------------------|--|--|
| Limited Liability Company PGJT B.V. | <u>86,000</u> | <u>17,935</u> |
| Total | <u>86,000</u> | <u>17,935</u> |

Related-party transactions carried out in 2017 and 2016 are as follows:

Interest expenses on loans received

| | <i>(thousands of rubles)</i> | |
|-------------------------------------|------------------------------|----------------------|
| | 2017 | 2016 |
| Limited Liability Company PGJT B.V. | <u>17,935</u> | <u>11,905</u> |
| Total | <u>17,935</u> | <u>11,905</u> |

Acquisition of equipment, goods, works and services

| | <i>(thousands of rubles)</i> | |
|----------------------------|------------------------------|---------------------|
| | 2017 | 2016 |
| Proficredit Czech Republic | <u>8,461</u> | <u>6,387</u> |
| Total | <u>8,461</u> | <u>6,387</u> |

Cashflows on related-party transactions carried out in 2017 and 2016 are as follows:

| | <i>(thousands of rubles)</i> | |
|--|------------------------------|-------------|
| | 2017 | 2016 |
| Cashflow from operating activities | | |
| For payment of goods, works, services | (8,461) | (5,413) |
| Cashflow from investing activities | | |
| From repayment of loans granted | - | - |
| Cashflow from financing activities | | |
| Receipt of borrowings and loans | 345,000 | 448,677 |
| Settlement of liabilities under loan agreement | - | 19,747 |
| repayment of principal debt | - | 15,425 |
| payment of interest | - | 3,748 |
| payment of charges | - | 574 |

16. CAPITAL MANAGEMENT

The Central Bank of the Russian Federation established and controls compliance with the requirements to size of the capital of microfinance organizations. The Company shall calculate the amount of own funds in accordance with the RF Ministry of Finance Order No. 42н dated March 30, 2012 “On Approval of Numerical Values and Procedure for Calculation of Economic Capital Adequacy Ratio and Liquidity Ratio for Microfinance Organizations Attracting Funds for Natural and Legal Entities in the Form of Loans” as the capital increased by the amount of debt of microfinance organization on loans and borrowings and satisfying the conditions for calculation of the capital adequacy ratio. The Company calculates the capital adequacy ratio as ratio of own funds to the value of assets, net of cash.

As at December 31, 2017 and December 31, 2016 minimum value of the capital adequacy ratio was equal to 5%. On a quarterly basis, on the first day of each month, the Company submits the information on calculation of the capital adequacy ratio in accordance with the established form to the local branch of CBRF.

As at December 31, 2017 and December 31, 2016 the capital adequacy ratio of the Company corresponded to statutorily prescribed level.

17. RISK MANAGEMENT

Activity of the Company is exposed to influence of the following risks which may exert negative impact on financial results:

- Credit risk;
- Liquidity risk;
- Country risk.

Credit risk

Credit risk is the risk of losses resulting from a default or improper performance of financial obligations by the clients-borrowers to the Company.

Credit risk is controlled with the help of internal reporting system and actions aimed at monitoring of quality indicators of microloan portfolio. Internal reporting system covers both the condition of outstanding portfolio by arrears, and the quality of new loan granting by carrying out the historical loss analysis.

The Company monitors the quality of new loan granting for the purposes of early identification of possible changes in the quality of microloans granted. Monitoring of microloans quality allows calculating the anticipated loss and performing corrective actions.

The Company manages the credit risk at the moment of making a decision on microloan granting and throughout the entire life of microloan. Decision on approval and calculation of microloan parameters (loan amount, term, etc.) is aimed at reduction of anticipated losses and based on the internal Loan Policy of the Company. This Policy includes actions aimed at the borrower’s identification and verification and which provide significant reduction in fraudulent activities.

Risk Management Department shall be responsible for management of the credit risk and monitoring of microloan portfolio.

Liquidity risk

Liquidity risk is associated with the Company’s abilities on timely and full discharge of financial liabilities outstanding as at the reporting date.

The Company carries out liquidity management by keeping sufficient balances of cash and loan facilities, regular monitoring of cash receipts and expenses, and by maintenance of the balance between maturities of financial assets and liabilities.

Country risk

**NOTES TO FINANCIAL STATEMENTS OF
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The Company operates in the territory of the Russian Federation. Therefore, the Company's activity is influenced by the Russian economy and financial markets which have some peculiar features of emerging market. Legal, tax and administrative systems continue to develop; however, they are contingent on the risk of ambiguity in interpretation of their requirements which, in their turn, are exposed to frequent changes, thus, in combination with other legal and fiscal obstacles, creating additional problems for the companies running their business in the Russian Federation. The Company's management believes that it implements all appropriate measures in order to maintain financial sustainability of the Company.

18. EVENTS AFTER THE REPORTING PERIOD

The amendments related to changes in powers of management bodies were introduced to the Company's Charter on January 26, 2018, revision No.4. There were no other events after the reporting period, whether occurred or anticipated, which could raise doubts about applicability of the accounting policies of the Company and appropriateness of use of the going concern assumption.

Head

/signature/

(signature)

ALEKSANDR OLEGOVICH KUZNETSOV

(printed name)

March 29, 2018

/Seal/

Limited Liability Company
Microcredit Company PROFIREAL
OGRN 1137847255765
INN7838492459
Saint Petersburg