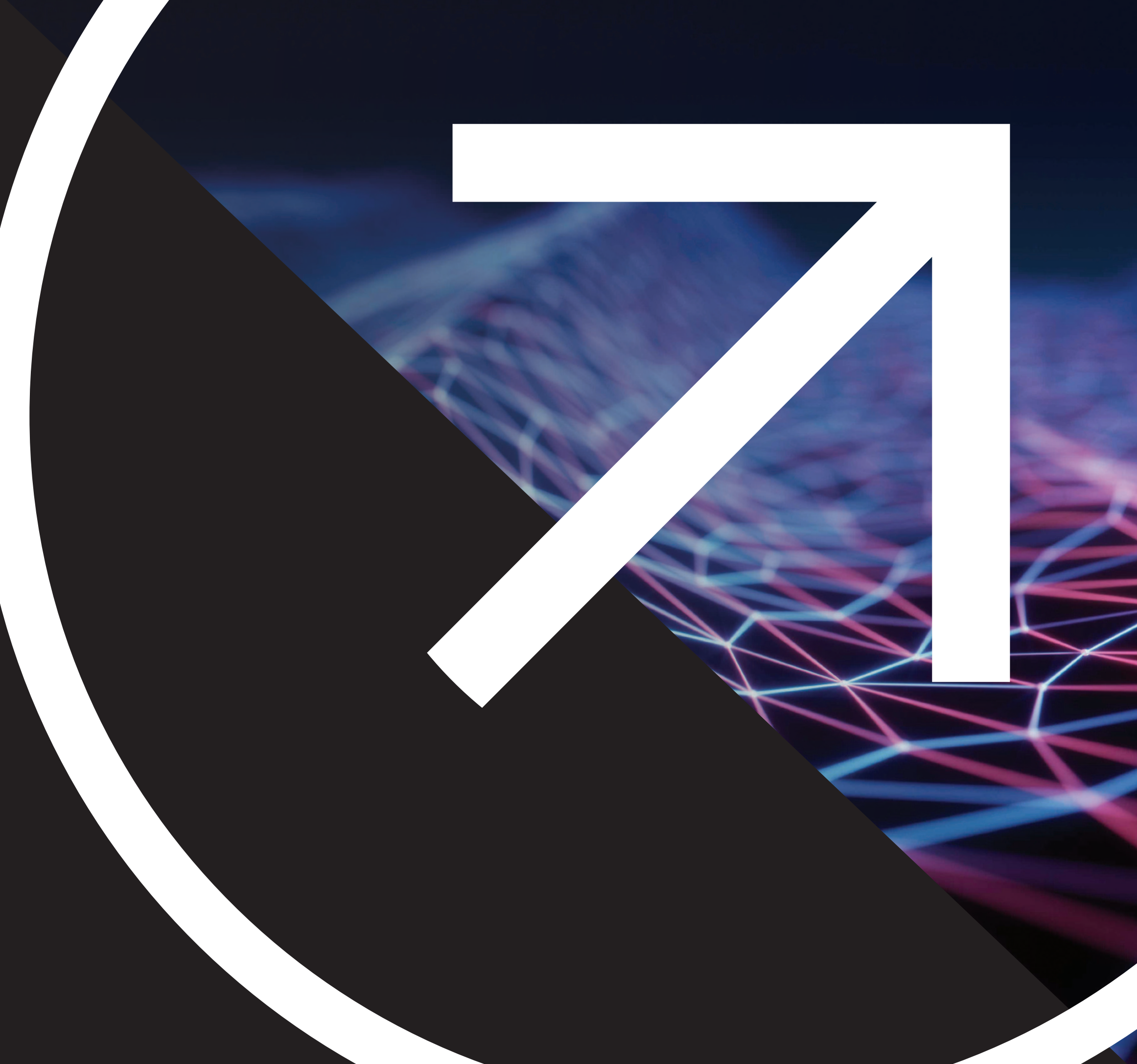

Interim financial statements for the period ended 31 December 2017

MyBucks

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The reports and statements set out below comprise the consolidated interim financial statements presented to the shareholders:

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Chief Executive report.

The state of the world and Artificial Intelligence (AI)

Younger, tech-savvy consumers demand transparent and efficient service at their fingertips. Why is this relevant? Because millennials will very soon be occupying the driving seat in most sectors of the world economy, their needs will drive growth. Digitally-driven consumers demand a personalised service at their fingertips, wherever and whenever they want it. In order to retain a competitive advantage in this rapidly evolving Fourth Industrial Revolution, companies will need teams of tech innovators that keep these demands in mind. In order to satisfy these needs, blockchain, Machine Learning (ML) and AI have transformed the digital transformation space into one that is not only efficient and fast, but also fun and relevant.

Global trends in AI point to a rapidly evolving world, where learning, decision-making and deep neural networks are able to interact and predict in near real-time. Not only are consumers thus rapidly becoming used to interacting with AI but companies are increasingly realising that they need to be at the leading edge of AI development, in order to pioneer the new age of technology. AI has forever changed the inherent delays and human-driven red tape that slowed and inhibited all sectors of the economy, not least the paper-driven world of traditional banking.

MyBucks poised on the leading edge of innovation

MyBucks is continually pushing the envelope of innovation, which has driven its rapid growth in market segments that have, until now, been out of reach of brick-and-mortar banks. MyBucks understands that the tech-savvy consumer wants efficient service, wherever and whenever, and appreciates that most younger people are used to interacting with AI. MyBucks, a FinTech company with innovation in its DNA, also understands that AI and ML provide immense possibilities for optimising operations, from supporting various divisions of its business to minimising credit risk arising from repayment of loans (collections).

MyBucks has deployed AI to all aspects of its business. MyBucks currently uses AI for credit scoring, fraud detection and to predict when potential clients are going to drop-off its website, using behavioural characteristics. Two of the latest uses of AI are to interpret natural language queries through MyBucks' TExt-based virtual aSSistant (TESS) and to improve collections using a self-learning collections system.

AI across the MyBucks business

TESS will be integrated into all aspects of the MyBucks business, including but not limited to collections; lending; banking; insurance; customer service; and customer on-boarding. In the aforementioned areas, TESS will engage with customers and assist with claims, sales, quotations and general queries.

The first notable application of TESS is in instant messaging, where MyBucks launched WhatsApp-based lending. In the USA, young people (aged 18 to 24) send an average of 67 text messages a day, according to businessinsider.com. The average text response time is 90 seconds, as opposed to the 90-minute turnaround time for email. A fascinating insight, which is highly relevant to a business wishing to communicate with its clients, is that in excess of 97% of text messages are opened, compared to 22% of emails. If efficiency and immediacy are your calling card, consider that 90% of all

Chief Executive report. (continued)

text messages are read within three minutes of delivery.

The MyBucks self-learning collections system will use AI to predict which clients have a high probability of missing a payment and, based on these predictions, will prepare bespoke messages and determine the correct time and appropriate channel to pre-emptively communicate with these clients. MyBucks expects this innovation to lead to higher customer satisfaction rates and lower default rates.

MyBucks and blockchain

Blockchain can be regarded as the new internet. What does this mean? While the internet allows for the transfer of data between a network of devices, blockchain allows for the transfer of value between parties without a centralised third party to validate transactions. Blockchain provides transparency of transactions and is immutable, which characteristics provide almost infinite uses for this technology. Just as early surfers figured out what the internet was for in the 1990s, the world is currently figuring out what to do with blockchain.

MyBucks is currently investigating numerous use cases of blockchain technology throughout its technology ecosystem and, since MyBucks operates in 13 countries on three continents, it can utilise its existing infrastructure to launch innovations that improve the lives of its customers.

Financials

MyBucks turned its financial results around in the first half of the financial year and the MyBucks Group recorded a positive profit before tax of € 66.6k, compared to a full-year loss before tax of €7.7m as at 30 June 2017. This recovery was on the back of revenues in the amount of approximately €29.0m and a slight improvement in the Impairment to Revenue Ratio, from 22.4% to 21.4%. The Operational Cost Ratio improved from 68.3% to approx. 60.3%, significantly contributing to the enhanced performance.

The key contributor to the improved results was the successful turnaround strategy implemented at the banks operated under the Opportunity Bank brand. The banking operations exceeded expectations by delivering an €8.2m contribution to Profit Before Tax, exceeding the full-year contribution from the previous financial year. In addition to the above, the Group recorded a €2.1m Profit Before Tax from its Southern African Lending Operations.

Contrary to the above, the Eastern-African Operations incurred a loss of approx. €0.5m. The Group's technology division suffered a Loss Before Tax of approx. €8.6m and that loss was driven largely by the Group's finance costs, which remained high for the first half year at approximately €11.9m. MyBucks expects to significantly reduce finance costs through its recent private placement and by further debt refinancing measures that will be implemented in the remainder of the 2018 financial year. MyBucks expects that the ongoing banking license applications; the launch of new insurance and lending products using AI; and the further enhancement of its UX (user experience) through TESS will allow the Group to enhance its product offering and position it well for future growth.

Consolidated statement of profit and loss and other comprehensive income.

EUR	Notes	31 December 2017 6 months	30 June 2017 Full year	31 December 2016 (restated) 6 months
Profit and loss				
Revenue	3	29 007 074	53 773 404	24 564 175
Loan book impairments		(6 210 249)	(12 039 736)	(5 863 455)
Other income	4	4 497 805	6 191 698	4 073 687
Employee costs		(7 032 643)	(13 907 805)	(6 905 615)
Depreciation, amortisation and impairments		(1 046 795)	(2 520 109)	(1 109 747)
Consulting and professional fees		(2 034 971)	(4 893 710)	(2 251 804)
Operating expenses		(7 432 568)	(15 665 672)	(7 228 475)
Operating profit		**9 747 653**	**10 938 070**	**5 278 766**
Investment revenue	5	2 189 349	2 683 535	858 852
Finance costs	6	(11 870 358)	(21 311 705)	(9 499 108)
(Loss) / Profit before taxation		**66 644**	**(7 690 100)**	**(3 361 490)**
Income tax expense		(2 209 584)	(3 428 701)	(2 142 651)
Loss from continuing operations		**(2 142 940)**	**(11 118 801)**	**(5 504 141)**
Loss from discontinued operations		**(598 413)**	**(1 895 349)**	**(480 881)**
Loss for the period		(2 741 353)	(13 014 150)	(5 985 022)

Consolidated statement of profit and loss and other comprehensive income.

EUR	Notes	31 December 2017 6 months	30 June 2017 Full year	31 December 2016 (restated) 6 months
Other comprehensive income				
Exchange difference in translating foreign operations		(357 246)	1 319 818	1 246 212
NCI portion of exchange difference in translating foreign operations		(255 912)	(322 559)	122 921
Effects of cash flow hedges		-	(59 601)	(59 601)
Share of other comprehensive income of joint venture				
Total items that may be reclassified to profit or loss		(613 158)	937 658	1 309 532
Total other comprehensive income for the period		**(613 158)**	**937 658**	**1 309 532**
Total Comprehensive loss for the period		**(3 354 511)**	**(12 076 492)**	**(4 675 490)**
Loss attributable to:				
Owners of the parent				
Continuing operations		(3 106 833)	(13 139 298)	(6 568 279)
Discontinued operations		(598 413)	(1 895 349)	(480 881)
		(3 705 246)	**(15 034 647)**	**(7 049 160)**
Non Controlling interest				
Continuing operations		963 893	2 020 497	1 064 139
Discontinued operations		-	-	-
		963 893	2 020 497	1 064 139
Total comprehensive loss attributable to:				
Owners of the parent		(4 062 492)	(13 774 430)	(5 862 550)
Non Controlling interest		707 981	1 697 938	1 187 060
		(3 354 511)	**(12 076 492)**	**(4 675 490)**
Earnings per share				
Basic loss per share from continuing operations	18	(0.27)	(1.14)	(0.59)
Basic loss per share from discontinuing operations	18	(0.05)	(0.16)	(0.04)
Diluted loss per share from continuing operations	18	(0.27)	(1.14)	(0.59)
Diluted loss per share from discontinuing operations	18	(0.05)	(0.16)	(0.04)

The 31 December 2016 results were adjusted to reflect the accounting errors identified in the prior financial year. Refer to the consolidated combined financial statement of profit and loss and other comprehensive income for the year ended 30 June 2017 for detail on these restatements. The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying condensed notes.

Consolidated statement of financial position.

EUR		31 December 2017 6 months	30 June 2017 Full year
Assets			
Non-Current Assets			
Property and equipment	7	12 945 609	11 028 568
Goodwill		3 061 989	3 055 362
Intangible assets	8	6 254 598	6 228 262
Loans to other related parties	9	7 366 117	5 237 581
Deferred tax		2 435 665	2 374 348
Loan book	10	24 583 677	22 784 603
		56 647 655	**50 708 724**
Current Assets			
Loans to other related parties	9	12 852 453	10 204 601
Other receivables	11	22 477 641	14 654 912
Fixed cash deposits		15 657 554	19 067 384
Other financial assets		538 515	484 121
Loan book	10	49 056 188	45 742 325
Taxation paid in advance		320 116	782 115
Cash and cash equivalents	12	13 157 246	15 050 536
		114 059 713	105 985 994
Total assets		**170 707 368**	**156 694 718**
Equity			
Equity attributable to owners of Parent			
Share capital	13	11 665 612	11 665 612
Share premium		19 348 748	19 348 748
Foreign currency translation reserve		(1 840 414)	(1 483 168)
Other reserves		(1 204 912)	(1 274 763)
Accumulated loss		(20 507 636)	(16 802 393)
		7 461 398	11 454 036
Non-Controlling interest		9 251 932	8 779 591
		16 713 330	**20 233 627**

Consolidated statement of financial position.

EUR		31 December 2017 6 months	30 June 2017 Full year
Liabilities			
Non-current liabilities			
Loans from other related parties	9	24 894 326	26 823 581
Other financial liabilities	14	23 903 642	19 438 852
Held for sale		1 557 927	-
Finance lease liabilities		222 103	102 468
Deferred tax		103 764	67 860
Deferred grant income	15	126 623	179 538
Deposits from customers	16	174 590	183 453
		50 982 975	**46 795 752**
Current liabilities			
Trade and other payables		18 212 516	11 529 802
Loans from shareholders		1 942 941	4 774 000
Loans from other related parties	9	13 894 738	10 348 630
Other financial liabilities	14	50 940 395	43 957 753
Finance lease liabilities		81 955	40 868
Deferred grant income	15	1 449 123	2 054 696
Current tax payable		704 893	1 282 512
Deposits from customers	16	14 799 105	11 310 110
Bank overdraft	12	985 397	4 366 968
		103 011 063	89 665 339
Total Liabilities		**153 994 038**	**136 461 091**
Total Equity and liabilities		**170 707 368**	**156 694 718**

The above consolidated statement of financial position should be read in conjunction with the accompanying condensed notes.

Consolidated statement of changes in equity.

EUR	Total share capital	Share premium	Foreign currency translation reserve	Other reserves	Accumulated loss	Total attributable to owners of the parent	Non-Controlling interest	Total Equity
Balance as at 1 July 2016 as restated	**10 998 000**	**8 413 279**	**(2 802 986)**	**(1 861 087)**	**(766 302)**	**13 980 904**	**3 123 390**	**17 104 294**
Loss for the period	-	-	-	-	**(7 049 160)**	**(7 049 160)**	**1 064 139**	**(5 985 021)**
Other comprehensive income	-	-	1 246 212	(59 601)	**-**	**1 186 611**	**-**	**1 309 532**
Total comprehensive loss for the year	-	-	1 246 212	(59 601)	**(7 049 160)**	**(5 862 549)**	**1 064 139**	**1 187 060**
Issue of shares	150 000	1 875 001	-	-	**-**	**2 025 000**	**-**	**2 025 000**
Share based payment reserve	-	-	-	463 892	**-**	**463 892**	**-**	**463 892**
Capital injection by minority Shareholder	-	-	-	-	-	-	-	**-**
Acquisition of subsidiary	-	-	-	-	-	-	4 220 483	**4 220 483**
Dividends	-	-	-	-	-	-	(111 461)	**(111 461)**
Transactions with NCI	-	-	-	-	-	-	-	**-**
Total contributions by and distributions to owners of company	150 000	1 875 001	-	463 892	-	2 488 892	4 109 022	**6 597 914**
Balance as at 31 December 2016	**11 148 000**	**10 288 280**	**(1 556 774)**	**(1 456 796)**	**(7 815 462)**	**10 606 247**	**8 296 551**	**8 419 472**
Loss for the period	-	-	-	-	(7 985 487)	(7 985 487)	956 358	(445 480)
Other comprehensive income	-	-	(73 606)	-	-	(73 606)	(322 559)	510 878
Total comprehensive loss for the year	-	-	(73 606)	-	(7 985 487)	(7 911 881)	633 799	(7 401 003)
Issue of shares	517 612	9 060 468	-	-	-	9 578 081	-	9 578 081
share based payment reserve	-	-	-	182 033	-	182 033	-	182 033
Capital injection by minority Shareholder	-	-	-	-	-	-	368 183	368 183
Acquisition of subsidiary	-	-	-	-	-	-	36 839	36 839
Dividends	-	-	-	-	-	-	(480 578)	(480 578)
Transactions with NCI	-	-	-	-	(1 001 444)	(1 001 444)	(75 203)	(1 076 647)
Total contributions by and distributions to owners of company	517 612	9 060 468	-	182 033	(1 001 444)	8 758 670	(150 759)	8 607 911
Balance as at 30 June 2017	**11 665 612**	**19 348 748**	**(1 483 168)**	**(1 274 763)**	**(16 802 393)**	**11 454 036**	**8 779 591**	**20 233 627**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying condensed notes.

Consolidated statement of changes in equity.

EUR	Total share capital	Share premium	Foreign currency translation reserve	Other reserves	Accumulated loss	Total attributable to owners of the parent	Non-Controlling interest	Total Equity
		-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(3 705 246)	(3 705 246)	963 893	(2 741 353)
Other comprehensive income	-	-	(357 246)	-	-	(357 246)	(255 912)	(613 158)
Total comprehensive loss for the year	-	-	(357 246)	-	(3 705 246)	(4 062 492)	707 981	(3 354 511)
Issue of shares	-	-	-	-	-	-	-	-
Share based payment reserve	-	-	-	69 854	-	69 854	-	69 854
Capital injection by minority Shareholder	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(235 640)	(235 640)
Transactions with NCI	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of company	-	-	-	69 854	-	69 854	(235 640)	(165 786)
Balance at 31 December 2017	11 665 612	19 348 748	(1 840 414)	(1 204 909)	(20 507 639)	7 461 398	9 251 932	16 713 330

The above consolidated statement of changes in equity should be read in conjunction with the accompanying condensed notes.

Consolidated statement of cashflow.

EUR	Notes	31 December 2017 6 months	30 June 2017 Full year	31 December 2016(restated) 6 months
Cash flows from operating activities				
Cash (used in) / generated by operations	17	2 601 103	(9 461 574)	(7 480 297)
Interest received		219 395	1 557 462	122 506
Interest paid		(9 338 575)	(17 223 580)	(6 406 180)
Taxation paid		(1 327 306)	(3 211 401)	(1 334 662)
Net Cash Flows used in operating activities		**(7 845 383)**	**(28 339 093)**	**(15 098 633)**
Cash flows from investing activities				
Purchase of property and equipments		(1 848 658)	(3 052 836)	(275 212)
Proceeds on sale of property and equipment		39 798	101 217	113 696
Investment in intangible assets		(546 605)	(502 510)	(1 149 471)
Payment for acquisition of subsidiary net of cash acquired		-	(36 482)	(9 274)
Encashment/(Placement) of short term deposits		3 409 830	(1 181 597)	-
Loans advanced to related parties		(10 459 874)	(6 486 218)	(3 240 126)
Repayments from related parties		12 050 541	3 821 209	-
Investment in other financial assets		(181 762)	(3 940 293)	(75 316)
Payments received from loans related to other financial assets		20 242	663 118	473 898
Advances to shareholders		(100 961)	-	-
Repayments from shareholders		466 488	-	-
Non controlling interest shares acquired		-	(1 097 641)	-
Net cash flows used in investing activities		**2 849 039**	**(11 712 033)**	**(4 161 805)**
Cash flows from financing activities				
Proceeds on share issue		-	2 488 681	2 025 000
Capital raising fee		-	(36 515)	-
Repayment of other financial borrowings		(17 072 103)	(26 164 530)	(14 468 333)
Proceeds from other financial borrowings		23 182 821	47 332 786	24 326 924
Payment of derivative margin call deposit		-	(479 004)	-
Advances from related parties		1 438 905	20 042 369	10 333 303
Repayments to related parties		(658 737)	(7 546 368)	(4 284 301)
Finance lease payments		(63 259)	(39 613)	(13 931)
Grant received		218 537	1 257 840	-
Dividends paid to NCI		(235 640)	(274 098)	-
Net cash flows from financing activities		**6 810 524**	**36 581 548**	**17 918 662**
Total cash movements for the year		1 814 180	(3 469 578)	(1 341 776)
Cash and cash equivalents at the beginning of the period		10 683 568	13 778 900	13 778 900
Effect of exchange rate movement on cash and cash equivalents		(325 899)	374 246	770 763
Total cash and cash equivalents at the end of the period		**12 171 849**	**10 683 568**	**13 207 887**

The above consolidated statement of cashflow should be read in conjunction with the accompanying condensed notes.

Notes to the consolidated financial statements.

1. General information.

MyBucks is a FinTech company that embraces technology as a means to provide financial products and services to our customers. The Group's current primary activities are micro-lending as well as providing customers with banking services. The group provides various lending products, from short term (1 week) to long term (60 months). The loan products are a combination of deduction at source collections and normal repayment by customer through either direct debit or deposits. The Group focusses on developing advanced technology to deliver efficient and customer-oriented service to our customers.

MyBucks S.a.r.l. was incorporated as a holding company with interest in the financial services industry on 7 August 2015 in Luxembourg and obtained its certificate to commence business (B199543) on the same day. The group operates in Sub-Saharan Africa, Australia and Europe with a registered head office at 14, Rue Steichen, L-2540, Luxembourg. The Company changed its legal form from a Société á responsabilité limitée into a Société Anonyme. It was resolved by the Shareholders' Meeting on 12 January 2016.

2. Summary of significant accounting policies.

2.1 Basis of preparation

These condensed interim financial statements for the six months ended 31 December 2017 have been prepared in accordance with IAS 34 interim financial reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2017, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The accounting policies adopted are consistent with those of the previous financial year except as described below, and are not repeated in this condensed interim report. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss. The interim period income taxes for the six months perioded ended 31 December 2017 have been accrued based on the various operating countries effective tax rates.

The preparation of financial statements pursuant to IFRS requires management to make critical accounting estimates. The application of the Company's accounting policies also requires that management makes assumptions and exercises its judgement in the process of applying the Groups accounting policies. These assumptions and estimates affect the amounts reported of assets and liabilities, income and expenses. Actual results may diverge from these estimates. In preparing this set of financial statements, the material judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated combined financial statements for the year ended 30 June 2017.

2.2 Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether

Notes to the consolidated financial statements.

there is objective evidence that a financial asset or group of financial assets have been impaired. An emergence period concept is applied to ensure that only impairments that exist at the reporting date are captured. The emergence period is defined as the time lapse between the occurrence of a trigger event (unidentified impairment) and the impairment being identified at an individual account level (identified impairment).

A financial asset or a group of financial assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Criteria that are used by the group in determining whether there is objective evidence of impairment include:.

- a breach of contract, such as default or delinquency in interest and/or principal payments; it becoming probable that the borrower will enter bankruptcy
- concessions granted from the lender to the borrower that the lender would not have considered normally

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of an allowance for credit losses account and the loss is recognised as a credit impairment charge in the consolidated Statement of Profit or Loss.

If the group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of financial loans with similar credit risk characteristics and collectively assesses for impairment. Loans that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment for impairment.

In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods (time period between the loss trigger events and the date on which the group identifies the losses).

Notes to the consolidated financial statements.

3. Revenue.

EUR	31 December 2017	30 June 2017	31 December 2016 (restated)
Interest income	23 169 202	42 335 262	19 591 289
Fee income	1 671 635	3 455 420	1 449 188
Commission on insurance policies	4 166 237	7 982 722	3 523 698
	29 007 074	**53 773 404**	**24 564 175**

4. Other income.

EUR	31 December 2017	30 June 2017	31 December 2016 (restated)
Gain on bargain purchase in a business combination	-	2 850 600	2 850 600
Gain on sale of Malawian loan book	2 255 473	-	-
Grant income	876 996	1 725 766	861 613
Bad debts recovered	322 248	565 984	139 935
Other income	1 043 088	1 049 348	221 539
	4 497 805	6 191 698	4 073 687

5. Investment revenue.

EUR	31 December 2017	30 June 2017	31 December 2016 (restated)
Interest on bank and other cash	-	18 954	-
Interest on loans	2 189 349	2 664 581	858 852
	2 189 349	**2 683 535**	**858 852**

6. Finance cost.

EUR	31 December 2017	30 June 2017	31 December 2016 (restated)
Interest on all financial borrowings	(10 951 594)	(17 254 816)	(8 697 262)
Net foreign exchange (losses)/gain on foreign currency borrowings	(392 621)	(1 075 218)	448 975
Funding origination costs	(414 960)	(2 678 692)	(1 379 682)
Other interest expense	(111 183)	(302 979)	128 861
	(11 870 358)	**(21 311 705)**	**(9 499 108)**

Notes to the consolidated financial statements.

7. Property and equipment.

EUR 31 December 2017	Opening balance	Additions	Disposals	Foreign exchange movements	Other changes (reclassification)	Depreciation	Closing balance
Land	1 810 885	-	-	2 354	120 000	-	1 933 239
Buildings	6 466 532	1 355 268	-	3 580	(120 000)	(5 643)	7 699 737
Furniture and fixtures	518 220	290 231	(73 813)	(22 075)	-	(136 836)	575 727
Motor vehicles	487 030	230 014	(32 834)	(15 746)	-	(82 334)	586 130
Office equipment	1 017 823	71 809	(7 084)	(20 364)	-	(71 739)	990 445
IT equipment	407 330	704 991	(76 266)	(37 757)	-	(201 374)	796 924
Leasehold improvements	320 748	88 991	(19 504)	(5 727)	-	(21 101)	363 407
	11 028 568	**2 741 304**	**(209 501)**	**(95 735)**	**-**	**(519 027)**	**12 945 609**

30 June 2017	Opening balance	Additions	Additions through business combination	Disposals	Foreign exchange movements	Other changes (reclassification)	Depreciation	Interest capitalised	Closing balance
Land	-	1 240 422	614 163	-	(44 390)	690	-	-	1 810 885
Buildings	641 523	4 723 833	860 460	-	15 119	-	(37 286)	262 883	6 466 532
Furniture and fixtures	375 775	95 066	189 891	(12 489)	3 255	29 069	(162 347)	-	518 220
Motor vehicles	259 296	97 901	336 357	(13 743)	(2 284)	-	(190 497)	-	487 030
Office equipment	96 735	439 548	650 400	(9 788)	(16 096)	66 043	(209 019)	-	1 017 823
IT equipment	158 276	249 733	232 521	(17 198)	(18 305)	11 984	(209 681)	-	407 330
Leasehold improvements	155 811	162 576	321 936	(79 893)	(5 124)	(107 786)	(126 772)	-	320 748
	1 687 416	**7 009 079**	**3 205 728**	**(133 111)**	**(67 825)**	**-**	**(935 602)**	**262 883**	**11 028 568**

Notes to the consolidated financial statements.

8. Intangible assets.

EUR 31 December 2017	Opening balance	Additions	Foreign exchange movements	Amortisation	Closing balance
Trademarks	1 601 865	-	-	(60 448)	1 541 417
Computer software, internally generated	2 150 273	553 496	(56 359)	(296 396)	2 351 014
Computer software, other	198 077	102 404	(14 734)	(76 670)	209 077
Customer relationships	2 224 774	-	5 627	(124 457)	2 105 944
Core deposits	53 273	-	-	(6 127)	47 146
	6 228 262	**655 900**	**(65 466)**	**(564 098)**	**6 254 598**

30 June 2017	Opening balance	Additions	Additions through business combination	Disposals	Foreign exchange movements	Other changes (reclassification)	Amortisation	Impairment	Closing balance
Trademarks	-	1 692 537	-	-	-	-	(90 672)	-	1 601 865
Computer software, internally generated	1 546 811	991 515	247 685	(32 455)	23 632	(32 010)	(594 905)	-	2 150 273
Computer software, other	117 012	9 457	167 293	(17 985)	1 776	32 010	(70 592)	(40 894)	198 077
Customer relationships	737 081	-	1 701 790	-	68 319	-	(282 416)	-	2 224 774
Core deposits	-	-	85 237	-	-	-	(31 964)	-	53 273
	2 400 904	**2 693 509**	**2 202 005**	**(50 440)**	**93 727**	**-**	**(1 070 549)**	**(40 894)**	**6 228 262**

Notes to the consolidated financial statements.

9. Other related party loans.

EUR	31 December 2017		30 June 2017	
Amounts due from Related party	Non-Current	Current	Non-Current	Current
Ecsponent Group	4 490 003	4 504 277	4 372 429	3 967 518
MHMK	-	3 193 619	-	3 229 943
Stella Walsh	460 168	-	456 305	-
Serengeti Capital	84 404	-	91 349	-
Botswana Teachers Union	-	200 832	250 088	-
Mike Hodgekiss	-	15 697	-	16 318
Brainworks Capital Management Group	67 418	2 670 592	67 410	2 990 822
Instaloan Securitation (SA)	2 264 124	-	-	-
Fintech Campus	-	562 398	-	-
Team Geek (Pty) Ltd	-	267 162	-	-
Available-for-sale assets	-	1 437 876	-	-
	7 366 117	**12 852 453**	**5 237 581**	**10 204 601**

EUR	31 December 2017		30 June 2017	
Amounts due to Related party	Non-Current	Current	Non-Current	Current
Ecsponent Group	16 531 045	13 776 438	17 440 899	4 997 314
Opporutnity Internanial Inc Group	-	-	41 222	685 952
Bridge Port 089	-	-	500 478	-
Carcharias Holdings	-	-	51 988	-
Wheatfields Proprietary Limited	-	111 378	-	282 461
Vanguard Holdings llmited	-	6 922	-	6 382
RBC CEES Trustee Limited	8 363 281	-	8 788 994	4 376 521
	24 894 326	**13 894 738**	**26 823 581**	**10 348 630**

Notes to the consolidated financial statements.

10. Loan book.

EUR	31 December 2017	30 June 2017
Gross loan advances	91 334 786	85 837 293
Provision for impairment	(17 694 921)	(17 310 365)
	73 639 865	**68 526 928**
Current portion	49 056 188	45 742 325
Non-Current portion	24 583 677	22 784 603
	73 639 865	**68 526 928**
Reconciliation of provision for impairment of loan book		
Opening balance	17 310 365	11 508 450
Amounts written off as uncollectable	(3 951 384)	(6 826 209)
Additional impairment recognised	4 417 356	8 857 289
Foreign currency translation impact	(81 416)	(118 787)
Acquired through business combinations	-	3 889 622
	17 694 921	**17 310 365**

Notes to the consolidated financial statements.

11. Other receivables.

EUR	31 December 2017	30 June 2017
Prepayments	4 492 356	5 162 913
Deposits	176 770	201 621
Insurance receivable	606 300	386 490
Government payroll receivable	3 701 802	4 042 552
Vendor finance receivable	1 215	1 205
Indirect taxes	2 321 839	2 047 439
Other receivables	11 177 359	2 812 692
	22 477 641	**14 654 912**

In previous periods the fixed cash deposits were included in other receivables, these are now presented seperately. Subsequent to December 2017, the group has canceled the transaction entered into during October 2016 with Opportunity International Inc. Through this transaction the group aquired access to the Opportunity Trademark for 14 years, access to the Opportunity network for 14 years as well as a prepayment was made for a fund raising commitment from Opportunity International.

Carrying value	31 December 2017	30 June 2017	At acquisition
Trademark acquired	1 541 418	1 601 865	1 692 537
Prepayment on network fees	175 530	186 885	197 463
Prepayment on fund raising fees	2 835 000	2 835 000	2 835 000
	4 551 948	**4 623 750**	**4 725 000**

The cancellation will result in the amortisation charges incurred associated with the trademark and the network fee to be reversed. As well as the shares issued as payment for the transactions.

12. Cash and cash equivalents.

EUR	31 December 2017	30 June 2017
Bank balances	13 157 246	13 912 638
Cash in transit	-	1 137 898
Bank overdraft	(985 397)	(4 366 968)
	12 171 849	**10 683 568**
Current asset	13 157 246	15 050 536
Current liability	(985 397)	(4 366 968)
	12 171 849	**10 683 568**

Notes to the consolidated financial statements.

13. Share capital.

EUR	31 December 2017	30 June 2017
Share capital		
Authorised		
15 998 000 ordinary par value shares	15 998 000	15 998 000
Reconciliation of number of shares issued:		
Opening balance	11 665 612	10 998 000
Issue of shares - ordinary shares	-	667 612
	11 665 612	**11 665 612**
Issued		
11 665 612 par value shares of €1	11 665 612	11 665 612

On 9 February 2018 the group issued 1.3 million shares at a premium of €8 per share with a private placement. This increase in the share capital resulted in an increase in the share premium of €10.4 million.

14. Other liabilities.

	31 December 2017		30 June 2017	
EUR	Non-Current	Current	Non-Current	Current
Financial Institutions	7 603 051	13 271 156	5 353 628	16 059 988
Open Markets	13 745 222	9 979 657	10 477 099	4 542 867
Individuals	30 836	1 619 384	28 298	2 449 794
Other	2 524 533	26 070 198	3 579 827	20 905 104
	23 903 642	**50 940 395**	**19 438 852**	**43 957 753**

All liabilities are fair value level 3, except the open market liabilities which are level 2. Refer to the consolidated combined financial statement of 30 June 2017 for detail on the measurement criteria.

Notes to the consolidated financial statements.

15. Deferred grant.

EUR	31 December 2017	30 June 2017
Opening balance	2 234 234	-
Acquired through Business combination	-	3 064 978
Grants received	-	1 257 840
Other movement	-	(252 791)
Grants realised in the profit and loss	(876 996)	(1 725 766)
Foreign exchange impact	218 508	(110 027)
Carrying value at the end of the period	**1 575 746**	**2 234 234**
Current portion	1 449 123	2 054 696
Non-Current portion	126 623	179 538
	1 575 746	**2 234 234**

16. Deposits from customers.

EUR	31 December 2017	30 June 2017
Large corporate customers		
Term deposit	3 285 118	1 367 314
Current account	841 897	423 167
	4 127 015	**1 790 481**
Small medium customers		
Term deposit	133 845	1 096 912
Current account	1 134 985	183 959
	1 268 830	**1 280 871**
Retail customers		
Term deposit	2 199 834	1 287 669
Current accounts	7 173 939	6 888 281
Interest payable	204 077	246 261
	9 577 850	**8 422 211**
	14 973 695	**11 493 563**
Current portion	14 799 105	11 310 110
Non-current portion	174 590	183 453
	14 973 695	**11 493 563**

Notes to the consolidated financial statements.

17. Cash used in operations.

EUR	31 December 2017	30 June 2017	31 December 2016 (restated)
Profit / (Loss) before taxation	(648 883)	(9 244 724)	(3 451 490)
Adjustments for:			
Depreciation and amortisation	1 046 795	2 006 151	1 214 169
Non cash portion of expenses	698 435	(396 148)	(589 632)
Loss on disposal	552	111 303	50 540
Investment revenue	(2 189 349)	(2 683 535)	(858 902)
Finance costs	11 598 035	20 236 487	7 745 676
Goodwill and other impairments	9 486	513 961	513 958
Loan impairments	6 820 248	13 151 759	4 462 794
Employee share option plan	125 545	645 925	21 150
Gain on bargain purchase	-	(2 850 600)	(2 850 600)
Gain on loan book sold	(2 255 473)	-	-
Grant amortisation	(876 996)	(1 725 766)	(861 613)
Loss/(gain) on foreign exchange	392 621	1 075 218	(448 975)
	14 721 016	20 840 031	4 947 075
Changes in working capital			
Loan book	(12 102 439)	(20 911 114)	(8 500 366)
Other receivables	(11 294 640)	(11 306 533)	(4 357 156)
Deposits from customers	3 480 131	2 678 785	689 118
Trade and other payables	7 797 035	(762 743)	(258 968)
	2 601 103	**(9 461 574)**	**(7 480 297)**

Notes to the consolidated financial statements.

18. Earnings per share.

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are calculated by adjusting the weighted average number of all shares to assume conversion of all options granted.

Basic loss per share

EUR	31 December 2017	30 June 2017	31 December 2016 (restated)
From continuing operations	(0.27)	(1.14)	(0.59)
From discontinued operations	(0.05)	(0.16)	(0.04)
Diluted loss per share			
From continuing operations	(0.27)	(1.14)	(0.59)
From discontinued operations	(0.05)	(0.16)	(0.04)
Total			
Basic loss per share	(0.32)	(1.31)	(0.64)
Diluted loss per share	(0.32)	(1.30)	(0.63)

Reconciliations of earnings used in calculating earning per share

EUR	31 December 2017	30 June 2017	31 December 2016 (restated)
Loss for the period attributable to equity owners of the parent	(3 705 246)	(15 034 647)	(7 049 160)
From continuing operations	(3 106 833)	(13 139 298)	(6 568 279)
From discontinued operations	(598 413)	(1 895 349)	(480 881)
Weighted average number of shares used as the denominator			
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	11 665 612	11 490 678	11 073 000
Adjusted for calculation of diluted earnings per share:			
Employee option plan	38 672	38 672	56 063
Greenshoe option	-	-	11 977
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**11 704 284**	**11 529 350**	**11 141 040**

Notes to the consolidated financial statements.

19. Segmental reporting.

The group has identified its reportable segments based on the significance of the business operations. These segments also reflect how the Group's businesses are managed are reported to the Chief Operating Decision Maker. The CODM primarily uses the net profit after tax to assess the performance of the operating segments. The segments consist of the following 3 main categories: Banking is managed by a Group Banking manager, where as the Non-Banking entities are managed by regional managers for Eastern Africa, Southern Africa and other.
The non-banking segment, is management by regional managers although it is reviewed as a single segment, the region managers report to the Steering Committee.

EUR 31 December 2017	Banking	Non-Banking Eastern Africa	Non-Banking Southern Africa	Non-Banking Other	Tech	Eliminations	Continued operations	Discontinued Operations	Group Total
Revenue	15 168 538	2 224 319	10 554 168	2 071 966	(15 655)	-	30 003 336	271 652	30 274 988
Impairment charge	(1 027 923)	(926 068)	(3 608 065)	(648 194)	-	-	(6 210 249)	(609 999)	(6 820 248)
Other income	2 222 902	17 280	1 029 201	232 031	-	-	3 501 414	31 591	3 533 004
Employee costs	(3 323 911)	(429 930)	(554 473)	(855 062)	(2 317 569)	-	(7 480 944)	(152 993)	(7 633 937)
Professional fees	(484 216)	(187 463)	(481 682)	(146 609)	(671 776)	-	(1 971 746)	(1 606)	(1 973 351)
Depreciation and amoritsation	(315 749)	(80 456)	(135 464)	(53 437)	(390 259)	(61 940)	(1 037 305)	(1 010)	(1 038 315)
Other operating expenses	(4 039 709)	(396 348)	(1 189 270)	(613 247)	(495 662)	(220 731)	(6 954 966)	(243 134)	(7 198 101)
Operating profit	**8 199 932**	**221 334**	**5 614 415**	**(12 552)**	**(3 890 920)**	**(282 671)**	**9 849 539**	**(705 500)**	**9 144 039**
Investment revenue	596 371	29 537	880 836	-	682 605	-	2 189 349	-	2 189 349
Finance costs	(1 326 164)	(793 869)	(4 419 703)	(234 862)	(5 328 552)	130 866	(11 972 285)	(9 987)	(11 982 271)
Profit before taxation	**7 470 139**	**(542 998)**	**2 075 548**	**(247 414)**	**(8 536 867)**	**(151 805)**	**66 604**	**(715 487)**	**(648 883)**
Taxation	(1 756 188)	(1 115)	(372 705)	(1 286)	(78 248)	-	(2 209 542)	117 074	(2 092 468)
(Profit)/Loss after taxation	**5 713 951**	**(544 113)**	**1 702 843**	**(248 700)**	**(8 615 115)**	**(151 805)**	**(2 142 938)**	**(598 413)**	**(2 741 351)**
Loan Book	40 430 012	3 553 483	24 325 949	5 364 933	-	(34 513)	73 639 864	(0)	73 639 864
Total Assets	71 806 536	8 261 485	62 066 118	6 197 485	89 256 651	(62 735 386)	174 852 890	19 548	174 872 438
Total Liabilities	43 640 249	8 232 689	53 310 970	4 473 585	81 486 957	(36 991 505)	154 152 945	4 006 160	158 159 104

Notes to the consolidated financial statements.

19. Segmental reporting. (continued)

EUR 30 June 2017	Banking	Non-Banking Eastern Africa	Non-Banking Southern Africa	Non-Banking Other	Tech	Eliminations	Continued operations	Discontinued Operations	Group Total
Revenue	27 748 422	5 327 018	18 521 755	2 096 848	(71 034)	50 225	53 673 234	374 909	54 048 143
Impairment charge	(1 594 806)	(5 366 457)	(4 470 225)	(427 545)	-	212 274	(11 646 761)	(1 504 998)	(13 151 759)
Other income	1 856 425	389 630	6 109 557	155 271	9 595 941	(12 125 588)	5 981 236	12	5 981 248
Employee costs	(5 064 069)	(1 292 110)	(6 396 703)	(1 016 867)	(316 690)	430 487	(13 655 952)	(423 970)	(14 079 923)
Professional fees	(703 174)	(345 976)	(918 779)	(217 241)	(2 389 161)	63 864	(4 510 468)	(82 793)	(4 593 261)
Depreciation and amoritsation	(611 661)	(200 875)	(482 750)	(57 260)	(486 310)	(167 947)	(2 006 803)	(3 172)	(2 009 975)
Other operating expenses	(11 349 578)	(1 853 336)	(7 899 954)	(528 435)	(10 428 663)	15 641 237	(16 418 729)	(392 348)	(16 811 077)
Operating profit	**10 281 557**	**(3 342 107)**	**4 462 901**	**4 772**	**(4 095 917)**	**4 104 551**	**11 415 758**	**(2 032 361)**	**9 383 397**
Investment revenue	1 018 252	452 016	749 449	650 672	6 621 975	(6 808 830)	2 683 535	51	2 683 586
Finance costs	(6 745 619)	(2 761 269)	(5 321 404)	(648 373)	(11 636 612)	5 900 697	(21 212 579)	(99 124)	(21 311 704)
Profit before taxation	**4 554 191**	**(5 651 360)**	**(109 054)**	**7 072**	**(9 110 553)**	**3 196 418**	**(7 113 286)**	**(2 131 434)**	**(9 244 721)**
Taxation	(1 657 304)	(456 541)	(449 869)	(27 439)	(778 763)	(205 100)	(3 575 016)	(194 412)	(3 769 428)
(Profit)/Loss after taxation	**2 896 887**	**(6 107 901)**	**(558 923)**	**(20 367)**	**(9 889 316)**	**2 991 318**	**(10 688 302)**	**(2 325 846)**	**(13 014 149)**
Loan Book	38 781 528	5 198 434	20 454 079	3 903 355	-	(34 513)	68 302 884	224 044	68 526 927
Total Assets	68 793 528	14 530 844	54 153 851	6 524 584	88 476 431	(76 341 174)	156 138 066	556 652	156 694 718
Total Liabilities	45 649 174	17 144 104	48 352 746	4 714 518	70 189 631	(53 505 444)	132 544 729	3 916 362	136 461 091

Notes to the consolidated financial statements.

19. Segmental reporting. (continued)

EUR 31 December 2016	Banking	Non-Banking Eastern Africa	Non-Banking Southern Africa	Non-Banking Other	Tech	Eliminations	Continued operations	Discontinued Operations	Group Total
Revenue	13 648 926	2 902 787	8 926 606	(4 660)	(21 906)	(25 965)	25 425 788	274 360	25 700 148
Impairment charge	(640 599)	(1 277 003)	(2 445 853)	-	-	(1 500 000)	(5 863 455)	(396 022)	(6 259 476)
Other income	168 783	39 062	1 995 762	-	11 532 802	(10 524 334)	3 212 074	118 336	3 330 410
Employee costs	(2 159 495)	(817 648)	(2 800 671)	-	(549 031)	(578 769)	(6 905 615)	(201 850)	(7 107 464)
Professional fees	(357 395)	(261 677)	(385 178)	(49 449)	(752 486)	(445 619)	(2 251 804)	(57 798)	(2 309 602)
Depreciation and amoritsation	(269 426)	(114 156)	(278 320)	(47)	(447 720)	(303 179)	(1 412 849)	(1 831)	(1 414 679)
Other operating expenses	(4 751 929)	(790 725)	(3 387 437)	(32 451)	(1 230 655)	3 267 824	(6 925 373)	(177 988)	(7 103 361)
Operating profit	**5 638 864**	**(319 361)**	**1 624 909**	**(86 607)**	**8 531 004**	**(10 110 043)**	**5 278 767**	**(442 792)**	**4 835 975**
Investment revenue	253 219	96 003	294 297	319 839	2 679 747	(2 784 252)	858 852	51	858 903
Finance costs	(2 957 523)	(1 112 064)	(2 537 758)	(298 349)	(3 595 835)	1 002 421	(9 499 108)	(191 159)	(9 690 267)
Profit before taxation	**2 934 559**	**(1 335 422)**	**(618 551)**	**(65 118)**	**7 614 915**	**(11 891 874)**	**(3 361 489)**	**(633 901)**	**(3 995 390)**
Taxation	(801 212)	(5 058)	(230 852)	(250)	(455 697)	(649 581)	(2 142 651)	153 020	(1 989 631)
(Profit)/Loss after taxation	**2 133 347**	**(1 340 480)**	**(849 403)**	**(65 368)**	**7 159 218**	**(12 541 455)**	**(5 504 140)**	**(480 881)**	**(5 985 021)**
Loan Book	42 510 668	12 256 487	20 992 224	22 404	-	(4 452 623)	71 329 161	1 552 435	72 881 596
Total Assets	73 451 476	23 363 665	40 661 059	8 782 269	186 673 207	(191 666 049)	141 265 627	1 803 495	143 069 121
Total Liabilities	51 440 855	20 642 389	37 199 762	8 683 672	77 597 566	(74 826 681)	120 737 562	3 304 838	124 042 401

Notes to the consolidated financial statements.

20. Risk management policies.

The risk management policies are designed to identify and analyses risks the group are challenged with. These risks are addressed through setting appropriate limits and controls, and to monitor the risk through reliable and up-to-date information systems. Risk management is carried out by management, under policies approved by the board. The Board approves principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

The executive management of the group's subsidiaries are responsible to identify, monitor and mitigate risk at all business levels under the policies approved by the Group's Board.

The full risk exposure of the group is monitored on a monthly basis, however for the 31 December 2017 only the Credit risk is being disclosed, with specific reference to customer provisions, as this is the most significant risk the group is challenged with. For all other risk related disclosures refer to the 30 June 2017 consolidated combined financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, employer default risk and country risk).
The provision of unsecured loans to formally employed individuals is the main activity of the Group's business. As such, exposure to credit risk and the management of this risk is a key consideration.

Customer credit risk is mitigated by the utilisation of payroll collection models. Employment of customers by vetted employers effectively serve as security for loans provided to such customers, since the employer recovers the loan installment directly from the customer's salary. All cash and cash equivalent assets are placed with reputable banks. If the banks credit rating recedes the risk will be assessed and action taken. The group analyses the return versus risk in these instances as some banks may offer a higher return with a significant risk component. The group utilises hard currency deposits as security to borrow local currency funding to limit foreign exchange losses.

In extending loans to related parties, shareholders and third parties the Group completes a full credit assessment. The Group reviews the financial statements, operations, legal and tax status of the borrower. The group also limits the tenure and size of the debt in which it never poses a material risk to the Group. All loans are interest- bearing and recorded at fair value at initial recognition. The Group bases its credit risk policies on the customers it serves, their employers and method of collection.

Impairment assessment

Customers of the Group are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

Notes to the consolidated financial statements.

20. Risk management policies. (continued)

Categories used to identify specific impairments for the group:

- **Category of default 0:** Loans that are not past due and are within the contract term.
- **Category of default 1:** Loans that have missed one contractual payment.
- **Category of default 2:** Loans that have missed two contractual payments.
- **Category of default 3:** Loans that have missed three contractual payments.
- **Category of default 4:** Loans that have missed more than three contractual payments. This is also defined as the Default state.

The impairments at year-end are derived from each of the five internal rating grades. Loans and advances are considered impaired if, and only if, there is objective evidence of impairment resulting from events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets estimated future cash flows that can be measured reliably. The internal rating tool assists management to determine whether objective evidence of impairment exists based on the following criteria set out by the Group:

- Downgrading below "Performing" level
- Historical loss experience of groups of financial assets with similar repayment terms
- Data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group including
- Adverse changes in the payment status of borrowers in the group; or
- National or local economic conditions that correlate with defaults on the assets in the group
- In determining whether a loss event has occurred, loans and advances are subjected to regular evaluations of the following:
- Overall client risk profile and payments record
- Downgrading below "Performing" level.
- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Initiation of bankruptcy proceedings;

The group assesses the probability of default by referring to historical collection data. The historical collection data is reviewed quarterly to reduce the difference between the impairment allowance estimate and actual loss experience

The historical loss experience is adjusted based on observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

On a collective basis, the Group assesses whether objective evidence of impairment exists for groups of financial assets with similar repayment terms. If there is objective evidence that an impairment loss on loans and advances has been incurred, the amount of the loss is measured as the difference between the assets' carrying amounts and the present value of estimated future cash flows discounted at the respective financial assets' original effective interest rates (the recoverable amount).

- Loans and advances within the Group comprises many small, homogeneous assets. Statistical techniques are used to calculate impairment allowances collectively, based on historical default and recovery rates. These statistical analyses use

Notes to the consolidated financial statements.

20. Risk management policies. (continued)

as primary inputs the extent to which accounts in the portfolio are in arrears and historical loss experience on the eventual losses encountered from similar delinquent portfolios.

- Models contain both judgmental and non-judgmental inputs. The extent of judgment utilised in models developed for new loan products is greater than that for older products, given the limited historical experience available for the new products.
- In outline, the statistical analyses are performed on a portfolio basis as follows:
- The Probability of Default (PD) for each CD category is determined by means of historic statistical analysis of the observed payment behavior. This is achieved by constructing transition matrices that track how loans have migrated between CD states. These movements produce a pattern over time that is used to predict a Probability of Default (reaching CD4).
- The Loss Given Default (LGD) represents the portion of a loan's balance, at the point of default, that is expected to be unrecoverable/written off.
- These derived statistics, based on actual experience, are used in determining the impairment value of each loan by multiplying the outstanding balance (EAD) at reporting date with PD and LGD.
- Clients in arrears by more than 90 days are handed over to external debt collectors. Recoveries from short-term loans are regarded as negligible as collateral is not required for the granting of advances in the current product range. The estimated recoveries on longer-term loans discounted at the contractual rates are recognised in gross loans and advances.

In addition to the impairment estimated for assets with recognised objective evidence of impairment, an estimate is made for impairments associated with those assets in the balance sheet that are impaired, but for which objective evidence is not yet available.

The impairment calculation utilises the results of the statistical analyses referred to above to estimate the proportion of assets in each portfolio that are likely to be unrecoverable and written off.

In considering the occurrence of a loss event over the life of a loan, it is assumed that there is a constant risk of the loss event occurring at any point in the life of the loan.

The methodology and assumptions used for estimating future cash flows are reviewed annually to reduce differences between loss estimates and actual loss experience. All impaired loans and advances are reviewed monthly and any changes to the amount and timing of the expected future cash flows compared to previous estimates will result in a change to the charges for impairment of loans and advances. Customers (and the related impairment allowance accounts) are written off once a loan has made no payment for more than 365 days.

Notes to the consolidated financial statements.

20. Risk management policies. (continued)

EUR	31 December 2017	30 June 2017
Impairment as a % of gross loan book	19%	20%
Impact on profit and loss if the provision amount increases with 5%	884 746	865 518

EUR	Neither past due nor impaired	Past due and impaired	Total gross advances to customers	Impairment	Net advances to customers
31 December 2017	63 519 652	27 815 133	91 334 785	(17 694 921)	73 639 864
30 June 2017	61 496 363	24 340 930	85 837 293	(17 310 365)	68 526 928

Notes to the consolidated financial statements.

21. Subsequent events.

Business combination: New Finance Bank of Malawi

The Group entered into an agreement with Finsbury Investments Limited, whereby the Group acquired 50% of the issued share capital of New Finance Bank Limited in Malawi (NFB) on 29 July 2017.

Upon receipt of approval from the Reserve bank of Malawi, the transaction for the share acquisition was concluded, however the original agreements included the Group's intend to sell 100% of the shares owned in GetBucks Malawi to NFB. NFB did not obtain approval from the Reserve bank of Malawi for the acquisition of GetBucks Malawi. Therefore, the terms of the original agreement was renegotiated to result in the group only acquiring the 50% shareholding in NFB.

Part of the management agreement relating to NFB, the group will effectively control the entity and operate as the managing entity of NFB. The addendum to the agreement should be concluded on 1 March 2018.
The Group will allocate the portion included in Goodwill to potential intangible assets before the finalisation of the June 2018 year end results.

The consideration paid was done through a cash amount of € 4 165 070 to the previous shareholder and a direct cash contribution into equity of € 3 076 344.

The Group acquired the operations in Malawi to increase the banking operations of the group into this vibrant market which has delivered excellent results, through the GetBucks Malawi operations in the past.
NFB is a TIER I financial institution which started trading in January 2015.

EUR **Statement of financial position of New Finance Bank Limited**	**31 December 2017**
Assets	
Cash on hand	291 765
Balance with Central Bank	1 531 850
Treasury Bills	2 680 455
Government Bonds/RBM OMO	561 777
Due from other Financial Institutions	1 378 305
Gross Loans and advances	7 593 423
Loan book acquired	5 576 239
Premises and equipment	2 220 650
Income tax asset	1 986 139
Other assets	2 963 115
	26 783 718

Notes to the consolidated financial statements.

21. Subsequent events. (continued)

EUR	31 December 2017
Liabilities	
Customer deposits	20 152 319
Due to Central Bank - RBM OMO	-
Due to other Banks & Institutions	746 434
Loan Loss Provision	249 668
Other liabilities	783 760
	21 932 181
Net Assets	4 851 537
Proportion of the group's ownership	50%
Non-Controlling Interest Portion	2 425 769
Consideration paid in cash	7 241 414
Intangible asset/Goodwill based on December 2017 accounts	4 815 646

The information included in this report will be updated in the 30 June 2018 results. The Goodwill/Intangible assets will be allocated by 30 June 2018.

MyBucks