LLC Express Capital +
Financial Statements
for the Years Ended December 31, 2016 and 2017

and

Independent Auditor's Report

CONTENTS

STATEMENT OF MANAGEMENT's RESPONSIBILITY

Management of LLC Microfinance Organisation Express Capital + is responsible for the accompanying financial statements.

This responsibility includes:

- preparation of financial statements in accordance with International Financial Reporting Standards;
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent;
- preparation of the financial statements on the going concern basis, unless circumstances make this inappropriate.

Management is also responsible for:

- creation, implementation and maintaining effective internal control system;
- keeping proper accounting records in compliance with local regulations;
- taking such steps as are reasonably open to them to safeguard the assets of the company;
- prevention and detection of fraud and other irregularities.

The financial statements for the years ended December 31, 2017 and 2016 were approved by the management and signed on its behalf:

Jansughi Zeishvili

Executive Director

LLC Express Capital +

Date: June 14, 2018

INDEPENDENT AUDITORS' REPORT
To the Management of LLC Express Capital +

Opinion

We have audited the financial statements of LLC Express Captal + (the "Company") which comprise the statement of financial position as at December 31, 2017 and 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the periods then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2017, and 2016 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for our Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Georgia; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITORS' REPORT *(Continued)*

Auditors' Responsibility for the Audit of the Financial Statements (Continued)

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.

• Obtain 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 the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability 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 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 the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Mikheil Abaiadze / Certified Auditor / Partner

Audit firm registration number: SARAS-F-320544
Auditor's registration number: SARAS-A-865011

Date: June 14, 2018
Tbilisi, Georgia

Morison Georgia * 206331691 *

STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
ASSETS					
Cash and cash equivalents	6	81,561	35,986	54,981	10,331
Loans to customers	7	829,232	521,968	194,493	56,134
Property and equipment	8	75,034	87,418	61,285	13,280
Intangibles	9	110,075	122,729	-	-
Tax assets		14,912	2,291	809	-
Other assets		65,332	22,258	2,608	2,428
Total assets		**1,176,146**	**792,650**	**314,176**	**82,173**
LIABILITIES					
Loans and borrowings	10	657,806	635,482	253,186	76,090
Income tax payable		6,034	11,266	4,829	121
Other Liabilities	11	72,607	110,816	335	385
Total liabilities		**736,447**	**757,564**	**258,350**	**76,596**
EQUITY					
Share capital	12	385,550	550	550	550
Retained earnings		54,149	34,536	55,276	5,027
Total equity		**439,699**	**35,086**	**55,826**	**5,577**
Total liabilities and equity		**1,176,146**	**792,650**	**314,176**	**82,173**

Jansughi Zeishvili

Director

LLC Express Capital +

Date: June 14, 2018

STATEMENT OF COMPREHENSIVE INCOME

	Note	2017	2016	2015
Interest income		494,366	433,315	166,999
Interest expense		(88,287)	(103,193)	(49,918)
Net interest income		**406,079**	**330,122**	**117,081**
Income from fines		225,805	1,710	2,102
Loss on currency trade operations		(34,161)	(67,444)	-
Fee and commission income, NET		5,102	37,804	13,327
Other income		47,862	11,659	895
Operating income		**650,687**	**313,852**	**133,404**
Operating and admin expenses	13	(319,744)	(204,442)	(63,084)
Depreciation and amortization	8; 9	(30,534)	(16,585)	(7,099)
Income / expense from loan loss reserve	7	(188,057)	(79,558)	-
Other expenses		(6,759)	(18,026)	(8,021)
Profit before income tax		**105,593**	**(4,759)**	**55,201**
Income tax		(6,034)	(13,878)	(4,951)
Net profit/loss for the year		**99,560**	**(18,637)**	**50,250**
Other comprehensive income		-	-	-
Total comprehensive income for the year		**99,560**	**(18,637)**	**50,250**

Jansughi Zeishvili

Director

LLC Express Capital +

Date: June 14, 2018

STATEMENT OF CASH FLOWS

Cash Flow from operating Activities	2017	2016	2015
Profit / loss for the period	99,560	(18,637)	50,250
Depreciation of fixed assets	30,534	16,585	7,099
Cash Flow from operating Activities to the operating capital	**130,094**	**(2,052)**	**57,348**
Increase / (decrease) in other current assets	(55,698)	(21,130)	(989)
Increase / (decrease) in loans issued	(307,264)	(327,476)	(138,359)
Decrease / (increase) in other current liabilities	(43,441)	116,918	4,657
Cash Flow from operating Activities	**(276,308)**	**(233,740)**	**(77,342)**
Cash flow from investing activities			
Acquisition of fixed assets	(18,150)	(42,718)	(55,104)
Acquisition of intangible assets	12,654	(122,729)	-
Change in capital	385,000	-	-
Cash flow from investing activities	**379,504**	**(165,447)**	**(55,104)**
Borrowings	22,324	382,295	177,097
Dividends paid	(79,947)	(2,104)	-
Cash Flow from financing Activities	**(57,623)**	**380,192**	**177,097**
Net increase / (decrease) in cash and cash equivalents	**45,574**	**(18,995)**	**44,651**
Cash and cash equivalents at the beginning of the reporting period	**35,986**	**54,981**	**10,331**
Cash and cash equivalents at the end of the reporting period	**81,561**	**35,986**	**54,981**

Jansughi Zeishvili

Director

LLC Express Capital +

Date: June 14, 2018

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total Equity
Balance as at 1-Jan-2015	**(550)**	**(5,027)**	**(5,577)**
Share capital	-	-	-
Retained earnings	-	(50,250)	(50,250)
Balance as at 31-Dec-2015	**(550)**	**(55,276)**	**(55,826)**
Share capital	-	-	-
Retained earnings	-	18,637	18,637
Dividends paid	-	2,105	2,105
Balance as at 31-Dec-2016	**(550)**	**(34,536)**	**(35,086)**
Share capital	(385,000)	-	(385,000)
Retained earnings	-	(99,560)	(99,560)
Dividends paid	-	79,947	79,947
Balance as at 31-Dec-2017	**(385,550)**	**(54,149)**	**(439,699)**

Jansughi Zeishvili

Director

LLC Express Capital +

Date: June 14, 2018

Note 1 The Company and its Principal Activities

LLC Express Capital + (referred to as "the Company") was registered on August 21, 2014. Legal address of the company is 46, #86a, Gorgiladze str., Batumi, Georgia.

Main activity of the Company is issuing micro loans to entrepreneur individuals. The company mainly issues non-secured loans. According to the legislation applicable to the loans issued by the company, the upper limit of the amount is equal to fifty thousand GEL on one loan.

Founder of LLC Express Capital is:

Founder	**31-Dec-17**	**31-Dec-16**	**31-Dec-15**	**1-Jan-15**
Jansughi Zeishvili	100%	100%	100%	100%
	100%	**100%**	**100%**	**100%**

Note 2 Operating Environment of the Company

The Company operates in Georgia. In Georgia the microfinance organizations are under certain regulations of National Bank of Georgia. Therse regulations for the year 2017 include minimum capital requirements (minimum GEL 250 thousand fully paid), requirement to publish financial statements prepared in accordance with IFRS. Microfinance organizations in Georgia currently are not allowed to receive deposits from clients and to issue loans exceeding GEL 50 thousand. (see also Note 13)

Emerging economies, such as the Georgian economy, are subject to rapid change and are vulnerable to market conditions and economic downturns elsewhere in the world. As a consequence, operations in Georgia may be exposed to certain risks that are not typically associated with those in developed markets. Nevertheless, over the last few years the Georgian government has changed number of civil, criminal, tax, administrative and commercial laws that have positively affected the overall investment climate of the country. Georgia has an international reputation as a country with a favorable investment environment. Georgia has best indicator Europe (excluding EU countries) and in Central Asia Region as demonstrated by Transparency International 2016 Global Corruption Barometer.

Note 3 Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Company maintains its accounting records in accordance with Georgian accounting regulations. These financial statements have been prepared from those accounting records and adjusted as necessary in order to be in accordance with IFRS.

These financial statements for the year ended December 31, 2016 are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared to comply with applicable at the end of its first reporting period, being December 21, 2016, together with the comparative period data as at and for the year ended December 31, 2015.

These financial statements have been measured in thousands of Georgian Lari (“GEL”).

Note 3 Basis of Preparation (Continued)

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Note 4 Significant Accounting Policies

4.1 *Standards and interpretations issued and not yet effective*

A number of new Standards, amendments to Standards and Interpretations are not yet effective as of the reporting date and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The core principle of the new standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted.

IFRS 16 Leases

The IASB issued the new standard for accounting for leases − IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessee to recognise most leases on their balance sheets as lease liabilities, with the corresponding right of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'shortterm' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

Note 4 Significant Accounting Policies (Continued)

4.1 Standards and interpretations issued and not yet effective

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date.

The Company is assessing the potential impact of the amendments on its financial statements.

4.2 Cash and cash equivalents

Cash and cash equivalents include: cash on hand and cash held in banks on current and deposit accounts.

4.3 Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans to customers are initially recognized at the fair value (which is equal to the amount disbursed to customer), plus related transaction costs directly related to the issuance of the loan. Loans are subsequently carried at amortized cost using the effective interest method.

Loans to customers are carried net of any allowance for impairment losses. A provision for impairment of loan to customer is established when there is objective evidence that the Company will not be able to collect the amount due according to the original terms of the loan. At the same time, the Company makes general provision in the amount of 2% of unpaid principal balance of the loans with no overdue days. The carrying amount of loans to customers is reduced through the use of allowance account and the amount of the loss is recognized in the income statement. When a loan is uncollectible, it is written off against the allowance account. Loans are written off after management has exercised all possibilities available to collect amounts due to the Company and after the Company has sold all available collateral.

4.4 Property and equipment

Tangible items that are held for use in supply of services, for rental to others, or for administrative purposes and are expected to be used during more than one period are recognized in the balance sheet as property and equipment. Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives of the groups of PP&E are disclosed in the following table.

Asset group	Estimated useful life
Computer and communication equipment	5-10 years
Furniture	5 years
Other fixed assets	5-10 years

Note 4 Significant Accounting Policies (Continued)

4.4 Property and equipment (Continued)

The useful lives, residual values and depreciation methods are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from those assets. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

At each reporting date, the company assesses whether there is any indication that any element of property, plant and equipment may be impaired. If there is an indication of possible impairment, the recoverable amount (the higher of and asset's value in use and its fair value less costs of disposal) of any affected asset is estimated and compared with its carrying amount. If the carrying amount is greater than its recoverable amount, an impairment loss is recognised immediately in profit or loss. Recovery of imparement loss recognised in previous years occurs, when impairement no longer exists or it is reduced. Recovery of imparement loss is included in same account, where impairement loss is recognized. The previously recognized impairment loss is reversed in a way that, after recovery, the carrying value is not excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years.

4.5 Intangibles

Intangible assets that are created are accounted by capitalisating expenses incurred on it, deducting amortization and impairment loss. Amortization is presented in profit or loss based on a straight line method during the useful life of individual asset. Useful life is 10 years.

4.6 Income taxes

Income taxes have been provided for in the financial statements in accordance with the legislation enacted or substantively enacted by the end of reporting period in Georgia. The income tax charge/credit comprises current tax and deferred tax and is recognised in profit or loss except if it is recognised directly in other comprehensive income because it relates to transactions that are also recognised, in the same or a different period, directly in other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes, other than on income, are recorded within administrative and other operating expenses.

Note 4 Significant Accounting Policies (Continued)

4.6 Income tax (Contunued)

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

In May 2016, the Parliament of Georgia enacted the changes in the Tax Code and approved a changed corporate tax model. The model is known as Estonian Tax Model. The changes are applicable from 1 January 2017 for all entities apart from certain financial institutions (commercial banks, credit unions, insurance organizations, microfinance organizations and pawnshops), with changes applicable from 1 January 2019. According to this model, the moment of the taxation was moved from the date of earning profit to the date of its distribution and, therefore, the main taxable object is the distributed profit (profit distributed by issuance of dividends to shareholders). The changed model implies a zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings.

4.7 Other liabilities

Other liabilities are recognized initially at fair value and subsequently measured at amortized cost.

4.8 Share capital

The amount of Company’s share capital is defined by the Company’s Charter. The changes in the Company’s Charter (including changes in share capital, ownership, etc) shall be made only based on the decision of the Company’s shareholders. The authorized capital is recognized as share capital in the equity of the Company to the extent that it was actually contributed by the shareholders to the Company.

4.9 Interest income and expense recognition

Interest income and expense are recorded in the income statement for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

4.10 Fines, other incomes and expenses

Fines imposed on clients, due to delay or non-payment, are generally recorded on a cash basis. Management believes, that the use of the cash basis on income from fines is more reasonable, better reflects the actual operational results and, therefore, gives the right information on such income.

Note 4 Significant Accounting Policies (Continued)

4.11 Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate ruling on the transaction date. exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the statement of comprehensive income using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are translated into Georgian Lari at the official exchange rate of the National Bank of Georgia (NBG) at the balance sheet date. As at December 31, 2017 the principal rates of exchange used for translating foreign currency balances were:

	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
US Dollar (USD)	2.5922	2.6468	2.3949	1.8636
EURO (EUR)	3.1044	2.7940	2.6169	2.2656

4.12 Offsetting

Financial assets (loans and receivables) and financial liabilities (borrowings and accounts payable) are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Note 5 Critical Accounting Judgments

The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Useful lives of property and equipment – The estimation of the useful life property and equipment is a matter of management estimate based upon experience with similar assets. In determining the useful life of an item of property, plant and equipment, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates.

Useful lives of intangible assets - assessment of the useful life by the company is based on management estimates in respect of similar assets. In determining the term of usefulness of intangible assets, management takes into consideration estimated use, estimated technical malfunctions, and amortization. Changes in the assessments can lead to adjustment of amortization expenses in the future.

Note 5 Critical Accounting Judgments (Continued)

Loss related to loans and recievables - is recognized in the profit and loss statement and adjusted if the following increase in recoverable amount can be objectively related to the events afters recognition of the above mentioned imparement loss. When the loan is uncollectible, it is written off against loan loss reserve. The company will write off the remaining part of the loan and related loan loss reserve, when the management determines that the collection of loan is impossible and all actions are taken to collect the loan.

Note 6 Cash and cash equivalents

	Note	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
Cash in bank	6.1	1,759	26,356	49,350	3,888
Cash on hand		79,792	9,630	5,631	6,443
Total cash and cash equivalents		**81,561**	**35,986**	**54,981**	**10,331**

6.1 **Breakdown of cash and cash equivalents by currency**	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
Georgian Lari (GEL)	81,480	35,180	6,861	10,331
US Dollar (USD)	81	806	48,120	-
Total cash and cash equivalents	**81,561**	**35,986**	**54,981**	**10,331**

The majority of the Company's cash is in reliable banks, where there no substantial credit risk arises for the company's cash. Company's cash in banks is with banks rated by Fitch as B- (short-term rating), BB- (long-term rating).

Note 7 Loans to customers

The Company issues loans mainly to individual entrepreneurs and to individuals for the purpose of financing working capital. The avarage anual interest rate was 36% in 2017 year and 70% in 2016.

7.1 **Gross loan portfolio by principal and accrued interest**	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
Loan principal	943,510	601,525	194,493	56,134
Interest accrued	3,032	-	-	-
Gross loans to customers	**946,542**	**601,525**	**194,493**	**56,134**
Less: Allowance for impairment	(117,310)	(79,558)	-	-
Net portfolio	**829,232**	**521,968**	**194,493**	**56,134**

Note 7 Loans to customers (Continued)

7.2 Loan loss reserve

The company makes provisions on principal and interest rate recievable. 2% provisions are made at the moment of loan issuance; If loan is overdue for a period of less than 30 days reverve is increased to 10%. If loan is overdue between 30-60 days, provision is increased to 30%. From 61 to 90 days - 50%, and if loan is overdue by more than 90 days - 100% provision is made. Provisions are made for both principal amount and interest payable.

Change in Loan Loss Allowance	**31-Dec-17**	**31-Dec-16**	**31-Dec-15**	**1-Jan-15**
Balance at January 01	**(79,558)**	**-**	**-**	**-**
Add: Loans recognised as doubtful in the curren	(188,057)	(79,558)	-	-
Less: Loans written off as bad debts in the curre	150,305	-	-	-
Balance at December 31	**(117,310)**	**(79,558)**	**-**	**-**

Note 8 Property and equipment

	Property improvements	Vehicles	Computers and etc.	Furniture	**Total**
Historical Cost					
As at January 1, 2015	-	10,530	2,750	-	**13,280**
Purchases	24,321	12,500	11,593	6,690	**55,104**
Write-off	-	-	-	-	**-**
As at December 31, 2015	24,321	23,030	14,343	6,690	**68,384**
Purchases	-	27,600	20,537	1,774	**49,911**
Write-off	-	(10,530)	(2,400)	-	**(12,930)**
As at December 31, 2016	24,321	40,100	32,480	8,464	**105,365**
Purchases	-	-	5,496	-	**5,496**
As at December 31 , 2017	**24,321**	**40,100**	**37,976**	**8,464**	**110,861**
Accumulated Depreciation					
As at January 1, 2015	-	-	-	-	-
Depreciation for the period	**1,216**	**3,981**	**1,451**	**450**	**7,099**
As at December 31, 2015	(1,216)	(3,981)	(1,451)	(450)	**(7,099)**
Depreciation for the period	(4,864)	(3,650)	(3,645)	(1,595)	**(13,754)**
Depreciation write-off	-	2,106	800	-	**2,906**
As at December 31, 2016	(6,080)	(5,525)	(4,296)	(2,046)	**(17,947)**
Depreciation for the period	(4,864)	(5,260)	(5,814)	(1,942)	**(17,880)**
As at December 31, 2017	**(10,944)**	**(10,785)**	**(10,110)**	**(3,988)**	**(35,827)**
Net Book Value as at December 31, 2016	18,241	34,575	28,184	6,418	**87,418**
Net Book Value as at December 31, 2017	13,376	29,315	27,866	4,476	**75,034**

Note 8 Property and equipment (Continued)

The company's Property and equipment are not pledged as security mortgaged or are not under any restrictions. Company's Management believes, that fair value of the fixed assets are approximated to to their book values.

Note 9 Intangibles

Company's Intangible assets represents financial and loans accounting software, which was bought in 2016.

	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
As at January 1	126,542	**-**	**-**	**-**
Purchases	**-**	126,542	-	-
As at period end	**126,542**	**126,542**	**-**	**-**
As at January 1	(3,814)	-	-	-
periodis amortizacia	(12,654)	(3,814)	-	-
As at period end	**(16,468)**	**(3,814)**	**-**	**-**
Net book value	**110,075**	**122,729**	**-**	**-**

Note 10 Loans and borrowings

The Company takes loans from natural and legal persons. Interest rates for borrowings varies from 12% to 24%. As at 2016, the company had borrowed 250,000 GEL from the credit line of Bank of Georgia with the interest rate of 12.5%. In 2017, the company used additionally 69,600 GEL from credit line to finance its operations. In 2017, Express Capital + borrowed 100,000 GEL from other bank with interest rate of 13%. The table below shows loans payable as at december 31, 2016 and 2017.

	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
Loans from natural persons	(238,206)	(385,482)	(253,186)	(76,090)
Georgian Banks	(419,600)	(250,000)	-	-
Total borrowings	**(657,806)**	**(635,482)**	**(253,186)**	**(76,090)**

As at december 31, 2017, interest payable of company is 3,773 GEL.

Note 11 Other liabilities

	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
Liabilities to software suppliers	69,693	109,109	-	-
Deffered tax liability	1,352			
Other liabilities	1,562	1,707	-	-
Total liabilities	**72,607**	**110,816**	**-**	**-**

Note 12 Share capital

In november 23, 2017, the company was transformed into microfinance organization. The company increased share capital twice by 225,550 and 129,450 GEL in 2017 year. As at December 31, 2017, share capital of the company is 385,000 GEL.

Note 13 Operating and administrative expenses

	Year 2017	Year 2016	Year 2015
Salary expense	234,824	133,705	39,741
Rent expense	28,744	17,879	15,705
Bank service fee	14,988	7,073	1,603
Communication expenses	5,243	4,808	2,419
Other general expenses	35,944	40,977	3,616
Total operating and administrative expenses	**319,744**	**204,442**	**63,084**

Note 14 Financial risks management

14.1 Foreign exchange risk

Foreign currency risk is the risk that fluctuations in currency exchange rates will negatively affect the Company's financial position and its profitability. Foreign currency risk arises from assets and liabilities denominated in foreign currencies.

The Company has significant foreign currency denominated financial assets and liabilities. Therefore the effect of foreign currency rate changes may be significant for the Company.

Below table presents financial assets and financial liabilities of the company categorized by currencies (corresponding equivalents in GEL).

Note 14 Financial risks management (Continued)

14.1 Foreign exchange risk (Continued)

As at December 31, 2017	**GEL**	**USD** USD 1 = 2.5922 GEL	**TOTAL**
Financial assets			
Cash and cash equivalents	80,780	781	**81,561**
Loans to customers (Net)	829,232	-	**829,232**
Other assets	65,332	-	**65,332**
Total financial assets	**975,344**	**781**	**976,125**
Financial liabilities			
Loans and borrowings	510,051	147,755	**657,806**
Other liabilities	72,607	-	**72,607**
Total financial liabilities	**582,658**	**147,755**	**730,413**
Net Currency Position	**392,686**	**(146,974)**	

As at December 31, 2016	**GEL**	**USD** USD 1 = 2.6468 GEL	**TOTAL**
Financial assets			
Cash and cash equivalents	35,120	866	**35,986**
Loans to customers	521,968	-	**521,968**
Other assets	22,258	-	**22,258**
Total financial liabilities	**579,347**	**866**	**580,213**
Financial liabilities			
Loans and borrowings	557,170	78,312	**635,482**
Other Liabilities	110,816	-	**110,816**
Total financial liabilities	**667,985**	**78,312**	**746,297**
Net Currency Position	**(88,638)**	**(77,446)**	

Note 14 Financial risks management (Continued)

14.1 Foreign exchange risk (Continued)

As at December 31, 2015	GEL	USD USD 1 = 2.3949 GEL	TOTAL
Financial assets			
Cash and cash equivalents	6,861	48,120	**54,981**
Loans to customers	194,493	-	**194,493**
Other assets	2,608	-	**2,608**
Total financial assets	**203,962**	**48,120**	**252,082**
Financial liabilities			
Loans and borrowings	68,157	185,029	**253,186**
Other Liabilities	335	-	**335**
Total financial liabilities	**68,492**	**185,029**	**253,521**
Net Currency Position	**135,471**	**(136,909)**	

The table below presents analysis of the effect on the Company's income statement of a reasonably possible movement of the currency exchange rate against the GEL, with all other variables held constant. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. The base currency is assumed to be the GEL. All amounts are presented in thousands of GEL.

		2017	**2016**	**2015**
Currency	Change in exchange rate	Impact on profit before tax *	Impact on profit before tax *	Impact on profit before tax *
USD	-10%	14,697	7,745	13,691
	-5%	7,349	3,872	6,845
	5%	(7,349)	(3,872)	(6,845)
	10%	(14,697)	(7,745)	(13,691)

14.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments on time. Liquidity risk exists when the maturities of assets and liabilities do not match. The management controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. In order to manage liquidity risk, the Company performs regular monitoring of future expected cash flows, which is a part of assets/liabilities management process. The following table presents a maturity analysis for non-derivative financial assets and liabilities of the Company with the remaining contractual maturities. The presentation below is based upon the information provided internally to key management personnel of the Company.

Note 14 Financial risks management (Continued)

14.2 Liquidity risk (Continued)

December 31, 2017	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial assets					
Cash and cash equivalents	81,561	-	-	-	**81,561**
Loans to customers	829,232	-	-	-	**829,232**
Other assets	65,332	-	-	-	**65,332**
Total	**976,125**	**-**	**-**	**-**	**976,125**
Financial liabilities					
Loans and borrowings	238,206	-	-	419,600	**657,806**
Total	**238,206**	**-**	**-**	**419,600**	**657,806**
Liquidity gap	**737,919**	**-**	**-**	**(419,600)**	**318,319**
Cumulative liquidity gap	**737,919**	**737,919**	**737,919**	**318,319**	

December 31, 2016	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial assets					
Cash and cash equivalents	35,986	-	-	-	**35,986**
Loans to customers	521,968	-	-	-	**521,968**
Other assets	22,258	-	-	-	**22,258**
Total	**580,213**	**-**	**-**	**-**	**580,213**
Financial liabilities					
Loans and borrowings	385,482	-	-	250,000	**635,482**
Total	**385,482**	**-**	**-**	**250,000**	**635,482**
Liquidity gap	**194,731**	**-**	**-**	**(250,000)**	**(55,269)**
Cumulative liquidity gap	**194,731**	**194,731**	**194,731**	**(55,269)**	

Note 14 Financial risks management (Continued)

14.2 Liquidity risk (Continued)

December 31, 2015	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial assets					
Cash and cash equivalents	54,981	-	-	-	**54,981**
Loans to customers	194,493	-	-	-	**194,493**
Other assets	2,608	-	-	-	**2,608**
Total	**252,082**	**-**	**-**	**-**	**252,082**
Financial liabilities					
Loans and borrowings	253,186	-	-	-	**253,186**
Total	**253,186**	**-**	**-**	**-**	**253,186**
Liquidity gap	**(1,104)**	**-**	**-**	**-**	**(1,104)**
Cumulative liquidity gap	**(1,104)**	**(1,104)**	**(1,104)**	**(1,104)**	

14.4 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, loans and receivables. The Company's maximum exposure to credit risk at the reporting date was:

	31-Dec-17	31-Dec-16	31-Dec-15	1-Jan-15
Cash in bank	1,759	26,357	49,349	3,888
Loans to customers	829,232	521,968	194,493	56,134
Total	**830,991**	**548,325**	**243,842**	**60,022**

The Company's cash is placed with highly reliable financial institutions and the management is convinced there is no credit risk related to its cash and cash equivalent balances.

Note 14 Financial risks management (Continued)

14.4 Credit risk (Continued)

Loans to customers is actually the only item giving rise to the credit risk for the Company. The company has established non-formal credit policy and precedures, that is based on obtaining and investigation of detailed information about customers on Adjarian market, based on which the decision is made whether issue loan or not.

Note 15 Financial assets and liabilities: accounting classifications and fair values

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

The estimated fair values of all financial instruments approximate their carrying values. The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date. The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation.

For the reporting date the company does not have any financial instrument, with fair value assessment methods, based on using visible non-market data.

Table below shows fair value of company's assets and liabilities for December 2016 and 2017:

	2017		2016	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Cash and cash equivalents	81,551	81,551	35,987	35,987
Loans to customers (without reserve)	1,025,422	1,025,422	601,525	601,525
Total financial assets	**1,106,973**	**1,106,973**	**637,512**	**637,512**

Note 15 Financial assets and liabilities: accounting classifications and fair values (Continued)

15.1 Fair value hierarchy

The Company measures fair values using the following fair value hierarchy:

Level 1 quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 inputs other than quotes prices included within Level 1 that are observable either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Note 16 Related parties

Parties are generally considered to be related if one party has the ability to control the other party or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The details of the related party balances as at the reporting date and of transactions with them are provided in the next tables:

Balances with related parties as at 31-Dec-2017	Recievables	Borrowings from	Interest payable
Shareholders	-	-	-
Key management personnel	6,881	-	-
Other related parties	-	-	-
Total	**6,881**	**-**	**-**

Note 16 Related parties (Continued)

Transactions with related parties during the year 2017	Dividends Paid	Interest expense	Salary expenses
Shareholders	-	-	-
Key management personnel	79,947	5,191	29,625
Other related parties	-	-	10,800
Total	**79,947**	**5,191**	**40,425**

Balances with related parties as at 31-Dec-2016	Recievables	Borrowings from	Interest payable
Shareholders	-	-	-
Key management personnel	-	255,000	30
Other related parties	-	-	-
Total	**-**	**255,000**	**30**

Transactions with related parties during the year 2016	Dividends Paid	Interest expense	Salary expenses
Shareholders	-	-	-
Key management personnel	2,105	11,572	6,500
Other related parties	-	-	-
Total	**2,105**	**11,572**	**6,500**

Note 17 Contingencies

Legal proceedings

As at December 31, 2017, the company has legal proceedings with 74 risky clients, that amounts principal of 166,200 GEL and interest rate of 11,610 GEL. The company believes, above mentioned amount will be recovered by 100%.

Note 18 Going concern considerations

At the end of reporting period, management of the Company considers the Company’s ability to continue as a going concern, in order to ensure that presentation of financial statements based on a going concern assumption is relevant in the circumstances. The management is convinced that the Company’s functionality as going concern is not threatened and they don’t have any plans for company liquidation or significant restriction of its activity.

Note 19 Events after the reporting period

From the beginning of the year 2018, according to the amendments made in Law on Microfinance Organizations, organizations have the right to increase the maximum amount of loan issued to one borrower up to 100,000 GEL.

According to the same amendments, microfinance organizations have to increase share capital in cash in the following order: up to 500,000 GEL until September 1, 2018; up to 1,000,000 GEL until 1 July 2019.

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