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FONKOZE S.A.

Consolidated Financial Statements

September 30, 2017

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

The Board of Directors
Fonkoze S.A.:

Opinion

We have audited the consolidated financial statements of Fonkoze S.A. and its subsidiary Sèvis Finansye Fonkoze, S.A. (SFF) which comprise the consolidated statement of financial position as of September 30, 2017 and the related consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and the related notes to the statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respect, the consolidated financial position of Fonkoze S.A. as of September 30, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis paragraph

In our report dated January 20, 2017, we expressed a qualified opinion on the consolidated 2016 financial statements of Fonkoze S.A. for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the reasonableness of the intercompany long term service and license agreements. Since that date, Fonkoze S.A. has provided us with sufficient evidence and we were able to satisfy ourselves as to the reasonableness of the agreement. Accordingly, the restriction is no longer justified.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

The Board of Directors
Fonkoze S.A.
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- 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

Mérové-Pierre - Cabinet d'Experts - Comptables

MÉROVÉ-PIERRE - CABINET D'EXPERTS-COMPTABLES
7, Rue Lechaud – Bourdon
Port-au-Prince, Haïti
January 10, 2018

FONKOZE S.A.
Consolidated Balance Sheets
September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

	Notes	2017	2016
CURRENT ASSETS			
Cash and cash equivalents	**5**	**G 272,594,265**	449,999,447
Term deposits	**6,15**	**205,585,900**	196,895,335
Loans	**7**	**1,191,495,794**	753,235,579
Impairment provision	**7**	**(39,014,318)**	(12,205,920)
Net loans		**1,152,481,476**	741,029,659
OTHER CURRENT ASSETS			
Interest receivable on loans		**41,715,286**	28,678,596
Accounts receivable	**8**	**47,332,056**	35,812,077
Prepaid expenses and supplies	**9**	**27,777,890**	24,326,793
Notes receivable –related parties current portion	**12**	**11,179,286**	6,068,222
		128,004,518	94,885,688
Total current assets		**G 1,758,666,159**	1,482,810,129
NON - CURRENT ASSETS			
Equity investments	**10**	**4,174,334**	4,174,334
Fixed assets, at cost	**11**	**385,737,169**	352,011,132
Accumulated depreciation		**(124,721,238)**	(94,921,681)
Fixed assets, net		**261,015,931**	257,089,451
Notes receivable – Related parties	**12**	**11,245,496**	15,638,397
Other assets	**13**	**326,434,525**	13,082,830
TOTAL ASSETS		**G 2,361,536,445**	1,772,795,141

See accompanying notes to the consolidated financial statements

FONKOZE S.A.
Consolidated Balance Sheets
September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

	Notes	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Deposits	**14**	**G 1,605,880,855**	1,401,652,348
Bank lines of credit	**15**	**97,125,270**	173,849,826
Subordinated notes- current portion	**16**	**6,269,000**	1,992,319
Other notes payable	**17**	**96,652,308**	93,805,309
Managed loan fund	**18**	**18,807,000**	19,661,040
Other current liabilities	**19**	**64,094,338**	60,680,505
Total current liabilities		**1,888,828,771**	1,751,641,347
NON-CURRENT LIABILITIES			
Other notes payable	**17**	**153,469,830**	142,820,752
Long-term subordinated notes	**16**	**4,212,768**	10,407,244
Other non-current liabilities	**19**	**347,197,292**	29,628,259
Total non-current liabilities		**504,879,890**	182,856,255
TOTAL LIABILITIES		**G 2,393,708,661**	1,934,497,602
SHAREHOLDERS' EQUITY			
Capital stock:			
Common shares	**22**	**217,432,650**	211,688,600
Additional paid-in capital		**264,128,249**	251,590,716
		481,560,899	463,279,316
Accumulated deficit		**(564,713,657)**	(677,041,761)
Revaluation reserve- land and buildings	**19**	**48,172,501**	49,251,943
Accumulated other comprehensive income		**2,808,041**	2,808,041
		(513,733,115)	(624,981,777)
Total shareholders' equity		**(32,172,216)**	(161,702,461)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**G 2,361,536,445**	1,772,795,141

See accompanying notes to the consolidated financial statements

FONKOZE S.A.
Consolidated Statements of Income
Years ended September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

	Notes	2017	2016
INTEREST INCOME			
Loans		**G 471,598,804**	336,314,113
Other		**5,141,014**	3,438,840
Total interest income		**476,739,818**	339,752,953
INTEREST EXPENSES			
Deposits		**8,507,632**	5,061,160
Debt (lines of credit, notes payable)		**33,241,085**	28,169,402
Total interest expense		**41,748,717**	33,230,562
NET INTEREST INCOME		**434,991,101**	306,522,391
Provision for loan losses	**7**	**78,145,693**	32,968,652
Net interest income after provision for loan losses		**356,845,408**	273,553,739
OTHER OPERATING INCOME			
Income from foreign exchange - Trading		**50,275,008**	58,110,748
Commissions and penalties on loans		**73,772,090**	50,380,604
Payroll services		**25,029,847**	-
Income from remittance services		**22,319,834**	19,102,989
Savings accounts fees		**17,771,266**	15,337,180
Recoveries of loans written off	**7**	**2,916,145**	3,919,807
Other		**9,283,432**	6,309,438
		201,367,622	153,160,766
Net interest and other income		**558,213,030**	426,714,505
OPERATING EXPENSES			
Personnel expenses	**21**	**286,116,158**	258,340,559
Premises and equipment expenses		**40,304,332**	31,852,135
Depreciation		**37,762,957**	25,424,090
Other expenses	**24**	**163,171,283**	126,020,861
Total operating expenses		**527,354,730**	441,637,645
PROFIT (LOSS) NET FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES		**30,858,300**	(14,923,140)
OTHER INCOME (EXPENSES)			
Grants	**23**	**28,939,117**	35,692,546
Unrealized gain (loss) on foreign exchange		**13,628,553**	(71,752,318)
Interest income (finance costs) on receivable from related party	**12**	**1,736,147**	(4,508,101)
Write-off of deferred tax asset	**13**	**-**	(20,490,000)
Provision for loss on receivable from related party	**12**	**-**	(112,728,753)
Fair value loss on assets	**11, 13**	**-**	(11,519,159)
Other non-operating income, net	**25**	**36,086,545**	8,068,104
Total other expenses		**80,390,362**	(177,237,681)
Net operating profit (loss) before income taxes		**111,248,662**	(192,160,821)
INCOME TAX	**20**	**-**	-
NET PROFIT (LOSS)		**G 111,248,662**	(192,160,821)
Net profit (loss) per share		**G 12.91**	(27.55)

See accompanying notes to the consolidated financial statements

FONKOZE S.A.

Consolidated Statements of Comprehensive Income
Years ended September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

		2017	2016
Net profit (loss) for the year	**G**	**111,248,662**	(192,160,821)
Other comprehensive income:			
Revaluation surplus land and buildings		**-**	70,359,918
Income taxes – deferred		**-**	(21,107,975)
Other comprehensive income, net of tax		**-**	49,251,943
Total Comprehensive profit (loss) for the year	**G**	**111,248,662**	(142,908,878)
Comprehensive profit (loss) per share	**G**	**12.91**	(20.48)

See accompanying notes to the consolidated financial statements

FONKOZE S.A.
Consolidated Statements of Changes in Shareholders' Equity
Years ended September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

	Notes		Common stock	Preferred stock	Additional paid-capital	Accumulated deficit	Revaluation reserve – land and buildings	Accumulated other comprehensive gain	Total equity
Balance as of September 30, 2015	**20**		**132,577,750**	**44,504,775**	**182,496,476**	**(484,880,940)**	**-**	**2,808,041**	**(122,493,898)**
Shares issued during the year: 1,384,243 share of common shares (par value G 25)			34,606,075	-	69,094,240	-	-	-	103,700,315
Conversion of preferred shares into common shares (par value G 25) 1,780,191 shares	**22**		44,504,775	(44,504,775)	-	-	-	-	-
Net loss for the year			-	-	-	(192,160,821)	-	-	(192,160,821)
Revaluation surplus- land and buildings, net of tax			-	-	-	-	49,251,943	-	49,251,943
Balance as of September 30, 2016	**20**	**G**	**211,688,600**	**-**	**251,590,716**	**(677,041,761)**	**49,251,943**	**2,808,041**	**(161,702,461)**
Shares issued during the year: 229,762 share of common shares (par value G 25)			5,744,050	-	12,537,533	-	-	-	18,281,583
Transfer of revaluation reserve to accumulated deficit			-	-	-	1,079,442	(1,079,442)	-	-
Net profit for the year			-	-	-	111,248,662	-	-	111,248,662
Balance as of September 30, 2017	**20**	**G**	**217,432,650**	**-**	**264,128,249**	**(564,713,657)**	**48,172,501**	**2,808,041**	**(32,172,216)**

See accompanying notes to the consolidated financial statements

FONKOZE S.A.
Consolidated Statements of Cash Flows
Years ended September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

	Notes		2017	2016
CASH FROM OPERATING ACTIVITIES				
Net loss		G	**111,248,662**	(192,160,821)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	**11**		**37,762,957**	25,424,090
Impairment provision	**7**		**78,145,693**	32,968,652
				332,988
Gain on disposal of fixed assets			**(991,798)**	-
Fair value loss on assets	**11,13**		**-**	11,519,159
(Interest income) finance costs on receivable from related party	**12**		**(1,736,147)**	4,508,101
Provision for loss on receivable from related party	**12**		**-**	112,728,753
Changes in investments and debt due to exchange rates fluctuations				-
Interest receivable on loans			**(13,036,690)**	(6,919,616)
Increase of decrease accounts receivable			**(11,519,979)**	(145,120)
Prepaid expenses and supplies			**(3,451,097)**	(7,331,677)
Decrease in notes receivable – related parties			**1,017,984**	22,124,780
Decrease (increase) in other assets			**98,305**	(638,066)
Increase in other liabilities			**7,532,866**	21,640,715
Net cash provided by operating activities			**205,070,756**	24,051,938
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of fixed assets	**11**		**(42,657,803)**	(51,405,450)
Proceeds from disposal of fixed assets			**1,960,164**	-
Increase in term deposits and investments			**(8,690,565)**	(135,415,327)
Increase in loans (including write-offs)			**(489,597,510)**	(153,121,636)
Net cash used in investing activities			**(538,985,714)**	(339,942,413)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings			**(67,918,109)**	215,350,269
Payments on debt			**1,917,795**	(187,977)
Shares issued			**18,281,583**	103,700,315
Increase in deposits			**204,228,507**	179,132,997
Net cash provided by financing activities			**156,509,776**	497,995,604
Net (decrease) increase in cash and cash equivalents			**(177,405,182)**	182,105,129
Cash and cash equivalents at beginning of year net of foreign exchange effect			**466,808,268**	219,441,537
Foreign exchange effect on cash and cash equivalents at beginning of year			**(16,808,821)**	48,452,781
Cash and cash equivalents at end of year	5		**272,594,265**	449,999,447

See accompanying notes to the consolidated financial statements

FONKOZE S.A.
Notes to Consolidated Financial Statements

(1) ORGANIZATION

Fonkoze S.A. is a holding company incorporated on February 25, 2002, under the laws of the Republic of Haiti as published in Le Moniteur no. 49 dated June 24, 2002. It was established to facilitate the creation of Sèvis Finansye Fonkoze, S.A. (SFF) and owns 99.99% of that entity.

Sèvis Finansye Fonkoze, S.A. (SFF) is a financial services company incorporated on May 14, 2004, under the laws of the Republic of Haiti as published in Le Moniteur no. 56 dated August 26, 2004. It was established to provide capital and a full range of financial and banking services (including savings, currency exchange and money transfers) as well as other technical services to peasant organizations, women's collectives, cooperatives, credit unions and street vendors.

The consolidated financial statements include those of Fonkoze S.A. and those of its subsidiary SFF.

The headquarters of Fonkoze S.A. and SFF are located at 119, Ave Christophe, Port-au-Prince, Haiti.

(2) BASIS OF FINANCIAL STATEMENTS PREPARATION

(a) Accounting framework

The accompanying consolidated financial statements were prepared in conformity with International Financial Reporting Standards (IFRS).

The consolidated financial statements were approved by management on February 16, 2018.

(b) Basis of consolidation

The consolidated financial statements of Fonkoze S.A. include the assets and liabilities as well as the results of operations and cash flows of Fonkoze S.A. and its subsidiary Sèvis Finansye Fonkoze, S.A. All material intercompany balances and transactions have been eliminated upon consolidation.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for land and buildings to measure under the revaluation model **(note g)** which is an allowed alternation method under IFRS 16.

The methods used to measure the fair value are described in the corresponding notes.

FONKOZE S.A.
Notes to Consolidated Financial Statements

(2) BASIS OF FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(d) Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(e) Functional and presentation currency

The consolidated financial statements are presented in Haïtian Gourdes which is the Company's functional currency.

(Continued)

(2) BASIS OF FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(f) Use of estimates and judgment

In preparing these consolidated financial statements in conformity with International Financial Reporting Standards, Management must make estimates and assumptions which affect the application of accounting policies and the reported amounts of recorded and contingent assets and liabilities as well as income and expenses of the year. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

Note 7	Loans – Provision for impairment
Note 8	Accounts receivable – Impairment
Note 10	Equity Investment - Impairment
Note 11	Fixed assets – Valuation and depreciation
Note 12	Note receivable – Related parties
Note 13	Other assets – valorization and impairment
Note 20	Tax credit

Estimates at September 30, under IFRS are consistent with those made in 2016 in 2017.

According to Management, the consolidated financial statements were prepared on an adequate basis using fair judgment in all material respects and in accordance with the accounting policies summarized below.

(Continued)

(2) BASIS OF FINANCIAL STATEMENTS PREPARATION (CONTINUED)

(g) Subsequent events

The Company has evaluated subsequent events through January 10, 2018 which is the last date of the field work of the auditors.

(3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in the consolidated financial statements and have been applied consistently to all periods presented.

(a) Conversion in foreign currency

Assets and liabilities stated in foreign currencies are converted in Haïtian Gourdes at exchange rates prevailing at year end. Gains and losses resulting from this conversion are included in the consolidated statement of incomes.

Transactions in foreign currencies are converted at the exchange rate in effect at the transaction date. Gains and losses related to foreign exchange operations are recorded in the consolidated statement of incomes.

The financial statements presented in schedules III and IV were translated in US dollars according to the requirements of International Financial Reporting Standards. Under the requirements of this standard, assets and liabilities are translated at year-end exchange rate. Net assets accounts other than net income for the year are translated at year-end exchange rate. Income and expenses are translated at the average rate of exchange. All exchange differences resulting from such translation are included in shareholders' equity accounts.

(b) Cash and cash equivalents

Cash and cash equivalents include cash balances and deposits in banks.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Loans

Loans are stated at amortized - cost, net of provision for impairment. This provision is increased by the charge for impairment loss recorded in the consolidated statement of incomes and decreased by write-offs. In general, impaired loans are those for which payments are past due more than 90 days, except for Ti Kredi loans which are considered impaired after 30 days. The Company establishes an impairment provision on loans based on specific rates of provision policy taking into consideration industry standards for microfinance. The provision rates applied to the outstanding balances of the loans net of any cash collateral for installment loans and shorter period (i.e. Ti Kredi loans) or balloon payment loans, are as follows as of September 30, 2017 and 2016:

Installment loans

Current loans	0%
1 – 30 days past due	5%
31 – 60 days past due	25%
61 – 90 days past due	50%
91 – 180 days past due	75%
More than 180 days past due	100%

Shorter period or balloon payment loans

Current loans	0%
1 – 15 days past due	5%
16 – 30 days past due	25%
31 – 45 days past due	50%
46 – 90 days past due	75%
More than 90 days past due	100%

Restructured loans

An impairment provision of 50% is applied on current restructured loans and 100% when payment is past due.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Loans (continued)

The provision for impairment is evaluated on a regular basis by Management and is based upon Management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. The evaluation is subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Loans are written-off against the impairment provision when all restructuring and collection efforts are completed and that it is unlikely that other amounts will be recovered. Installment loans are written off when they are more than 180 days past due; shorter period or balloon payment loans are written off when they are more than 90 days past due. Subsequent recoveries, if any, are recorded in the consolidated statement of incomes.

(d) Interest

Interest income and expenses are accounted for using the accrual method of accounting. However, when a loan is classified as non-accrual (past due 90 days or more) - except Ti Kredi loans which are classified when they are past due 30 days or more and solidarity loans when they are past due 60 days or more, interest ceases to be recognized and accrued, and uncollected interest is reversed against income of the current period. Interest payments received thereafter are recognized as revenue only if there is no doubt as to the ultimate recovery of the principal.

(e) Equity investments

Company values its 0.62% equity investment in SNI Minoterie at cost.

Gains of losses realized on sales of long term corporate investments as well as other than temporary declines of their value are included in the determination of consolidated results of the year in which they occur.

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Fixed assets

Fixed assets are recorded at cost except for land and building **(note 11)** which have been revalued and stated to fair value in accordance with International Financial Reporting Standard (no. 16) and depreciated using the straight-line method over the estimated useful life of the assets as follows:

Buildings	20 years - 50 years
Vehicles	2-4 years
Equipments	5 years
Computer equipment	5 years
Leasehold improvements	5 years
Software	5 years

Construction in progress will be depreciated over their estimated useful life from the time they are ready to be put in use.

Depreciation method, useful lives and residual values are reassessed periodically.

Gain or losses realized on disposal of fixed assets are recognized in the consolidated statement of operations.

Major expenses for improvement and reconditioning are capitalized and disbursements for regular maintenance and repairs are charged to expenses.

The fair value of land and buildings has been determined based on appraisal undertaken by professional qualified appraisers at the end of 2016. The reevaluation surplus is reflected net of deferred income taxes in the consolidated statement of comprehensive income. Revaluation losses are reflected in the consolidated statements of income.

The buildings life duration was estimated at 20 years and they will be depreciated over that period with a residual value of 15% starting in October 2016.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revaluation reserve – land and buildings

On an annual basis, the difference between depreciation calculated on the revalued amount of buildings and depreciation calculated on the original cost is transferred to retained earnings.

Revaluation losses are recorded directly to expenses unless they relate to an existing revaluation surplus for the same property in which case, the revaluation loss will be first applied to the revaluation reserve/building in the consolidated shareholder's equity.

This revaluation reserve is not subject to distribution.

(h) Deposits

Deposits are recorded at cost. The estimated fair value of these liabilities is assumed to be equal to their carrying value since interest rates are in line with the current market rates.

(i) Deferred income taxes

The deferred income tax from the revaluation surplus of building **(3g)** is transferred yearly on a straight line basis to income taxes payable at the tax rate applicable to the depreciation of the revaluation.

(j) Income taxes

Income taxes are calculated on the consolidated income before income taxes for the year and comprise current and deferred income taxes when applicable. Current income taxes are taxes payable on the taxable income for the year using statutory tax rates and other adjustments that may affect income taxes payable. Deferred income taxes, if any, resulting from timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes are reflected in other assets or liabilities as need be.

Income tax expense is recognized in the consolidated statement of income except to the extent that it relates to items of comprehensive income, in which case it is recorded therein. Items of comprehensive income are reflected net of income taxes. The Company has recorded in other liabilities the deferred income taxes resulting from the revaluation of land and buildings. The related amounts will be reversed upon sale of the related assets.

(Continued)

(3) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Income taxes (continued)

Losses can be carried forward up to 5 years. The Company records a deferred tax asset if it is probable that the asset will be realized.

(j) Capital stock

Capital stock reported in shareholders' equity is composed of common shares.

(k) Additional paid-in capital

The excess over par value received in capital stock transactions is recorded in additional paid-in capital.

(l) Net profit (loss) per equivalent share of paid-in capital

Net profit (loss) per equivalent share of paid-in capital is calculated by dividing net profit (loss) by the weighted number of shares outstanding.

(m) New standards, amendments and interpretations not yet adopted

As of the date of these consolidated financial statements, some standards, amendments to standards, and interpretations have been issued but not yet adopted as of September 30, 2017. They have not been applied in the preparation of these consolidated financial statements and should not have a significant impact on the Company's consolidated financial position nor results of operations.

However, Management believes that the application of the amended standards IFRS 9 on Financial Instruments and IFRS 15 on Revenue, effective for years beginning on or after January 1, 2018 could have an impact on the financial statements of the company. These standards, which are still subject to change prior to their ultimate implementation date, could affect the measurement of the provision and the general allowance for loan losses, interest receivable, presentation of some financial assets and liabilities and recognition of some revenue and commissions.

(4) RISK MANAGEMENT

By the nature of its activities, the Company is primarily exposed to a variety of financial risks, including liquidity risk, credit risk and market risks including foreign exchange risk and interest rate risk.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

A) LIQUIDITY RISK

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's growth is financed through a combination of the cash flows from operations as well as shareholders' and other financing. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure the Company has financing sources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management of the Company through its executive Management, Management Asset Liability Committee (ALCO) and Board Capital Committee (BCC) ensures appropriate monitoring of its liquidity and a dynamic management of its liquidity needs based on scheduled maturity of its obligations. The ALCO and BCC each meet monthly and, as needed, to analyze the liquidity position and to take the appropriate decisions.

The maturity profile of Fonkoze S.A. financial liabilities, (which do not include deferred amounts) based on their initial contractual maturity is as follows:

September 30, 2017

		Current	Less than a year	More than a year	Total
Deposits	G	1,510,435,808	95,445,047	-	**1,605,880,855**
Bank lines of credit		97,125,270	-	-	**97,125,270**
Subordinated notes		-	6,269,000	4,212,768	**10,481,768**
Other notes payable		-	96,652,308	153,469,830	**250,122,138**
Managed loan fund		-	18,807,000	-	**18,807,000**
Others liabilities		54,648,227	9,446,111	320,626,900	**384,721,238**
Total	**G**	**1,662,209,305**	**226,619,466**	**478,309,498**	**2,367,138,269**

September 30, 2016

		Current	Less than a year	More than a year	Total
Deposits	G	1,358,990,843	42,661,505	-	**1,401,652,348**
Bank lines of credit		173,849,826	-	-	**173,849,826**
Subordinated notes		-	1,992,319	10,407,244	**12,399,563**
Other notes payable		-	93,805,309	142,820,752	**236,626,061**
Managed loan fund		-	19,661,040	-	**19,661,040**
Others liabilities		41,130,164	19,550,342	655,367	**61,335,873**
Total	**G**	**1,573,970,833**	**177,670,515**	**153,883,363**	**1,905,524,711**

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk as of September 30, 2017 and 2016 is as follows:

	Notes		2017	2016
Deposits with banks	**5**	**G**	**192,213,599**	362,069,261
Credit				
Loans, net	**7**		**1,152,481,476**	741,029,659
Interest receivable on loans			**41,715,286**	28,678,596
			1,194,196,762	769,708,255
Investment				
Term deposits	**6**		**205,585,900**	196,895,335
Interest receivable on term deposits	**8**		**2,759,605**	2,706,692
			208,345,505	199,602,027
Accounts receivable	**8**		**44,572,451**	33,105,385
Notes receivable – related parties	**12**		**22,424,782**	21,706,619
Other assets	**13**		**313,450,000**	98,305
Total		**G**	**1,975,203,099**	1,386,289,852

Management regularly reviews the Company's exposure to these risks in view of the Company's risk management policies.

- Bank accounts and term deposits are considered low risk instruments since they are held at financial institutions that are under the supervision of the BRH. These funds are realizable although there is no deposit insurance for accounts held in Haitian banks. Deposits held with the Self Help Credit Union are insured by the National Credit Union Administration (NCUA) up to USD 250,000.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

- To reduce the risks associated with customers or counterparties, SFF's risk management policies provide that appropriate eligibility criteria together with procedures for client selection, initial marketing, and client need assessment shall be followed. These procedures and guidelines include the assessment and analysis of a client's ability and willingness to repay, the appropriateness of the size of the loan, its terms, and repayment schedule. The level of indebtedness and past repayment history are also important factors in lending decisions related to existing customers.

Debt restructuring (rescheduling) is pursued as the final solution to settling existing or anticipated delinquency resulting from factors including, but not limited to, the following:

- Clients with severe health conditions
- Clients whose business becomes subject to extreme, unforeseen damages such as a result of hurricane.

In rescheduling cases, the rescheduled amount will equal the total accumulated loan obligations consisting of penalties, overdue interest, and the overdue principal amounts. Loans are considered for rescheduling on a case-by-case basis. Loan rescheduling requests are processed by the respective branch and are approved by the credit committee and the CEO.

The balance of the impairment provision at year end reflects Management's estimate of loan losses inherent in the loan portfolio at the balance sheet date. Management considers the respective impairment provision of G 39,014,318 and G 12,205,920 adequate to cover loan losses inherent in the loan portfolio at September 30, 2017 and 2016. After Hurricane Mathew on October 4, 2016, loans in the amount of G 44.1 million were rescheduled. In addition, SFF approved new loans for a total of G 24.9 million to clients located in the affected areas to enable them to continue or rebuild commercial activities.

The notes receivable – related parties as of September 30, 2017, relate to:

- The note receivable from Fonzoze USA of US$ 400,000 (G 26,214,720) which does not bear interest. It is scheduled to be repaid over a period of 4 years with 4 annual payment of US$ 100,000. As of September 30, 2017 it is discounted at market rate of 8% **(note 12)**.

- Other assets include mainly a receivable from the Central Bank of Haiti on which the associated risk is nil.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

B) CREDIT RISK (CONTINUED)

The geographic location of financial risk is as follows:

	Notes		2017	2016
Deposits with banks:				
Haiti		G	**191,959,180**	348,404,847
USA			**254,419**	13,664,414
			192,213,599	362,069,261
Credit:				
Haiti			**1,194,196,762**	769,708,255
Term deposits and interest receivable:				
Haiti			**184,247,155**	188,217,756
USA			**24,098,350**	11,384,271
			208,345,505	199,602,027
Accounts receivable:				
Haiti			**44,090,441**	32,765,612
USA			**482,010**	339,773
			45,572,451	33,105,385
Notes receivable - Related parties:	**12**			
USA			**22,424,782**	21,706,619
Other assets:	**13**			
Haiti			**313,450,000**	98,305
		G	**1,975,203,099**	1,386,289,852

C) MARKET RISKS

The Company's activities expose it to a variety of market risks including foreign exchange risk, interest rate risk and concentration risk.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISKS (CONTINUED)

i. Foreign exchange risk

Foreign exchange risk results from mismatch between assets and liabilities denominated in foreign currency which could lead to a long or short position impacted by fluctuations in exchange rates of the Haïtian gourde to the US dollar.

As of September 30, 2017, the Company maintained the following positions:

	Gourdes	US Dollars (equivalent in gourdes)	Total
Cash and cash equivalents	67,350,007	205,244,258	**272,594,265**
Term deposits	-	205,585,900	**205,585,900**
Net loans	1,152,481,476	-	**1,152,481,476**
Interest receivable on loans	41,715,286	-	**41,715,286**
Accounts receivable	25,567,773	21,764,283	**47,332,056**
Note receivable-related parties	-	22,424,782	**22,424,782**
Other assets	-	313,450,000	**313,450,000**
Total financial assets	**1,287,114,542**	**768,469,223**	**2,055,583,765**
Deposits	995,661,759	610,219,096	**1,605,880,855**
Bank lines of credit	97,125,270	-	**97,125,270**
Subordinated notes	-	10,481,768	**10,481,768**
Managed loan fund	-	18,807,000	**18,807,000**
Other notes payable	-	250,122,138	**250,122,138**
Other liabilities	350,297,557	34,423,681	**384,721,238**
Total financial liabilities	**1,443,084,586**	**924,053,683**	**2,367,138,269**
Short position	**(155,970,044)**	**(155,584,460)**	**(311,554,504)**

Based on the foreign exchange position as of September 30, 2017, for each variation of one gourde versus the US dollar, the currency position in US dollars converted results in an exchange gain or loss of G 2,481,807, as the case maybe. The gain or loss is based on the mismatch between assets and liabilities denominated in foreign currency.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISKS (CONTINUED)

i. Foreign exchange risk (continued)

As of September 30, 2016, the Company maintained the following positions:

	Gourdes	US Dollars (equivalent in gourdes)	Total
Cash and cash equivalents	63,039,931	386,959,516	**449,999,447**
Term deposits	-	196,895,335	**196,895,335**
Net loans	728,107,542	12,922,117	**741,029,659**
Interest receivable on loans	28,429,926	248,670	**28,678,596**
Accounts receivable	22,993,442	12,818,635	**35,812,077**
Note receivable-related parties	-	21,706,619	**21,706,619**
Other assets	-	98,305	**98,305**
Total financial assets	**842,570,841**	**631,649,197**	**1,474,220,038**
Deposits	790,358,621	611,293,727	**1,401,652,348**
Bank lines of credit	173,849,826	-	**173,849,826**
Subordinated notes	-	12,399,563	**12,399,563**
Managed loan fund	-	19,661,040	**19,661,040**
Other notes payable	-	236,626,061	**236,626,061**
Other liabilities	58,715,637	2,620,236	**61,335,873**
Total financial liabilities	**1,022,924,084**	**882,600,627**	**1,905,524,711**
Short position	**(180,353,243)**	**(250,951,430)**	**(431,304,673)**

Based on the foreign exchange position as of September 30, 2016, for each variation of one gourde versus the US dollar, the currency position in US dollars converted results in an exchange gain or loss of G 3,829,168, as the case maybe. The gain or loss is based on the mismatch between assets and liabilities denominated in foreign currency.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

C) MARKET RISKS (CONTINUED)

i. Foreign exchange risk (continued)

The exchange rates compared to the gourde were as follows:

	2017	**2016**
As of September 30		
US dollars	**62.6900**	65.5368
Average rate for the year		
US dollars	**65.5202**	60.8670

ii. Interest rate risk

This risk is related to the impact of interest rates fluctuations on the net income and consequently shareholders' equity. It results from the inability to adjust interest rates as market evolves to the extent that net interest margins are impacted significantly. This risk varies based on the magnitude of the uncompensated change in interest rates and the size and maturity of the financial instruments.

Interest rates on term deposits and on the outstanding loan portfolio are fixed, as are the interest rates on the outstanding obligations (deposits, notes payable and subordinated debt). Due to the short-term nature of its loan portfolio, Fonkoze S.A. bears only limited interest rate risk as it is able to re-price its loans in response to any changes in market interest rates.

iii. Concentration risk

Loans to Solidarity groups account for 58% of the loan portfolio which is SFF's basic method of extending credit and high concentration is observed in the commercial sector based on the economic profile of the clients group. However, the risk is spread out among different geographic regions.

(Continued)

(4) RISK MANAGEMENT (CONTINUED)

D) CAPITAL RISK MANAGEMENT

Capital risk is related to the management of the share capital. Management's objectives on capital are to safeguard the Company's ability to continue as a going concern and to provide acceptable returns for the shareholders. The objectives are normally achieved by prudently managing capital generated through internal growth and optimizing the use of lower cost capital to fund growth initiatives, thus maintaining creditors and shareholders' confidence.

Fonkoze S.A. and Sèvis Finansye Fonkoze, S.A. are currently not subject to capital regulation and therefore there are no external legal constraints on capital. However, for its own risk management purposes and in preparation for expected future regulation, Sèvis Finansye Fonkoze, S.A. targets maintaining a Capital Adequacy Ratio (as defined in the draft Bank of Haiti microfinance Regulations) of at least 15%. As of 30 September 2017 and 2016, Sèvis Finansye Fonkoze, S.A. was not meeting this internal standard.

(5) CASH AND CASH EQUIVALENTS

As of September 30, cash and cash equivalents are as follows:

		2017	2016
Cash	G	**80,380,666**	87,930,186
Deposits in foreign banks		**254,419**	13,664,414
Deposits in local banks		**191,959,180**	348,404,847
Total	G	**272,594,265**	449,999,447

The deposits are short term and do not bear interest.

As of September 30, cash and cash equivalents in gourdes and in US dollars are as follows:

		2017	2016
Cash:			
In Gourdes	G	**57,360,356**	53,217,324
In US dollars		**23,020,310**	34,712,862
		80,380,666	87,930,186
Deposits:			
In Gourdes		**9,989,651**	9,822,607
In US dollars		**182,223,948**	352,246,654
	G	**192,213,599**	362,069,261
Total	G	**272,594,265**	449,999,447

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(6) TERM DEPOSITS

Term deposits in US dollars are held in three financial institutions as follows:

		2017	2016
Banque de l'Union Haïtienne (BUH)	G	**96,856,050**	98,305,200
Maturity date		**December 29, 2017**	December 29, 2016
Interest rate		**3.00%**	3.00%
Banque de l'Union Haïtienne (BUH)	G	**84,631,500**	-
Maturity date		**October 8, 2017**	-
Interest rate		**3.00%**	-
Self Help Credit Union	G	**11,084,159**	11,384,271
Maturity date		**May 12, 2022**	May 12, 2017
Interest rate		**1.82**%	1.75%
Self Help Credit Union	G	**13,014,191**	-
Maturity date		**November 16, 2020**	-
Interest		**1.82**%	-
Banque Populaire Haïtienne (BPH)	G	-	87,205,864
Maturity date		-	June 5, 2017
Interest rate		-	1.75%
Total	G	**205,585,900**	196,895,335

As of September 30, 2017, the term deposits at BUH are held as collateral against the Bank line of credit **(note 15)**. In 2016, term deposits at BUH and BPH were held as collateral against the banks lines of credit **(note 15)**.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(7) LOANS

The composition of loans by segment is as follows:

		2017	2016
Solidarity groups	G	**695,749,275**	563,765,839
Business development		**375,656,297**	128,043,216
SME portfolio		**120,090,222**	61,426,524
Total	G	**1,191,495,794**	753,235,579

Solidarity groups include the Ti Kredi loans (loans in amounts of G 3,000 for 3 months in 2017 and 2 months in 2016) for an amount of G 6,721,234 and G 9,069,970 as of September 30, 2017 and 2016, respectively.

As of September 30, loans in gourdes and in foreign currency are as follows:

		2017	2016
Loans in Gourdes	G	**1,191,495,794**	740,313,462
Loans US dollars		**-**	12,922,117
	G	**1,191,495,794**	753,235,579

Included in the loan portfolio are as described in **note 3 (d)** non-accrual loans as of September 30, 2017 and 2016, as follows:

		2017	2016
Solidarity groups	G	**11,541,617**	6,098,911
Business development		**4,378,228**	655,052
SME portfolio		**721,248**	2,819,386
Total	G	**16,641,093**	9,573,349

Loans are contracted for a period up to 12 months. The average term of the portfolio is 8 months.

The balance of restructured loans amounts to G 11,168,170 at September 30, 2017. There are no restructured loans as at September 30, 2016. The average return on the portfolio was 56% and 60% for 2017 and 2016, respectively. Unrecorded interests on non-accrual loans were G 6,929,092 and G 623,756 in 2017 and 2016, respectively.

(Continued)

(7) LOANS (CONTINUED)

The impairment provision has evolved as follows:

		Solidarity groups	SME portfolio	Business development	Total
Balance as of September 30, 2015	**G**	**10,521,055**	**2,609,545**	**1,493,128**	**14,623,728**
Provisions		22,800,644	6,713,944	3,454,064	**32,968,652**
Write-offs		(23,840,647)	(7,767,125)	(3,778,688)	**(35,386,460)**
Balance as of September 30, 2016	**G**	**9,481,052**	**1,556,364**	**1,168,504**	**12,205,920**
Provisions		53,180,175	9,247,947	15,717,571	**78,145,693**
Write-offs		(37,923,389)	(6,800,196)	(6,613,710)	**(51,337,295)**
Balance as of September 30, 2017	**G**	**24,737,838**	**4,004,115**	**10,272,365**	**39,014,318**

Recoveries of loans previously written off were G 2,916,145 and G 3,919,807 in 2017 and 2016, respectively. Recoveries are included in other operating income in the consolidated statements of operations.

As of September 30, 2017, aging analysis of the current and past due loans, net of cash collateral and prepayments by category is as follows:

		Solidarity groups	SME portfolio	Business development	Total
Current, net of cash collateral	**G**	563,356,828	87,516,846	338,664,280	**989,537,954**
Cash collateral **(a)**		12,402,520	-	110,000	**12,512,520**
Total current		**575,759,348**	**87,516,846**	**338,774,280**	**1,002,050,474**
Aging, net of cash collateral:					
1-30 days		79,784,149	23,198,647	25,766,082	**128,748,878**
31-60 days		16,546,084	8,058,361	3,914,802	**28,519,247**
61-90 days		9,886,698	629,607	3,386,765	**13,903,070**
91-180 days		10,521,986	686,361	3,794,958	**15,003,305**
More than 180 days		22,410	-	19,410	**41,820**
Cash collateral **(a)**		3,228,600	400	-	**3,229,000**
Total past due		**119,989,927**	32,573,376	36,882,017	**189,445,320**
Total loans	**G**	**695,749,275**	**120,090,222**	**375,656,297**	**1,191,495,794**

(a) The value of the cash collateral is presented net in each of the aging categories and is therefore added back as part of the portfolio.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(7) LOANS (CONTINUED)

As of September 30, 2016, aging analysis of the current and past due loans, net of cash collateral and prepayments by category is as follows:

		Solidarity groups	SME portfolio	Business development	Total
Current, net of cash collateral	G	443,642,747	51,316,955	102,258,851	**597,218,553**
Cash collateral **(a)**		52,443,094	2,995,398	15,283,798	**70,722,290**
Total current		**496,085,841**	**54,312,353**	**117,542,649**	**667,940,843**
Aging, net of cash collateral:					
1-30 days		45,111,692	3,455,753	7,291,680	**55,859,125**
31-60 days		5,931,835	-	742,397	**6,674,232**
61-90 days		3,039,857	297,506	349,078	**3,686,441**
91-180 days		5,286,871	2,557,239	566,552	**8,410,662**
Cash collateral **(a)**		8,309,743	803,673	1,550,860	**10,664,276**
Total past due		**67,679,998**	7,114,171	10,500,567	**85,294,736**
Total loans	**G**	**563,765,839**	**61,426,524**	**128,043,216**	**753,235,579**

Under the Master Agreement for a Revolving Credit Facility and Proportional Risk Allocation for Financing of Small and Medium Enterprises in Haiti dated February 24, 2012 between Sèvis Finansye Fonkoze, S.A. and the Inter-American Investment Corporation (IIC), 40% of the outstanding balances of eligible subloans are funded and guaranteed by the IIC. SME and Business development loans in the amount of US$ 10,000 not exceeding US$ 100,000 (or the equivalent in gourdes) up to February 2016, were submitted for coverage under the agreement.

In 2016, unpaid loans amounting to G 3,523,630 were repaid by IIC.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(8) ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

		2017	2016
Receivable from Unigestion Holding S.A. **(a) (note 26)**	G	**18,167,480**	19,238,408
Transfers receivable		**9,482,923**	7,614,702
Receivable – payroll services		**5,784,754**	-
Receivable – The Foundation **(note 26)**		**4,376,175**	1,698,159
Interest receivable on term deposits		**2,759,605**	2,706,692
Receivable – Fonkoze USA **(note 26)**		**482,010**	339,373
Other		**6,279,109**	4,214,743
Total	G	**47,332,056**	35,812,077

(a) Represents transactions made through mobile phones (Digicel Mon Cash), a related party.

(9) PREPAID EXPENSES AND SUPPLIES

Prepaid expenses and supplies are composed of the following:

		2017	2016
Prepaid expenses	G	**20,116,909**	21,704,032
Supplies		**3,010,100**	2,088,521
Advances		**4,650,881**	534,240
Total	G	**27,777,890**	24,326,793

(10) EQUITY INVESTMENTS

As of September 30, 2017 and 2016, equity investments represent a minority share ownership in a non-marketable security of SNI Minoterie valued at deemed cost.

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(11) FIXED ASSETS

During the year, fixed assets at cost have evolved as follows:

Cost

		Balance 09/30/16	Acquisitions	Disposals	Transfers	Balance 09/30/17
Land	G	16,258,411	-	-	(1,031,568)	**15,226,843**
Buildings		154,382,618	-	-	1,031,568	**155,414,186**
Vehicles		61,546,472	1,045,846	(6,198,838)	8,143,909	**64,537,389**
Electrical equipment		32,112,646	11,652,563	(2,690,696)	-	**41,074,513**
Leasehold improvements		14,812,381	13,550,256	-	-	**28,362,637**
Computer equipment		25,991,428	3,024,448	(42,232)	2,158,557	**31,132,201**
Furniture and equipment		10,699,393	3,271,088	-	272,429	**14,242,910**
Software and other		34,561,778	1,184,712	-	-	**35,746,490**
Construction in progress		1,646,005	8,928,890	-	(10,574,895)	-
	G	352,011,132	42,657,803	(8,931,766)	-	**385,737,169**

During the year, accumulated depreciation has evolved as follows:

Accumulated depreciation

		Balance 09/30/16	Depreciation	Disposals	Balance 09/30/17
Buildings	G	-	3,108,111	-	**3,108,111**
Vehicles		40,387,535	12,173,995	(5,287,031)	**47,274,499**
Electrical equipment		17,784,186	5,798,148	(2,656,426)	**20,925,908**
Leasehold improvements		3,773,774	4,484,024	-	**8,257,798**
Computer equipment		18,669,185	4,272,557	(19,943)	**22,921,799**
Furniture and equipment		4,538,107	1,914,366	-	**6,452,473**
Software and other		9,768,894	6,011,756	-	**15,780,650**
	G	94,921,681	37,762,957	(7,963,400)	**124,721,238**
Fixed assets, net	G	257,089,451			**261,015,931**

At the end of the year 2016, in conformity with the alternative option allowed under IFRS 16, the company updated the appraisals of its land and buildings. Land and buildings are henceforth stated at appraised value for individual assets resulting in revaluation surplus, recorded net of deferred income tax **(note 20)** in shareholders' equity as revaluation reserve and fair value loss for one piece of land, recognized immediately in the income statement as follows:

Land – revaluation surplus	G	2,830,510
Land – Fair value loss		(7,402,874)
Net revaluation of land		(4,572,364)
Buildings – Revaluation surplus **(a[1])**		67,529,407
	G	**62,957,043**

(Continued)

FONKOZE S.A.
Notes to Consolidated Financial Statements

(11) FIXED ASSETS (CONTINUED)

(a[1]) The revaluation surplus from buildings include the following components:

Gross cost adjustment	**G**	59,582,156
Reversal of depreciation at time of valuation		7,947,251
	G	**67,529,407**

The net amount recorded in Revaluation Reserve is explained in **note 19**.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

Cost

		2017	2016
Land	**G**	**20,830,775**	20,830,775
Buildings		**94,800,462**	94,800,462
Accumulated depreciation		**(9,975,920)**	(7,947,251)
		84,824,542	86,853,211
Net cost	**G**	**105,655,317**	107,683,986

(12) NOTES RECEIVABLE – RELATED PARTIES

At September 30, 2017 and 2016, SFF has a note receivable from Fonkoze USA for an amount of US$ 400,000 (G 26,214,719) repayable through annual installment payments of US$ 100,000 from 2016 through 2020. The installment payment for the year 2017 was received subsequent to September 30, 2017.

The note receivable from Fonkoze USA is presented at the discounted present value of projected payments using a discount rate of 8%:

	Face amount	Financing discount	Net present value 2016	2017
Fonkoze USA **(note 26)**	26,214,720	4,508,101	21,706,619	**22,424,782**
Less current portion			(6,068,222)	**(11,179,286)**
			15,638,397	**11,245,496**

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(12) NOTES RECEIVABLE – RELATED PARTIES (CONTINUED)

The finance cost of G 4.5 million was recognized in 2016. Interest income is accrued at the same market rate subsequently.

In addition, SFF holds a note receivable from the Foundation for a net amount of G 112,728,753, on which due to prevailing economic conditions, SFF recognized in 2016 an impairment provision for the net balance of the note receivable. SFF continues negotiations with the Foundation for the reimbursement of the balance due. Subsequent recoveries will be recorded in the statement of income.

(13) OTHER ASSETS

Other assets are composed of the following:

		2017	2016
Account receivable on foreign currency forward contract **(a)**	**G**	**313,450,000**	-
Land held for sale **(b)**		**12,984,525**	12,984,525
Guarantee deposits		**-**	98,305
	G	**326,434,525**	13,082,830

(a) One June 26, 2017, Sèvis Finansye Fonkoze, S.A. and the Central Bank of Haiti (Banque de la République d'Haiti – BRH) entered into a foreign currency forward agreement for a period of three (3) years ending June 22, 2020. In accordance with the terms of the agreement, BRH agreed to make available to SFF an amount of G 320,000,000 **(note 19)** in exchange for a equivalent amount of US$ 5,000,000 by SFF. The exchange transaction was calculated at the rate of exchange of G 64 to US$ 1.

The foreign currency forward contract is subject to a rate of interest of 1%, payable to BRH on a yearly basis during the 3 year period. The equivalent of US dollars receivable is reflected in non-current assets at the rate of exchange prevailing at year end and SFF's obligation in gourdes is reflected in other non-current liabilities **(note 19)**.

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(13) OTHER ASSETS (CONTINUED)

(b) The land held for sale represents a repossessed parcel of land for which a debtor of Fonkoze S.A. has transferred title to the Company in settlement of the debt. In 2016, the land held for sale was valued at the lower of cost or market value. Per appraisal report of an independent appraiser dated September 4, 2016, a valuation loss of G 4,116,285 was recognized in the consolidated statement of income.

(14) DEPOSITS

Deposits consist of the following:

		2017	2016
Savings Accounts:			
In Gourdes	G	**910,258,710**	755,645,222
In US dollars		**600,177,098**	603,345,621
		1,510,435,808	1,358,990,843
Term Deposits:			
In Gourdes		**85,403,049**	34,713,399
In US dollars		**10,041,998**	7,948,106
		95,445,047	42,661,505
Total deposits	G	**1,605,880,855**	1,401,652,348

Average interest rate on deposits is as follows:

	2017	2016
Savings Accounts:		
In Gourdes	**0.50%**	0.50%
In US dollars	**0.10%**	0.10%
Term Deposits:		
In Gourdes	**5.75% – 7.00%**	3.50% – 5.00%
In US dollars	**0.15% – 0.40%**	0.15% – 0.35%

Accounts with average quarterly balances below G 100 and US$ 20 are not subject to interest.

Deposits from related parties as of September 30, 2017 and 2016 were G 26,963,680 and G 19,153,708 respectively **(note 26)**.

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(15) BANK LINES OF CREDIT

Bank lines of credit in gourdes with local banks are as follows:

		2017	2016
Banque de l'Union Haïtienne (BUH) line of credit of G 105,000,000 and G 90,000,000 in 2017 and 2016	G	**97,125,270**	87,255,126
Interest rate on drawings		**13.25%**	13.25%
Banque Populaire Haïtienne (BPH) line of credit of G 100,000,000		**-**	86,594,700
Interest rate on drawings		-	14.00%
	G	**97,125,270**	173,849,826

(16) LONG TERM SUBORDINATED NOTES

Subordinated notes payable consist of notes due to individuals and organizations with balances of US$ 167,200 (G 10,481,768) and US$ 189,200 (G 12,399,563) as for September 30, 2017 and 2016, respectively. These notes bear interest at the rate of 5% per annum. Interest is paid semi-annually in US dollars. These notes are subordinated and junior to all creditors. Maturities are as follows:

		2017	2016
2017	G	**-**	1,992,319
2018		**6,269,000**	7,654,698
2019		**2,106,384**	1,101,018
2020		**1,579,788**	1,101,018
2021		**526,596**	550,510
		10,481,768	12,399,563
Less current portion		**(6,269,000)**	(1,992,319)
	G	**4,212,768**	10,407,244

Subordinated notes held by shareholders amount to G 4,212,768 and G 5,845,883 as of September 30, 2017 and 2016, respectively **(note 26)**.

(Continued)

(17) OTHER NOTES PAYABLE

Other notes payable in US dollars at September 30, 2017 and 2016 consist of the following:

		2017	2016
Notes payable to Fonkoze USA, related party, with interest at fixed annual percentage rates from 1% up to 4% and maturities from January 19, 2017 to January 22, 2022 **(a)**	**G**	**185,065,582**	155,235,380
Note payable to Inter-American Investment Corporation bearing 9.75% fixed interest. This is a revolving credit facility with a maturity date of February 15, 2017		**-**	16,918,846
Note payable to Global Partnership Social Investment fund bearing 8.50% fixed quarterly interest and a maturity date of November 1, 2018 and November 1, 2019		**50,935,625**	49,152,600
Notes payable to investors living abroad with interest at fixed annual percentage rates from up to 3% and maturities between January 17, 2017 and June 23, 2023 **(b)**		**14,120,931**	15,319,235
Total notes payable		**250,122,138**	236,626,061
Less current portion		**(96,652,308)**	(93,805,309)
	G	**153,469,830**	142,820,752

a) Fonkoze USA raises those funds from US based organizations and individuals interested in supporting the Company's social mission. Those funds are provided to SFF by Fonkoze USA. SFF pays Fonkoze USA an annual administration fee equal to 1% of the outstanding balance of the note payable amounting to G 1,808,151 and G 1,474,436 in 2017 and 2016, respectively. This fee is recorded in interest expense on debt in the consolidated statement of income.

b) The direct loans from investors living abroad are from individuals interested in supporting the Company's social mission. Some of these investors are related parties to the Company as disclosed **(note 26)**. SFF pays Fonkoze USA an annual administration fee equal to 1% of the outstanding balance of the note payable, amounting to G 152,467 and 140,674 in 2017 and 2016, respectively.

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(17) OTHER NOTES PAYABLE (CONTINUED)

The maturity of the notes payable as of September 30, are as follows:

		2017	2016
2017	G	-	93,805,309
2018		**96,652,308**	59,806,926
2019		**51,374,455**	37,454,281
2020		**83,137,911**	45,231,861
2021		**313,450**	327,684
2022		**18,644,014**	-
	G	**250,122,138**	236,626,061

(18) MANAGED LOAN FUND

Under the terms of an agreement dated June 23, 2015, Partners Worldwide, Inc, a US based non profit Corporation authorized to operate under the laws of the State of Michigan, provided US$ 300,000 (equivalent to G 18,807,100 and G 19,661,040 respectively) to SFF for a period of two years for the purpose of on-lending to local businesses as part of Partners Worldwide's effort to stimulate job creation in Haiti. Sèvis Finansye Fonkoze, S.A. assumes the credit risk associated with the loans extended.

These funds received from Partners Worldwide are used to provide loans to the organization's business affiliates located in the same region as SFF branches. SFF manages the loan fund established as part of their 100,000 jobs initiative and makes the loans in Haïtian gourdes to qualified members according to SFF's policies and procedures. All interest collected remain the property of SFF.

The agreement is for an initial a period of two years ending July 1, 2017. An extension period is being negotiated. Upon termination of the agreement, the full US$ 300,000 of the loan fund is payable to Partners Worldwide Inc.

(Continued)

(19) OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current liabilities consist of the following:

		2017	2016
Salaries payable	G	**10,857,007**	13,087,460
Transfers payable to customers		**10,189,874**	13,098,918
Taxes payable		**6,539,680**	6,150,451
Prepayment on loans		**5,217,999**	5,463,835
Payable to Fonkoze USA **(note 26)**		**4,422,130**	2,531,096
Interests payable		**3,903,982**	1,683,580
Payable to Partners Worldwide Inc.		**3,860,621**	4,035,934
Income tax payable		**551,931**	-
Payable to the Foundation **(note 26)**		**611,430**	3,198,854
Other		**17,939,684**	11,430,377
	G	**64,094,338**	60,680,505

Payable to Partners Worldwide Inc. represents funds not yet used by Sèvis Finansye Fonkoze, S.A. to cover loan write offs.

Other non-current liabilities are as follows:

		2017	2016
Foreign currency forward contract – BRH **(note 13)**	G	**320,000,000**	-
Deferred income tax **(a)**		**20,556,043**	21,107,975
Deferred income **(b)**		**6,014,349**	7,864,917
Deposits of guarantee		**626,900**	655,367
	G	**347,197,292**	29,628,259

(a) Deferred income tax represents 30% withholding tax on land and buildings revalued at September 30, 2016 **(note 11)** and is justified as follows:

		Cost	Deferred income tax	Revaluation reserve (net)
Revaluation surplus land	G	2,830,510	849,153	1,981,357
Revaluation surplus buildings, gross of reversed depreciation		67,529,408	20,258,822	47,270,586
		70,359,918	21,107,975	49,251,943
Transfer of the period		-	(551,931)	(1,079,442)
Net deferred income tax	**G**	**70,359,918**	**20,556,043**	**48,172,501**

Deferred income tax on buildings is transferred to income taxes payable over the useful life of the asset starting October 2016.

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(19) OTHER CURRENT AND NON-CURRENT LIABILITIES (CONTINUED)

(b) Deferred income is composed of two grants from the following institutions for the system upgrade in 2015:

- HIFIVE, US$ 175,000 (G 8,208,918) received in March 2015
- The Foundation, US$ 25,971 (G 1,352,354) received in September 2015.

The income is recognized as grant income progressively over the useful life of the asset for which the funds were granted. The amount recognized in income in 2017 and 2016 amounts to G 1,850,569 and G 1,696,355 **(note 23)** respectively.

(20) TAX CREDIT

Income tax expense (tax credit) including current and deferred income taxes, is calculated based on the consolidated loss before income taxes and differs from the amounts computed using the statutory rates as follows:

		2017	2016
Net profit (loss) before income taxes	G	**111.248,662**	(151,011,359)
Losses carry over from previous years		**(111,248,662)**	-
		-	(151,011,359)
Tax credit based on statutory rate (30%)		-	(45,303,408)
Effect of items not included in income tax basis:			
Impairment loss net deductible		-	33,816,260
Finance costs, not deductible		-	1,352,430
		-	35,168,690
Net tax credit		-	(10,134,718)
Valuation allowance		-	10,134,718
Net tax credit	G	-	
-			

In 2017, SFF realized the effect of losses carry over from previous years which were not initially recognized.

A valuation allowance in 2016 was established to reduce the deferred tax asset as described in **note 3 (i)** and **note 13 (a)**, because the Company did not have the assurance of being able to recuperate the previous year losses.

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(21) SALARIES AND BENEFITS

Salaries and benefits are as follows:

		2017	2016
Salaries	G	**174,779,121**	162,363,684
Bonus and commissions		**76,715,957**	60,815,318
Payroll taxes		**18,687,743**	18,909,423
Employee retirement savings contributions		**4,577,781**	4,510,941
Others		**11,355,556**	11,741,193
	G	**286,116,158**	258,340,559

The employees retirement savings program was funded initially by a grant of $240,000 and covers employees of the Company and those of its related foundation, (the Foundation). The program is open to all employees having successfully completed their three months probationary period with the Company or the Foundation. Employees contribute to the Program based on their age at the following rate:

Employee age	% of salary withheld
Less than 45	5%
45-50	6%
Greater than 50	10%

The Company and The Foundation will match their respective employees' contributions subject to the following vesting scheme:

Number of years of service	% of matching funds vested
Less than 1 year	0%
1-3 years	30%
3-5 years	50%
Greater than 5 years	100%

The Company's retirement expenses for matching funds under this program were G 4,577,781 and G 4,510,941 for 2017 and 2016, respectively. These funds are invested with the Association of Specialists in Microfinance (ASMF) who manages the program. Employees have the option of borrowing against the funds they have accumulated in their savings and loan account.

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(22) CAPITAL STOCK

As voted in an Extraordinary General Assembly on March 18, 2016 and effective at this date, the authorized Share Capital of the Company was increased to G 413,701,675 representing 16,548,067 common shares, with a par value of the share is G 25.

During 2016, common shares authorized and issued were increased through issuance of 1,384,244 common shares and conversion of 2,500,000 authorized preferred shares into 1,780,191 common shares.

As of September 30, the authorized and paid-in capital is as follows:

		2017	2016
AUTHORIZED CAPITAL			
Common shares – per value of G 25:			
16,548,067 in 2017 and 2016	G	**413,701,675**	413,701,675
UNPAID CAPITAL			
7,850,761 common shares in 2017			
and 8,080,523 in 2016		**(196,269,025)**	(202,013,075)
PAID-IN CAPITAL			
8,697,306 common shares in 2017			
and 8,467,544 in 2016		**217,432,650**	211,688,600
CAPITAL STOCK, NET	G	**217,432,650**	211,688,600

(23) GRANTS

Grants were received by SFF from the following entities:

		2017	2016
Whole Planet Foundation	G	**13,565,340**	28,068,400
Fonkoze – USA **(note 26)**		**11,018,584**	5,927,791
Amortization of deferred income **(note 19)**		**1,850,569**	1,696,355
Oiko Credit		**705,002**	-
Other grants		**1,799,622**	-
	G	**28,939,117**	35,692,546

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(24) OTHER EXPENSES

Other expenses are as follows:

		2017	2016
Maintenance and repairs	G	**41,322,492**	34,121,104
Professional services		**32,813,852**	15,919,350
Travel and expenses		**24,109,409**	15,312,008
Miscellaneous losses		**11,865,115**	13,287,670
Fuel and lubricants		**10,772,849**	4,637,214
Rent and location		**9,974,207**	6,047,968
Office supplies		**9,499,197**	8,187,236
Impression		**6,507,971**	4,613,523
Administration cost		**5,173,076**	2,775,405
Communication		**3,046,942**	2,744,960
Bank fees		**979,083**	2,807,291
Transportation		**747,114**	7,324,440
Property taxes		**429,780**	1,085,959
Others		**5,930,196**	7,156,733
	G	**163,171,283**	126,020,861

(25) OTHER NON-OPERATING INCOME, NET

Other non-operating income, net consist mainly of sub-contracts with the Foundation; professional services and rentals services provided to the Foundation. They are as follows:

		2017	2016
The Foundation **(note 26)** :			
AKSYON project with The Foundation **(a)**	G	**20,133,676**	-
Professional assistance and rental services to The Foundation		**7,605,053**	7,331,970
W.K. Kellogg Foundation project P3033325 – The Foundation **(b)**		**4,135,605**	-
Impact Monitoring Services		**2,750,000**	-
Usage of space in SFF branches by the Foundation		**1,372,978**	-
		35,997,312	7,331,970
Other		**89,233**	736,134
		36,086,545	8,068,104

(Continued)

FONKOZE S.A.
Notes Consolidated to Financial Statements

(25) OTHER NON-OPERATING INCOME, NET (CONTINUED)

a) In the context of an agreement signed between the Foundation and USAID to provide support for a community health program to provide nutrition (AKSYON). SFF has been retained as a subcontractor of the Foundation from September 1st 2016 to July 31st 2018 under the terms of a fixed fee contract. SFF will provide the uptake of micro finance services by poor women in rural areas where AKSYON is operating as a way to reduce food insecurity and prevent malnutrition. SFF will receive a fixed fee of US$ 350,000. Fees received for services performed since inception of the program totaled US$ 321,488 in 2017.

b) In 2016 a service contract was signed between The Foundation and W.K. Kellogg Foundation (WKKF) to implement a project (p3033325) from July 1, 2016 to June 30, 2018 to increase family economic security, create permanent jobs and quality self-employment in the Haitian handicraft sector in the Central area of Haiti providing artisans with financial services, business skills training; technical assistance and connections to domestic and international markets. SFF has been subcontracted by the Foundation to provide financial services to the artisans and to actively contribute to the overall success of the project and report to WKFF. The balance at September 30, 2017 represents the first payment of US$ 61,682 received upon signed acceptance of the service contract in December 2016.

In both of these contracts revenue is recognized as earned upon submission of deliverables.

(26) RELATED PARTIES

The Companies disclosed below are related parties to Fonkoze, S.A. and its subsidiary Sèvis Finansye Fonkoze, S.A. because they are shareholders of SFF or Fonkoze S.A. or share common Management. They are as follows:

- The Foundation
- Fonkoze USA
- Unigestion Holding S.A./Digicel
- Other shareholders

(Continued)

(26) RELATED PARTIES (CONTINUED)

Transactions and balances with these related parties as of and for the year ended September 30 are as follows:

	Notes		2017	2016
Assets				
Notes Receivable – Related Parties	12			
Fonkoze USA		G	**22,424,782**	21,706,619
Accounts receivable:				
Unigestion Holding S.A.	8		**18,167,480**	19,238,408
The Foundation	8		**4,376,175**	1,698,159
Fonkoze USA	8		**482,010**	339,773
Total assets		G	**45,450,447**	42,982,959
Liabilities				
Deposits:				
Fonkoze USA	14	G	**869,067**	290,628
The Foundation			**26,094,613**	18,863,080
			26,963,680	19,153,708
Notes payable - Fonkoze USA	17		**185,065,582**	155,235,380
Subordinated notes - Other shareholders	16		**4,212,768**	5,845,883
Other current liabilities:				
The Foundation	19		**611,430**	3,198,854
Fonkoze USA	19		**4,422,130**	2,531,096
Total liabilities		G	**221,275,590**	185,964,921
Revenues				
Grants:				
Fonkoze USA	23	G	**11,018,584**	5,927,791
Unigestion Holding S.A. – Other operating income			**5,421,567**	2,864,337
Other non operating revenue:				
Fonkoze USA			-	1,069,121
The Foundation	25		**35,997,312**	7,331,970
			35,997,312	8,401,091
Total revenues		G	**52,437,463**	17,193,219

(Continued)

(26) RELATED PARTIES (CONTINUED)

	Notes		2017	2016
Expenses				
Finance (income) costs:				
Fonkoze USA	12	G	**(1,736,147)**	4,508,101
The Foundation – Other expenses			**1,479,425**	4,620,950
Interest expense on debt (line of credit, notes payable):				
Fonkoze USA	17		**4,750,602**	3,091,737
Other shareholders			**271,581**	408,417
			5,022,183	3,500,154
Total expenses		G	**4,765,461**	12,629,205

(27) COMMITMENTS

The Company leases office space on a long-term basis. Some leases are payable in US dollars while others are payable in Gourdes. Future obligations under these leases as of September 30, 2017 are as follows:

Years		Payable in USD		Gourdes équivalent	Gourdes	Total
2018	$	185,116	G	11,604,922	2,011,125	**13,616,047**
2019		133,328		8,358,332	1,521,750	**9,880,082**
2020		94,678		5,935,364	904,417	**6,839,781**
2021		61,862		3,878,129	726,667	**4,604,796**
2022-2024		10,185		638,497	521,666	**1,160,163**
Total	**$**	**485,169**	**G**	**30,415,244**	**5,685,625**	**36,100,869**

(Continued)

(27) IMPLEMENTATION OF PROFITABILITY PLAN

The consolidated financial statements of Fonkoze S.A. have been prepared on going concern basis, which assumes that the Company will be able to achieve profitability and positive equity in the foreseeable future.

In 2016, the financial statements disclosed an uncertainty on the Company's ability to continue as a going concern based on the significant operating losses incurred and negative equity reported. In 2017, management has implemented a plan to achieve profitability based mainly on:

- An increase in the loan portfolio and related interest income
- Reduced exposure to foreign exchange risk
- An increase in capital

Net profit for the year 2017 reached G 111,248,662. The Company's financial performance continues to improve in the first quarter of the year 2017-2018. Management will pursue the plan to raise additional capital and expects that the Company will achieve positive equity by year end 2018.

FONKOZE S.A. and Subsidiary
Consolidated Balance Sheets
September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

	Sèvis Finansye Fonkoze, S.A.	Fonkoze S.A.	Reclassifications/ eliminations	2017 Consolidated	2016 Consolidated
CURRENT ASSETS					
Cash and cash equivalents	G 272,341,482	252,783	-	**272,594,265**	449,999,447
Term deposits	205,585,900	-	-	**205,585,900**	196,895,335
Loans	1,191,495,794	-	-	**1,191,495,794**	753,235,579
Impairment provision	(39,014,318)	-	-	**(39,014,318)**	(12,205,920)
Net loans	1,152,481,476	-	-	**1,152,481,476**	741,029,659
OTHER CURRENT ASSETS					
Interest receivable on loans	41,715,286	-	-	**41,715,286**	28,678,596
Accounts receivable	71,209,410	1,357,848	(25,235,202)	**47,332,056**	35,812,077
Prepaid expenses and supplies	27,777,890	-	-	**27,777,890**	24,326,793
Notes receivable – related parties current portion	11,179,286	-	-	**11,179,286**	6,068,222
	151,881,872	1,357,848	(25,235,202)	**128,004,518**	94,885,688
Total current assets	**G 1,782,290,730**	**1,610,631**	**(25,235,202)**	**1,758,666,159**	1,482,810,129
NON-CURRENT ASSETS					
Equity investments	4,174,334	497,877,315	(497,877,315)	**4,174,334**	4,174,334
Fixed assets, at cost	385,737,169	-	-	**385,737,169**	352,011,132
Accumulated depreciation	(124,721,238)	-	-	**(124,721,238)**	(94,921,681)
Fixed assets, net	261,015,931	-	-	**261,015,931**	257,089,451
Notes receivable – Related party	11,245,496	-	-	**11,245,496**	15,638,397
Other assets	326,434,525	-	-	**326,434,525**	13,082,830
TOTAL ASSETS	**G 2,385,161,016**	**499,487,946**	**(523,112,517)**	**2,361,536,445**	1,772,795,141

FONKOZE S.A. and Subsidiary
Consolidated Balance Sheets
September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

		Sèvis Finansye Fonkoze, S.A.	Fonkoze S.A.	Reclassifications/ eliminations	2017 Consolidated	2016 Consolidated
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Deposits	G	1,605,880,855	-	-	**1,605,880,855**	1,401,652,348
Bank lines of credit		97,125,270	-	-	**97,125,270**	173,849,826
Long-term subordinated notes - current portion		-	6,269,000	-	**6,269,000**	1,992,319
Other notes payable		96,652,308	-	-	**96,652,308**	93,805,309
Managed loan fund		18,807,000	-	-	**18,807,000**	19,661,040
Other current liabilities		64,114,713	25,214,827	(25,235,202)	**64,094,338**	60,680,505
Total current liabilities		**1,882,580,146**	**31,483,827**	**(25,235,202)**	**1,888,828,771**	**1,751,641,347**
NON-CURRENT LIABILITIES						
Other notes payable		153,469,830	-	-	**153,469,830**	142,820,752
Long-term subordinated notes		-	4,212,768	-	**4,212,768**	10,407,244
Other non-current liabilities		347,197,292	-	-	**347,197,292**	29,628,259
Total non-current liabilities		500,667,122	4,212,768	-	**504,879,890**	182,856,255
TOTAL LIABILITIES	**G**	**2,383,247,268**	**35,696,595**	**(25,235,202)**	**2,393,708,661**	**1,934,497,602**
SHAREHOLDERS' EQUITY						
Capital stock:						
Common shares		87,856,266	217,408,959	(87,832,575)	**217,432,650**	211,688,600
Additional paid-in capital		409,038,041	265,134,948	(410,044,740)	**264,128,249**	251,590,716
		496,894,307	482,543,907	(497,877,315)	**481,560,899**	463,279,316
Accumulated deficit		(545,961,101)	(18,752,556)	-	**(564,713,657)**	(677,041,761)
Revaluation reserve-land and buildings		48,172,501	-	-	**48,172,501**	49,251,943
Accumulated other comprehensive income		2,808,041	-	-	**2,808,041**	2,808,041
		(494,980,559)	(18,752,556)	-	**(513,733,115)**	(624,981,777)
Total shareholders' equity		**1,913,748**	**463,791,351**	**(497,877,315)**	**(32,172,216)**	**(161,702,461)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**G**	**2,385,161,016**	**499,487,946**	**(523,112,517)**	**2,361,536,445**	**1,772,795,141**

FONKOZE S.A. and Subsidiary
Consolidated Statements of Income
For the years ended September 30, 2017 and 2016
(Expressed in Haïtian Gourdes)

		Sèvis Finansye Fonkoze, S.A.	Fonkoze S.A.	Reclassifications/ eliminations	2017 Consolidated	2016 Consolidated
INTEREST INCOME						
Loans	G	471,598,804	-	-	**471,598,804**	336,314,113
Other		5,141,014	-	-	**5,141,014**	3,438,840
Total interest income		**476,739,818**	**-**	**-**	**476,739,818**	**339,752,953**
INTEREST EXPENSES						
Deposits		8,507,632	-	-	**8,507,632**	5,061,160
Debt (lines of credit, notes payable)		32,848,470	392,615	-	**33,241,085**	28,169,402
Total interest expense		**41,356,102**	**392,615**	**-**	**41,748,717**	**33,230,562**
NET INTEREST INCOME (EXPENSE)		435,383,716	(392,615)	-	**434,991,101**	306,522,391
Provision for loan losses		(78,145,693)	-	-	**(78,145,693)**	(32,968,652)
Net interest income (expense) after provision for loan losses		**357,238,023**	**(392,615)**	**-**	**356,845,408**	**273,553,739**
OTHER OPERATING INCOME						
Income from foreign exchange-Trading		50,275,008	-	-	**50,275,008**	58,110,748
Commissions and penalties on loans		73,772,090	-	-	**73,772,090**	50,380,604
Payroll services		25,029,847	-	-	**25,029,847**	-
Income from remittance services		22,319,834	-	-	**22,319,834**	19,102,989
Savings accounts fees		17,771,266	-	-	**17,771,266**	15,337,180
Recoveries of loans written off		2,916,145	-	-	**2,916,145**	3,919,807
Other		9,283,432	-	-	**9,283,432**	6,309,438
		201,367,622	**-**	**-**	**201,367,622**	153,160,766
Net interest and other Income (expense)		**558,605,645**	**(392,615)**	**-**	**558,213,030**	426,714,505
OPERATING EXPENSES						
Personnel expenses		286,116,158	-	-	**286,116,158**	258,340,559
Premises and equipment expenses		40,304,332	-	-	**40,304,332**	31,852,135
Depreciation		37,762,957	-	-	**37,762,957**	25,424,090
Other expenses		163,150,974	20,309	-	**163,171,283**	126,020,861
Total operating expenses		**527,334,421**	**20,309**	**-**	**527,354,730**	**441,637,645**
PROFIT (LOSS) NET FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES		**31,271,224**	**(412,924)**	**-**	**30,858,300**	**(14,923,140)**
OTHER INCOME (EXPENSES)						
Unrealized gain (loss) on foreign Exchange		12,120,419	1,508,134	-	**13,628,553**	(71,752,318)
Interest income (finance costs) on receivable from related party		1,736,147	-	-	**1,736,147**	(4,508,101)
Grants		28,939,117	-	-	**28,939,117**	35,692,546
Write off of deferred tax assets		-	-	-	-	(20,490,000)
Provision for loss on receivable from related party		-	-	-	-	(112,728,753)
Fair value loss on assets (lands)		-	-	-	-	(11,519,159)
Other non-operating income		36,086,545	-	-	**36,086,545**	8,068,104
Total other income (expenses)		**78,882,228**	**1,508,134**	**-**	**80,390,362**	**(177,237,681)**
Net operating profit (loss) before income taxes		110,153,452	1,095,210	-	111,248,662	(192,160,821)
INCOME TAX		-	-	-	-	-
NET PROFIT (LOSS)	**G**	**110,153,452**	**1,095,210**	**-**	**111,248,662**	**(192,160,821)**

FONKOZE S.A. and Subsidiary
Consolidated Balance Sheets
September 30, 2017 and 2016
(Expressed in US Dollars)

	Sèvis Finansye Fonkoze, S.A.	Fonkoze S.A.	Reclassifications/ eliminations	2017 Consolidated	2016 Consolidated
CURRENT ASSETS					
Cash and cash equivalents	$ 4,344,257	4,032	-	**4,348,289**	6,866,362
Term deposits	3,279,405	-	-	**3,279,405**	3,004,348
Loans	19,006,154	-	-	**19,006,154**	11,493,322
Impairment provision	(622,337)	-	-	**(622,337)**	(186,245)
Net loans	18,383,817	-	-	**18,383,817**	11,307,077
OTHER CURRENT ASSETS					
Interest receivable on loans	665,422	-	-	**665,422**	437,595
Accounts receivable	1,135,897	21,660	(402,539)	**781,514**	546,441
Prepaid expenses and supplies	443,099	-	-	**443,099**	371,193
Notes receivable – related parties current portion	178,326	-	-	**178,326**	95,593
	2,422,744	21,660	(402,539)	**2,041,865**	1,450,822
Total current assets	**$ 28,430,223**	**25,692**	**(402,539)**	**28,053,376**	**22,628,609**
NON-CURRENT ASSETS					
Equity investments	66,587	7,941,894	(7,941,894)	**66,587**	63,694
Fixed assets, at cost	6,153,089	-	-	**6,153,089**	5,371,198
Accumulated depreciation	(1,989,492)	-	-	**(1,989,492)**	(1,448,372)
Fixed assets, net	4,163,597	-	-	**4,163,597**	3,922,826
Notes Receivable – related parties	179,383	-	-	**179,383**	235,620
Other assets	5,207,123	-	-	**5,207,123**	199,626
TOTAL ASSETS	**$ 38,046,913**	**7,967,586**	**(8,344,433)**	**37,670,066**	**27,050,375**

FONKOZE S.A. and Subsidiary
Consolidated Balance Sheets
September 30, 2017 and 2016
(Expressed in US dollars)

	Sèvis Finansye Fonkoze, S.A.	Fonkoze S.A.	Reclassifications/ eliminations	2017 Consolidated	2016 Consolidated
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Deposits	$ 25,616,220	-	-	**25,616,220**	21,387,256
Bank lines of credit	1,549,295	-	-	**1,549,295**	2,652,705
Long-term subordinated notes-current portion	-	100,000	-	**100,000**	30,400
Other notes payable	1,541,750	-	-	**1,541,750**	1,431,338
Managed loan fund	300,000	-	-	**300,000**	300,000
Other current liabilities	1,022,727	402,215	**(402,539)**	**1,022,403**	925,900
Total current liabilities	**30,029,992**	**502,215**	**(402,539)**	**30,129,668**	**26,727,599**
NON-CURRENT LIABILITIES					
Other notes payable	2,448,075	-	-	**2,448,075**	2,179,245
Long-term subordinated notes	-	67,200	-	**67,200**	158,800
Other non-current liabilities	5,538,320	-	-	**5,538,320**	452,085
Total non-current liabilities	**7,986,395**	**67,200**	**-**	**8,053,595**	**2,790,130**
TOTAL LIABILITIES	**$ 38,016,387**	**569,415**	**(402,539)**	**38,183,263**	**29,517,729**
SHAREHOLDERS' EQUITY					
Capital stock:					
Common shares	1,401,440	3,468,001	(1,401,062)	**3,468,379**	3,230,071
Additional paid-in capital	6,524,773	4,229,302	(6,540,832)	**4,213,243**	3,838,923
	7,926,213	**7,697,303**	**(7,941,894)**	**7,681,622**	**7,068,994**
Accumulated deficit	(8,708,903)	(299,132)	-	**(9,008,035)**	(10,330,711)
Revaluation reserve – land and buildings	768,424	-	-	**768,424**	751,516
Accumulated other comprehensive income	44,792	-	-	**44,792**	42,847
	(7,895,687)	(299,132)	-	**(8,194,819)**	(9,536,348)
Total shareholders' equity	**30,526**	**7,398,171**	**(7,941,894)**	**(513,197)**	**(2,467,354)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 38,046,913**	**7,967,586**	**(8,344,433)**	**37,670,066**	**27,050,375**

FONKOZE S.A.
Consolidated Statements of Income
For the years ended September 30, 2017 and 2016
(Expressed in US dollars)

	Sèvis Finansye Fonkoze, S.A.	Fonkoze S.A.	Reclassifications/ eliminations	2017 Consolidated	2016 Consolidated
INTEREST INCOME					
Loans	$ 7,197,762	-	-	**7,197,762**	5,525,393
Other	78,465	-	-	**78,465**	56,498
Total interest income	**7,276,227**	**-**	**-**	**7,276,227**	**5,581,891**
INTEREST EXPENSES					
Deposits	129,847	-	-	**129,847**	83,151
Debt (lines of credit, notes payable)	501,349	5,992	-	**507,341**	462,803
Total interest expense	**631,196**	**5,992**	**-**	**637,188**	**545,954**
NET INTEREST INCOME (EXPENSE)	6,645,031	(5,992)	-	**6,639,039**	5,035,937
Provision for loan losses	(1,192,696)	-	-	**(1,192,696)**	(541,651)
Net interest income (expense) after provision for loan losses	**5,452,335**	**(5,992)**	**-**	**5,446,343**	**4,494,286**
OTHER OPERATING INCOME					
Income from foreign exchange-Trading	767,.321	-	-	**767,321**	954,717
Commissions and penalties on loans	1,125,944	-	-	**1,125,944**	827,716
Payroll services	382,017	-	-	**382,017**	-
Income from remittance services	340,656	-	-	**340,656**	313,848
Savings accounts fees	271,233	-	-	**271,233**	251,979
Recoveries of loans written off	44,508	-	-	**44,508**	64,399
Other	141,688	-	-	**141,688**	103,659
	3,073,367	-	-	**3,073,367**	2,516,318
Net interest and other income (expense)	**8,525,702**	**(5,992)**	**-**	**8,519,710**	**7,010,604**
OPERATING EXPENSES					
Personnel expenses	4,366,839	-	-	**4,366,839**	4,244,345
Premises and equipment expenses	615,144	-	-	**615,144**	523,307
Depreciation	576,356	-	-	**576,356**	417,699
Other expenses	2,490,087	310	-	**2,490,397**	2,070,430
Total operating expenses	**8,048,426**	**310**	**-**	**8,048,736**	7,255,781
NET PROFIT (LOSS) FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES	**477,276**	**(6,302)**	**-**	**470,974**	(245,177)
OTHER INCOME (EXPENSES)					
Unrealized gain (loss) on foreign exchange	184,987	23,018	-	**208,005**	(1,178,837)
Interest income (finance costs) on receivable from related party	26,498	-	-	**26,498**	(74,065)
Grants	441,682	-	-	**441,682**	586,402
Write off of deferred tax asset	-	-	-	-	(336,636)
Provision for loss on receivable from related party	-	-	-	-	(1,852,050)
Fair value loss on assets (lands)	-	-	-	-	(189,251)
Other non-operating income	550,770	-	-	**550,770**	132,553
Total other income (expenses)	1,203,937	23,018	**-**	**1,226,955**	(2,911,884)
Net operating profit (loss) before income taxes	1,681,213	16,716	**-**	1,697,929	(3,157,061)
INCOME TAX	-	-	-	-	-
NET PROFIT (LOSS)	**$ 1,681,213**	**16,716**	**-**	**1,697,929**	**(3,157,061)**