

THE JUST LOANS GROUP PLC

CHAIRMAN'S STATEMENT

For the Unaudited Interim condensed financial statements for the 6 months ended 30 June 2016

OVERVIEW

The Just Loans Group Plc (“the Company”) and its subsidiaries (together, “the Group”) provide Revolving Credit Facilities to Small and Medium Enterprises that struggle to obtain traditional sources of funding for a variety of reasons. The Group is based in the United Kingdom and all entities have been incorporated in the United Kingdom. The Company is a public limited company and is listed on the Emerging Companies market of the Cyprus Stock Exchange. The Group also have debentures that are listed on the Cyprus Stock Exchange.

In June 2016 the UK voted in a referendum to leave the EU – the term ‘Brexit’ was adopted. We live in uncertain times, Brexit, political upheaval in the UK, USA and elsewhere in the World but the World of The Just Loans Group remains constant. The Company and the Group currently only operates in the United Kingdom and deal exclusively with the exciting and growing SME market.

FINANCIAL RESULTS

The unaudited financial results for the period to 30 June 2016 show an operating loss of £1,888k; earnings per share are negative, being 37.8p.

Included within these financial results are £126k of share of early stage losses from an investment in an associate company. The associate is progressing well and should produce significant profits in subsequent years.

The results also include exceptional costs of £168,000 in respect of costs of raising additional funds.

CASH FLOW AND FUNDING

In order for the Group to meet its growth targets it is necessary to raise the funds to be lent out and it was particularly pleasing that on the last day of the financial year, New Year's Eve, the Group signed a £10m facility with the US fund manager SQN Capital Management. To date £5.5m of this facility has been drawn. These institutional fundraisings were in addition to the continued fund raising from the sale of debenture securities which are traded on the Emerging Companies Market of the Cyprus Stock Exchange. The quotation of the debentures was moved to Cyprus following the closure of the GXG Market in August 2015 and the directors have been extremely impressed with the efficiency and attention to detail of the Cyprus Exchange.

The debentures are secured by first floating charge over all of the assets of the group, and bear interest as per below. Interest is paid in two half yearly instalments.

	Repayment date	Annual interest
2016 Debentures	31 December 2016	7.50%
2017 Debentures	31 December 2017	8.25%
2018 Debentures	31 December 2018	8.25%
2020 Debentures	31 December 2020	8.75%

In December 2015 the Group successfully undertook an exchange of the 2015 Debentures in The Just Loans Group Plc and Just Cash Flow Plc, both bearing 7.5% annual interest, with 2018 and 2020 Debentures in The Just Loans Group Plc, bearing 8.25% and 8.75% annual interest respectively

OUTLOOK

The development of our proprietary “Propensity” lending process is now complete as is the core of our proprietary “AlfiLMS” IT system. The AlfiLMS system will continue to evolve with the addition of new Fintech systems that become available and / or are upgraded in order to ensure that our system is and remains one of the most advanced customer acquisition and management systems in operation.

The new financial period has started well and in the last few months we became the first European alternative lender to launch a MasterCard alongside our loan products enabling customers to utilise their facilities where they need to – at the point of sale. We were also the first European alternative lender to launch a mobile app enabling customers to access their accounts via their smart phones from wherever they are. Other exciting developments are planned for the coming months including a development which we believe will be not just a European but a world first. These developments will add further momentum to the growth of the Group’s business and will enable the Group to move into profit during the early part of 2017.

Sir Eric Peacock

Chairman

26 September 2016

The Directors of the Issuer accept responsibility for this announcement.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

	Unaudited Six months ended 30 June 2016	Unaudited Six months ended 30 June 2015	Audited 18 months ended 31 December 2015
	£		£
Continuing operations			
Revenue	2,418,260	1,729,286	4,459,702
Cost of sales	(926,702)	(696,654)	(3,222,785)
Gross profit	<u>1,491,558</u>	<u>1,032,632</u>	<u>1,236,917</u>
Administrative expenses	(1,528,434)	(1,349,591)	(3,466,741)
Operating Loss	<u>(36,876)</u>	<u>(316,959)</u>	<u>(2,229,824)</u>
Finance costs	(1,726,289)	(1,192,983)	(3,661,280)
Share of losses from investment in associate	(125,582)	-	(25,818)
Loss on ordinary activities before taxation	<u>(1,888,747)</u>	<u>(1,509,942)</u>	<u>(5,916,922)</u>
Income tax expense	-	-	-
Profit / (Loss) for the period	<u>(1,888,747)</u>	<u>(1,509,942)</u>	<u>(5,916,922)</u>
Profit / (Loss) attributable to:			
- Owners of the parent	(1,888,747)	(1,509,942)	(5,936,736)
- Non-controlling interest	-		19,814
	<u>(1,888,747)</u>	<u>(1,509,942)</u>	<u>(5,916,922)</u>
Loss per share (expressed in pence per share)	(37.8)p	(30.2)p	(118.73)p

Condensed consolidated statement of financial position

	Unaudited As at 30 June 2016	Unaudited As at 30 June 2015	Audited 18 months ended 31 December 2015
	£	£	
Assets			
Non-current assets	7,599,985	4,134,150	5,805,143
	<u>7,599,985</u>	<u>4,134,150</u>	<u>5,805,143</u>
Current assets			
Other debtors	14,578,234	9,005,114	8,415,867
Cash and cash equivalents	4,658,569	1,243,281	3,084,036
	<u>19,236,803</u>	<u>10,248,395</u>	<u>11,499,903</u>
Total assets	<u><u>26,836,788</u></u>	<u><u>14,382,545</u></u>	<u><u>17,305,046</u></u>
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	50,000	50,000	50,000
Other reserves	15,000	-	15,000
Accumulated losses	(11,067,325)	(6,530,068)	(9,178,578)
	<u>(11,002,325)</u>	<u>(6,480,068)</u>	<u>(9,113,578)</u>
Non-controlling interests	-	-	-
Total equity	<u>(11,002,325)</u>	<u>(6,480,068)</u>	<u>(9,113,578)</u>
Liabilities			
Non-current liabilities			
Borrowings	32,416,995	6,880,454	18,631,681
Current liabilities			
Borrowings	4,624,776	13,626,524	6,368,424
Trade and other payables	797,342	355,635	1,418,519
Total liabilities	<u>37,839,113</u>	<u>20,862,613</u>	<u>26,418,624</u>
Total equity and liabilities	<u><u>26,836,788</u></u>	<u><u>14,382,545</u></u>	<u><u>17,305,046</u></u>

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2016

	Unaudited Six months ended 30 June 2016 £	Unaudited Six months ended 30 June 2015 £	Audited 18 months ended 31 December 2015
Cash flows from operating activities			
Loss before taxation	(1,888,747)	(1,509,942)	(5,916,922)
Adjustments for:			
Finance Costs	1,726,289	1,192,983	3,661,280
Other reserves	-	-	15,000
Non-Controlling interest	-	-	(2,500)
Increase in Loans and trade and other receivable	(8,082,791)	(2,951,785)	(10,965,657)
Increase/(Decrease) in trade and other payables	<u>(2,239,243)</u>	<u>(332,790)</u>	<u>797,746</u>
Cash generated from operations	(10,484,492)	(3,601,534)	(12,411,053)
Finance costs paid	(1,726,289)	(1,192,983)	(3,661,280)
Net cash generated from operating activities	<u>(12,210,781)</u>	<u>(4,794,517)</u>	<u>(16,072,333)</u>
Cash flows from investing activities			
Payments to acquire intangible assets	(-)	(147,187)	(37,950)
Net cash generated from investing activities	<u>(-)</u>	<u>(147,187)</u>	<u>(37,950)</u>
Cash flows from financing activities			
Proceeds from issue of debenture and other loans	13,785,314	4,317,825	12,908,407
Net cash generated from financing activities	<u>13,785,314</u>	<u>4,317,825</u>	<u>12,908,407</u>
Net (decrease)/increase in cash and cash	<u>1,574,533</u>	<u>(623,879)</u>	<u>(3,201,876)</u>
Cash and cash equivalents at the beginning of the period	3,084,036	1,867,160	6,285,912
Cash and cash equivalents at end of period	<u>4,658,569</u>	<u>1,243,281</u>	<u>3,084,036</u>

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2016

	Attributable to owners of the parent			Total	Non-controlling interest	Total Equity
	Share capital	Other reserves	Accumulated losses			
	£	£	£	£	£	£
As at 30 June 2014	50,000	-	(3,241,842)	(3,191,842)	(17,314)	(3,209,156)
Non-controlling interest arising on business combinations	-	-	-	-	(2,500)	(2,500)
Other reserves		15,000		15,000		15,000
Loss for the period	-	-	(5,936,736)	(5,936,736)	(19,814)	(5,916,922)
As at 31 December 2015	50,000	15,000	(9,178,578)	(9,113,578)		(9,113,578)
Loss for the period	-	-	(1,888,747)	(1,888,747)		(1,888,747)
As at 30 June 2016	50,000	15,000	(11,067,325)	(11,002,325)		(11,002,325)

Share capital is the amount subscribed for shares at nominal value.

Other reserves represent the expenses recognised for share-based payments.

Accumulated losses represent the cumulative loss of the group attributable to equity shareholders.

Notes to the condensed financial statements

1. Basis of accounting

This interim report, which incorporates the financial information of the Group, has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The same accounting policies and methods are used in the interims as compared with the most recent annual financial statements.

The interim condensed financial statements for the 6 months to June 2016 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Report" and have not been audited by the external auditors of the Group.

The unaudited results for period ended 30 June 2016 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Board of Directors of the Group at its meeting on 25 August 2016 examined and approved the interim condensed financial results.

2. Standards and Interpretations adopted with no material effect on financial statements

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have material impact on the company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have material impact on the company.

3. Loss per Share

	Unaudited Six Months ended 30 June 2016	Unaudited Six Months ended 30 June 2016	Audited 18 months ended 31 December 2015
Loss per share:			
Basic (pence)	(0.378)	(0.302)	(1.187)
Diluted (pence)	(0.378)	(0.302)	(1.187)
Weighted average number of shares in issue	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

Loss per ordinary share on the Company's loss for the financial period within the Condensed Company Statement of Financial Position.

Borrowing

	Unaudited As at 30 June 2016	Unaudited As at 30 June 2015	Audited Period ended 31 December 2015
	£	£	£
<i>Non Current</i>			
<i>Debentures and other loans</i>	32,416,995	6,880,454	18,631,681
<i>Current</i>			
<i>Debentures and other loans</i>	4,624,776	13,626,524	6,368,424
	<u>37,041,771</u>	<u>20,504,978</u>	<u>25,000,105</u>

All commissions due on debentures have been deferred against the debentures they relate to and have either been shown as non-current or current borrowings. All non-current borrowings are wholly repayable within five years.

The debentures are secured by first floating charge over all of the assets of the group, and bear interest as per below. Interest is paid in two half yearly instalments.

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2016 Debentures	31 December 2016	7.50%
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In December 2015 the Group successfully undertook an exchange of the 2015 Debentures in The Just Loans Group Plc and Just Cash Flow Plc, both bearing 7.5% annual interest, with 2018 and 2020 Debentures in The Just Loans Group Plc, bearing 8.25% and 8.75% annual interest respectively.

Included within debentures and other loans is capitalised commission of £1,975,993. The 2015 Debentures, due 31 December were exchanged for a 3 and 5-year Debentures in The Just Loans Plc, its parent company at interest rates of 8.25% and 8.75% respectively. The remaining balance of £525,890 was due for repayment on maturity at 31 December 2015 and has been classified as current liabilities. This was subsequently paid in January 2016

4. Share Capital

Share capital consists of 5,000,000 Ordinary shares of 0.01p each.