NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

LISTING PARTICULARS

AS 4finance

(joint stock company incorporated in Latvia)

US$ 170.0 million 13.0 *per cent*. Senior Notes due 2015

Guaranteed on a senior basis by certain of its subsidiaries

Issue Price: 100.0 *per cent.*

AS 4finance (the "**Issuer**") is issuing US$ 170.0 million 13.0 *per cent*. senior notes due 2015 (the "**Notes**") (the "**Offering**"). Interest on the Notes will accrue from 31 July 2013 at a rate of 13.0 *per cent*. *per annum* on the outstanding principal amount of the Notes and will be payable quarterly in arrear on 31 October, 31 January, 30 April and 31 July in each year, beginning on 31 October 2013. Unless previously redeemed or repurchased and cancelled as described under "Terms and Conditions of the Notes", the Notes will mature on 31 January 2015 (the "**Maturity Date**").

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge and Other Covenants*)) unsecured obligations of the Issuer. The due and punctual payment of all amounts due at any time on or in respect of the Notes will be unconditionally and irrevocably guaranteed on a joint and several basis (each, a "**Guarantee**" and together, the "**Guarantees**") by certain of the subsidiaries of the Issuer (each, a "**Guarantor**" and together, the "**Guarantors**"). The Notes will at all times rank *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer and senior to all its existing and future subordinated debt. The Guarantees will rank *pari passu* with all of the Guarantors' existing and future unsecured senior debt, and senior to all of their existing or future subordinated debt.

Payments on the Notes will be made without withholding or deduction for, or on account of, any withholding taxes imposed by Latvia, and payments on each Guarantee will be made without withholding or deduction for, or on account of any withholding taxes imposed by the jurisdiction of incorporation of the relevant Guarantor, to the extent described in "Terms and Conditions of the Notes" herein. In certain limited circumstances under current Latvian tax law and the current tax laws of certain of the Guarantors' jurisdictions as more fully described in "Risk Factors" and "Taxation" in these Listing Particulars, withholding tax on interest payments to certain types of investors may apply. The Issuer and the Guarantors, as applicable, will undertake to pay such additional amounts as will result in the receipt by Noteholders of such amounts as would have been received by them if no such withholding had been required.

The Notes are subject to redemption in whole, but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time on any Interest Payment Date in the event of certain changes affecting taxes of Latvia. See "Terms and Conditions of the Notes – Redemption and Purchase". Holders of the Notes may cause the Issuer to redeem the Notes at a redemption price equal to 101 *per cent*. of the outstanding principal amount thereof, plus accrued and unpaid interest, if the Issuer undergoes specific kinds of changes of control as described under "Terms and Conditions of the Notes – Redemption and Purchase".

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 7.

The Notes will be offered and sold in offshore transactions outside the United States in reliance on Regulation S ("**Regulation S**") under the US Securities Act of 1933, as amended (the "**Securities Act**").

NEITHER THE NOTES NOR THE GUARANTEES HAVE BEEN NOR WILL BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAW, AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

This document constitutes the listing particulars (the "**Listing Particulars**"). Application has been made to the Irish Stock Exchange for the approval of these Listing Particulars. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. There is no assurance that a trading market in the Notes will develop or be maintained. Reference to the Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Global Exchange Market.

The Notes will be issued in registered form in minimum denominations of US$ 200,000 and integral multiples of US$ 1,000 in excess thereof. The Notes will be represented by a global registered note certificate (the "**Global Certificate**") which will be registered in the name of BT Globenet Nominees Limited as nominee for and deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**"), and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or around 31 July 2013 (the "**Closing Date**"). Definitive note certificates (the "**Definitive Note Certificates**") evidencing holdings of Notes will be available only in certain limited circumstances. See "Summary of Provisions Relating to the Notes in Global Form".

Placement Agent

Standard Bank

The date of these Listing Particulars is 29 July 2013

The Issuer and the Guarantors accept responsibility for the information contained in these Listing Particulars and confirm that, to the best of their knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Placement Agent nor any of its directors, affiliates, advisers or agents has independently verified the information contained in these Listing Particulars in connection with the issue or offering of the Notes and no representation or warranty, express or implied, is made by the Placement Agent or any of its directors, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in these Listing Particulars is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Placement Agent or any of its respective directors, affiliates, advisers or agents in any respect. The contents of these Listing Particulars are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

No person is authorised to give any information or make any representation not contained in these Listing Particulars in connection with the issue and offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Guarantors, Deutsche Trustee Company Limited (the "**Trustee**") or Standard Bank Plc (the "**Placement Agent**") or any of their directors, affiliates, advisers or agents. The delivery of these Listing Particulars does not imply that there has been no change in the business and affairs of the Issuer or the Guarantors since the date hereof or that the information herein is correct as of any time subsequent to its date.

These Listing Particulars do not constitute an offer to sell or a solicitation of an offer to buy the Notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of these Listing Particulars and the offer or sale of the Notes in certain jurisdictions is restricted by law. These Listing Particulars may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorised or is unlawful. In particular, these Listing Particulars do not constitute an offer of securities to the public in the United Kingdom. No Listing Particulars have been or will be approved in the United Kingdom in respect of the Notes. Consequently this document is being distributed only to, and is directed at: (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) high net worth entities falling within article 49(2) (a) to (e) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents. Persons into whose possession these Listing Particulars may come are required by the Issuer, the Guarantors and the Placement Agent to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers, sales and deliveries of the Notes and the distribution of these Listing Particulars and other offering material relating to the Notes is set forth under "Subscription and Sale" and "Summary of Provisions Relating to the Notes in Global Form".

The language of the Listing Particulars is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In connection with the issue of the Notes, Standard Bank Plc (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end not later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

An investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland (the "**Central Bank**"). The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes. The Issuer does not intend to provide post-issuance reporting with respect to the Notes.

FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute "forward-looking statements". Such statements, certain of which can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "could", "would be", "seeks", "approximately", "estimates", "predicts", "projects", "aims" or "anticipates", or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions, involve a number of risks and uncertainties. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. Factors that might affect such forward-looking statements include, among other things, regulatory environments of the jurisdictions in which 4finance Group operates; overall business and government regulatory conditions; changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); interest rate fluctuations and other capital market conditions, including foreign currency exchange rate fluctuations; and the timing, impact and other uncertainties of future actions. See "Risk Factors".

The Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in these Listing Particulars whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to 4finance Group, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained throughout these Listing Particulars. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless the context otherwise requires, references to "**AS 4finance**" or "**Issuer**" refer to AS 4finance, and references to "**4finance Group**" refer to AS 4finance together with its subsidiaries. Unless the context otherwise requires, references to "**Guarantors**" refer to 4finance UAB, 4finance Oy, 4finance AB and Vivus Finance Sp.z.o.o.

Financial Statements

The financial information of the Issuer set forth herein, has, unless otherwise indicated, been derived from: (i) its audited consolidated financial statements as of and for the years ended 31 December 2012 and 2011 (the "**Annual Financial Statements**"), (ii) its reviewed condensed consolidated interim financial statements as of and for the three months ended 31 March 2013 (the "**Interim Financial Statements**" and, together with the Annual Financial Statements, the "**Financial Statements**") and (iii) its unaudited consolidated interim financial statements as of and for the three months ended 31 March 2012. The Financial Statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), as issued by the International Accounting Standards Board, in effect at the time of preparing the Issuer's Financial Statements.

The Annual Financial Statements were audited and the Interim Financial Statements were reviewed by KPMG Baltics SIA, who have issued an unqualified audit report and unqualified review report thereon, respectively. KPMG Baltics SIA are independent auditors in accordance with International Standards on Auditing. The financial information for the three months ended 31 March 2012 contained herein is derived from unaudited consolidated interim financial statements.

Guarantor and Non-Guarantor Financial Information

The Financial Statements include the financial information of both the Guarantors and the non-guarantor subsidiaries of the Issuer.

Non-IFRS Financial Measures (Unaudited)

These Listing Particulars include references to EBITDA which is not a measure defined by or applied in accordance with IFRS. This measure is used by 4finance Group's management to assess 4finance Group's financial performance. However, this measure should not be used instead of, or considered as an alternative to, 4finance Group's historical financial results based on IFRS included in these Listing Particulars or contained in the Financial Statements. There are no generally accepted principles governing the calculation of EBITDA and the criteria upon which EBITDA is based can vary from company to company.

For the purposes of these Listing Particulars, EBITDA means profit/(loss) for the period, after adding back/(subtracting) corporate income tax for the reporting period, depreciation and amortization and interest expense.

Rounding

Certain amounts which appear in these Listing Particulars have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Currencies

Unless otherwise specified or the context so requires:

- References to "**US Dollars**" and "**US$**" are to United States dollars;
- References to "**Euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended;
- References to "**Latvian Lats**" or "**LVL**" are to the currency of the Republic of Latvia;
- References to "**Lithuanian Litas**" or "**LTL**" are to the currency of the Republic of Lithuania;
- References to "**Swedish Kronor**" or "**SEK**" are to the currency of the Kingdom of Sweden;
- References to "**Danish Kroner**" or "**DKK**" are to the currency of the Kingdom of Denmark; and
- References to "**Zlotys**" or "**PLN**" are to the currency of the Republic of Poland.

Currency conversions in these Listing Particulars have been calculated according to the exchange rate published by the European Central Bank on 18 July 2013 as between EUR and the relevant currency which were US$ 1.3, LVL 0.7, LTL 3.5, SEK 8.6, DKK 7.5, PLN 4.3, 0.9 Pound Sterling, 43 Russian roubles, 26 Czech koruna, and 1.4 Canadian dollar per EUR 1.00, and by National Bank of Georgia on 18 July 2013 as between EUR and Georgian lari which was 2.2 Georgian laris per EUR 1.00.

Market Data

Market data used in these Listing Particulars has been obtained from 4finance Group's internal surveys, reports and studies, where appropriate, as well as financial and other information which has been published by our competitors and other publicly available information. 4finance Group confirms that this information has been accurately reproduced and, so far as 4finance Group is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

TABLE OF CONTENTS

SUMMARY

This summary may not contain all the information that may be important to prospective purchasers of the Notes and, therefore, should be read in conjunction with these entire Listing Particulars, including the more detailed information regarding 4finance Group's business. Certain statements in these Listing Particulars include forward-looking statements that also involve risks and uncertainties as described under "Forward-Looking Statements". Prospective purchasers of the Notes should also carefully consider the information set forth under "Risk Factors".

Overview of 4finance Group

4finance Group believes it is one of the largest online lending groups in Europe (including certain former Soviet Union member states) in terms of loan portfolio size and advancing Single Payment Loans and Instalment Loans to individuals. In addition, 4finance Group operates offline points of sale in Latvia and Lithuania and intends to offer offline sales in Poland and Russia. 4finance Group also offers services for small and medium online deposit-taking in Sweden.

4finance Group believes its key advantages in the Single Payment Loans and Instalment Loans markets are: the convenience of its end-user services, its ability to advance loans shortly after a customer's successful application and its transparent interest rates and other fees. 4finance Group also uses proprietary scoring and decision making systems to score prospective customers and proprietary automated online lending systems to offer convenient lending services.

4finance Group currently operates in Latvia, Lithuania, Finland, Sweden, Poland, Denmark, the United Kingdom, Spain, Russia, Canada, the Czech Republic, and Georgia through local entities. In the United States 4finance Group provides certain management services to the United States company North Star Finance, LLC that advances Single Payment Loans on the United States market. The broad geographical reach of 4finance Group's operations enables it to effectively manage the risk of negative regulatory changes in a single country of operation of 4finance Group.

4finance Group's revenues are principally derived from operations in Latvia, Lithuania, Finland, Sweden and Poland which accounted for approximately 90 *per cent*. and approximately 94 *per cent*. of 4finance Group's loan portfolio as of 31 March 2013 and 31 December 2012, respectively.

As of 31 March 2013, 4finance Group's net loan portfolio amounted to EUR 141.6 million compared to EUR 110.2 million and EUR 36.5 million as of 31 December 2012 and 2011, respectively. In the three months ended 31 March 2013, 4finance Group generated profit (after impairment losses on loans and receivables and general administrative expenses) of EUR 8.8 million and net profit of EUR 6.9 million. In 2012 and 2011, 4finance Group generated profit (after impairment losses on loans and receivables and general administrative expenses) of EUR 31.7 million and EUR 15.0 million, respectively, and net profit of EUR 25.5 million and EUR 12.8 million, respectively. The capital to assets ratio was 30 *per cent*. and 35 *per cent*. as of 31 March 2013 and 31 December 2012, respectively.

Key Strengths

4finance Group believes that its competitive strengths include:

Strong financial position

4finance Group enjoys a strong financial position that is supported by a flexible business model and disciplined growth strategy. 4finance Group is well capitalised with a capital to assets ratio of 30 *per cent*. as of 31 March 2013. 4finance Group generates the majority of its revenue by making a large volume of small denomination short-term loans to individual customers. As a result, 4finance Group's Single Payment Loan capital cycle ranges from 9 to 14 months which enables 4finance Group to generate revenue and quickly reinvest it into new Single Payment Loans to customers. Further, because of the small denomination and short-term nature of each transaction, 4finance Group recovers more than 120 *per cent*. of surplus ratio (*i.e.* total inflows from Single Payment Loans issued in a single month compared to actual amount of Single Payment Loans advanced in that month by 4finance Group) in each of Latvia, Lithuania, Finland and Sweden. 4finance Group's revenue base is well diversified geographically, extending from Russia to Canada, and continues to grow organically and at a measured pace.

High quality and convenient customer service

4finance Group offers its customers high quality and convenient online services that ensure customer privacy, easy online access to funding, and transparent fee and interest structures for the loans. In addition, 4finance Group has internally developed customer call centre facilities that continually deliver increasingly convenient remote customer support, in particular, by way of local language operators in 13 countries.

Custom made IT systems

4finance Group believes that its flexible custom-made proprietary IT systems offer a competitive advantage as it continues to expand its business into new countries. 4finance Group is confident in its ability to stay ahead of its competitors in terms of innovation of its services and product offerings, expansion capabilities, ease of use and customer convenience and anticipation of and compliance with regulatory changes. 4finance Group continually tests its IT systems for reliability and performance and has the capacity to develop and improve them internally.

High brand name recognition

4finance Group has invested substantial resources with the aim of developing its brand name recognition with customers in the countries in which it operates. With this aim in mind, 4finance Group continues to conduct extensive advertising campaigns and additionally provide support to both social start-up projects and charity programmes. These initiatives bolster the high visibility that 4finance Group enjoys as a result of being one of the first providers of Single Payment Loans in a number of countries in which it operates. 4finance Group believes that these factors provide it with high brand name recognition which allows it to maintain a large and loyal customer base.

Efficient debt collection

4finance Group has developed policies and procedures for internal debt collection with proven cost and recovery efficiencies that have resulted in a recovery rate of between 93 *per cent*. to 95 *per cent*. of all issued loans during the term of approximately two years in Latvia, Lithuania, Finland and Sweden. 4finance Group has built up substantial know-how regarding debt collection strategies, including in particular, expertise in intensive customer communication and customer repayment restructuring planning. In certain countries, 4finance Group outsources some of its debt collection activities which allows 4finance Group to test and compare internal debt collection efficiency against external debt collection.

Strategy

4finance Group's strategy is to:

Maintain existing market leadership

4finance Group believes that it has achieved its initial goal of becoming the leader in the Single Payment Loans market in Northern Europe and Scandinavia as measured by total loan portfolio size. In 2012 Finstar Financial Group joined 4finance Group as a strategic investor and majority shareholder, boosting 4finance Group's ability to pursue its current goals of remaining the leader in its original markets and of becoming the largest worldwide Single Payment Loans and Instalment Loans online lending company within three to five years.

Expand international presence

4finance Group constantly monitors new countries for opportunities to expand its business presence in the markets of Single Payment Loans, Instalment Loans and deposit-taking services over the internet. 4finance Group aims to invest in countries which it believes have an attractive customer base.

Further improve operating efficiencies

4finance Group aims to further adjust and improve its underwriting and debt collection processes in recently launched markets, such as Poland, the United Kingdom, Spain and Russia in the near future. In established markets, 4finance Group will continue testing and fine tuning its established business processes to eliminate any inefficiencies in its operations. 4finance Group is also considering increasing existing communication with local industry regulators to develop and improve its market position from both reputational and quality of services perspectives.

Intensify marketing and advertising

4finance Group aims to invest substantial resources in marketing on recently launched markets to gain high brand name recognition and increase its market share. 4finance Group has developed important relationships with its key advertising partners, such as Google, Inc. and uses diverse marketing channels, such as the internet, billboards and television commercials. 4finance Group also aims to maintain and develop its charity programmes, such as its donation programmes in Latvia.

New product and channel expansion

4finance Group plans to continue introducing convenient online services and clear and competitive lending products to customers to stay ahead of its competitors. Doing so will help 4finance Group to achieve its goal of being the leader in each country of operation, with the broadest customer base, the largest loan portfolio and the highest net income.

Risk Factors

An investment in the Notes involves a high degree of risk. For a detailed discussion of the risks and other factors to be considered when making an investment with respect to the Notes, see "Risk Factors" and "Forward-Looking Statements". Prospective investors in the Notes should carefully consider the risks and other information contained in these Listing Particulars prior to making any investment decision with respect to the Notes.

Summary of the Offering

The Offering:	US$ 170.0 million 13.0 *per cent.* senior notes due 2015
Issuer:	AS 4finance
Guarantors:	4finance UAB, 4finance Oy, 4finance AB, and Vivus Finance Sp.z.o.o.
Issue Price:	100.0 *per cent.* of the principal amount of the Notes
Issue Date:	31 July 2013
Maturity Date:	31 January 2015
Interest:	The Notes will bear interest at the rate of 13.0 *per cent. per annum* from and including 31 July 2013 to but excluding the Maturity Date (as defined in "Terms and Conditions of the Notes"). Interest will be payable quarterly in arrear on 31 October, 31 January, 30 April and 31 July in each year, commencing on 31 October 2013.
Status of the Notes and Guarantees:	The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge and Other Covenants*)) unsecured obligations of the Issuer. The Notes will at all times rank *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer and senior to all its existing and future subordinated debt. The Notes are guaranteed on a senior unsecured basis by the Guarantors. The Guarantees will rank *pari passu* with all of the Guarantors' existing and future unsecured senior debt and senior to all of their existing or future subordinated debt. Each Guarantee is subject to certain limitations under the laws of the relevant Guarantor's jurisdiction of organisation. See "Risk Factors — Risks Relating to the Notes and the Guarantees— The Guarantees may be significantly limited by applicable laws or subject to certain limitations or defences".
Certain Covenants:	The trust deed governing the Notes (the "**Trust Deed**") will, among other things, limit the ability of the Issuer and of the Guarantors to: • Incur additional debt; • Make certain restricted payments; • Create certain liens; • Merge or consolidate with other entities; • Enter into transactions with affiliates; and • Change the nature of their businesses. The Issuer and the Guarantors will also be required to maintain a minimum net worth and minimum net worth ratio.
Optional Redemption:	Prior to the Maturity Date of the Notes, the Issuer will be entitled at its option to redeem the Notes in an aggregate principal amount not to exceed 35 *per cent.* of the aggregate principal amount of the Notes with the net cash proceeds from one or more Qualified Public Offerings (as defined in Condition 9(d)) at a redemption price equal to 113.0 *per cent.* of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to the redemption date, so long as at least 65 *per cent.* of the aggregate principal amount of the Notes remains outstanding immediately after each such redemption and the redemption occurs within 90 days of the date of the closing of any such Qualified Public Offering. See "Terms and Conditions of the Notes – Redemption and Purchase – Redemption with the Proceeds of a Qualified Public Offering".
Change of Control:	Upon the occurrence of certain specified changes of control, the holders of the Notes will have the right to require the Issuer to repurchase all or part of the Notes at a purchase price equal to 101 *per cent.* of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. See "Terms and Conditions of the Notes — Redemption and Purchase — Redemption at the Option of Noteholders (Put Option)".

Mandatory Exchange:	Following a notice being given by the Trustee of an Event of Default, pursuant to Condition 9(e) (*Mandatory Exchange Following Notice of an Event of Default*) a mandatory exchange of Notes into Exchange Notes (as defined in Condition 9(e)) shall take place. In order to avoid its Notes being mandatorily exchanged into Exchange Notes, a Noteholder must provide certification in the prescribed form to the Issuer and the Trustee, confirming that, on the relevant Mandatory Exchange Record Date (being the date 45 days prior to the notice of an Event of Default), no shareholder or affiliate of the Issuer or of any of the Guarantors held a beneficial interest in the relevant Notes. Failure to provide the required certification prior to the relevant Mandatory Exchange Certification Deadline in respect of any Notes shall result in such Notes being mandatorily exchanged for new Exchange Notes. Exchange Notes shall have substantially the same terms and conditions as the terms and conditions of the Notes, except that the Exchange Notes will be expressly subordinated in right of payment to any Notes which remain outstanding following the Mandatory Exchange. See "Terms and Conditions of the Notes – Redemption and Purchase – Mandatory Exchange Following Notice of an Event of Default" and "Risk Factors – Following an Event of Default, any Notes in respect of which there is a failure to provide certification as to beneficial ownership by a person other than a shareholder or affiliate of the Issuer or of any of the Guarantors on the date 45 days prior to the notice of an Event of Default, will be exchanged for new Exchange Notes which are subordinated in right of payment to the Notes."
Withholding Tax:	Payments on the Notes will be made without withholding or deduction for, or on account of, any withholding taxes imposed by Latvia, and payments on each Guarantee will be made without withholding or deduction for, or on account of any withholding taxes imposed by the jurisdiction of incorporation of the relevant Guarantor, to the extent described in "Terms and Conditions of the Notes" herein. In certain limited circumstances under current Latvian tax law and the current tax laws of certain of the Guarantors' jurisdictions as more fully described in "Risk Factors — Payments made in respect of the Notes may be subject to withholding tax" and "Taxation — Latvia" in these Listing Particulars, withholding tax on interest payments to certain types of investors may apply. The Issuer and the Guarantors, as applicable, will undertake to pay such additional amounts as will result in the receipt by Noteholders of such amounts as would have been received by them if no such withholding had been required.
Tax Redemption:	The Issuer may at its option redeem the Notes, in whole, but not in part, at their principal amount plus accrued interest in the event of certain changes affecting taxation in Latvia.
Events of Default:	For a description of certain events of default that will permit acceleration of the principal amount of the Notes together with accrued but unpaid interest thereon, along with any other amounts due in respect of the Notes, see "Terms and Conditions of the Notes — Events of Default".
Use of Proceeds:	The net proceeds of the issue of the Notes after deduction of the total expenses related to the admission to trading, expected to amount to approximately US$ 36.6 million, will be used predominantly for general corporate purposes and refinancing of existing debt.
Form of the Notes:	The Notes will be issued in registered form in minimum denominations of US$ 200,000 and integral multiples of US$ 1,000 in excess thereof. Definitive Note Certificates evidencing holdings of Notes will be available only in certain limited circumstances. See "Summary of Provisions Relating to the Notes in Global Form".
Listing:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market of the Irish Stock Exchange.
Listing Agent	Arthur Cox

Trustee:	Deutsche Trustee Company Limited
Registrar and Paying and Transfer Agent:	Deutsche Bank Luxembourg S.A.
Principal Paying and Transfer Agent:	Deutsche Bank AG, London Branch
Governing Law:	The Notes and will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	The offering and sale of Notes is subject to applicable laws and regulations including, without limitation, those of the United States, the United Kingdom and Latvia. See "Subscription and Sale".
Security Codes:	ISIN: XS0952830395 Common Code: 095283039
Risk Factors	Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 7.

RISK FACTORS

Investment in the Notes involves a high degree of risk. Potential investors should carefully review these entire Listing Particulars and in particular should consider all the risks inherent in making such an investment, including the risk factors set forth below, before making a decision to invest in the Notes. These risk factors, individually or together, could have a material adverse effect on the Issuer's, the Guarantors' or 4finance Group's business, financial condition, results of operations or prospects and/or the rights under the Notes or the Guarantee held by or on behalf of the Noteholders. In addition, the value of the Notes could decline due to any of these risks, and prospective investors may lose some or all of their investment.

Prospective investors should note that the risks described below are not the only risks the Issuer, the Guarantors and 4finance Group face. These are the risks the Issuer and the Guarantors consider material. There may be additional risks that the Issuer and the Guarantors currently consider immaterial or of which they are currently unaware, and any of these risks could have similar effects to those set forth below.

Terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

RISK FACTORS RELATING TO 4FINANCE GROUP'S BUSINESS

Failure to comply with existing laws and regulations applicable to the conduct of 4finance Group's business could result in substantial additional compliance costs or various sanctions and any changes in such laws and regulations in future could impose additional compliance obligations or limitations on 4finance Group's business activities.

4finance Group's operations are subject to regulation by various consumer protection, financial services and other state authorities in various jurisdictions, including, but not limited to, laws and regulations relating to consumer loans and consumer rights protection, debt collection and personal data processing. In addition, 4finance Group is required to obtain and renew various licences, permits and authorisations in connection with its consumer lending operations. Such regulation is often complex and generally geared towards protecting consumers and imposing significant compliance obligations and costs on consumer lenders that could adversely affect 4finance Group's business and hinder its expansion plans.

4finance Group's failure to comply with existing laws and regulations applicable to its operations, or to obtain and comply with all authorisations and permits required for its operations, or adverse findings of governmental inspections, may result in the imposition of material fines or penalties or more severe sanctions, including preventing 4finance Group from continuing substantial parts of its business activities or in criminal penalties being imposed on its officers. While 4finance Group is not currently aware of any material breaches of existing laws and regulations applicable to its operations which could result in such actions, decisions, requirements or sanctions, they could arise in the future and could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, and the regulatory structure governing 4finance Group's operations is continuously evolving. The practice of enforcing and implementing existing laws and regulations could change and new laws or regulations could be adopted. 4finance Group is particularly affected by laws and regulations related to interest rate caps, penalty rate restrictions and debt collection provisions, rules and laws related to conducting distance agreements and laws and restrictions related to performing automated clearing house ("**ACH**") functions and direct debit transactions from customers' bank accounts. Significant changes in how these laws and regulations are enforced, or in their substance could impose certain limits on 4finance Group's business and introduce new compliance obligations as well as cause significant reputational harm that could adversely affect 4finance Group's business, results of operations, financial condition and prospects. Further, adverse judicial interpretations of the various laws and regulations which are currently in force and under which 4finance Group operates could require 4finance Group to alter the products that it offers or to cease doing business in the jurisdiction where such judicial interpretation were to be applicable.

4finance Group is dependent upon its information technology systems to conduct its business operations and any inadequacies, interruptions or security breaches may result in lost business, significant financial losses and reputational damage.

The operations of 4finance Group are significantly dependent on highly complex information technology ("**IT**") systems. The loan underwriting process is mainly performed automatically by IT systems developed internally by 4finance Group and used at various stages of the loan underwriting process, including customer registration, application, and customer identification and scoring. In addition, bank transfers are completed online and reminder emails and invoicing are automatically processed and sent to customers. If any IT system at any stage of the loan underwriting process were to fail, any or all stages of the underwriting process could be affected and customer access to 4finance Group's websites and products could be disrupted. Continuous or even short-term disruption of 4finance Group's IT systems could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

In addition, IT systems are vulnerable to a number of problems, including computer viruses, unauthorised access, physical damage to vital IT centres and software or hardware malfunctions. Any interruption in, or security breach of, its IT systems, could have a material adverse effect on 4finance Group's operations, such as the ability to serve its customers in a timely manner, accurately record financial data and protect 4finance Group and its customers from financial fraud or theft. If its operations are compromised, 4finance Group may experience lost business due to a lack of customer confidence, significant financial losses and/or reputational damage, which could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

Moreover, 4finance Group's IT strategy is based on utilising the most sophisticated technologies and solutions available on the market. Therefore, 4finance Group intends to make further substantial investments in its IT systems and infrastructure and adapt its operations and software to support current and future growth. 4finance Group will be required to continually upgrade its global IT system and any failure to efficiently upgrade its IT systems may result in the loss of 4finance Group's ability to do business or result in additional remedial expense. In addition, there can be no assurance that 4finance Group will be able to keep up to date with the most recent technological developments due to financial or technical limitations. If 4finance Group is unable to successfully develop or complete planned upgrades of its IT systems and infrastructure or adapt its operations and software, this could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

The continued expansion of 4finance Group's loan portfolio depends, to an increasing extent, upon its ability to obtain adequate funding.

4finance Group's growth depends, to a great extent, on its ability to obtain adequate funding from a variety of sources. 4finance Group is substantially reliant on loans obtained from its shareholders – Tirona Limited ("**Tirona**") and Fatcat Investments Ltd. ("**FCI**"). As of 31 December 2012, Tirona and FCI provided approximately 90 *per cent*. of 4finance Group's debt funding. In the future 4finance Group may also wish to obtain borrowing facilities from banks or to access domestic or international capital markets. It is possible that these sources of financing may not be available in the future in the amounts 4finance Group may require, or may be expensive and/or contain overly onerous terms. European and international credit markets have experienced, and may continue to experience, high volatility and severe liquidity disruptions stemming from the effects of the international financial and economic crisis which began in 2008 and the related global economic slowdown, including the European sovereign debt crisis. These and other related events have had a significant impact on the global financial and capital markets, and 4finance Group may not be able to diversify its funding sources. Increased funding costs or greater difficulty in diversifying its funding sources may negatively impact 4finance Group's ability to sufficiently finance its expansion programme, which could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

Increasing competition in the consumer lending market may affect 4finance Group's business and its ability to execute its strategy for expansion.

4finance Group operates both in mature markets with highly developed competition and in less developed markets where the consumer lending industry has not yet been fully established. Globally, 4finance Group's principal competitors include other online lenders such as DFC Global Corp, Wonga and Ferratum, consumer loan companies such as retail chains and finance institutions such as banks that serve 4finance Group's primary customer base. See also "Business — Competition". Many banks and other financial institutions as well as consumer loan companies that do not now offer products or services directed toward 4finance Group's traditional customer base, many of whom may be much larger than 4finance Group, could begin doing so, or new online lending companies could enter the markets in which 4finance Group operates. Significant increases in the number and size of competitors for 4finance Group's business could result in a decrease in demand for online loans from 4finance Group, resulting in lower levels of revenues and earnings. Increased competition or aggressive marketing and pricing practices by competitors could result in decreased revenues, margins and turnover rates in 4finance Group's operations.

A decreased demand for 4finance Group's financial products and failure by 4finance Group to adapt to such decrease could result in a loss of revenue and could have a material adverse effect on 4finance Group.

4finance Group's revenue is primarily based on short-term consumer lending. Accordingly, any decrease in demand for 4finance Group's products could have a significant impact on its revenue. A variety of factors could influence demand for 4finance Group's products, such as regulatory restrictions that inhibit customer access to particular financial services, increased availability or attractiveness of competing financial products and changes in customers' financial conditions such as unemployment, lower personal income or more general changes in consumer sentiment and spending or borrowing patterns.

Should 4finance Group fail to adapt to a significant change in customer demand for, or access to, its products and services, 4finance Group's revenues could decrease significantly and on-going business operations could be adversely affected. Even if 4finance Group does adapt existing or introduce new products to meet changing customer demand, customers may resist or reject such products. In any event, the effect of any product diversification or change on the results of 4finance Group's business may not be fully ascertainable until the change has been in effect for some time. Any of the foregoing could result in a loss of revenue and could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

4finance Group's business process depends significantly on services provided by third parties.

4finance Group advances loans to customers and collects repayments from customers through local bank accounts maintained in each jurisdiction of operation. In certain jurisdictions of operation, for example Canada and the United Kingdom, 4finance Group has established ACH and direct debit arrangements with banks to facilitate the automatic collection of repayment amounts on maturity. 4finance Group's continuing relationships with the banks it maintains accounts with and has established ACH or direct debit arrangements with are vital and any deterioration in such relationships could have a material adverse effect on 4finance Group's ability to fund and recover repayments for loans made.

In addition, 4finance Group's business development significantly depends on marketing and advertising, and it works with various marketing partners such as Google with which 4finance Group has contracted to display its advertising on Google's website and to use Google's cookies and online affiliate networks. Certain changes in Google's internal policies or privacy rules could limit 4finance Group's ability to advertise via Google. See also "— 4finance Group's activities are subject to regulations in a number of jurisdictions imposing certain compliance obligations and legal risks on 4finance Group".

Moreover, 4finance Group contacts consumer credit agencies and uses other publicly available data sources in jurisdictions in which it operates to verify the identity and credit worthiness of potential customers. Should access to such information be restricted or disrupted for any period of time, automatic customer identity and credit scoring checks could not be completed and 4finance Group's ability to process applications and issue loans would be curtailed.

If 4finance Group is not able to maintain existing business relationships with banks, marketing partners, local consumer credit agencies, and other third party providers, it could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

Significant changes in, or a deterioration of, the political or economic environment in jurisdictions in which 4finance Group operates could affect its operations in these countries.

4finance Group operates in various markets in Europe and North America. It also intends to expand its business into other new markets which will be the major source of 4finance Group's anticipated growth. In certain of these new markets, such as the Czech Republic, Georgia and Bulgaria political and economic environments continue to develop and remain at risk of disruption from domestic or international events. Any significant changes in, or a deterioration of, the political or economic environment in regions where 4finance Group currently operates or will operate in the future could lead to political and economic instability, which could have an adverse effect on investor and consumer confidence, increase the rate of unemployment or interest rates and affect consumers' ability to repay loans and accrued interests. Should the ability of 4finance Group's customers to repay loans and interest be affected, this could restrict the ability of 4finance Group to sustain or expand its operations in these countries and could therefore adversely and materially affect its cash flow, liquidity and working capital position. In addition, it may result in an increase in 4finance Group's working capital deficit and in 4finance Group being unable to meet its obligations as they fall due. If such a situation were to occur, 4finance Group may be required to seek additional capital. There is no guarantee that 4finance Group would be successful in raising additional capital, or that 4finance Group would be able to do so on a timely basis or on terms which are acceptable to it. If significant political or economic deterioration were to continue, 4finance Group could face a liquidity shortage, which could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

4finance Group's allowances for losses may not be adequate to absorb losses or if 4finance Group does not successfully manage its credit risk for loans and advances to customers, 4finance Group's business, results of operations and financial condition may be adversely affected.

4finance Group utilises a variety of underwriting criteria, monitors the performance of its loan portfolio and maintains an allowance for estimated losses on loans and advances (including interest and extension fees) at a level estimated to be adequate to absorb credit losses inherent in the receivables portfolio. As of 31 December 2012, loans overdue for more than 90 days ("**non-performing loans**") were equal to EUR 21.3 million or 17 *per cent.* of the total value of the gross loan portfolio, including accrued interest, and the impairment allowance was EUR 16.8 million, covering 79 *per cent.* of the non-performing loans. As of 31 December 2011, non-performing loans were equal to EUR 7.7 million or 18 *per cent.* of the total value of the gross loan portfolio, including accrued interest, and the impairment allowance was EUR 5.4 million, covering 69 *per cent.* of the non-performing loans. These reserves are estimates, and if actual loan losses are materially greater than 4finance Group's reserves, 4finance Group's results of operations and financial condition could be adversely affected. In addition, if 4finance Group does not successfully manage credit risk for its loans through its loan underwriting, it could incur substantial credit losses due to customers being unable to repay their loans. Any failure to manage credit risk could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

4finance Group may be unable to protect its proprietary technology or keep up with that of its competitors.

The success of 4finance Group's business, particularly its online lending business, depends to a significant degree upon the protection of its software and other proprietary intellectual property rights. 4finance Group may be unable to deter misappropriation of its proprietary information, detect unauthorised use or take appropriate steps to enforce its intellectual property rights.

In addition, competitors could, without violating 4finance Group's proprietary rights, develop technologies that are as good as or better than its technology. 4finance Group's failure to protect its software and other proprietary intellectual property rights or to develop technologies that are as good as its competitors' could put 4finance Group at a disadvantage to its competitors.

Any such failures could have a material adverse effect on 4finance Group's business, prospects, results of operations and financial condition.

Negative public perception of 4finance Group's business could cause demand for 4finance Group's products to significantly decrease.

In recent years, there has been an increase in the amount of negative media coverage relating to short-term and single-payment loans of the type offered by 4finance Group. Certain consumer advocacy groups including politicians and government officials in various jurisdictions have advocated governmental action to prohibit consumer loans or to place severe restrictions on the activities of short-term consumer lenders such as 4finance Group. The general acceptance of the negative characterisation of these types of loans and lending practices could have negative consequences for 4finance Group's business, such as the introduction of more restrictive or adverse legislative or regulatory changes which could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects. See "— Failure to comply with existing laws and regulations applicable to the conduct of 4finance Group's business could result in substantial additional compliance costs or various sanctions and any changes in such laws and regulations in future could impose additional compliance obligations or limitations on 4finance Group's business activities".

In addition, 4finance Group's ability to attract and retain customers is dependent upon the success of its marketing campaigns and public reputation, including perception of customer service, integrity, business practices, financial condition and other subjective qualities. Restrictions on 4finance Group's ability to advertise its products or negative perceptions or publicity regarding short-term lending in general could erode trust and confidence and damage 4finance Group's reputation among existing and potential customers, which could make it difficult for 4finance Group to attract new customers and maintain existing ones, or reduce the demand for 4finance Group's products and services, each of which could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

4finance Group's success is dependent upon its executive officers and employees, and if 4finance Group is not able to attract and retain qualified employees, its business could be materially adversely affected.

4finance Group's success depends on its executive officers and employees who possess unique knowledge and experience in IT and the development of the consumer lending business. Many members of the senior management team have developed significant consumer lending industry experience and knowledge of regulatory and legal environments in the markets in which 4finance Group operates, and 4finance Group believes that its senior management would be difficult to replace, if necessary. The market for qualified individuals is highly competitive and labour costs for hiring and training of new employees are constantly increasing. Accordingly, 4finance Group may not be able to attract and retain qualified executive officers or IT specialists. If 4finance Group is unable to attract or retain qualified employees, this could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

4finance Group is subject to impairment risk.

At each reporting date, 4finance Group assesses whether there is objective evidence that loans and advances due from its customers ("**financial assets**") not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

In assessing collective impairment, 4finance Group uses statistical modelling of the historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the judgment of 4finance Group's management as to whether current economic and credit conditions are such that the actual losses are likely to be higher or lower than those suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific impairment testing is not undertaken since the loan portfolio consists of a large number of small exposure loans that would make individual impairment testing impracticable. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Discussion of Critical Accounting Policies — Impairment".

Based on the results of the impairment analysis of loans and advances due from customers that 4finance Group performed during the year ended December 31, 2012, an impairment loss of EUR 13.8 million was recognised, consisting of impairment losses on loans of EUR 11.4 million, write-off of loans of EUR 2.5 million and reversal from recovery of previously written off loans of EUR 0.2 million. 4finance Group continues to monitor relevant circumstances, including consumer levels, general economic conditions and the market prices for its products, and the potential impact that such circumstances might have on the valuation of its assets. It is possible that changes in such circumstances, or in the numerous variables associated with 4finance Group's judgments, assumptions and estimates made in assessing the appropriate valuation of assets, could in the future require 4finance Group to further reduce its assets and record related non-cash impairment charges. If 4finance Group is required to record additional impairment charges, this could have a material adverse impact on its results of operations or financial position.

4finance Group's operations in various countries subject 4finance Group to foreign exchange risk.

4finance Group operates in various jurisdictions and provides loan products in local currencies. 4finance Group's results of operations are, as a result, exposed to foreign exchange rate fluctuations. Upon consolidation, as exchange rates vary, net sales and other operating results may differ materially from expectations, and 4finance Group may record significant gains or losses in respect of intercompany balances. Any failure to manage foreign exchange risk could have a material adverse effect on 4finance Group's business, results of operations, financial condition and prospects.

The interests of the beneficial owners of AS 4finance may conflict with those of the Noteholders.

Tirona is a beneficial owner of 4finance Group, holding a 75 *per cent.* stake in AS 4finance, a holding company of 4finance Group. Tirona is part of Finstar Financial Group, one of the largest private investment groups in Russia, and is ultimately beneficially owned by Mr. Oleg Boyko. Pursuant to a shareholders agreement concluded between Tirona and FCI (the "**Shareholders Agreement**"), Tirona has the right to nominate six out of eight members of the council, a supervisory body of the Issuer. Notwithstanding that a unanimous decision of both shareholders is required for certain reserved matters to be considered by the Issuer's shareholders meeting, a significant number of matters are decided by a majority vote at a shareholders meeting, which, given the size of its shareholding, Tirona is able to control. See "Management — Council".

The interests of Finstar Financial Group could, in some circumstances, conflict with the interests of the Noteholders and the decisions and actions that they may require 4finance Group to take could adversely affect the value of the Notes. For example, if 4finance Group encounters financial difficulties or is unable to pay its debts as they fall due, the interests of Finstar Financial Group as shareholders may conflict with interests of holders of the Notes. Finstar Financial Group may also have an interest in pursuing transactions which could increase the amount of 4finance Group's indebtedness or sell assets, either of which may impair 4finance Group's ability to make payments under the Notes.

RISK FACTORS RELATING TO EMERGING MARKETS

Difficult conditions in the global financial markets and in the economy in general could have material adverse effects on 4finance Group's business, results of operations, financial condition and prospects.

Although there have been signs of a global economic recovery in 2010 and 2011, various concerns remain regarding the ability of certain EU member states and other countries like the United States to service their sovereign debt obligations. The significant economic stagnation in certain countries in the Eurozone, especially Greece, Ireland, Italy, Portugal, Spain, Slovenia and Cyprus, in part due to the effects of the sovereign debt crisis and corresponding austerity measures in these markets, has added to these concerns. The measures so far implemented to reduce public debt and fiscal deficits have already resulted in lower or negative GDP growth and high unemployment rates in these countries. If the fiscal obligations of these or other countries continue to exceed their fiscal revenue, taking into account the reactions of the credit and swap markets, or if their banking systems further destabilise, the ability of such countries to service their debt in a cost efficient manner could be impaired. The continued uncertainty over the outcome of various international financial support programmes, the possibility that other countries might experience similar financial pressures, investor concerns about inadequate liquidity or unfavourable volatility in the capital markets, lower consumer spending, higher inflation or political instability could further disrupt the global financial markets and might adversely affect the economy in general. In addition, the risk remains that a default of one or more countries in the Eurozone, the extent and precise nature of which are impossible to predict, could lead to the expulsion or voluntary withdrawal of one or more countries from the Eurozone or a disorderly break-up of the Eurozone, either of which could significantly disrupt financial markets and possibly trigger another global recession.

RISK FACTORS RELATING TO THE NOTES AND THE TRADING MARKET

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes, and the information contained or incorporated by reference in these Listing Particulars or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Redemption prior to maturity for tax reasons.

In the event that the Issuer or the Guarantors would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the Republic of Latvia or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions of the Notes.

Payments made in respect of the Notes may be subject to withholding tax.

Payments on the Notes will be made without withholding or deduction for, or on account of, any withholding taxes imposed by Latvia, and payments on each Guarantee will be made without withholding or deduction for, or on account of any withholding taxes imposed by the jurisdiction of incorporation of the relevant Guarantor, to the extent described in "Terms and Conditions of the Notes" herein.

To the extent any withholding taxes are imposed by Latvia on interest paid to individuals, non-resident related entities (while they are subject to withholding tax) and entities located in statutorily designated low tax zones, the Issuer undertakes to pay such additional amounts as will result in the receipt by Noteholders who are individuals, non-resident related entities and entities located in statutorily designated low tax zones of such amounts as would have been received by them if no such withholding has been required, unless otherwise prescribed by the "Terms and Conditions of the Notes". See also "Taxation–Latvia".

In certain limited circumstances, payments pursuant to the Guarantees may be subject to withholding tax in certain jurisdictions of the Guarantors. The Guarantors, if making payments pursuant to the Guarantees, will also undertake to pay such additional amounts as will result in the receipt by Noteholders of such amounts as would have been received by them if no such withholding had been required.

Following an Event of Default, any Notes in respect of which there is a failure to provide certification as to beneficial ownership by a person other than a shareholder or affiliate of the Issuer or of any of the Guarantors on the date 45 days prior to the notice of an Event of Default, will be exchanged for new Exchange Notes which are subordinated in right of payment to the Notes.

If notice of an Event of Default is given by the Trustee pursuant to Condition 12 (*Events of Default*), then pursuant to Condition 9(e) (*Mandatory Exchange Following Notice of an Event of Default*) a mandatory exchange of Notes into Exchange Notes shall take place. In order to avoid Notes being mandatorily exchanged into Exchange Notes, certification in the prescribed form must be provided to the Issuer and the Trustee by the holder of the relevant Notes on the date falling 45 days prior to the notice of an Event of Default being given. Such certification must be provided within a prescribed period (no later than the relevant Mandatory Exchange Certification Deadline) to be accepted and must confirm that, on the relevant Mandatory Exchange Record Date (being the date 45 days prior to the notice of an Event of Default), no shareholder or affiliate of the Issuer or of any of the Guarantors held a beneficial interest in the relevant Notes. Failure to provide the required certification prior to the relevant Mandatory Exchange Certification Deadline in respect of any Notes shall result in such Notes being mandatorily exchanged for new Exchange Notes. Exchange Notes shall have substantially the same terms and conditions as the terms and conditions of the Notes, except that the Exchange Notes will be expressly subordinated in right of payment to any Notes which remain outstanding following the Mandatory Exchange.

Investors in the Notes should be aware that if they are subject to a Mandatory Exchange then their rights to receive payment will be materially adversely affected as a result of the Exchange Notes being subordinated in right of payment to the Notes, and this could result in the loss of some or all of their investment.

Furthermore, Exchange Notes, if issued, will not have an existing market at the time they are issued and there may be little or no secondary market for the Exchange Notes. Even if a secondary market for the Exchange Notes develops, it may not provide significant liquidity, and it is expected that transaction costs in any secondary market would be high. As a result, the difference between bid and ask prices for the Exchange Notes in any secondary market could be substantial, and the value of the Exchange Notes could be adversely affected. There can be no assurance that a liquid market will develop for the Exchange Notes or that holders of Exchange Notes will be able to sell their Exchange Notes, or that holders of Exchange Notes will be able to sell their Exchange Notes for a price that reflects their value. The Exchange Notes, if issued, are not expected to be listed and will not be fungible with the Notes. It is expected that the Exchange Notes will have significantly less value than the Notes. See "—The Notes may not have an active trading market, in the event the Exchange Notes are issued or otherwise, which may have an adverse impact on the value of the Notes."

Potential certification requirements following an Event of Default, which look back at beneficial ownership of the Notes 45 days prior to the notice of an Event of Default, may affect the liquidity of the Notes since purchasers of Notes in the secondary market would be advised to obtain relevant confirmation of prior beneficial ownership as a condition of purchase of Notes.

In order to avoid the risk of having Notes being mandatorily exchanged for Exchange Notes, which are subordinated in right of payment to the Notes, as further described above in "—Following an Event of Default, any Notes in respect of which there is a failure to provide certification as to beneficial ownership by a person other than a shareholder or affiliate of the Issuer or of any of the Guarantors on the date 45 days prior, will be exchanged for new Exchange Notes which are subordinated in right of payment to the Notes", purchasers of Notes in the secondary market may require confirmation of beneficial ownership of the Notes being acquired for the period extending up to 45 days prior to such sale and purchase transaction. Any such demands and requirements from purchasers of Notes in the secondary market may be difficult to obtain and may have an adverse effect on the liquidity of the Notes and the ability to settle transactions for the sale of Notes, which may have a materially adverse effect on the value of the Notes.

4finance Group may be unable to raise funds necessary to finance any change of control repurchase offers required by the Notes.

If the Issuer experiences specified changes of control, it will be required to make an offer to purchase all of the outstanding Notes at a price equal to 101 *per cent.* of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase.

If a change of control were to occur, the Issuer cannot assure you that the restrictions in other contractual obligations would allow it to make such required repurchases. If an event constituting a change of control occurs at a time when the Issuer is prohibited from repurchasing Notes, the Issuer will need to seek the consent of the lenders under such indebtedness to purchase the Notes, or to attempt to repay or offer to repay the borrowings that contain such prohibition. If the Issuer does not obtain such a consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes, which will be an event of default under the Notes. In addition, the Issuer may not have the resources to finance the redemption of the Notes, and the Issuer may require third-party financing to make an offer to repurchase the Notes upon a change of control. The Issuer cannot give any assurances that it would be able to obtain such financing.

The change of control provision in the Notes may not necessarily afford investors protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving 4finance Group that may adversely affect holders of Notes, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Trust Deed governing the Notes.

Enforcing your rights as a holder of the Notes or under the Guarantees across multiple jurisdictions may be difficult.

The Notes will be issued by the Issuer, which is incorporated under the laws of Latvia and guaranteed by the Guarantors, which are organised under the laws of Lithuania, Finland, Sweden and Poland. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in Latvia, Lithuania, Finland, Sweden or Poland or in the jurisdiction of incorporation or organisation of a future guarantor of the Notes. Your rights under the Notes and the Guarantees may thus be subject to the laws of multiple jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in a multiple bankruptcy, insolvency or other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of your rights.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or void any of the Guarantees if it found that:

- the relevant Guarantee was incurred with the intent to hinder, delay or defraud any present or future creditor;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Guarantee and the Guarantor was: (i) insolvent or was rendered insolvent as a result of having granted the Guarantee, (ii) undercapitalised or became undercapitalised because of the Guarantee, or (iii) intended to incur indebtedness beyond its ability to pay at maturity;
- the Guarantee was held not to be in the best interests or not to be for the corporate benefit of the Guarantor; or
- the aggregate amounts paid or payable under the Guarantee were in excess of the maximum amount permitted under applicable law.

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. Generally, however, an entity would be considered insolvent if it could not pay its debts as they become due, the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets, or the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature.

If a court were to find that a Guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under such Guarantee, or subordinate such Guarantee to presently existing and future indebtedness of the respective Guarantor, or require repayment of amounts received with respect to such Guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any payment on a Guarantee. In addition, the bankruptcy, insolvency, administrative, and other laws of such jurisdictions of organisation may be materially different from, or in conflict with, one another and those in other jurisdictions, of which you may be familiar in certain areas, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and Guarantees.

The Guarantees may be significantly limited by applicable laws or subject to certain limitations or defences.

The obligations of each Guarantor under its Guarantee will be limited under the relevant laws applicable to such Guarantor and the granting of such Guarantees (including laws relating to corporate benefit, capital, capital preservation, financial assistance or transactions under value) to the maximum amount payable to ensure that such Guarantees do not constitute a voidable preference, a transaction at an undervalue or unlawful financial assistance, or otherwise cause the Guarantor to be deemed insolvent under applicable law or such Guarantee to be void, unenforceable or *ultra vires* or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Guarantee. In addition, the Guarantees will contain language limiting the debt guaranteed to an amount that will not violate applicable local law restrictions. As a result, a Guarantor's liability under its Guarantee could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in the company's corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Guarantor, a creditor of a Guarantor or the insolvency administrator, in the case of an insolvency of a Guarantor, may contest the validity and enforceability of the respective Guarantee and that the applicable court may determine that the Guarantee should be limited or voided. In the event that any Guarantees are deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Guarantee apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, including trade payables of such Guarantor. Further, local tax laws relevant to any Guarantor may impact the Guarantor's obligations.

Latvian insolvency law may not be as favourable to holders of Notes as laws of another jurisdiction with which holders are familiar.

The Issuer is incorporated under the laws of the Republic of Latvia. In general, Latvian insolvency legislation could limit your ability to enforce your rights under the Notes. The following is a general discussion of insolvency proceedings governed by Latvian law. This summary is provided for informational purposes only and does not address all the Latvian legal considerations that may be relevant to holders of the Notes.

Pursuant to Latvian insolvency law, a company experiencing short term liquidity problems may apply for legal protection proceedings. Once the court has initiated such proceedings, *inter alia*, creditor action against the company in question is stayed and accrual by creditors of any contractually agreed interest in excess of either: (i) the statutory interest rate, or (ii) the refinancing rate published by the Bank of Latvia (whichever is higher) is discontinued. Within two months of the proceedings having commenced, the company is required to draft and approve with the company's creditors a plan to restore the company to solvency which may provide for, *inter alia*, postponement of fulfilment of payment obligations or reduction of the company's debt. The plan has legal effect after being provided with a written opinion by the company's insolvency administrator and approved by the court. The maximum permitted duration of legal protection proceedings is two years with an extension for another two years contingent upon approval by the company's creditors.

Further, Latvian insolvency law provides for so called out of court legal protection proceedings. A plan to restore the company to solvency is drafted by the company and approved by the creditors before contact is initiated with the court. This has no legal effect until the court approves the plan, which approval is contingent upon the court being provided with a written opinion by the company's insolvency administrator. Once it has been approved, the legal consequences of out of court legal protection proceedings upon creditors of a company are identical to those in legal protection proceedings initiated by the court.

Generally, if a company is unable to settle its debt obligations which have fallen due, it must apply to the court for a declaration of insolvency. An insolvency application may also be filed by any unsecured creditor of the company if the amount of the company's overdue debt owing to such creditor is in excess of LVL 3,000 and the creditor has given notice to the company of its intention to apply for a declaration of insolvency against the company. Within one month following the publication of a declaration of insolvency against the company, the company's creditors are required to file their claims for verification with an administrator appointed by the court. Claims can also be filed after the one month period (although, not later than the earlier of: (i) the date which is six months following the publication of the declaration of insolvency, or (ii) the date on which the insolvency administrator prepares the plan for settlement of creditors' claims), however such creditors' claims will have a lower priority in the insolvency process. To the extent that claims are not filed within this period, creditors may lose their right to receive funds and proceeds from the sale of the company's assets when distributed to the company's creditors. The proceeds from sale of the company's assets are distributed among creditors according to the ranking of the creditors. If it is not possible to fully satisfy the total amount of claims of all creditors in a particular class, claims are satisfied proportionately on a *pari passu* basis. Proceeds from the sale of any pledged or mortgaged asset are used first of all to satisfy the claims secured by such pledge or mortgage.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in US Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of US Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to US Dollars would decrease: (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Notes may not have an active trading market, in the event the Exchange Notes are issued or otherwise, which may have an adverse impact on the value of the Notes.

There may not be an existing market for the Notes at the time they are issued. Although it is expected that the Notes will be admitted to trading on the Irish Stock Exchange on or after the Closing Date, there may be little or no secondary market for the Notes. Even if a secondary market for the Notes develops, it may not provide significant liquidity, and it is expected that transaction costs in any secondary market would be high. As a result, the difference between bid and ask prices for the Notes in any secondary market could be substantial, and the value of the Notes could be adversely affected. There can be no assurance that a liquid market will develop for the Notes or that Noteholders will be able to sell their Notes, or that Noteholders will be able to sell their Notes for a price that reflects their value.

Additionally, in the event that Exchange Notes are issued pursuant to Condition 9(e) (*Mandatory Exchange Following Notice of an Event of Default*) and are exchanged for Notes held by shareholders or other affiliates of the Issuer or of any of the Guarantors, the remaining amount of outstanding Notes will be significantly reduced which would likely affect the liquid trading market and trading price of the Notes. The Exchange Notes, if issued, are not expected to be listed and will not, in any event, be fungible with the Notes. See "Use of Proceeds" and "Related Party Transactions".

The market price of the Notes may be volatile.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in 4finance Group's and its competitors' operating results, adverse business developments, changes to the regulatory environment in which 4finance Group operates, changes in financial estimates by securities analysts, the actual or anticipated sale of a large number of Notes or other securities and other factors. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the price of the Notes without regard to 4finance Group's business, prospects, results of operations and financial condition.

In particular, the markets for emerging market debt have been subject to disruptions on account of the global financial crisis that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that the market for the Notes will not be subject to similar disruptions. Any such disruptions may have an adverse effect on holders of the Notes.

Modification, waivers and substitution.

The Conditions of the Notes contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and the Noteholders who voted in a manner contrary to the majority.

It should be noted that affiliates of the Issuer and the Guarantors are not entitled to vote in respect of Notes beneficially owned by or on behalf of any of them, although this will not prevent any proxy or any representative from being a director, officer or representative of, or otherwise connected with, the Issuer, the Guarantors or any of their respective subsidiaries.

The Conditions of the Notes also provide that the Trustee may agree, without the consent of the Noteholders to: (i) any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of the Noteholders, and (ii) any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Any such authorisation, waiver or modification shall be binding on the Noteholders and, if the Trustee so requires, shall be notified to the Noteholders as soon as practicable thereafter. Accordingly, matters affecting the interests of the Noteholders may be outside the control of such Noteholders in certain circumstances.

EU Savings Directive.

The EU has adopted a Directive (2003/48/EC) regarding the taxation of savings income pursuant to which Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent on the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have adopted similar measures.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying and Transfer Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying and Transfer Agent in a Member State that is not be obliged to withhold or deduct tax pursuant to the Directive.

Noteholders may be required to pay stamp taxes or other documentary charges.

Potential purchasers and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Notes are transferred. Noteholders are subject to the provisions of Conditions 9 and 10 (Redemption and Purchase; Taxation) and payment and/or delivery of any amount due in respect of the Notes will be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

USE OF PROCEEDS

The net proceeds of the issue of the Notes after deduction of the total fees and expenses related to the offering, expected to amount to approximately US$ 36.6 million, and after exchange of certain existing loans for Notes in the amount of US$ 132 million (as described below), will be used by the Issuer primarily to fund loan portfolio growth.

Amounts outstanding in respect of certain existing loans between the Issuer and its shareholders (FCI and Tirona, respectively) in a total amount equal to US$ 132 million will be exchanged for the Notes. After the closing of the Offering, US$ 132 million of the Notes will be held by FCI and Tirona and the corresponding amounts owing in respect of such existing loans between the Issuer and FCI and Tirona, respectively, will be cancelled. See "Related Party Transactions", "Risk Factors – Following an Event of Default, any Notes in respect of which there is a failure to provide certification as to beneficial ownership by a person other than a shareholder or affiliate of the Issuer or of any of the Guarantors on the date 45 days prior to the notice of an Event of Default, will be exchanged for new Exchange Notes which are subordinated in right of payment to the Notes" and "Risk Factors – Modification, waivers and substitution".

CAPITALISATION

The table below sets forth AS 4finance's consolidated capitalisation as of 31 March 2013, and as adjusted for the issue of the Notes. This table should be read in conjunction with the Financial Statements included elsewhere in these Listing Particulars.

	As of 31 March 2013	
	Actual	**As Adjusted**
	(in millions of EUR) *(unaudited)*	
Cash and cash equivalents	17.7	46.9
Current debt and current portion of non-current debt	82.1	6.4
Non-current debt	19.4	147.6
Equity		
Share capital	3.2	3.2
Retained earnings	45.6	45.6
Total equity attributable to equity holders of the Issuer	48.9	48.9
Total capitalisation(1)	150.4	202.8

(1) Total capitalisation is calculated as the sum of current debt and current portion of non-current debt, non-current debt and equity attributable to shareholders of the Issuer.

Other than disclosed under "Management's Discussion and Analysis of Results of Operations and Financial Condition — Recent Developments" there have been no material changes in AS 4finance's capitalisation since 31 March 2013.

SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The selected consolidated financial information set forth below has been prepared in accordance with IFRS and derived from the Financial Statements of the Issuer and should be read in conjunction with the Financial Statements of the Issuer which have been audited by KPMG Baltics SIA and are included elsewhere in these Listing Particulars. The selected consolidated financial information of the Issuer should also be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Condition".

Selected Consolidated Statement of Comprehensive Income Data

	Three Months ended 31 March		Year ended 31 December	
	2013	2012	2012	2011
	(in millions of EUR)			
	(unaudited)		*(audited)*	
Interest income	32.6	12.3	78.0	30.4
Interest expense	(3.4)	(0.8)	(5.2)	(2.6)
Net interest income	**29.2**	**11.5**	**72.8**	**27.8**
Other income	0.3	0	0	0
Goodwill write-off	(0.7)	—	—	—
Net impairment losses on loans and receivables	(4.8)	(2.2)	(13.8)	(4.6)
General administrative expenses	(15.2)	(3.2)	(27.3)	(8.2)
Profit before taxes	**8.8**	**6.1**	**31.7**	**15.0**
Corporate income tax for the reporting period	(1.9)	(0.9)	(6.2)	(2.2)
Profit for the year	**6.9**	**5.2**	**25.5**	**12.8**
Profit attributable to:				
Equity holders of 4finance Group	6.8	5.1	25.2	12.7
Non-controlling interests	0.1	0.1	0.3	0.1
Other comprehensive income:				
Foreign currency translation differences on foreign operations attributable to:	0	0	0	0
Total comprehensive income for the period	**6.9**	**5.2**	**25.5**	**12.8**
Total comprehensive income attributable to:				
Equity holders of 4finance Group	6.8	5.1	25.3	12.7
Non-controlling interest	0.1	0.1	0.3	0.1

Selected Consolidated Statement of Financial Position Data

	As of 31 March	As of 31 December	
	2013	2012	2011
	(in millions of EUR)		
	(unaudited)	*(audited)*	
Assets			
Cash and cash equivalents	17.7	7.3	1.4
Loans and advances due from customers	141.6	110.2	36.5
Property and equipment	1.6	1.0	0.3
Intangible assets	0.3	0.2	0.2
Deferred tax asset	1.8	1.3	0.5
Other assets	3.4	2.8	0.5
Total assets	166.4	122.8	39.3
Liabilities			
Loans and borrowings	101.5	66.6	19.3
Provisions	0.5	0.3	0.1
Corporate income tax payable	6.2	5.2	1.7
Other liabilities	8.9	8.0	1.0
Total liabilities	117.1	80.2	22.2
Share capital	3.2	3.2	3.2
Currency translation reserve	0.1	0	0
Share based payment reserve	0.1	0.1	0.1
Obligatory reserve	0.1	0.1	0.1
Retained earnings	45.6	38.8	13.6
Total equity attributable to equity holders of 4finance Group	48.9	42.2	16.9
Non-controlling interests	0.3	0.5	0.2
Total equity	49.3	42.6	17.1
Total shareholders' equity and liabilities	166.4	122.8	39.3

Selected Consolidated Statement of Cash Flows Data

	Three Months ended 31 March		Year ended 31 December	
	2013	2012	2012	2011
	(in millions of EUR)			
	(unaudited)		*(audited)*	
Cash flows from operating activities	(18.8)	(6.3)	(35.1)	(5.5)
Cash flows from investing activities	(0.3)	0.1	(1.2)	(0.2)
Cash flows from financing activities	29.5	6.3	42.1	6.4
Effect of exchange rate fluctuations on cash	0	(0.1)	0	0
Cash and cash equivalents at the beginning of the period	7.3	1.4	1.4	0.7
Cash and cash equivalents at the end of the period	17.7	1.4	7.3	1.4

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis should be read in conjunction with the Financial Statements incorporated elsewhere in these Listing Particulars. Investors should not solely rely on the information contained in this section. The Financial Statements have been prepared in accordance with IFRS and under existing 4finance Group accounting policies.

The following discussion contains certain forward-looking statements, which are based on the current beliefs and expectations of 4finance Group's management and involve risks and uncertainties. These risks and uncertainties could cause 4finance Group's future results to differ materially from those discussed below.

OVERVIEW

4finance Group believes it is one of the largest online lending groups in Europe (including certain former Soviet Union member states) in terms of loan portfolio size and advancing unsecured short-term single payment loans ("**Single Payment Loans**") and short- to medium-term unsecured instalment loans ("**Instalment Loans**") to individuals. In addition, 4finance Group operates offline points of sale in Lithuania and Latvia and intends to offer offline sales in Russia and Poland. 4finance Group also offers services for small and medium online deposit-taking in Sweden.

4finance Group believes its key advantages in the Single Payment Loans and Instalment Loans markets are: the convenience of its end-user services, its ability to advance loans shortly after a customer's successful application and its transparent interest rates and other fees. 4finance Group also uses proprietary scoring and decision making systems to score prospective customers and proprietary automated online lending systems to offer convenient lending services.

4finance Group currently operates in Latvia, Lithuania, Finland, Sweden, Poland, Denmark, the United Kingdom, Spain, Russia, Canada, the Czech Republic and Georgia through local entities. In the United States 4finance Group provides certain management services to the United States company North Star Finance, LLC that advances Single Payment Loans on the United States market. The broad geographical reach of 4finance Group's operations enables it to effectively manage the risk of negative regulatory changes in a single country of operation of 4finance Group.

4finance Group's revenues are principally derived from operations in Latvia, Lithuania, Finland, Sweden and Poland which accounted for approximately 90 *per cent*. and approximately 94 *per cent*. of 4finance Group's loan portfolio as of 31 March 2013 and 31 December 2012, respectively.

RECENT DEVELOPMENTS

In February 2013, 4finance Group's subsidiary 4finance LLC commenced short-term consumer lending operations in Georgia. In addition, in May 2013, 4finance Group's subsidiary Zaplo Finance s.r.o. commenced lending operations in the Czech Republic. Operations in Georgia and the Czech Republic, as in the majority of other jurisdictions of operation, are conducted via 4finance Group's internet platform for online lending. In line with its strategy for entering into a new market, 4finance Group has undertaken an ambitious online marketing campaign in the Czech Republic and Georgia and has set an initial low limit on the maximum loan amounts available to customers during the initial period of operations.

In May 2013, 4finance Group paid EUR 5.8 million by way of dividends to its shareholders.

As of June 2013, 4finance Group has temporarily suspended its Instalment Loans business in Finland to allow its resources to be focussed on its Finnish Single Payment Loans business during a recent period of regulatory change. 4finance Group may reintroduce offering its Instalment Loans product in Finland, adjusted to comply with new regulatory requirements, in the near future and to operate it simultaneously with its Single Payment Loans business.

RISK MANAGEMENT AND OTHER SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

Management of risks arising from its financial assets is fundamental to 4finance Group's business and is an essential element of 4finance Group's operations. The main risks faced by 4finance Group are those related to credit exposures, liquidity, market, operations and reputation. 4finance Group's management has implemented procedures to mitigate these main risks.

Credit risk

Credit risk is the risk of a financial loss to 4finance Group, if a counterparty or a customer fails to meet its contractual obligations, and arises primarily from 4finance Group's loans and advances to customers. 4finance Group's credit policy sets forth lending guidelines in accordance with 4finance Group's business strategy and efficient risk management principles designed to protect 4finance Group's assets as well as comply with local regulatory requirements. Lending policies differ from country to country depending on data availability and suitability within 4finance Group's business model. Loan credit risk is managed by assessing multiple indicators that are analysed prior to the loan being issued, including customer credit history checks and income levels. The indicators are non-subjective, based purely on statistical evidence and scored automatically. Specific credit scoring models are adjusted to specific social customer groups and country requirements which, for example, may impose special obligations in relation to customer solvency checks. Credit scoring models are periodically reviewed and, if necessary, adjusted to follow market and specific client group tendencies.

4finance Group has implemented specific country adjusted debt collection procedures to ensure the efficient and timely collection of debts. The repayment performance of different customer groups is analysed on a regular basis. 4finance Group's management believes that current procedures are sufficient to effectively monitor credit risk of customer groups.

Concentration risk

Concentration risk arises if a significant percentage of 4finance Group's interest income is derived from a single geographic area subject to the possibility of an adverse regulatory change. In 2012, interest income generated in Latvia, Lithuania, Finland, Sweden and Poland represented approximately 45 *per cent*., 23 *per cent*., 16 *per cent*., 11 *per cent*. and 1 *per cent*., respectively, of 4finance Group's consolidated interest income. The expansion of 4finance Group's business presence into new markets reduces concentration risk. Customer concentration does not pose a material risk as 4finance Group's loan portfolio consists of a high volume of small value loans.

Liquidity risk

Liquidity risk is the risk that 4finance Group may encounter difficulty in meeting its obligations associated with financial liabilities settled by delivering cash or another financial asset as they fall due. The liquidity position of 4finance Group is managed in a way that reflects the fact that most of 4finance Group's financial assets and liabilities are short-term in nature.

Operational risks

Operational risk is the risk of loss caused by human behaviour, system failures, inadequate internal processes or uncontrollable external events. Operational risks are inherent in all 4finance Group's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of 4finance Group's subsidiaries in each country of operation. This responsibility is supported by the development and implementation by 4finance Group of standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of business transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks, and the adequacy of controls and procedures in place to address such risks;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where relevant.

Reputational risk

Reputational risk is the risk that 4finance Group may be the subject of negative publicity due to the breach of applicable regulatory requirements. 4finance Group's management is aware of the scrutiny and interest in the operations of short-term lending institutions by regulators, special interest groups and members of the public. 4finance Group's management seeks to be transparent in the way it markets its business, takes steps to ensure that 4finance Group's operations are in compliance with all applicable legal requirements and cooperates extensively with regulators, when entering a new market and during consultations regarding proposed amendments to regulation.

Capital management

Capital management refers to managing the relationship between short-term assets and short-term liabilities and maintaining each at efficient levels. Capital management of 4finance Group is not governed by any requirements set by regulatory institutions or international bodies. 4finance Group's management reviews 4finance Group's capital position on a regular basis to ensure positive equity in all subsidiaries of 4finance Group and to maintain sufficient funds to ensure that medium- and long-term strategic goals are met.

Regulatory risk

Regulatory risk is the risk that a change in laws and regulations in any of the jurisdictions in which 4finance Group conducts operations could affect the manner in which 4finance Group is able to conduct its business which may adversely affect 4finance Group's financial position, results of operations and cash flows. 4finance Group proactively cooperates with regulators and closely monitors all changes in the regulatory regimes to identify associated risks and ensure compliance in a timely manner.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED 31 MARCH 2013 COMPARED TO THE THREE MONTHS ENDED 31 MARCH 2012

The table below sets forth 4finance Group's results of operations for the three months ended 31 March 2013 compared to the three months ended 31 March 2012. The financial information for the three months ended 31 March 2012 is derived from unaudited consolidated interim financial statements.

	Three Months ended 31 March	
	2013	**2012**
	(in millions of EUR) *(unaudited)*	
Interest income	32.6	12.3
Interest expense	(3.4)	(0.8)
Net interest income	**29.2**	**11.5**
Other income	0.3	0
Goodwill write-off	(0.7)	—
Net impairment losses on loans and receivables	(4.8)	(2.2)
General administrative expenses	(15.2)	(3.2)
Profit before taxes	**8.8**	**6.1**
Corporate income tax for the reporting period	(1.9)	(0.9)
Profit for the year	**6.9**	**5.2**
Profit attributable to:		
Equity holders of 4finance Group	6.8	5.1
Non-controlling interests	0.1	0.1
Other comprehensive income:		
Foreign currency translation differences on foreign operations attributable to:	0	0
Total comprehensive income for the period	**6.9**	**5.2**
Total comprehensive income attributable to:		
Equity holders of 4finance Group	6.8	5.1
Non-controlling interest	0.1	0.1

Profit for the period

Profit for the three months ended 31 March 2013 was EUR 6.9 million, a 33 *per cent.* increase compared to EUR 5.2 million for the three months ended 31 March 2012. The increase mainly reflects the increase in net interest income, which was EUR 29.2 million for the three months ended 31 March 2013 compared to EUR 11.5 million for the three months ended 31 March 2012.

Interest income

Interest income primarily consists of commission fees, loan interest, loan extension fees and interest and penalty fees. Interest income for the three months ended 31 March 2013 was EUR 32.6 million, a 165 *per cent.* increase, compared to EUR 12.3 million for the three months ended 31 March 2012. This increase is explained by the increase in 4finance Group's loan sales volumes and also by the increase in the number of loan transactions. As of 31 March 2013, the total amount of loans to customers was EUR 117.4 million compared to EUR 52.5 million as of 31 March 2012. The total number of loan transactions increased by more than 105 *per cent.* from 0.3 million as of 31 March 2012 to 0.7 million as of 31 March 2013.

Interest expense

Interest expense for the three months ended 31 March 2013 was EUR 3.4 million, a 325 *per cent.* increase, compared to EUR 0.8 million for the three months ended 31 March 2012. The increase is attributable to the increase of 4finance Group's indebtedness level from EUR 26.4 million as of 31 March 2012 to EUR 101.5 million as of 31 March 2013. The additional debt was incurred to finance working capital needs, which increased in line with 4finance Group's business expansion.

Net interest income

4finance Group's net interest income for the three months ended 31 March 2013 was EUR 29.2 million, a 154 *per cent.* increase compared to EUR 11.5 million for the three months ended 31 March 2012, reflecting the corresponding increases in interest income and interest expense discussed above.

Impairment losses on loans and receivables

Impairment losses on loans and receivables increased by 117 *per cent.* to EUR 4.8 million for the three months ended 31 March 2013, compared to EUR 2.2 million for the three months ended 31 March 2012. This increase is explained by the significant increase in 4finance Group's loan sales volumes in the three months ended 31 March 2013 which in turn was mainly due to the increase in the number of loan transactions with new customers in relation to which the risk of non-payment is higher when compared to loans to returning customers. 4finance Group's non-performing loan coverage ratio was 67 *per cent.* as of 31 March 2013. The non-performing loan coverage ratio refers to the ratio of allowance for doubtful debts on non-performing loans to total non-performing loans.

General administrative expenses

General administrative expenses increased by 375 *per cent.* to EUR 15.2 million for the three months ended 31 March 2013, compared to EUR 3.2 million for the three months ended 31 March 2012. This increase is mainly attributable to expenditure on marketing and increased personnel costs as a result of the expansion of 4finance Group's business in 2012-2013.

The table below sets forth a breakdown of the general administrative expenses of 4finance Group for the three months ended 31 March 2013 and 2012.

	Three Months ended 31 March	
	2013	**2012**
	(in millions of EUR) (unaudited)	
Marketing and sponsorship	7.8	1.3
Personnel costs	3.6	0.9
Others	3.7	1.0
Total	**15.2**	**3.2**

Goodwill write-off

4finance Group's goodwill write-off amounted to EUR 681 thousand in the three months ended 31 March 2013. Goodwill arose from the acquisition of Gefest-MSK LLC in January 2013 and 4finance ZAO in March 2013, attributable to the total consideration of EUR 51.5 thousand and fair value of identifiable assets of EUR 630 thousand.

Corporate income tax

4finance Group's corporate income tax expense increased by 111 *per cent*. to EUR 1.9 million for the three months ended 31 March 2013, compared to EUR 0.9 million for the three months ended 31 March 2012. The increase was due to the increase in 4finance Group's gross profit, reflecting the growth of interest income, as well as due to fact that 4finance Group has implemented prudent deferred tax recognition policy.

Operating results analyses by geographic markets

The table below summarises 4finance Group's operating results by the key countries of operation for the periods indicated. The financial information for the three months ended 31 March 2012 is derived from unaudited consolidated interim financial statements.

	Three Months ended 31 March	
	2013	**2012**
	(in millions of EUR) *(unaudited)*	
Latvia		
Interest income	12.6	5.8
Interest expense	(1.2)	(0.2)
Impairment	(1.2)	(0.9)
General administrative and other expenses/income	(3.4)	(1.3)
Profit before tax	**6.8**	**3.4**
Lithuania		
Interest income	6.8	2.9
Interest expense	(0.5)	(0.1)
Impairment	(0.3)	(0.8)
General administrative and other expenses/income	(1.2)	(0.7)
Profit before tax	**4.8**	**1.3**
Finland		
Interest income	4.2	2.0
Interest expense	(0.4)	(0.2)
Impairment	(0.4)	(0.2)
General administrative and other expenses/income	(1.5)	(0.7)
Profit before tax	**1.9**	**0.9**
Sweden		
Interest income	4.0	1.5
Interest expense	(0.5)	(0.2)
Impairment	(1.1)	(0.3)
General administrative and other expenses/income	(1.5)	(0.5)
Profit before tax	**0.9**	**0.5**
Poland(1)		
Interest income	2.2	—
Interest expense	(0.2)	—
Impairment	(0.7)	—
General administrative and other expenses/income	(2.6)	—
Profit before tax	**(1.3)**	—

(1) Information on the key performance indicators of 4finance Group in Poland as of 31 March 2012 is not available due to the fact that operations in this country 4finance Group commenced in July 2012.

As a result of the growth of 4finance Group's loan portfolio and the increase in the number of loan transactions in 2012-2013, 4finance Group demonstrated an increase in interest income in all the key countries of operation as of the three months ended 31 March 2013. Interest income generated in Latvia, Lithuania, Finland and Sweden increased by approximately 117 *per cent*., 134 *per cent*., 110 *per cent*. and 167 *per cent*., respectively, as of the three months ended 31 March 2013. The increase in operating expenses generally corresponds to the growth of loan sales volumes and reflects expenditures on underwriting, debt collection, marketing, increasing the number of employees that work at 4finance Group's headquarters as well as IT and product development. The highest profit before taxes of EUR 6.6 million was generated in Latvia, compared to Poland which incurred a pre-tax loss of EUR 1.4 million. The pre-tax loss in Poland is explained by the short period of operation in this country, in which 4finance Group commenced operations in July 2012.

RESULTS OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2012 COMPARED TO THE YEAR ENDED 31 DECEMBER 2011

The table below sets forth 4finance Group's results of operations for the year ended 31 December 2012 compared to the year ended 31 December 2011.

	Year ended 31 December	
	2012	**2011**
	in millions of EUR (audited)	
Interest income	78.0	30.4
Interest expense	(5.2)	(2.6)
Net interest income	**72.8**	**27.8**
Other income	0	0
Net impairment losses on loans and receivables	(13.8)	(4.6)
General administrative expenses	(27.3)	(8.2)
Profit before taxes	**31.7**	**15.0**
Corporate income tax for the reporting period	(6.2)	(2.2)
Profit for the year	**25.5**	**12.8**
Profit attributable to:		
Equity holders of 4finance Group	25.2	12.7
Non-controlling interests	0.3	0.1
Other comprehensive income:		
Foreign currency translation differences on foreign operations attributable to:	0	0
Total comprehensive income for the period	**25.5**	**12.8**
Total comprehensive income attributable to:		
Equity holders of 4finance Group	25.3	12.7
Non-controlling interest	0.3	0.1

Profit for the year

Profit for the year ended 31 December 2012 was EUR 25.5 million, a 99 *per cent*. increase compared to EUR 12.8 million for the year ended 31 December 2011. The increase mainly reflects an increase in net interest income, which was EUR 72.8 million for the year ended 31 December 2012 compared to EUR 27.8 million for the year ended 31 December 2011.

Interest income

Interest income primarily consists of commission fees, loan interest, loan extension fees and interest and penalty fees. Interest income for the year ended 31 December 2012 was EUR 78.0 million, a 157 *per cent*. increase, compared to EUR 30.4 million for the year ended 31 December 2011. This increase is explained by an increase in 4finance Group's loan sales volumes and also by an increase in the number of loan transactions. As of 31 December 2012, the total amount of loans to customers was EUR 310.5 million compared to EUR 118.4 million as of 31 December 2011. The total number of loan transactions increased more than threefold from 0.6 million in 2011 to 2.0 million in 2012.

Interest expense

Interest expense for the year ended 31 December 2012 was EUR 5.2 million, a 100 *per cent.* increase, compared to EUR 2.6 million for the year ended 31 December 2011. The increase is attributable to an increase in 4finance Group's indebtedness level from EUR 19.3 million as of 31 December 2011 to EUR 66.6 million as of 31 December 2012. The additional debt was incurred to finance working capital needs, which increased in line with 4finance Group's business expansion.

Net interest income

4finance Group's net interest income for the year ended 31 December 2012 was EUR 72.8 million, a 162 *per cent.* increase compared to EUR 27.8 million for the year ended 31 December 2011, reflecting the corresponding increases in interest income and interest expense discussed above.

Impairment losses on loans and receivables

Impairment losses on loans and receivables increased by 200 *per cent.* to EUR 13.8 million for the year ended 31 December 2012, compared to EUR 4.6 million for the year ended 31 December 2011. This increase is explained by the significant increase in 4finance Group's loan sales volumes in 2012 which in turn was mainly due to an increase in the number of loan transactions with new customers in relation to which the risk of non-payment is higher compared to loans to returning customers. 4finance Group changed its impairment allowances calculation method which resulted in the non-performing loan coverage ratio being increased from 69 *per cent.* as of 31 December 2011 to 79 *per cent.* as of 31 December 2012. The non-performing loan coverage ratio refers to the ratio of allowance for doubtful debts on non-performing loans to total non-performing loans.

General administrative expenses

General administrative expenses increased by 233 *per cent.* to EUR 27.3 million for the year ended 31 December 2012, compared to EUR 8.2 million for the year ended 31 December 2011. This increase is mainly attributable to expenditure on marketing and IT systems development, as well as increased personnel costs as a result of 4finance Group's business expansion in 2012. The table below sets forth a breakdown of the general administrative expenses of 4finance Group for the two years ended 31 December 2012 and 2011.

	For the year ended 31 December	
	2012	**2011**
	(in millions of EUR) *(audited)*	
Marketing and sponsorship	13.7	2.9
Personnel costs	6.3	2.1
Application inspection costs	1.6	0.7
Debt collection costs	1.0	0.7
IT expenses	1.0	0.2
Others	3.6	1.6
Total	**27.3**	**8.2**

Corporate income tax

4finance Group's corporate income tax expense increased by 182 *per cent.* to EUR 6.2 million for the year ended 31 December 2012, compared to EUR 2.2 million for the year ended 31 December 2011. The increase was mainly due to the increased gross profit of 4finance Group reflecting the growth of interest income.

Operating results analyses by geographic markets

The table below summarises 4finance Group's operating results by the key countries of operation for the periods indicated.

	For the year ended 31 December	
	2012	2011
	(in millions of EUR) *(audited)*	
Latvia		
Interest income	35.0	15.9
Interest expense	(2.3)	(1.3)
Impairment	(4.4)	(2.0)
General administrative and other expenses/income	(9.6)	(3.5)
Profit before tax	**18.7**	**9.1**
Lithuania		
Interest income	18.2	7.2
Interest expense	(0.9)	(0.2)
Impairment	(3.8)	(1.4)
General administrative and other expenses/income	(3.9)	(1.7)
Profit before tax	**9.6**	**3.9**
Finland		
Interest income	12.3	4.8
Interest expense	(1.1)	(0.8)
Impairment	(1.8)	(0.7)
General administrative and other expenses/income	(4.7)	(1.8)
Profit before tax	**4.7**	**1.5**
Sweden		
Interest income	8.8	2.5
Interest expense	(0.8)	(0.4)
Impairment	(2.1)	(0.5)
General administrative and other expenses/income	(3.7)	(1.1)
Profit before tax	**2.2**	**0.5**
Poland(1)		
Interest income	0.8	—
Interest expense	0	—
Impairment	(0.5)	—
General administrative and other expenses/income	(1.5)	—
Profit before tax	**(1.2)**	**—**

(1) Information on the key performance indicators of 4finance Group in Poland as of 31 December 2011 is not available due to the fact that 4finance Group's operations in this country commenced in July 2012.

As a result of the growth of 4finance Group's loan portfolio and an increase in the number of loan transactions in 2012, 4finance Group experienced an increase in interest income in all the key countries of operation in 2012. Interest income generated in Latvia, Lithuania, Finland and Sweden increased by approximately 120 *per cent*., 153 *per cent*., 156 *per cent*. and 252 *per cent*., respectively, in 2012. The increase in operating expenses generally corresponds to the growth of loan sales volumes and reflects the expenditure on underwriting, debt collection, marketing, increasing the number of employees that work at 4finance Group's headquarters as well as IT and product development. The highest amount of profit before taxes of EUR 18.7 million was generated in Latvia, compared to Poland which incurred a pre-tax loss of EUR 1.2 million. The pre-tax loss in Poland is explained by the short period of operations in this country, in which 4finance Group commenced operations in July 2012.

LIQUIDITY AND CAPITAL RESOURCES

4finance Group relies on cash from its operating activities and external financing as its main source of liquidity. 4finance Group anticipates that its primary use of cash will be to fund working capital, capital expenditures and to service 4finance Group's debt obligations.

As of 31 March 2013, 4finance Group had cash and cash equivalents of EUR 17.7 million compared to EUR 7.3 and EUR 1.4 million as of 31 December 2012 and 2011, respectively.

The table below sets forth 4finance Group's net cash flows from operating, investing and financing activities for the periods indicated. The financial information for the three months ended 31 March 2012 is derived from unaudited consolidated interim financial statements.

	As of 31 March		As of 31 December	
	2013	2012	2012	2011
	(in millions of EUR)			
	(unaudited)		*(audited)*	
Profit before taxes	8.8	6.1	31.7	15.0
Net cash flows from operating activities	(18.8)	(6.3)	(35.1)	(5.5)
Net cash flows from investing activities	(0.3)	0.1	(1.2)	(0.2)
Net cash flows from financing activities	29.5	6.3	42.1	6.4
Net increase in cash and cash equivalents	10.4	0	5.9	0.7

Cash flows from operating activities

4finance Group uses the indirect cash flow calculation method to reflect cash flows from operating activities. Net cash flows generated from or used in operating activities are calculated as profit before taxes, adjusted for non-cash and other items and the effect of changes to current assets and short-term liabilities.

As of 31 March 2013, 4finance Group's net cash flows used in operating activities were EUR 18.8 million, an increase of 198 *per cent*. compared to EUR 6.3 million as of 31 March 2012. As of 31 December 2012, 4finance Group's net cash flows used in operating activities was EUR 35.1 million, an increase of 538 *per cent*. compared to EUR 5.5 million as of 31 December 2011. The increase in expenditure was mainly due to an increase in loans and advances to customers and other receivables of EUR 35.5 million as of 31 March 2013 and of EUR 79.3 million as of 31 December 2012 compared to an increase in loans and advances to customers and other receivables of EUR 15.3 million as of 31 March 2012 and of EUR 22.6 million, respectively.

Cash flows from investing activities

4Finance Group's cash flows from investing activities mainly include the purchase and disposition of property, equipment and intangible assets.

As of 31 March 2013, 4finance Group's net cash flows used in investing activities were EUR 0.3 million, an increase of 200 *per cent*. compared to EUR 0.1 million as of 31 March 2012. As of 31 December 2012, 4finance Group's net cash flows used in investing activities were EUR 1.2 million, an increase of 500 *per cent*. compared to EUR 0.2 million as of 31 December 2011. Substantially all of the cash used for investing activities in the three months ended 31 March 2013 and the year ended 31 December 2012 related to the purchase of property, equipment and intangible assets. Expenditures related to purchases of property and equipment and intangible assets amounted to EUR 0.7 million and EUR 0.1 million as of 31 March 2013 and 2012, respectively and EUR 1.1 million and EUR 0.2 million as of 31 December 2012 and 2011, respectively.

Cash flows from financing activities

4finance Group's cash flows from financing activities include borrowing money and repaying the principal and interest on amounts borrowed and paying dividends.

As of 31 March 2013, 4finance Group's net cash flows provided by financing activities were EUR 29.5 million, an increase of 368 *per cent*. compared to EUR 6.3 million as of 31 March 2012. As of 31 December 2012, 4finance Group's net cash flows provided by financing activities were EUR 42.1 million, an increase of 558 *per cent*. compared to EUR 6.4 million as of 31 December 2011.

4finance Group received debt proceeds of EUR 40.3 million and repaid debt of EUR 10.3 million in the three months ended 31 March 2013, and received debt proceeds of EUR 15.2 million and repaid debt of EUR 8.2 million in the three months ended 31 March 2012. 4finance Group received debt proceeds of EUR 106.8 million and repaid debt of EUR 60.8 million in the year ended 31 December 2012, and received debt proceeds of EUR 24.8 million and repaid debt of EUR 15.8 million in the year ended 31 December 2011.

Interest payments decreased from EUR 0.7 million as of 31 March 2012 to EUR 0.6 million as of 31 March 2013 and increased from EUR 2.6 million as of 31 December 2011 to EUR 3.8 million as of 31 December 2012.

Liabilities

4finance Group had total liabilities of EUR 117.1 million, EUR 80.2 million and EUR 22.2 million as of 31 March 2013, 31 December 2012 and 31 December 2011, respectively.

Loans and borrowings

4finance Group had total liabilities deriving from loans and borrowings of EUR 101.5 million, EUR 66.6 million and EUR 19.3 million as of 31 March 2013, 31 December 2012 and 31 December 2011, respectively. The increase is mainly due to new loans received from Tirona, FCI and other private and corporate financial investors and partial repayment of the loan from Trasta Komercbanka AS.

The table below sets forth the loans and borrowings by lender as of 31 March 2013, 31 December 2012 and 31 December 2011.

	As of 31 March	As of 31 December	
	2013	2012	2011
	(in millions of EUR)		
	(unaudited)	*(audited)*	
Long term			
Tirona Ltd	39.7	25.1	—
Fatcat Investment Ltd	25.5	25.8	—
Trasta Komercbanka AS	3.6	4.5	16.7
Other	13.2	0.9	0.2
Short term			
Tirona Ltd	8.1	4.5	—
Fatcat Investment Ltd	4.9	4.3	—
Trasta Komercbanka AS	3.6	1.4	2.1
Other	2.8	0.2	0.4
Total	**101.5**	**66.6**	**19.3**

Key performance indicators

The table below summarises 4finance Group's key performing indicators by the key countries of operation for the periods indicated.

	Three Months ended 31 March	Year ended 31 December	
	2013	2012	2011
	(unaudited)	*(audited)*	
Latvia			
Number of loan transactions *(in thousands)*	276	970	337
Average loan disbursement size *(in EUR)*	137	129	162
Total value of loan disbursements *(in millions of EUR)*	37.8	124.9	54.5
Lithuania			
Number of loan transactions *(in thousands)*	158	535	169
Average loan disbursement size *(in EUR)*	122	119	154
Total value of loan disbursements *(in millions of EUR)*	19.2	63.5	26.1
Finland			
Number of loan transactions *(in thousands)*	78	258	98
Average loan disbursement size *(in EUR)*	226	229	242
Total value of loan disbursements *(in millions of EUR)*	17.6	59.2	23.7
Sweden			
Number of loan transactions *(in thousands)*	53	136	44
Average loan disbursement size *(in EUR)*	336	337	320
Total value of loan disbursements *(in millions of EUR)*	17.8	45.8	14.1
Poland			
Number of loan transactions *(in thousands)*	100	60	—
Average loan disbursement size *(in EUR)*	157	143	—
Total value of loan disbursements *(in millions of EUR)*	15.7	8.6	—

In the three months ended 31 March 2013 and in the year ended 31 December 2012, the number of 4finance Group's loan transactions increased significantly in all the key countries of operation. Latvia, Lithuania, Finland and Sweden demonstrated an increase in the number of loan transactions of 61, 41, 95 and 152 *per cent.* in the three months ended 31 March 2013, respectively, and 188, 217, 163 and 209 *per cent.* in the year ended 31 December 2012, respectively. The increase in the number of loan transactions resulted in an increase of the total value of loan disbursements. Average loan disbursement size in Latvia and Lithuania increased in the three months ended 31 March 2013 by 5 *per cent.* and 4 *per cent.*, respectively, while in Finland it decreased by 8 *per cent.* in the three months ended 31 March 2013, and decreased by 20, 23 and 5 *per cent.* in the year ended 31 December 2012, respectively. The decrease in average loan disbursements sizes is mainly explained by the fact that customers in these countries tend to re-borrow amounts within the approved loan limits.

EBITDA AND NET ASSETS OF GUARANTORS AND NON-GUARANTOR SUBSIDIARIES OF THE ISSUER

The table below sets forth EBITDA and net assets of each of: (i) the Issuer, (ii) the Guarantors as a group and (iii) the non-guarantor subsidiaries of the Issuer as a group as of and for the year ended 31 December 2012 calculated on an aggregated basis without adjustments to intra-group eliminations. The figures in the table and text below are unaudited:

	As of and for the year ended 31 December 2012			
	EBITDA	***Per cent.* of 4finance Group**	**Net assets**	***Per cent.* of 4finance Group**
	(in millions of EUR)		*(in millions of EUR)*	
Issuer	22.2	60	28.5	67
Guarantors	18.4	49	26.0	61
Non-guarantor subsidiaries	(1.9)	(5)	1.3	3
Intra-group eliminations	(1.4)	(4)	(13.2)	(31)
Total 4finance Group	**37.3**	**100**	**42.6**	**100**

The only Guarantor which represented more than 20 *per cent.* of 4finance Group's EBITDA is 4finance UAB, which accounted for EUR 10.5 million, or 28 *per cent.* of 4finance Group's EBITDA and EUR 14.4 million, or 34 *per cent.* of 4finance Group's net assets in 2012. There are no risks specific to, or encumbrances on the assets of, 4finance UAB that could have a material adverse effect on its ability to meet its obligations under the Guarantee.

For information on risks relating to the Guarantors, see "Risk Factors — Risk Factors Relating to the Notes and the Trading Market — Enforcing your rights as a holder of the Notes or under the Guarantees across multiple jurisdictions may be difficult" and "Risk Factors — Risk Factors Relating to the Notes and the Trading Market — The Guarantees may be significantly limited by applicable laws or subject to certain limitations or defences".

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices may affect 4finance Group's income or the value of its portfolio.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on such risk.

Interest rate risk

Interest rate risk is the risk that movements in interest rates may affect 4finance Group's income or the value of its portfolio of financial assets. 4finance Group's management believes that interest rate risk is not material since all loans are issued and payable at fixed rates and most of 4finance Group's borrowings are long-term in nature and at fixed rates of interest.

Interest rate risk on loans to customers arising from short-term repricing is not considered a material part of interest rate risk since only a small portion of the assets in 4finance Group's portfolio is linked to variable market rates.

Currency risk

4finance Group has assets and liabilities denominated in several foreign currencies, and is thus subject to the impact of shifts in currency valuations.

An analysis of sensitivity of 4finance Group's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as of 31 December 2012 and 31 December 2011 and a simplified scenario of a 5 *per cent*. change in LVL, LTL, SEK, DKK or PLN to EUR exchange rates is as follows:

	31 December 2012		31 December 2011	
	Net income	Equity	Net income	Equity
	(in millions of EUR) *(audited)*			
5 *per cent*. appreciation of LVL against EUR	1.4	1.4	0.6	0.6
5 *per cent*. depreciation of LVL against EUR	(1.4)	(1.4)	(0.6)	(0.6)
5 *per cent*. appreciation of LTL against EUR	0.6	0.6	0.5	0.5
5 *per cent*. depreciation of LTL against EUR	(0.6)	(0.6)	(0.5)	(0.5)
5 *per cent*. appreciation of SEK against EUR	0.5	0.5	0.2	0.2
5 *per cent*. depreciation of SEK against EUR	(0.5)	(0.5)	(0.2)	(0.2)
5 *per cent*. appreciation of DKK against EUR	0.2	0.2	—	—
5 *per cent*. depreciation of DKK against EUR	(0.2)	(0.2)	—	—
5 *per cent*. appreciation of PLN against EUR	0.06	0.06	—	—
5 *per cent*. depreciation of PLN against EUR	(0.06)	(0.06)	—	—

The above currency risk analysis illustrates the effect of an isolated appreciation or depreciation of each significant operating currency. The above analysis does not include any assumptions about correlation between these currencies. See also "Risk Factors — Risk Factors Relating to 4finance Group's Business — 4finance Group's operations in various countries subject 4finance Group to foreign exchange risk".

Price risk

Price risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when 4finance Group takes a long or short position in a financial instrument. 4finance Group is not exposed to price risk as 4finance Group does not hold financial instruments dependent on changes in market prices.

OFF-BALANCE SHEET ARRANGEMENTS

The 4finance Group currently employs no off-balance sheet arrangements.

DISCUSSION OF CRITICAL ACCOUNTING POLICIES

4finance Group's financial condition and results of operations presented in its Financial Statements and notes to its Financial Statements, selected statistical and other information appearing elsewhere in these Listing Particulars are, to a large degree, dependent upon 4finance Group's accounting policies which in some cases involve a significant amount of management discretion. 4finance Group's significant accounting policies are described in Note 3 to the 2012 Financial Statements on pages F-28 to F-35 of these Listing Particulars. 4finance Group has identified the following accounting policies that it believes are the most important in understanding the results of operations and financial condition of 4finance Group.

Basis of Consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by 4finance Group. Control exists when 4finance Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. 4finance Group is considered to have control of an entity if it owns more than 50 percent of the ownership interest in an entity. The financial statements of subsidiaries are included in the Financial Statements from the date that control effectively commences until the date that control effectively ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise call deposits in banks that are subject to insignificant risk of changes in their fair value and are used by 4finance Group in the management of its short term commitments.

Financial Instruments

Recognition

Financial assets and liabilities are recognised in the statement of financial position when 4finance Group becomes a party to the contractual provisions of the instrument.

Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- held-to-maturity instruments that are measured at amortised cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

The key financial instruments of 4finance Group are cash, trade receivables and loans to customers and financial liabilities such as loans and borrowings, trade payables, deposits from customers and other creditors arising from business activities.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

For the purposes of the Financial Statements trade receivables and loans to customers are accounted for at amortised cost using the effective interest method. An impairment loss allowance for credit losses is established.

Impairment

Financial assets

At each reporting date 4finance Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

In assessing collective impairment 4finance Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the judgment of 4finance Group's management as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific impairment testing is not undertaken since the loan portfolio consists of a large number of small exposure loans that would make individual impairment testing impracticable.

Total allowances for impairment are assessed collectively, covering credit losses inherent in the loan portfolios and advances with similar credit risk characteristics. Collectively assessed impairment allowances also cover credit losses for the portfolio of defaulted loans. In assessing the need for collective loss allowances, 4finance Group's management considers factors such as probability of default, loss given default, portfolio size, delay concentration and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modeled and to determine the required input parameters, based on historical experience and current economic conditions. To assess collective impairment allowances, the loan portfolio is grouped based on delay days. The significant assumptions used in determining collective impairment losses for the loan portfolio include: (i) 4finance Group's management's assumption that 4finance Group collects cash from defaulted loans 21 months subsequent to their default, and (ii) 4finance Group's management's calculation of probability of default ratios that is based on historic loan portfolio information.

Impairment losses on the portfolio of assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated discounted future cash flows. Impairment losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on impaired assets is recognised indirectly through change in net impairment allowance raised when repayments take place. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of comprehensive income.

In addition, any changes in debt collection laws or principles could affect cash inflows from non-performing loans as well as any changes in loan underwriting criteria or mistakes in outside databases or scorecards could lead to increased probabilities and defaults that could significantly impact the impairment of assets.

Non-financial assets

The carrying amounts of 4finance Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Income and expense recognition

All significant income and expense categories including interest income and expenses are recognised in the statement of comprehensive income on an accrual basis.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, 4finance Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Revenue is not recognised when there is doubt whether the cost of services will be covered.

Fines received

Income from fines is recognised as received.

BUSINESS

OVERVIEW

4finance Group believes it is one of the largest online lending groups in Europe (including certain former Soviet Union member states) in terms of loan portfolio size and advancing Single Payment Loans and Instalment Loans to individuals. In addition, 4finance Group operates offline points of sale in Latvia and Lithuania and intends to offer offline sales in Poland and Russia. 4finance Group also offers services for small and medium online deposit-taking in Sweden.

4finance Group believes its key advantages in the Single Payment Loans and Instalment Loans markets are: the convenience of its end-user services, its ability to advance loans shortly after a customer's successful application and its transparent interest rates and other fees. 4finance Group also uses proprietary scoring and decision making systems to score prospective customers and proprietary automated online lending systems to offer convenient lending services.

4finance Group currently operates in Latvia, Lithuania, Finland, Sweden, Poland, Denmark, the United Kingdom, Spain, Russia, Canada, the Czech Republic and Georgia through local entities. In the United States 4finance Group provides certain management services to the United States company North Star Finance, LLC that advances Single Payment Loans on the United States market. The broad geographical reach of 4finance Group's operations enables it to effectively manage the risk of negative regulatory changes in a single country of operation of 4finance Group.

4finance Group's revenues are principally derived from operations in Latvia, Lithuania, Finland, Sweden and Poland which accounted for approximately 90 *per cent.* and approximately 94 *per cent.* of 4finance Group's loan portfolio as of 31 March 2013 and 31 December 2012, respectively.

As of 31 March 2013, 4finance Group's net loan portfolio amounted to EUR 141.6 million compared to EUR 110.2 million and EUR 36.5 million as of 31 December 2012 and 2011, respectively. In the three months ended 31 March 2013, 4finance Group generated profit (after impairment losses on loans and receivables and general administrative expenses) of EUR 8.8 million and net profit of EUR 6.9 million. In 2012 and 2011, 4finance Group generated profit (after impairment losses on loans and receivables and general administrative expenses) of EUR 31.7 million and EUR 15.0 million, respectively, and net profit of EUR 25.5 million and EUR 12.8 million, respectively. The capital to assets ratio was 30 *per cent.* and 35 *per cent.* as of 31 March 2013 and 31 December 2012, respectively.

COMPETITIVE STRENGTHS

4finance Group's management believes that the principal competitive factors in the consumer loan industry consist of: the ability to provide sufficient loans in denominations that meet consumer needs; access to funding; speed of funding customers; customer privacy; ease of access; transparency of fees and interest; and customer service. 4finance Group offers Single Payment Loans and Instalment Loans in amounts that it believes provides optimal choice to the customers. Flexible scoring models adjusted to each country of operation's specific parameters, coupled with convenient borrowing application processes and transparent interest and commission rates automatically calculated on 4finance Group's website and supported by high-end online platforms, allow 4finance Group to offer its products to a wide range of customers. In addition, 4finance Group benefits from access to shareholder financing as well as financing by credit institutions.

Strong financial position

4finance Group enjoys a strong financial position that is supported by a flexible business model and disciplined growth strategy. 4finance Group is well capitalised with a capital to assets ratio of 30 *per cent.* as of 31 March 2013. 4finance Group generates the majority of its revenue by making a large volume of small denomination short-term loans to individual customers. As a result, 4finance Group's Single Payment Loan capital cycle ranges from 9 to 14 months which enables 4finance Group to generate revenue and quickly reinvest it into new Single Payment Loans to customers. Further, because of the small denomination and short-term nature of each transaction, 4finance Group recovers more than 120 *per cent.* of surplus ratio (*i.e.* total inflows from Single Payment Loans issued in a single month compared to actual amount of Single Payment Loans advanced in that month by 4finance Group) in each of Latvia, Lithuania, Finland and Sweden. 4finance Group's revenue base is well diversified geographically, extending from Russia to Canada, and continues to grow organically and at a measured pace.

High quality and convenient customer service

4finance Group offers its customers high quality and convenient online services that ensure customer privacy, easy online access to funding, and transparent fee and interest structures for the loans. In addition, 4finance Group has internally developed customer call centre facilities that continually deliver increasingly convenient remote customer support, in particular, by way of local language operators in 13 countries.

Custom made IT systems

4finance Group believes that its flexible custom-made proprietary IT systems offer a competitive advantage as it continues to expand its business into new countries. 4finance Group is confident in its ability to stay ahead of its competitors in terms of innovation of its services and product offerings, expansion capabilities, ease of use and customer convenience and anticipation of and compliance with regulatory changes. 4finance Group continually tests its IT systems for reliability and performance and has the capacity to develop and improve them internally.

High brand name recognition

4finance Group has invested substantial resources with the aim of developing its brand name recognition with customers in the countries in which it operates. With this aim in mind, 4finance Group continues to conduct extensive advertising campaigns and additionally provide support to both social start-up projects and charity programmes. These initiatives bolster the high visibility that 4finance Group enjoys as a result of being one of the first providers of Single Payment Loans in a number of countries in which it operates. 4finance Group believes that these factors provide it with high brand name recognition which allows it to maintain a large and loyal customer base.

Efficient debt collection

4finance Group has developed policies and procedures for internal debt collection with proven cost and recovery efficiencies that have resulted in a recovery rate of between 93 *per cent.* to 95 *per cent.* of all issued loans during the term of approximately two years in Latvia, Lithuania, Finland and Sweden. 4finance Group has built up substantial know-how regarding debt collection strategies, including in particular, expertise in intensive customer communication and customer repayment restructuring planning. In certain countries, 4finance Group outsources some of its debt collection activities which allows 4finance Group to test and compare internal debt collection efficiency against external debt collection.

STRATEGY

Maintain existing market leadership

4finance Group believes that it has achieved its initial goal of becoming the leader in the Single Payment Loans market in Northern Europe and Scandinavia as measured by total loan portfolio size. In 2012 Finstar Financial Group joined 4finance Group as strategic investor and majority shareholder, boosting 4finance Group's ability to pursue its current goals of remaining the leader in its original markets and of becoming the largest worldwide Single Payment Loans and Instalment Loans online lending company within three to five years.

Expand international presence

4finance Group constantly monitors new countries for opportunities to expand its business presence in the markets of Single Payment Loans, Instalment Loans and deposit-taking services over the internet. 4finance Group aims to invest in countries which it believes have an attractive customer base.

Further improve operating efficiencies

4finance Group aims to further adjust and improve its underwriting and debt collection processes in recently launched markets, such as Poland, the United Kingdom, Spain and Russia in the near future. In established markets, 4finance Group will continue testing and fine tuning its established business processes to eliminate any inefficiencies in its operations. 4finance Group is also considering increasing existing communication with local industry regulators to develop and improve its market position from both reputational and quality of services perspectives.

Intensify marketing and advertising

4finance Group aims to invest substantial resources in marketing on recently launched markets to gain high brand name recognition and increase its market share. 4finance Group has developed important relationships with its key advertising partners, such as Google, Inc., and uses diverse marketing channels, such as the internet, billboards and television commercials. 4finance Group also aims to maintain and develop its charity programmes, such as its donation programmes in Latvia.

New product and channel expansion

4finance Group plans to continue introducing convenient online services and clear and competitive lending products to customers to stay ahead of its competitors. Doing so will help 4finance Group to achieve its goal of being the leader in each country of operation, with the broadest customer base, the largest loan portfolio and the highest net income.

HISTORY

4finance Group was founded by Mr. Alberts Pole, Mr. Maris Keiss, Mr. Kristaps Ozols and Mr. Aigars Kesenfelds in February 2008 and commenced operations offering Single Payment Loans to customers in Latvia in July 2008 and Instalment Loans in August 2009.

4finance Group's initial objective was to provide flexible and convenient consumer financial services to customers in four countries, namely: Sweden, Finland, Lithuania and Latvia, and more broadly to become the leader in North European and Scandinavian markets for online Single Payment Loans. The services originally provided focused on Single Payment Loans through e-commerce, such as using 4finance Group's internet platform, phone calls or phone text messages. 4finance Group later introduced Instalment Loans in Sweden, Finland, Lithuania and Latvia as well as online deposit-taking in Sweden.

In September 2010, the Issuer began a reorganisation process on accession of four Latvian companies: SIA Vivus.lv, SIA SMSCredit.lv, SIA SMSCredit Group and SIA Vivus Group to the Issuer. This process was completed in August 2011.

The table below lists by date the operating entities of 4finance Group and their foundation or acquisition dates.

Country	Entity	Foundation / Acquisition Date	Market / Activity
Latvia	the Issuer	February 2008	Single Payment Loans and Instalment Loans
Lithuania	4finance UAB	September 2008	Single Payment Loans and Instalment Loans
Finland[1]	4finance Oy	April 2009	Single Payment Loans and Instalment Loans
Sweden	4finance AB	October 2009	Single Payment Loans and Instalment Loans
Denmark	4finance ApS	October 2009	Single Payment Loans
Sweden	4spar AB	August 2011	Online deposit-taking
United Kingdom	4finance Ltd	February 2012	Single Payment Loans
Poland	Vivus Finance Sp.z.o.o.	April 2012	Single Payment Loans
Canada	AS 4finance Ltd	April 2012	Single Payment Loans
Spain	Vivus Finance SL	June 2012	Single Payment Loans
Canada	Vivus Servicing Ltd.	September 2012	Management services to the United States company offering Single Payment Loans
Russia	Gefest-MSK LLC	January 2013	Single Payment Loans
Georgia	4finance LLC	January 2013	Single Payment Loans
Russia	4finance ZAO	March 2013	Single Payment Loans
Czech Republic	Zaplo Finance s.r.o.	January 2013	Single Payment Loans

[1] Our Instalment Loans operations in Finland are voluntarily suspended. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Recent Developments".

4finance Group does not offer loans in the United States but instead provides management and administration of Single Payment Loans services to North Star Finance, LLC, a company wholly owned by GVA Holdings LLC, a subdivision of the Fort Belknap Native American Indian community of Montana, in the United States through its Canada based company, Vivus Servicing Ltd.

During the second half of 2012 to the beginning of 2013, 4finance Group set up wholly owned subsidiaries in Estonia (4finance OU) and Bulgaria (4finance EOOD) with the aim of entering into the Single Payment Loan market in these countries. It also intends to commence operations in Slovakia by the end of 2013.

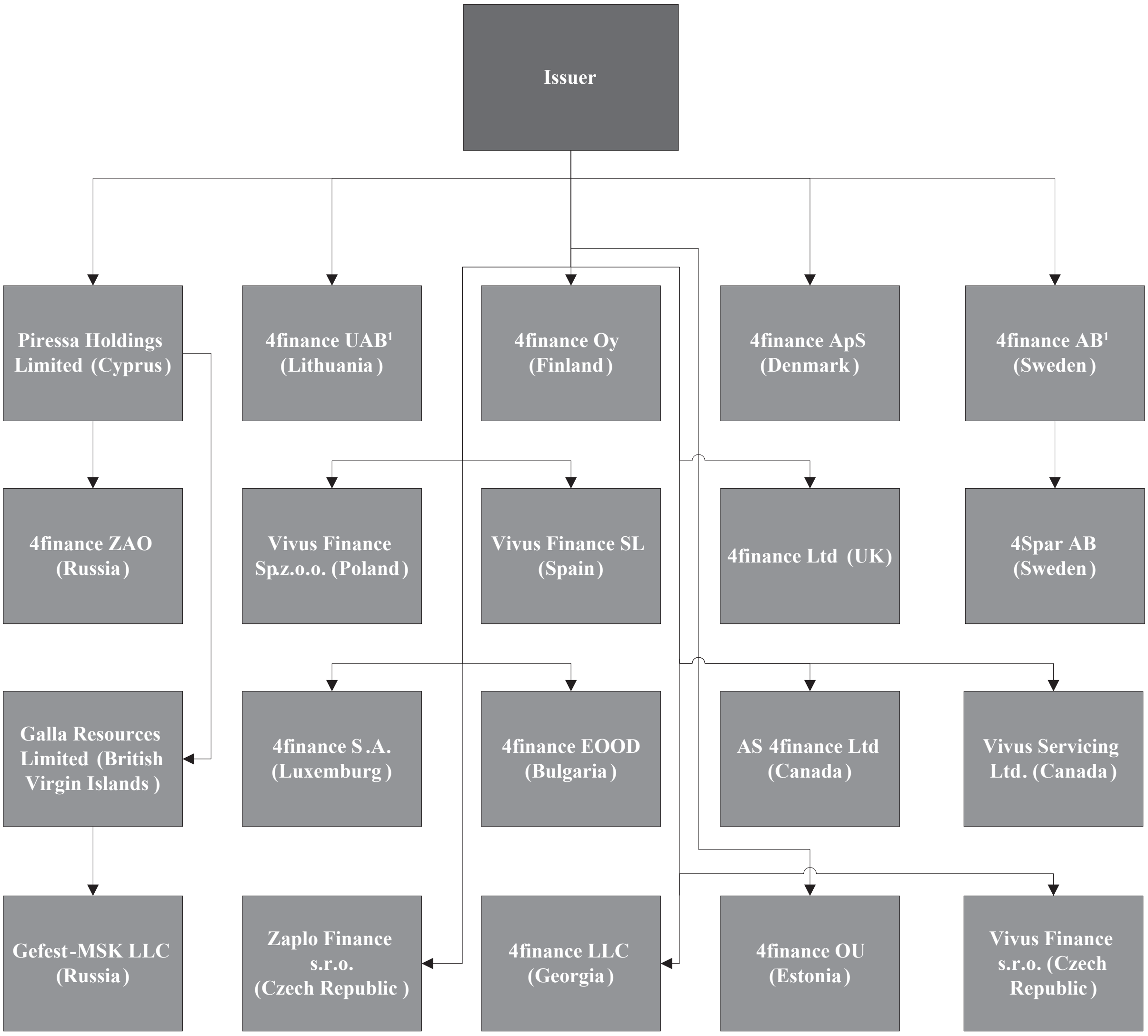
4finance Group plans to undertake a group restructuring migrating the holding level to a Luxembourg entity that will be controlled 75 *per cent*. by Finstar Financial Group and 25 *per cent*. by FCI. The Luxembourg based holding company will be a 100 *per cent*. direct and indirect shareholder of all operating entities of 4finance Group, except for 4finance UAB and 4finance AB of which 3 *per cent*. are owned by their respective managers. 4finance Group expects completion of the restructuring to occur during 2013.

4FINANCE GROUP'S ORGANISATIONAL STRUCTURE

The Issuer is a joint stock company incorporated under registration number 40003991692 in Latvia on 11 February 2008. Its original name was AS OC finanses which changed to AS Online Finance Group in August 2008, and then to AS 4finance, which is its current name, in September 2011. A stake of 75 *per cent*. in the Issuer is owned by Tirona which is part of Finstar Financial Group, the remaining 25 *per cent*. is owned by FCI - see "Principal Shareholders". 4finance Group's structure consists of various operating entities with the Issuer as the holding company. Except for the Issuer itself and for 4finance UAB and 4finance AB in each of which the Issuer holds 97 *per cent*. of the total shareholding, all of the operating entities of 4finance Group are wholly owned subsidiaries of the Issuer. For more details on 4finance Group's operating subsidiaries see also "— Principal Operating Entities".

4finance Group's decision process is vested in the council and the management board. The council is responsible for the overall direction, supervision and management of 4finance Group, review and analysis of group performance data, global risks and decisions on matters of strategic importance to 4finance Group. The management board gathers information from each of 4finance Group's country based managing directors and reports consolidated data to the council on a monthly basis. The country based managing directors report to the management board on a monthly basis on country performance data which includes: income statements, balance sheets, cash flow statements, local loan performance and portfolio analyses, bad debt and cost (including direct and indirect marketing) analyses, functional and supplier analyses and forecasts.

The chart below sets forth the organisational structure of 4finance Group as of the date of these Listing Particulars.



[1] In each of 4finance UAB and 4finance AB 3 *per cent.* of shareholding are owned by the respective managing director.

PRINCIPAL ACTIVITIES

4finance Group's principal operating activity is the advance of Single Payment Loans and Instalment Loans predominantly via 4finance Group's internet platform. The table below sets forth, by first website launch date in each given country, the websites operated by 4finance Group as of the date of these Listing Particulars:

Country	Website	Launch or Acquisition Date
Latvia	www.smscredit.lv	July 2008
	www.vivus.lv	August 2009
Lithuania	www.smscredit.lt	November 2008
	www.vivus.lt	August 2011
Finland	www.vivus.fi	May 2009
	www.onnen.fi	August 2012
Sweden	www.vivus.se	August 2010
	www.4spar.se	April 2012
	www.onea.se	October 2012
Denmark	www.vivus.dk	April 2012
Poland	www.vivus.pl	July 2012
Canada	www.zaplo.ca	December 2012
Spain	www.vivus.es	December 2012
	www.smsfinance.ru	January 2013
Russia	www.vivus.ru	March 2013
United Kingdom	www.vivus.co.uk	January 2013
Georgia	www.vivus.ge	February 2013
Czech Republic	www.zaplo.cz	May 2013

Retail service locations exist in Latvia and Lithuania. Offline sales channels are intended to be offered in Poland and Russia. Additionally, in Sweden, 4finance Group engages in small and medium deposit-taking activity for the term of up to three years.

4finance Group has registered its trademarks "vivus", "vivus.lv", "vivus.eu", "smscredit.eu", smscredit.lv", "*smscredit.lv nauda īstajā brīdī*", "*smscredit.lv nauda īsziņas attālumā*", "4finance", "*vivus.lt Patogi paskola*", "*vivus.dk Penge til tiden*", "*VIVUS.FI rahaa oikealla hetkellä*", and "*ONNEN.FI rahaa oikealla hetkellä*" with local patent bureaus. 4finance Group has registered all of its domain names except for domains www.vivus.ru and www.vivus.ca, which are currently being registered. 4finance Group also has intellectual property rights to IT software including: "COLA" which is software developed by 4finance Group for customer support and "DECO" which is software developed by 4finance Group for debt collection. In addition, 4finance Group has rights to use certain third party software.

4finance Group's Single Payment Loans, Instalment loans and deposit-taking services are managed by 4finance Group's local business administration in each country, which is supported by specific country adjusted scoring and decision-making systems and debt collection procedures. Such country adjustments are made to optimise operations according to country specifics, to comply with local regulation, including use and transmission of customers' personal data and to remain competitive in the local industry environment by adjusting borrowing processes. This country differentiation provides for the application of adjusted country criteria in scoring of prospective local customers and increases local debt collection rates.

Risk management

4finance Group's risk management policy considers four main risk types: (i) credit risk, *i.e.* the risk of financial losses due to failure on the part of 4finance Group's customers to repay the loans in a timely manner, including country and product concentration risks and banking credit risks; (ii) operational risk, *i.e.* the risk of losses due to deficiencies in processes and 4finance Group's information systems, including legal, compliance, and personnel risks; (iii) market risk, *i.e.* the risk of losses due to open positions in foreign exchange or interest rate markets, including liquidity risk; and (iv) business, strategic and reputational risks, *i.e.* the risks of profit fluctuations due to changes in external factors such as market environment or loss of income due to reputational problems in connection with 4finance Group.

Risk management is performed by a group level risk department that includes: risk assessment, market risk, IT security, operation risk and compliance units. The group level risk department is managed by 4finance Group's head of risk who reports to the chairman of the management board. In Poland and Canada local risk departments exist to expand monitoring capacity, and 4finance Group plans to introduce local risk departments in certain other countries of its operation as well as to strengthen its centralised monitoring in the future. Local risk departments are responsible for local fraud monitoring, monitoring of underwriting efficiency and for recommending changes in underwriting processes. The local risk departments report to local managing directors, who report to group level finance planning and control department or group level risk department depending on the matter in question.

Generally, all individual managers, including the members of the management board, the heads of functional groups, country managing directors and the heads of structural units are responsible for risk knowledge and risk management within their area of responsibility.

The main functions of the group level risk department are: the review and analysis of credit, operational, market, business, strategic and reputational risks; statistical analysis and preparing scorecards; development of internal risk management models; calculation of probabilities of default and loss given default numbers on group level and monitoring and improving credit scoring and decision-making systems at the group level. 4finance Group aims to implement even more advanced models for risk management in the future. This may include implementation of scenario analysis and stress-testing models, which reflect probable loss in case of rare adverse events, and introduction of an "economic capital concept", that in turn includes both expected loss and unexpected loss approaches.

Audit and internal financial reporting

4finance Group's internal audit department reports directly to the council and regularly performs an independent assessment of 4finance Group's processes, which is designed to ensure that all key aspects of risk management are of high quality.

The country managing directors report local financial data to the group level finance department. The group level finance planning and control department's authority includes: accounting and treasury functions; reporting to the management board; finance planning and control; and analysis of 4finance Group's performance and business. The results of the review and analysis undertaken by the group level finance and risk departments are applied towards 4finance Group's strategic development and adjustment of local lending activities.

Single Payment Loans and Instalment Loans

Description

Single Payment Loans are short-term unsecured loans provided in the amounts of approximately EUR 6 to EUR 2,010 for a term of up to 30 calendar days. Loans are wired to a customer's bank account, usually between one minute to two hours after submission of a successful electronic application. Upon repayment, customers are obliged to pay the principal, applicable interest and the commission fee, unless the loan is extended at the option of the customer in which case the customer pays only an extension fee. In certain countries 4finance Group offers first-time customers of Single Payment Loans a 30-day interest free period, whereby the customer may repay a loan with no interest or fee at the end of the first 30-day period. The table below describes key terms of Single Payment Loans in 4finance Group's countries of operation, ordered in accordance with launch date:

Country	Launch / Acquisition Date	Product Name	Approx. Minimum Amount *(EUR)*	Approx. Maximum Amount *(EUR)*	Term *(days)*	Application
Latvia	July 2008	SMSCREDIT	7	570	1-30	Internet, phone text message, phone, offline transfer (loan offered online at post offices), smartphone application
Lithuania	November 2008	SMSCREDIT	29	570	14-30	Internet, phone text message, phone, offline transfer (loan offered offline in kiosks), smartphone application
Finland	May 2009	VIVUS	10	2,010	1-30	Internet, phone, smartphone application
Sweden	August 2010	VIVUS	6	1,395	1-30	Internet, phone
Denmark	April 2012	VIVUS	13	665	1-30	Internet
Poland	July 2012	VIVUS	23	580	1-30	Internet, phone
Canada	December 2012	ZAPLO	71	1,070	1-30	Internet
Spain	December 2012	VIVUS	50	600	7-30	Internet
Russia	January and March 2013 2012	VIVUS and SMSFINANCE	12	350	1-30	Internet, phone
United Kingdom	January 2013	VIVUS	55	780	7-30	Internet
Georgia	February 2013	VIVUS	23	90	1-30	Internet
Czech Republic	May 2013	ZAPLO	20	480	1-30	Internet

In all countries of operation, 4finance Group offers Single Payment Loans via its internet platform and in certain countries, also by phone, phone text message, smartphone application or through offline points of sale as in Latvia and Lithuania. 4finance Group also intends to start offering its Single Payment Loans through offline points of sale in Poland and Russia.

Generally, the approximate maximum Single Payment Loan amount offered by 4finance Group does not exceed EUR 700, however, in certain countries such as Finland, Sweden, United Kingdom and Canada the maximum amount is higher. In Georgia the maximum Single Payment Loan amount offered does not exceed EUR 100, though this amount may be increased in the future.

4finance Group believes the broad geography of its services, coupled with the convenience of its lending process to customers and the simplicity of loan interest rates and other loan-associated fee structures are the main advantages of 4finance Group as a participant in the Single Payment Loans market.

4finance Group's Instalment Loans are longer-term unsecured instalment loans provided in amounts of up to approximately EUR 1,725. Instalment Loans generally require repayment of portions of the outstanding principal balance in multiple instalments. 4finance Group's Instalment Loans also allow customers to re-borrow amounts and increase instalments in increments of their choosing, up to the provided loan limit. The customer may repay the outstanding loan balance in full at any time or make required minimum payments in accordance with the terms of the loan agreement. The table below describes key terms of the Instalment Loans by the country of operation of 4finance Group ordered in accordance with launch date:

Country	Launch Date	Product Name	Approx. Minimum Amount (*EUR*)	Approx. Maximum Amount (*EUR*)	Term (*months*)	Application
Latvia	August 2009	VIVUS	70	1,430	1-24	Internet
Lithuania	August 2011	VIVUS	70	1,430	1-24	Internet, offline transfer
Finland[1]	August 2012	ONNEN	300	1,500	1-4	Internet
Sweden	October 2012	ONEA	580	1,745	1-3	Internet

The minimum amount of an Instalment Loan in Lithuania and Latvia is approximately EUR 70 and in Finland and Sweden the minimum amount in each case is equal to several hundred Euro. The terms of Instalment Loans offered by 4finance Group to Latvian and Lithuanian customers may extend to two years and as such are considerably longer than the terms of the Instalment Loans offered in Sweden (which do not exceed three months) and that were issued in Finland (which do not exceed 4 months) in both cases for regulatory reasons.

In Lithuania, prospective customers may apply for Instalment Loans either via 4finance Group's internet platform or at an offline point of sale, while in the other three countries where 4finance Group offers Instalment Loans, customers are required to apply via 4finance Group's internet platform.

As of June 2013, 4finance Group has temporarily suspended its Instalment Loans business in Finland to allow its resources to be focussed on its Finnish Single Payment Loans business during a recent period of regulatory change. 4finance Group may reintroduce offering its Instalment Loans product in Finland, adjusted to comply with new regulatory requirements, in the near future and to operate it simultaneously with its Single Payment Loans business.

Product names

In Latvia and Lithuania, Single Payment Loans are known under the product name "SMSCREDIT" and Instalment Loans are known as "VIVUS". Single Payment Loans in Finland, Sweden and Denmark are provided under the product name "VIVUS" and Instalment Loans are known as "ONNEN" in Finland and as "ONEA" in Sweden.

In Poland, the United Kingdom, Spain and Russia, Single Payment Loans are provided under the product name "VIVUS" and additionally under the name "SMSFINANCE" in Russia. In Canada and in the Czech Republic, Single Payment Loans are provided under the product name "ZAPLO". In Georgia, Single Payment Loans are provided under the product name "VIVUS".

Operating entities and countries of operation

4finance Group offers Single Payment Loans to customers in all its countries of operation, and Instalment Loans only to customers in Latvia, Lithuania, Finland[1] and Sweden. 4finance Group is investigating the possibility of entering the Instalment Loans market in new countries in the future.

In the United States, through its Canada based entity Vivus Servicing Ltd., 4finance Group provides management and administration services to North Star Finance, LLC, a company wholly owned by GVA Holdings LLC, a subdivision of the Fort Belknap Native American Indian community of Montana, in the United States. North Star Finance, LLC provides Single Payment Loans to customers in the United States. 4finance Group does not provide loans in the United States and all loans offered by North Star Finance, LLC are funded by the Native American Indian community. 4finance Group engages in leads purchasing on the basis of agreements with lead providers, undertakes underwriting and credit scoring functions as well as general lending management process and debt collection in return for a management fee payable by North Star Finance, LLC in accordance with the

1 Our Instalment Loans operations in Finland are voluntarily suspended. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Recent Developments".

terms of a management and administration service agreement. As Vivus Servicing Ltd. is a servicing company only and provides services to a company operating under tribal law in the United States, it is not required to carry a licence for the provision of short-term loans or other lending licences in the United States.

In Latvia and Lithuania, 4finance Group offers its products through the Issuer and 4finance UAB respectively. 4finance Group acts through 4finance Oy in Finland, 4finance AB in Sweden, Vivus Finance Sp.z.o.o. in Poland, 4finance ApS in Denmark, 4finance Ltd in the United Kingdom, Vivus Finance SL in Spain, 4finance ZAO and Gefest-MSK LLC in Russia, Vivus Finance Ltd in Canada, Zaplo Finance s.r.o. in the Czech Republic and through 4finance LLC in Georgia.

Business process overview

All steps in the Single Payment Loan and Instalment Loan underwriting process which include: (i) customer registration, (ii) application for a loan, (iii) customer identification, (iv) scoring, and (v) payment, are mostly performed automatically by IT systems developed internally by 4finance Group. The processes requiring manual input are automated to the greatest extent possible and include receipt of the customers' applications at the points of sale and manual customer identification.

4finance Group's prospective customers may apply for Single Payment Loans via 4finance Group's internet platform, and also in certain of 4finance Group's countries of operation, by phone, via phone text messaging or smartphone applications. Application via phone text messaging is available to the registered (returning) customers of 4finance Group, while smartphone applications allow prospective customers to access mobile version of 4finance Group's website remotely. Additionally, in Latvia and Lithuania, customers may also apply in post offices (Latvia) and through kiosks (Lithuania). The turnover from such offline sales did not exceed 4 *per cent.* of 4finance Group's annual turnover in 2012. 4finance Group intends to enable offline sales channels in new markets, particularly in Poland and Russia to expand its customer base with customers who do not have access to or use internet services.

Customer registration and identification

When a customer enters 4finance Group's website, they are required to either log-in using their existing website account (in the case of a returning customer) or to create a website account by filling out a registration form and providing key identification information (which may include: information regarding identification document details, residential address, place of work and contact details, etc.).

Upon completion of registration, the customer is identified either by nominal payment such as withdrawal of at least 0.01 in local currency from the customer's bank account or by electronic identification, where the customer is requested to log-in to their existing internet third-party bank account and the third-party bank provides confirmation to 4finance Group on the identity of the customer that 4finance Group can check against registration information provided by such customer.

The identification process may also include checking the customer's identity with available databases, depending on the country. In some countries, such as Finland, Sweden and Denmark, 4finance Group uses electronic signatures or similar methods to identify prospective customers. 4finance Group uses the most efficient methods of customer identification which vary from country to country and commonly depend on local regulations and available sources of information about the customer. In Spain, for example, 4finance Group performs customer identification by requesting a scanned copy of the prospective customer's identification document and checking it against databases available to 4finance Group.

Transfer and anti-money laundering compliance

Often, the customer's internet bank participates in the lender-borrower clearing for the purposes of either advance of the loan amount to the customer's bank account or repayment of loan amounts from the customer's bank account to 4finance Group. The relationship between 4finance Group and the clearing banks is commonly governed contractually by an agreement between 4finance Group and the clearing bank and the clearing process is usually performed automatically by way of batch payments.

4finance Group advances loans only by bank transfer to customers (and in the case of Lithuania and Latvia through distribution partners) and its individual products do not exceed EUR 2,010 – 4finance Group's operating entities are often not considered to be financial institutions which means that anti-money laundering rules do not apply to 4finance Group in many of its countries of operation. However, in Lithuania, Sweden and the United Kingdom, anti-money laundering rules have partial application to 4finance Group, which as a result has introduced additional internal policies and procedures regarding identification, reporting and internal training in relation to anti-money laundering in these countries, with country managing directors being responsible for money laundering prevention and anti-money laundering compliance. In most of 4finance Group's countries of presence, 4finance Group relies on anti-money laundering checks that are performed by the customer's internet banks before opening a bank account for such customer, as 4finance Group believes such checks are stronger given the nature of banking business and vast application of anti-money laundering rules in general banking activity.

Credit scoring and limits

4finance Group principally uses an internally developed credit scoring model in order to score a prospective customer's credit rating. Occasionally, 4finance Group uses credit scoring models developed by third parties together with 4finance Group. Loan credit risk is managed in an automated way by multiple triggers that are analysed prior to any loan being issued, including but not limited to customer credit history checks and revenue levels, including the use of third-party data, that in turn may include, depending on the country, all amounts borrowed by the customer, information on unpaid debts, information regarding the customer's previous requests for loans, declared and actual addresses, marital status, real estate owned by the customer and other data. In order for an application to be successful, the customer is required to satisfy several criteria depending on the country in question which include requirements in respect of: age, credit history and an absence of overdue borrowings in the past. To obtain such information, 4finance Group uses publicly available state real estate registers, credit bureaus, criminal records run by governmental or regulatory bodies, depending on whether such information is publicly available in the country in question.

4finance Group's prospective Instalment Loans customers are scored for materially the same criteria as Single Payment Loans customers of 4finance Group, taking into account the longer term of the borrowing.

As new clients carry significantly more risk, the initial amount of money offered is on average less than 50 *per cent*. of that available to the best-performing repeat customers (this figure is even lower for the youngest and oldest customers and in certain of 4finance Group's countries of operation). Available credit limits are increased based on historical performance (*i.e.,* where the ability and the customer's responsibility to pay is understood). 4finance Group has introduced a grace period to avoid customers "playing the system" and artificially increasing this limit.

Key adverse triggers leading either to a lower credit limit being offered or to the outright rejection of an application include negative entries in credit history and, in some markets, insufficient salary data or data evidencing a low-income customer. Customers aged below 18 years of age or above 80 years of age are generally not eligible for loans, though the lower limit varies from 18 to 23 years of age and the upper limit varies from 60 to 80 years of age depending on the country in question. The scoring models used by 4finance Group are adjusted to each country's requirements, for example to take into account personal data usage restrictions and the availability of personal data, and are also periodically reviewed to follow market and specific client group tendencies.

Loan agreements and advancement

Generally, upon a successful result being generated by the scoring and decision-making system, the customer is directed to 4finance Group's website where a legally binding loan contract is executed online. In some markets, the scoring exercise follows the execution of a loan contract by the customer subject to the condition that the agreement provides for lending to take place only upon a successful scoring result. 4finance Group adjusts some of the terms of loan contracts with the customers to comply with appropriate local regulations; such adjustments may cover interest rates, commission fees, terms of personal information disclosure, contract withdrawal rights of the customers, direct debit rights of 4finance Group and some other terms. In particular, local regulation may have an impact on the availability to customers of an electronic/digital signature mechanism with which to enter into the legally binding loan contract with 4finance Group.

It typically takes from one minute to two hours for a new customer to receive the loan amount in their bank account after first entering the website, depending on the country and the time of the day at which the application is made. In Russia it may take up to three business days to wire the loan amount to the customer. No pledge or warranty is required from the customer. Generally, an e-mail containing the loan agreement and invoice is sent to the customer as soon as the loan amount is transferred to the customer's bank account, but in some countries, the e-mail may follow the actual wire of the loan amount to the customer's bank account. Typically, clearing is carried out by the same bank that performed the customer identification requirement.

Loan maturity, reminders, repayment and roll-overs

The customer repays the principal, the applicable interest and the commission fees on maturity of the loan. The customer reminder process is completely automated by IT systems and supervised by a separate debt collection department of 4finance Group. Phone text messages, e-mail and physical mail (if the physical mail notification option is available in the country and this option was selected by the customer in their user profile) are sent to the customer a few days before the loan due date. If the loan is overdue, multiple phone text message reminders are sent to the customer commencing a few days after the loan due date. A grace period (typically of 7 days) is granted to overdue customers, during which no delay interest is applied to the outstanding amount. Delay interest is calculated on a daily basis and varies from 8 *per cent*. *per annum* to 1 *per cent*. per day depending on local interest rate cap restrictions.

Reminders sent to overdue Single Payment Loan customers during the first 30 days from the overdue date offer an option to extend the loan term for 7, 14 and/or for 30 further days, depending on the country (*i.e.,* an option to roll-over the debt) which (depending on the relevant jurisdiction) may be used several times until a specified date after which the roll-over option can no longer be used. This date depends on the country in question. This roll-over option is not available to Canadian customers due to local regulatory restrictions.

Instalment Loans customers may extend the loan for a further 30 days. This option is available to customers in all countries where Instalment Loans are offered and attracts a pre-specified commission fee.

In addition to the extension option (where available to customers), 4finance Group also offers its overdue customers an individual loan repayment restructuring plan that allows for repayments of loans by monthly repayments, typically over a 12 month period. This facility is available upon application by the customer and in certain countries attracts a commission fee. The plans provide for monthly repayments to be made by the overdue customers taking into consideration the amount of repayment that is affordable for such customer which is usually mutually agreed between 4finance Group and the overdue customer. Following the introduction of a restructuring plan and compliant repayment of the loan and accrued interest and fees, such overdue loans are not reflected in the customer's credit history and generally do not affect the customer's ability to borrow with 4finance Group again in the future. In the event that a customer does not cooperate with 4finance Group after introduction of the restructuring plan or breaches it, regular debt collection procedures are applied towards such customer.

Debt collection and overdue loans

4finance Group benefits from a relatively high recovery rate in its mature markets in Sweden, Finland, Lithuania and Latvia, which varies from 93 *per cent.* to 95 *per cent.* of all issued loans during the term of approximately two years. This depicts 4finance Group's operations as low risk as unrecovered loans are mitigated by the high volume of loans for relatively small amounts duly repaid by customers or recovered by 4finance Group.

4finance Group divides the debt collection process into early debt collection and late debt collection. Early debt collection actions are taken in-house, during the first month after the due date and include sending e-mails, posting letters, and making phone calls, including warnings about the initiation of court proceedings. Late debt collection processes depend on the country, and include the early debt collection actions with the addition of outsourcing debt collection and/or initiating court proceedings. Depending on the country of operation, out-of-court debt collection processes may continue for approximately 90 days or longer after the loan due date where the roll-over option has not been exercised by the overdue customer.

If the out-of-court debt collection process is unsuccessful, depending on the country, 4finance Group either initiates court proceedings, which are generally by way of summary judgments (and which may take different lengths of time to be awarded depending on local regulation) and/or outsources the debt collection to third party debt collection agencies or law firms, and/or makes an entry in the customer's credit history with a negative rating. 4finance Group aims to apply internal debt collection but uses outsourcing regularly to test and compare the quality of internal and external debt collection. Before making decisions about taking actions that will incur costs for 4finance Group (such as court proceedings or bailiff services) 4finance Group evaluates each case and estimates the possible outcome. 4finance Group is in the process of setting up debt surveillance processes at group level.

To initiate court proceedings 4finance Group pays court fees which are to be reimbursed by the overdue customer. Generally, upon a court ruling and depending on the country in question, all communication with the overdue customer is conducted by court officials who take actions to collect the overdue debt from the customer, including directly debiting the customer's income from their bank account or forced sale of the customer's assets.

The chart below sets forth the composition of 4finance Group's Single Payment Loans customers' overdue loans.

	Gross receivable as of 31 March 2013	Gross receivable as of 31 December	
		2012	2011
	(in thousands of EUR)		
	(unaudited)	*(audited)*	
Not overdue	98,474	82,870	28,240
Overdue less than 90 days	33,678	22,879	5,899
Overdue more than 90 days	29,079	21,259	7,734
Gross receivables	161,231	127,008	41,873
Allowances for doubtful debt	(19,623)	(16,837)	(5,366)
Net loan portfolio	141,608	110,171	36,507
	(in per cent.)		
Non-performing loan coverage	67	79	69
Not covered non-performing loans from net portfolio	7	4	6

The long-term recovery rate has continuously improved due to two main factors: the fact that the amount of debt is relatively low and customers are usually able to repay it with some effort, and that most debtors wish to improve their credit score to be able to take out further 4finance Group loans as well as potentially utilise alternative sources of financing in the future.

Customer invoicing and billing processes are automated by IT systems. All invoices and other relevant information is available to customers by email and in their user profile on 4finance Group's local website. Customers make payments either through electronic-banking (in most cases) or at available offline points. In some jurisdictions, direct debits (United Kingdom) and automated clearing (Canada) are available; although these options vary among the countries of 4finance Group's operations. Payments that are made through electronic banking are typically processed within 15 minutes of receipt of instructions by the bank.

Once the borrowed amount and the applicable interest have been received by 4finance Group in full, the relevant information on repayment status is available to the customer in their private account on 4finance Group's website and a text message/e-mail notification on the same are also sent to the customer. 4finance Group's debt collection system and the relevant customer's credit history maintained by 4finance Group are automatically updated once the customer fully repays the loan.

Deposit-taking

Description

In Sweden, 4finance Group also engages in small and medium online deposit-taking from individuals for terms of up to three years and also offers call deposits under the brand name "4SPAR" and through its indirect Swedish subsidiary 4spar AB. 4finance Group's Swedish activities fall under the regulation of the Swedish Deposit-Taking Business Act (*Sw. lag (2004:299) om inlåningsverksamhet*). In order to comply with this Act 4spar AB maintains a minimum share capital that exceeds EUR 1.1 million at any given time to be eligible to operate in the Swedish deposit market. The maximum amount of any deposit that can be accepted by 4spar AB from a customer is limited to approximately EUR 5,750.

4spar offers three types of deposit products on the Swedish market: call deposits ("**Call Deposits**"), deposits for a fixed term of one year ("**Short Term Deposits**") and deposits for a fixed term of three years ("**Long Term Deposits**"). A service for all deposit accounts is offered at no cost to the customer.

Call Deposits are offered for an unlimited term and may be withdrawn by a customer at any time without a fee. Call Deposits bear a floating interest rate that is currently at 6.5 *per cent. per annum*. The minimum amount for Call Deposits is approximately EUR 115.

Short Term Deposits and Long Term Deposits are offered for fixed terms of one year and three years respectively and may not be withdrawn early by a customer without the loss of interest accrued on them. Short Term Deposits bear a fixed rate of interest of 8 *per cent. per annum* and Long Term Deposits bear a fixed rate of interest of 10 *per cent. per annum*. The minimum amount required to be deposited in each case is approximately EUR 1,150.

Business process overview

The key deposit-taking customer service actions are generally similar to those in relation to the Single Payment Loans underwriting process and include: (i) customer registration, (ii) customer identification, (iii) customer account activation, and (iv) depositing into 4spar AB's account, and are performed completely automatically by IT systems developed internally by 4finance Group. The manual processes include approval and clearing of deposit withdrawals at the customer's request.

Customers initially either log-in to their existing personal account at www.4spar.se or create a new website account where they provide general information that includes, *inter alia*, their first and last names, residential address, e-mail and other data. Customers identify themselves using an electronic signature, "E-avtal", that provides 4spar AB with confirmation of the first and last names of each customer and their personal identification code. To activate the newly created account, the customer follows the internet link that is sent to the customer's e-mail provided during customer registration at www.4spar.se.

Once a customer's account is activated, that customer may choose their deposit amount, elect between Call Deposit, Short Term Deposit or Long Term Deposit and obtain details of 4spar AB's account into which to make the deposit. 4spar AB uses bank accounts (segregated from the bank accounts holding own funds of 4spar AB) at Nordea Bank AB opened under agreement with Nordea Bank AB, for provision of the deposit-taking services to the customers of 4spar AB. The customer may transfer the deposit amount to 4spar AB at any time after activation of their website account. The deposit amount may only be transferred by the customer using banking non-cash transfers. Once the deposit amount is received at 4spar AB's account, the customer receives e-mail confirmation of the same, or confirmation by physical mail if this option was elected by the customer on their personal account. Confirmation of the deposit is also available in the customer's personal account. Customers may monitor the status of deposited amounts at any time in their website account at www.4spar.se.

If a customer decides to withdraw a deposit, they contact customer support by phone or e-mail and log-in to their website account for identification. A report on their withdrawal request is created in electronic and paper forms that is then signed by the finance department of 4spar AB. All payments on withdrawn deposits are cleared by the customer service department and finance department of 4spar AB. In case of early withdrawal of Short Term Deposits and Long Term Deposits, customers forfeit any interest accrued on such deposits.

Once a deposit amount has been returned, exclusively by transfer to a Swedish bank pre-registered by the customer in their personal account at www.4spar.se, an e-mail confirmation is sent about the return, unless the customer has opted to receive notifications by way of physical mail.

MARKETING

4finance Group uses different marketing platforms in the countries of its existing operations and in countries that 4finance Group contemplates entering or has recently entered. 4finance Group maintains marketing agreements with several media and marketing agencies in different countries of operation. To encourage existing customers to return for further loans, 4finance Group cross-sells its products among those customer who have duly repaid current borrowings with 4finance Group.

In Latvia, Lithuania, Finland, Sweden and Denmark 4finance Group's brand awareness among customers is high and 4finance Group uses different marketing platforms and scenarios to maintain this high level of brand awareness. Such platforms commonly include internet advertising, television commercials, billboards and advertising on public transport. In Latvia and Lithuania, 4finance Group also supports entrepreneurs' start-up projects in sports, music, education, environment and other areas. 4finance Group also donates to the Stockholm School of Economics in Riga, Latvia and the Latvian Children's Fund.

In Poland, the United Kingdom, Spain, Russia, Canada, the Czech Republic and Georgia, 4finance Group mainly focuses on advertising over the internet. 4finance Group maintains an agreement with Google for various services, including optimisation of search results online. Upon entering new countries, 4finance Group always uses online platforms for the initial marketing of its products which include website advertising and optimisation of search results over the internet.

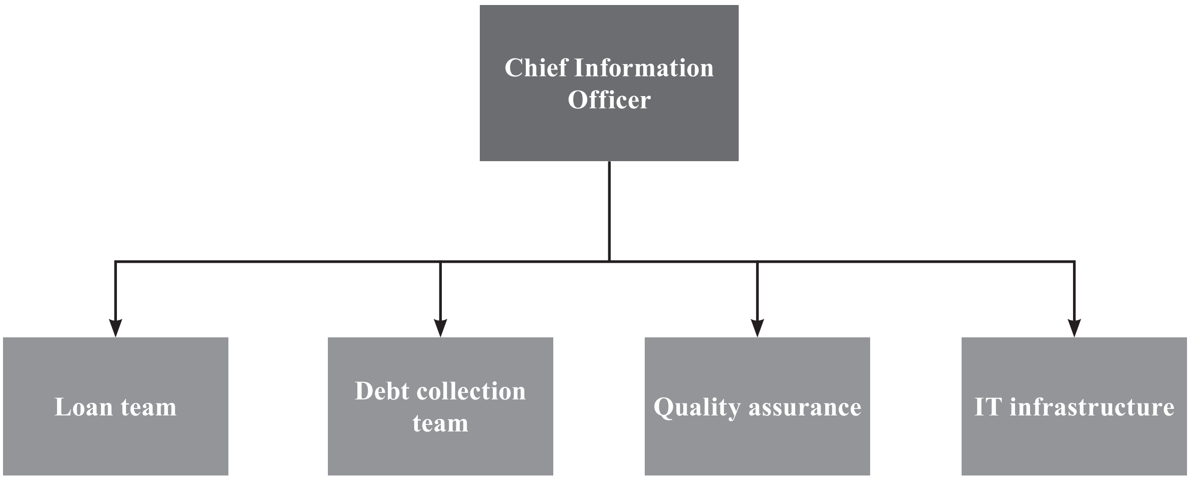
INFORMATION TECHNOLOGY

4finance Group's IT systems aim to incorporate the most sophisticated technologies and solutions available on the market today. 4finance Group does not own data centres and instead uses professional data centres provided by Rackspace in the United Kingdom and DEAC in Latvia. The data centres allow for cloud servers that offer continual remote management of the data by 4finance Group and instant database information replication to private cloud. To date there have been no major disruptions in the operation of 4finance Group's websites or third party cloud servers. The use of world class data centres is backed up by 4finance Group's established policies on business continuity, disaster discovery and IT support, and high quality software products that cover database management and business intelligence processes.

4finance Group has developed and utilises proprietary and custom-designed technology platforms that are built for scalability and flexibility. The technology platforms are designed to be powerful enough to handle the large volumes of data required to evaluate customer applications and flexible enough to capitalise on changing customer preferences, market trends and regulatory changes. Further, the information gathered from these technology platforms allows 4finance Group to focus on both existing and potential customers who it believes are more likely to provide 4finance Group with better credit performance. Through this approach, 4finance Group is able to build a valuable list of consumers who both use the credit products offered and to whom 4finance Group can market its product offerings to help fulfil the customer's credit needs. 4finance Group will continue to pursue new customer acquisition through channels such as lead generation (sourcing potential customers via purchase of leads from third-party lead providers), traditional advertising and digital advertising.

4finance Group has also developed and periodically improves custom loan processing and debt collection systems that are based on Java/J2EE and GWT technologies and have about 90 *per cent*. common code for the systems of 4finance Group's countries of operation and ensure that 4finance Group offers modern look and functionality PC and mobile user applications. This allows 4finance Group to launch its business in a new country in approximately three months, and to launch businesses in several countries in parallel. Coupled with remote data centres management, 4finance Group is able quickly to replicate its business model in new markets.

4finance Group possesses full scope internal support of IT systems that deliver a full cycle of IT service development (such as website creation for new markets and hardware configuration), transition (software and hardware transition and adjustment for new markets as well as scheduled or accident maintenance) and management (such as, website administration and data centres management). The chart below presents the corporate structure of 4finance Group's IT department:



MARKETS

4finance Group's revenues are principally derived from operations in Latvia, Lithuania, Finland, Sweden and Poland which accounted for approximately 90 *per cent*. and approximately 94 *per cent*. of 4finance Group's loan portfolio as of 31 March 2013 and 31 December 2012, respectively, as described further in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Operating Results Analyses by Geographic Markets".

4finance Group's revenues are also derived from new markets, such as Poland, Denmark, the United Kingdom, Spain, Russia, Canada, the Czech Republic, Georgia and the United States (in the form of management fees received from North Star Finance, LLC). 4finance Group's management expects that the proportion of the new markets in 4finance Group's loan portfolio will significantly increase from 2013 onwards.

Before entering new markets, 4finance Group carefully considers local regulatory and tax issues, typically hiring international or local legal and/or tax advisors for advice on such matters. 4finance Group also obtains general market research from its advisors on a new country market environment. Before commencing operations, 4finance Group also commonly aims to collect statistical data on the industry overall, including competitive factors, the environment and potential customers in the potential new markets. Once a country is selected for expansion, 4finance Group commences testing of the market and adjustment of scoring and decision-making systems for the country in question. 4finance Group believes that apart from licensing and associated regulatory issues and capital expenses, there are no substantial entry barriers for 4finance Group to launch its operation in any country.

4finance Group's operations in the above jurisdictions are subject to a number of risks. See also "Risk Factors – Risk Factors Relating to 4finance Group's Business". A number of markets where 4finance Group operates are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt 4finance Group's business therein, as well as cause the price of the Notes to suffer.

PRINCIPAL OPERATING ENTITIES

The table below sets forth the principal operating entities of 4finance Group as of the date of these Listing Particulars:

Entity	Domicile	Principal Business	Incorporation Details
AS 4finance	Latvia	Single Payment Loans and Instalment Loans	Registered as a joint stock company on 11 February 2008 under number 40003991692. The company carries a licence for the provision of consumer credits issued by the Consumer Protection Centre of Latvia.
4finance UAB	Lithuania	Single Payment Loans and Instalment Loans	Registered as a joint stock company on 24 September 2008 under number 301881644. The company is a financial institution under the Lithuanian Law on Financial Institutions and does not require licensing.
4finance Oy	Finland	Single Payment Loans and Instalment Loans[1]	Registered as a limited liability company on 17 April 2009 under number 2257545-4. Registered by the Regional State Administrative Agency of Southern Finland as a provider of credits that does not require licensing.
4finance AB	Sweden	Single Payment Loans and Instalment Loans	Registered as a private limited liability company on 6 October 2009 under number 556790-4189. Registered by the Swedish Financial Supervisory Authority as a financial institution under number FI DNR 09-10446, that does not require licensing.

[1] Our Instalment Loans operations in Finland are voluntarily suspended. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Recent Developments".

Entity	Domicile	Principal Business	Incorporation Details
4spar AB	Sweden	Deposit-taking	Registered as a private limited liability company on 29 August 2011 under number 556862-8563. Registered by the Swedish Financial Supervisory Authority as a financial institution under number FI DNR 12-4290, that does not require licensing.
Vivus Finance Sp.z.o.o.	Poland	Single Payment Loans	Registered as a limited liability company (*spółka z ograniczoną odpowiedzialnością*) on 24 April 2012 under KRS No. 0000418977.
4finance ApS	Denmark	Single Payment Loans	Registered as a limited liability company on 28 October 2009 under number 32557864.
4finance Ltd	United Kingdom	Single Payment Loans	Registered as a limited company on 15 February 2012 under number 7951027. The company carries licence number 0649593 issued by Office of Fair Trading for provision of consumer credits.
Vivus Finance SL	Spain	Single Payment Loans	Registered as a limited liability company on 19 June 2012 under number 10/5/203/30.
4finance ZAO	Russia	Single Payment Loans	Registered as a closed joint stock company on 11 July 2012 under number 1127746537764. Registered in the State Register of Microfinance Organisations of Russia under number 3120177002032.
Gefest-MSK LLC	Russia	Single Payment Loans	Registered as a limited liability company on 18 March 2011 under number 1117746198998. Registered in the State Register of Microfinance Organisations of Russia under number 2120177002022.
AS 4finance Ltd	Canada	Single Payment Loans	Registered as a limited company on 30 April 2012 under number 8148655887. The company carries licence in British Columbia: 61122, Ontario: 4727255 and Alberta: 336282.

Entity	Domicile	Principal Business	Incorporation Details
Zaplo Finance s.r.o.	Czech Republic	Single Payment Loans	Registered as a limited liability company on 25 January 2013 under number 29413575.
4finance LLC	Georgia	Single Payment Loans	Registered as a limited liability company on 4 January 2013 under number 401978605.
Vivus Servicing Ltd.	Canada	Management services to North Cash Finance, LLC	Registered as a limited company on 30 April 2012 under number BC0939329.

INVESTMENT PROGRAMME

4finance Group's investment programme is closely connected with 4finance Group's goal to become the largest worldwide online Single Payment Loans and Instalment Loans lending company in three to five years. 4finance Group aims to enter at least three new countries annually within the next two years. In 2013 such markets are contemplated to include: Estonia in July 2013 and Bulgaria in August 2013. Other countries for possible medium term future expansion may include but are not limited to Slovakia, Slovenia, South Africa, Australia and New Zealand. 4finance Group also plans to position itself among the three largest Single Payment Loan lending companies in each country of its operation by net loan portfolio by 2015.

COMPETITION

Since 2008, the size of the alternative financial services industry in the United States and in Europe has grown rapidly backed by strong consumer demand for short term small denomination credit. Some alternative financial services industry players have started providing these products to their customers over the internet. New alternative financial services providers include large regional, national and international multi-service providers, active in many areas of alternative financial services, such as pawn loans, payday loans, auto loans and consumer loans provided both online and though traditional points of sale. Growing internet usage, including via mobile devices, increasing e-commerce activity and customers moving financial affairs online coupled with deteriorating median household income are creating even larger opportunities for growth in this market.

Impediments exist that prevent new entrants from easily entering the online lending market. New entrants must successfully implement underwriting and fraud prevention processes, incur high marketing and customer acquisition costs, overcome consumer brand loyalty and have sufficient capital to withstand early losses associated with unseasoned loan portfolios. In addition, there are substantial regulatory and compliance costs, including the need for expertise to customise products so as to comply with the requirements necessary to obtain licences to lend in many jurisdictions. 4finance Group has substantial experience in entering new markets, and this experience is supported by proprietary IT systems that allow for the easy replication of 4finance Group's business model in new countries. 4finance Group is currently operating in 13 countries worldwide.

In addition to consumer loan lenders, 4finance Group also competes with financial institutions, such as banks, credit unions, other consumer lenders and retail businesses offering similar financial services. 4finance Group believes that there is also indirect competition to some of its products and services, including bank overdraft facilities and banks' and retailers' insufficient funds policies, many of which may be more expensive alternative approaches for consumers to cover their bills and expenses than the consumer loan products and services offered by 4finance Group. 4finance Group believes that its services are easier to access by the end customer, including faster application, scoring and loan amount transfer to the customer.

Numerous competitors offer online consumer loan products and services, and many significant competitors are privately held entities, making it difficult for 4finance Group to determine its competitive position in the market. Storefront consumer loan lenders that offer loans online or in storefronts are also a source of competition in most of the markets where 4finance Group offers consumer loans online or in storefront. On the basis of the publicly available financial statements of some of 4finance Group's largest competitors, marketing research conducted by 4finance Group from time to time and information available from trade associations of which 4finance Group is a member, 4finance Group believes that the competitive environments in its countries of operation are as follows:

Latvia

The Latvian Single Payment Loans market is mature with several companies offering such services. 4finance Group believes, on the basis of publicly available information on companies that provide online lending services to individuals, that 4finance Group accounts for a major share of the Latvian market with VIA SMS Group and MCB Finance Group being its major competitors. 4finance Group believes that Ferratum Group is the closest to 4finance Group's online lending model as it has a presence in a number of European countries and provides online consumer loan products under multiple brand names and domains.

Lithuania

In Lithuania the Single Payment Loans market is growing rapidly though stabilisation is expected in 2013 due to local regulatory authorities taking measures to regulate the market. On the basis of publicly available information on companies that provide online lending services to individuals, 4finance Group believes that it occupies a leading position in the market with its main competitors being MCB Finance Group and Moment Credit.

Finland

The Finnish market for Single Payment Loans is mature but still growing. 4finance Group believes, on the basis of publicly available information on companies that provide online lending services to individuals, that 4finance Group occupies one of the top positions in the Finnish market by number of customers and loan agreements with its main competitors being MCB Finance Group, Pikavippi (OPR Security Oy) and Ferratum Group.

Sweden

In Sweden the short-term single payment loans market is mature, with less than 50 companies competing. 4finance Group has been the largest provider of Single Payment Loans in Sweden since 2012 and on the basis of publicly available information, it believes its Swedish competitors include Folkia and Ferratum Group.

Poland

In Poland, the offline market of short-term single payment loans is mature, while provision of the same loans to consumers online is a relatively new market. On the basis of publicly available information on companies that provide online lending services to individuals, 4finance Group believes that it has been able to gain a leading position in the Single Payment Loans market in Poland where its principal competitors include Wonga, Ferratum Group, VIA SMS Group, SMS Kredyt.

Denmark

The Danish market for Single Payment Loans is new and growing and 4finance Group believes that its current share of this market exceeds 40 *per cent.* with its main competitors being Folkia, Ferratum Group and Mobillan Danmark ApS.

United Kingdom

The same market in the United Kingdom is competitive and crowded, but has high market consolidation: the 50 biggest companies offering short-term single payment loans account for approximately 90 *per cent.* of the market. 4finance Group is an emerging brand in the United Kingdom and based on publicly available information on companies that provide online lending services to individuals, 4finance Group believes that its principal competitors in online lending in the United Kingdom include PaydayUK, Wonga and Lending Stream.

Spain

In Spain, the short-term single payment market is new and growing without obvious market leaders. 4finance Group is estimated to account for around 10 *per cent*. of the respective market share in Spain and believes it is competing with Ferratum Group and VIA SMS Group.

Russia

In Russia, the overall market trend is an increasing number of small companies providing short-term single payment loans. There are currently over three thousand companies in Russia providing such loans. 4finance Group's estimated market position in Russia is in the top 300 companies engaged in this business and its principal competitors are Domashnie Dengi LLC, MigCredit LLC and Tinkoff Credit Systems.

Canada

In Canada, the short-term single payment loans market is mature and has been dominated by storefront lenders, and as a result, 4finance Group's principal competitors are not online lenders but storefront lenders, such as The Cash Store and Money Mart.

Czech Republic

The short-term single payment loans market is fairly new in the Czech Republic and lightly regulated but is emerging and increasingly competitive. 4finance Group believes its main competitors are Ferratum Group and VIA SMS Group.

Georgia

In Georgia, 4finance Group operates in a new market with its only direct competitor being AS MiniCredit which originated in Estonia. On the basis of publicly available information on companies that provide online lending services to individuals, 4finance Group believes it will become the largest online lender of Single Payment Loans in Georgia by the end of 2013.

REGULATORY FRAMEWORK

The regulatory framework under which 4finance Group operates is set forth under "Principal Operating Subsidiaries" above together with applicable authorised activities within those jurisdictions. 4finance Group has complied with all major regulations applicable to it across its countries of operation and has not been party to any major dispute with regulatory institutions. 4finance Group's regulatory risks are also managed by the active involvement of 4finance Group in non-banking lending associations whereby 4finance Group may exchange experience with other companies operating on the market and by active cooperation with local regulatory authorities.

Regulation

Latvia

In Latvia the Issuer is required to comply with consumer rights protection, personal data processing requirements and debt collection legislation, as well as civil law, which is applicable in relation to both Single Payment Loans and Instalment Loans. Legislation sets forth requirements in respect of, e.g., the relationship between lending companies and their customers with regards to marketing and remote selling of consumer loans, the terms of consumer loan agreements and information that must be disclosed to prospective customers prior to entering into a loan agreement, calculation of annual interest rates, customer scoring, as well as personal data processing and debt collection.

The supervisory authority in respect of consumer lending companies in Latvia is the Consumer Rights Protection Centre. The Consumer Rights Protection Centre issues licences for consumer lending services provided that the consumer lending company fulfils all preconditions prescribed in applicable legislation. The supervisory authority for personal data protection in Latvia is the Data State Inspectorate. The Data State Inspectorate issues registration certificates for personal data processing.

On 28 May 2013 the Cabinet of Ministers of the Republic of Latvia reviewed and supported proposed amendments to the Latvian Consumer Rights Protection Law of 18 March 1999, introducing specific obligations with which a consumer lending company must comply, to obtain and assess information about the income and expenses of a customer that has applied for a Single Payment Loan or Instalment Loan. Non-compliance with such obligations may lead to the mandatory application of a statutory interest rate of 6 *per cent*. for affected loans (regardless of any higher rate provided for in the relevant loan agreement). In case of a dispute the creditor will have to prove that loans have not been made in the absence of adequate evaluation. The amendments provide that certain requirements on evaluation of consumers solvency must be also applicable to the loans below LVL 100. The amendments must be approved by the Parliament in order to come into effect.

On 20 June 2013, the Latvian Parliament adopted amendments to Latvian Civil Law regarding contractual penalties. These amendments anticipate that contractual penalties and interest rates must be proportionate and consistent with fair business practice. If a party to a contract does not perform its obligations satisfactorily or in a timely manner, contractual penalties may be applied, provided that the penalty does not exceed 10 *per cent*. of the principal debt. Loan agreements may include contractual penalties for undue (*i.e.* late) performance of obligations only in an amount that constitutes the difference between total amount of contractual penalties and total amount of late payment interest. In addition, the proposed amendments anticipate that in the case of part payment of debts, the respective payment at first shall be applied to outstanding interest amounts, secondly to repay the principal and lastly be applied in relation to the payment of contractual penalties. These amendments shall come into force as of 1 January 2014. In the opinion of 4finance Group's management, these amendments when come into force, will not have effect on the Issuer, as the Issuer charges its customers late payment charges which are different from contractual penalties that the Issuer does not charge.

Lithuania

Regulation of consumer loans in Lithuania generally covers three areas: the protection of consumer rights, data protection and prevention of money laundering.

The most intensive regulation relates to the protection of consumer rights. Despite the fact that consumer loan service providers are not required to hold a licence, all companies seeking to engage in this business must be identified in the List of Consumer Loan Providers supervised by the Central Bank of the Republic of Lithuania, which is also a supervising authority for all activities in the field of consumer credit.

Requirements as to pre-contractual information and the rights of consumers under the consumer credit agreement generally correspond to the EU Directives relating to the consumer credit. However, Lithuanian law limits the maximum APR for consumer loans to 200 *per cent*., and any default penalties or other default charges are limited to 0.05 *per cent*. per day.

The solvency of customers needs to be assessed before granting a loan in accordance with Lithuanian Law on Consumer Credit, the Rules on Evaluation of Consumer Solvency and Responsible Lending approved by the Central Bank of the Republic of Lithuania and the internal rules on evaluation of customer solvency applied by the relevant company.

In addition to this assessment of consumer solvency as an essential component of the provision of loan services, companies are required to collect and process the personal information of natural persons, therefore, a company wishing to engage in such business has to be registered with the Personal Data Managers State Register supervised by the Lithuanian State Data Protection Inspectorate. In addition, each consumer loan company is required to approve and strictly follow internal regulations regarding the prevention of money laundering and financing of terrorism coordinated with the Financial Crime Investigation Service.

The Central Bank of the Republic of Lithuania has recently introduced stricter solvency checks that now include a presumption of the existence of irresponsible borrowing when the monthly amount paid by a customer under all his obligations to a lending company during a repayment term exceeds 40 *per cent*. of his/her monthly sustainable income. This requirement has come into force in July 2013.

Finland

In Finland 4finance Group, as a provider of Single Payment Loans and Instalment Loans, is required to comply with laws and regulations relating to: consumer rights protection; the processing of personal data; debt collection legislation; and legislation regarding the prevention of money laundering and terrorist financing. The respective legal acts set forth requirements in respect of, e.g., the relationship between lending companies and their customers with regards to marketing and remote selling of consumer loans; the terms of consumer loan agreements and information that must be disclosed to prospective customers in advance of entering into a loan agreement; the calculation of annual interest rate; customer scoring; personal data processing; and debt collection.

The supervisory authority in respect of consumer lending companies in Finland is the Finnish Competition and Consumer Authority ("**FCCA**"). Each company offering consumer loans must be included in the creditor register, which is maintained by the State Administrative Agency of Southern Finland acting as an authority subject to FCCA. A company offering consumer loans is responsible for notifying the State Administrative Agency of Southern Finland of any updates to be made to the register with respect to the relevant company's information.

Under Finnish law each company processing personal data must draw up a description of certain personal data files and make it available to the public in accordance with the Personal Data Act (523/1999, as amended, *Henkilötietolaki*). A company, which is making automated decisions on the basis of certain characteristics of a data subject, which involve solely automatised data processing and which have legal consequences for the data subject, is required to make a notification to the Finnish Data Protection Ombudsman. Further, a company, which practices professional debt collection, must apply for a licence from the respective Regional State Administrative Agency.

On 15 March 2013, the Finnish Parliament passed significant amendments to the legislation relating to consumer loans. The amendments to the Consumer Protection Act (38/1978, as amended, *Kuluttajansuojalaki*), the Interest Act (633/1982, as amended, *Korkolaki*) and the Act on Registration of Certain Creditors (747/2010, as amended, *Laki eräiden luotonantajien rekisteröinnista*) came into effect on 1 June 2013, and amendments to the Debt Collection Act (513/1999, as amended, *Laki saatavien perinnästä*) came into effect on 16 March 2013. Amendments to the Consumer Protection Act include, in particular: (i) limitations on the annual interest rate applicable to loans for amounts of less than EUR 2,000 so that annual interest rates may not exceed the reference rate applied by the European Central Bank and notified by the Bank of Finland by more than 50 percentage points, (ii) prohibition on charging customers for communication costs during marketing, granting of credits or establishing a credit relationship, and (iii) the requirement for a creditor to assess the income and financial condition of prospective customers in greater detail.

In addition, amendments to: (i) the Finnish Interest Act prohibit repetitive fees other than interest to be applied to a customer, (ii) the Finnish Act on Registration of Certain Creditors require consumer companies to store all documentation and information relating to granting of consumer loans for five years after the loan has become due in its entirety, and (iii) the Finnish Debt Collection Act provides for more rights for customers regarding repayment periods for loans and the amount of fees which may be applied for collecting small debts from customers.

Sweden

Companies that offer online Single Payment Loans or online Instalment Loans to Swedish customers qualify as financial institutions under the Swedish Banking and Financing Businesses Act (*Sw. Bank- och finansieringsrörelselagen* (2004:297)). This means that 4finance AB has to be registered as a financial institution with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) ("**SFSA**") in accordance with the Obligation to Notify Certain Financial Operations Act (*Sw. lag* (1996:1006) *om anmälningsplikt avseende viss finansiell verksamhet*). A financial institution is not under the supervision of the SFSA, but the SFSA monitors information on owners and management (a change in management or ownership of 4finance AB must be reported to SFSA) and the existence and quality of internal anti-money laundering regulations. When offering consumer loans, 4finance AB has to follow various requirements of the Swedish Consumer Credit Act (*Sw. konsumentkreditlagen* (2010:1846)), including requirements regarding the marketing of these types of loans and requirements regarding the marketing and changes of interest rates and fees applicable to such loans.

4spar AB, which conducts an online deposit-taking business, is registered with the SFSA as a deposit-taking company in accordance with the Swedish Deposit-Taking Businesses Act (*Sw. lag* (2004:299) *om inlåningsverksamhet*) ("**DTBA**"). A company which conducts a deposit-taking business is not under the supervision of the SFSA, but the SFSA monitors information on owners and management (a change in management or ownership of 4finance AB must be reported to the SFSA) and the quality of internal anti-money laundering regulations. When conducting a deposit-taking business 4spar AB has to follow provisions of the DTBA that in particular require 4spar AB to notify its customers that the State Funded Deposit Guarantee Scheme does not apply to 4spar's AB online product and also notify them about the use of the deposited funds.

In addition, both Swedish entities of 4finance Group are under the supervision of the Swedish Consumer Agency, which monitors compliance with consumer protection rights.

The Swedish Ministry of Finance has issued a memorandum announcing intentions to adopt a new act on consumer loans. The new act is proposed to come into force on 1 January 2014 and is proposed to introduce a requirement that companies offering Single Payment Loans and Instalment Loans to Swedish customers must obtain a licence according to new licence-associated requirements.

Poland

In Poland Single Payment Loans constitute so called consumer credit (*kredyt konsumencki*) in the meaning given to this term by the Polish Act on consumer credit of 12 May 2011 (*Ustawa o kredycie konsumenckim;* Official Journal of 17 June 2011 No. 126, position 715, as amended; "**CCAct**"). The granting of consumer credit and related activities are governed principally by the CCAct.

Pursuant to the CCAct, consumer credit is an agreement based on which an entrepreneur (*przedsiębiorca*) grants or undertakes to grant to a consumer (*konsument*) a credit in the amount of up to PLN 255,550 or its equivalent in currency other than PLN.

Under Polish law, lenders are not required to obtain any licence, permit or other similar administrative permission from any public authority in order to conduct business activities relating to consumer credits. However, the CCAct imposes certain obligations in relation to granting consumer credits, which include: (i) the obligation that advertisements of consumer credit shall contain information on costs of such credit and certain additional information, (ii) a duty to assess credit risk related to the prospective customer, (iii) the obligation to inform prospective customers about terms and conditions of the loan agreement by, *inter alia* providing the customer with an information form containing specified information regarding the agreement, and (iv) a requirement for the credit agreement to be in writing and to contain specific information and provisions.

As of 15 May 2013, the draft of an act amending the CCAct is being considered in the lower chamber of the Polish Parliament. The draft in its current form does not contain major changes related to consumer credit regulations. It is difficult to determine if this draft will be further amended or if and when the act will be passed and enter into force.

Other countries

4finance Group is not aware of any plans that the Danish government may have to change Single Payment Loans legislation.

In the United Kingdom, the market of Single Payment Loans is long established and well regulated, though certain legislative changes may be expected as the Office of Fair Trading and the Financial Conduct Authority constantly monitor the market and may introduce changes to reflect the trends or legal risks of the market.

4finance Group is not aware of any new legislation plans in Spain.

The Russian Federal Law On Microfinance Activity and Microfinance Organisations which regulates microfinance activity in Russia and the provision of Single Payment Loans, came into effect in 2011. 4finance Group does not expect any substantial new regulatory developments in the foreseeable future.

In Canada, 4finance Group is not aware of any plans of the regulators to change the state level regulation regarding Single Payment Loans which is well defined. Further, no proposed changes to Single Payment Loans legislation have been publicly announced in Georgia.

EMPLOYEES

As of 31 March 2013, 4finance Group had 497 employees. Approximately 180 employees were based in Latvia, and a substantial number of the Latvia based employees were engaged in 4finance Group management. The table below sets forth the number of employees as of the three months ended 31 March 2013 and over the last two years based in each of 4finance Group's countries:

Based country	31 March 2013	31 December 2012	31 December 2011
Latvia	181	139	64
Lithuania	48	44	33
Finland	15	13	7
Sweden	23	16	7
Poland	83	56	—
Denmark	11	8	—
United Kingdom	19	11	—
Spain	11	7	—
Russia	31	17	—
Canada	66	54	—
Czech Republic	1	—	—
Georgia	7	—	—
Bulgaria	1	1	—
Total:	**497**	**366**	**111**

The number of employees in 4finance Group's countries of operation as well as the total number of 4finance Group's employees is expected to continue to grow. The most significant increase in the number of employees in 2012 was in Latvia (due to 4finance Group's headquarters in Latvia that includes group level employees), Sweden and Finland. This, together with the growth in Poland, Canada and Russia, reflects what 4finance Group believes are the most demanding and high potential markets in which 4finance Group operates.

The table below sets forth the allocation of 4finance Group's employees depending on their labour function and reflects 4finance Group's strengths: convenient customer service, efficient debt collection process and high-end IT systems with adequate number of employees engaged in general management:

Labour function	31 March 2013	31 December 2012	31 December 2011
Management	17	13	6
Administration	11	9	5
Finance	33	26	10
Risk management	11	5	1
Customer service	195	151	39
Debt collection	112	83	30
IT and Product development	77	58	16
HR	18	7	—
Internal audit	4	3	—
Legal	2	1	—
Marketing	17	10	4
Total	**497**	**366**	**111**

Social Policy and Employee Benefits

4finance Group contributes to a number of employee benefit programmes, including pension insurance (in Sweden, Russia and the Czech Republic), medical insurance, unemployment insurance and maternity insurance in some of the countries of its operation. Medical insurance is provided to 4finance Group's employees in Latvia, Lithuania, Finland and Canada. 4finance Group's Spanish subsidiary – Vivus Finance SL, is party to a collective labour agreement with its employees that sets forth certain labour terms and conditions.

4finance Group's personnel management policy is aimed at developing a skilled and highly-productive staff that is successful in performing its responsibilities. 4finance Group has developed a comprehensive training programme which provides for both internal and external professional training of employees at all levels. 4finance Group believes that its current compensation package is generally competitive compared to the packages offered by 4finance Group's competitors or employers in other industries which engage professionals with similar education and experience records.

4finance Group has not been party to any major labour dispute with its employees.

PROPERTIES

4finance Group does not own any land or buildings. 4finance Group leases a number of its premises and certain equipment under operating leases. The leases typically run for an initial period of up to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. During the three months ended 31 March 2013 EUR 223 thousand and during the year ended 31 December 2012 EUR 376 thousand was recognised as an expense in 4finance Group's income statement in respect of operating leases.

The total book value of 4finance Group's property and equipment was EUR 1.6 million as of 31 March 2013 and EUR 1.0 million as of 31 December 2012 compared to EUR 0.3 million as of 31 December 2011.

The Issuer has provided a pledge over all of its present and future movable assets in favour of Trasta Komercbanka AS to secure any claims that Trasta Komercbanka AS may have against the Issuer under the credit line agreement No. KL-11/2011 dated 17 May 2011 between the Issuer as the borrower and Trasta Komercbanka AS as the lender (the "**CLA**"). The initial maximum amount that could be borrowed under the CLA has been EUR 7.7 million, but in accordance with terms of the CLA it is reduced every month by approximately EUR 0.32 million and as at June 2013 was EUR 6.948 million, bearing interest at a rate of 10 *per cent. per annum*. The maximum aggregate amount of claims that Trasta Komercbanka AS may have under the CLA which is secured by the pledge is LVL 11,364,341.

INSURANCE

4finance Group is an 'asset light' group of companies and does not hold many insurable assets. The 4finance Group does not own any real estate and uses third party provider data centres. 4finance Group utilises cost-efficient approaches and where reasonable applies business-safe processes instead of insurance, such as IT systems that provide for instant replication of 4finance Group's databases and consumers' information through cloud computing to avoid data loss. More details on 4finance Group's IT systems are available at "— Information Technology" above. 4finance Group is constantly reviewing its insurance policies and may obtain new insurance policies, such as cloud servers insurance, with the expansion of 4finance Group's business and operations geography.

Currently, 4finance Group maintains medical insurance for its employees in certain countries. Further information on these insurance arrangements is set forth in "— Employees – Social Policy and Employee Benefits" above.

MANAGEMENT

In accordance with the Issuer's Articles of Association and Latvian legislation governing joint stock companies, including the Commercial Law of Latvia, the Issuer's management bodies are the shareholders' meeting, the council and the management board.

A brief description of each of the shareholders' meeting, the council and the management board is set forth below.

SHAREHOLDERS' MEETING

The shareholders' meeting is the highest governance body of the Issuer. An annual shareholders' meeting must be held every year and an extraordinary shareholders' meeting may be called by the management board on its own initiative or at the request of the Issuer's council, independent auditor, or shareholders holding in the aggregate not less than 5 *per cent.* of the share capital of the Issuer. Each share of the Issuer carries the right to cast one vote at any shareholders' meeting.

Except for reserved matters, the shareholders decide on all matters in their competence by a vote of shareholders who hold at least 75 *per cent.* of the Issuer's paid up share capital, and any shareholders' meeting is quorate if shareholders holding at least 75 *per cent.* of the Issuer's paid up share capital are present. Reserved matters require the unanimous approval of the shareholders.

Key reserved matters include: (i) amendments to the Articles of Association of the Issuer, (ii) changes in size or composition of the authorised or issued share capital of the Issuer, (iii) reorganisation or winding up of the Issuer, (iv) approval of the annual accounts of the Issuer, (v) declaration of payment of any dividend or other distribution by the Issuer, and (vi) appointment or removal of the Issuer's auditor.

COUNCIL

The council is the supervisory body of the Issuer. It represents the interests of shareholders during the periods between the shareholders' meetings and supervises certain activities of the management board within the scope specified in the Issuer's Articles of Association, Shareholders Agreement and the Commercial Law of Latvia.

Key functions of the Issuer's council include: (i) the election and early termination of powers of the members of the management board and the supervision of the activities of the management board, (ii) the examination of the annual accounts of the Issuer and the management board's proposal with respect to use of profits and the submission of the above together with the council's report to the shareholders' meeting, (iii) the approval of transactions between the Issuer and members of the management board or the Internal Audit Commission, and (iv) the examination of all issues which are within the competence of the shareholders' meeting or which, pursuant to the proposal of members of the management board or the council, have been proposed for discussions at the shareholders' meeting and the submission of the council's report on such matters.

The council meets at least quarterly and is convened by the chairman of the council. Pursuant to the Commercial Law of Latvia, the minimum required number of council members is three and the maximum permitted number is twenty. In accordance with the Articles of Association and the Shareholders Agreement, the council of the Issuer consists of eight members and the quorum for the council's meetings is five members present. In addition, each member of the council has one vote and the chairman of the council does not have a second or casting vote at a meeting of the council. The council decides on matters in its competence by at least five votes of the council's members participating in a meeting.

Pursuant to the Shareholders Agreement, Tirona has the right to nominate six members to the council and FCI has the right to nominate two members to the council.

The current members of the council were elected by the shareholders' meeting of the Issuer on 7 June 2012 and are set out below. Pursuant to the Commercial Law of Latvia, members of the council are elected for five years.

Name	Year of Birth	Term Until	Position
Oleg Boyko	1964	19 June 2017	Chairman
Māris Martinsons	1971	19 June 2017	Deputy chairman
Uldis Arnicāns	1967	19 June 2017	Member of the council
Jekaterina Kotova	1980	19 June 2017	Member of the council
Alexander Kravchenko	1973	19 June 2017	Member of the council
Vladimir Kudryashov	1986	19 June 2017	Member of the council
Solvita Kurtiša	1968	19 June 2017	Member of the council
Oleg Larin	1979	19 June 2017	Member of the council

The business address of the council is 17A-8 Lielirbes Street, Riga LV-1046 Latvia.

Oleg Boyko has been chairman of the council since 2011. Mr. Boyko has been president of Finstar Holding since 2002 and president of Ritzio since 2006. From 2006 to 2010, Mr. Boyko was director at Cadillac Jack. In 2005, Mr. Boyko was general director at BTB Real Estate. From 2003 to 2006 he was chairman of the board of Baltic Trust Bank. In 2002, Mr. Boyko was a member of the board of directors of Western Syberia Metallurgical Plant. From 2000 to 2004 Mr. Boyko was chairman of the board of Evrazholding and Evraz. From 1998 to 2002 he was deputy director at Finprom Holding. From 1996 to 1998 Mr. Boyko was deputy director at Coop Trust. From 1995 to 1996 he was a member of the board of directors of ORT TV channel. Mr. Boyko holds a degree in radio engineering from the State Aviation Technical University (Ufa), a degree in financial management from the Institute of Business and Politics (Moscow) and a degree in economics and banking from the Academy of National Economy under the Government of the Russian Federation. He also received an executive MBA in banking management from the Academy of National Economy under the Government of the Russian Federation and MBA from the Moscow International Business Higher School. Mr. Boyko beneficially owns 75 *per cent*. of shares in the Issuer. See "Principal Shareholders".

Māris Martinsons has been deputy chairman of the council since 2009. Since 1998 Mr. Martinsons has been a member of the Board of SIA Moduls Rīga. He holds a master's degree in economics from the University of Latvia.

Uldis Arnicāns has been a member of the council since 2008. Since 2003 Mr. Arnicāns has been involved in various projects in real estate, finance, transportation, entertainment and other sectors and has worked investment and business advisor and was a member of the board at various companies. From 2001 to 2003 Mr. Arnicāns was project manager and developer at SIA Concept. From 2000 to 2003 he was project manager and developer at SIA Līvu Akvaparks. From 1999 to 2003 Mr. Arnicāns served as real estate project manager at Rimi Baltic (ICA Gruppen). From 1990 to 1999 he was project manager at various business enterprises.

Jekaterina Kotova has been a member of the council since 2011. Ms. Kotova has been member of the board of SIA Evopipes since 2013, a member of the board of AS TOR since 2011 and a member of the board and CEO at SIA ESP European Steel Production since 2010. From 2007 to 2010 Ms. Kotova was CFO at SIA Tipro Baltic. She holds a bachelor's degree in European business from Riga International School of Economics and Business Administration.

Alexander Kravchenko has been a member of the council since 2011. Since 2006 Mr. Kravchenko has been vice president of Finstar Holding. From 1997 to 1998 he was senior auditor at Ernst & Young. From 1999 to 2003 Mr. Kravchenko served as senior expert at Akron, Internal Audit. He holds a degree from Moscow Institute of Physics and Technology.

Vladimir Kudryashov has been a member of the council since 2012. Since 2012 Mr. Kudryashov has been head of projects at Finstar Holding. From 2004 to 2009 Mr. Kudryashov was executive officer at Fidel Solutions. He was head of Internet marketing from 2009 to 2010 and head of digital content department at Svyaznoy from 2010 to 2011. From 2011 to 2012 Mr. Kudryashov worked as independent M&A advisor. He holds a degree in software engineering from the Moscow State College of Information Technology, a bachelor's degree in management from Moscow State University of Economics, Statistics and Informatics and a master's degree in investment management from the Higher School of Economics.

Solvita Kurtiša has been a member of the council since 2008. Since 2010 Ms. Kurtiša has been CFO at AS Infrastructure Investments. From 2008 to 2010 she was CFO at SIA MIG Holdings. From 2004 to 2007 Ms. Kurtiša was assistant to certified auditor at SIA Zvērinātu revidentu firma Kapitāls. She worked as chief accountant at SIA Tirgonis from 1996 to 2002 and chief accountant at SIA Liepājas Lidosta from 1993 to 1995. From 1990 to 1993 Ms. Kurtiša worked as economist at Liepaja Trade Administration. She holds a master's degree in economics from the University of Agriculture of Latvia.

Oleg Larin has been a member of the council since 2011. Since 2007 Mr. Larin has been CFO and vice president in M&A at Finstar Holding. From 2000 to 2004 he was senior advisor at Deloitte. From 2004 to 2007 Mr. Larin served as vice president at Trust Investment Bank. He holds a degree in economics from the Financial Academy under the Government of Russian Federation.

MANAGEMENT BOARD

The management board is the executive body of the Issuer that organises and manages actions of the Issuer under the supervision of the council. The management board consists of four members elected by the Council. Any two members of the management board may jointly represent the Issuer. Meetings of the management board are convened as necessary by the chairman of the management board or his/her deputy. The meeting of the management board is quorate if more than a half of members of the management board are present, and decisions of the management board are taken by a simple majority of votes.

Certain key matters of the management board require prior consent of the council, including: (i) the issue by the Issuer of any debenture or loan notes or the creation of any encumbrance over any of the Issuer's material assets exceeding the value of EUR 100,000, (ii) the making of any compromise or arrangement with the Issuer's creditors, any application for the appointment of a receiver or an administrator over the Issuer's assets or the winding up of the Issuer, (iii) entry into, alteration, giving of any notice under or termination of any agreement with an annual contract value in excess of EUR 200,000, and (iv) the borrowing of cash or obtaining of any loan or credit with a value in excess of EUR 100,000.

Pursuant to the Shareholders Agreement, each of Tirona and FCI has a right to appoint two members to the management board.

The current members of the management board were appointed by the council of the Issuer in 2011 and are set out below.

Name	Year of Birth	Position
Alberts Pole	1985	Chairman
Maris Keiss	1985	Member of the management board
Kristaps Ozols	1984	Member of the management board
Martins Baumanis	1979	Member of the management board

The business address of the management board is 17A-8 Lielirbes Street, Riga LV-1046 Latvia.

Alberts Pole has been chairman of the management board since the date of incorporation of the Issuer in 2008. From 2006 to 2008 Mr. Pole worked as senior analyst at AS IBS Prudentia. He holds a bachelor's degree in economics and business administration from The Stockholm School of Economics in Riga.

Māris Keišs has been a member of the management board since the date of incorporation of the Issuer in 2008. From 2007 to 2008 Mr. Keišs worked as financial analyst at LLC Pilsētmāju institūts Urban Art. From 2005 to 2007 he was consultant at LLC Ernst&Young Baltic. Mr. Keišs holds a bachelor's degree in economics and business administration from The Stockholm School of Economics in Riga and he is also a chartered financial analyst.

Kristaps Ozols has been a member of the management board since the date of incorporation of the Issuer in 2008. From 2005 to 2008 Mr. Ozols was chief executive at SIA Vecpilsētas viesnīcas. He holds a bachelor's degree in economics and business administration from The Stockholm School of Economics in Riga.

Martins Baumanis has been a member of the management board and CFO of the Issuer since 2011. From 2010 to 2011 Mr. Baumanis was acting head of finance division at Citadele bank. From 2003 to 2010 he was head of finance planning and control department at Parex bank. From 2000 to 2003 Mr. Baumanis was assistant manager at PricewaterhouseCoopers. He holds a bachelor's degree in economics and business administration from The Stockholm School of Economics in Riga and a master's degree in economics and business administration from the University of Latvia, and he is also a member of the Association of Chartered Certified Accountants.

INTERNAL AUDITOR

The internal auditor is a consultative and advisory body established for the purpose of supporting the council in its supervision of the Issuer's financial and economic operations. The tasks of the internal auditor include the supervision of 4finance Group's financial and business performance and reporting of any problems to the council. On 27 August 2012, Ms Līga Korņenkova was appointed as the internal auditor of the Issuer.

INTEREST OF DIRECTORS AND OFFICERS

There are no potential conflicts of interests between any duties of the members of the council or the management board to the Issuer and their private interests and/or other duties.

RELATED PARTY TRANSACTIONS

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party, or to exercise significant influence over the other party, in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely its legal form.

The table below sets forth the value of transactions entered into by 4finance Group with related parties for the three months ended 31 March 2013 and the years ended 31 December 2012 and 2011.

	Three Months ended 31 March	Year ended 31 December	
	2013	2012	2011
	(in millions of EUR)		
	(unaudited)	*(audited)*	
Borrowings and payables at the end of the period	94.2	59.7	—
Interest expense to related parties	2.8	1.23	—

Total remuneration included in administrative expenses:

	Three Months ended 31 March		Year ended 31 December	
	2013	2012	2012	2011
	(in millions of EUR)			
	(unaudited)		*(audited)*	
Members of the management bodies	0.1	0.1	0.4	0.1

There are no outstanding balances as of 31 March 2013 with members of the management bodies.

4finance Group's shareholders as at 31 March 2013 are FCI and Tirona.

Amounts outstanding in respect of certain existing loans between the Issuer and its shareholders (FCI and Tirona, respectively) in a total amount equal to US$132 million will be exchanged for the Notes. After the closing of the Offering, US$132 million of the Notes will be held by FCI and Tirona and the corresponding amounts owing in respect of such existing loans between the Issuer and FCI and Tirona, respectively, will be cancelled. The amount of outstanding debt to shareholders will not be reduced, although upon closing of the Offering the amounts referred to above will be exchanged for Notes. See "Use of Proceeds".

PRINCIPAL SHAREHOLDERS

The table below sets forth information on the Issuer's shareholders presented as of the date of these Listing Particulars and based on the information available to the Issuer:

Name of Shareholder	Percentage of total issued share capital held
Tirona[1]	75
FCI	25
Total	100

(1) Tirona is part of Finstar Financial Group, one of the largest private investment groups in Russia, and is ultimately beneficially owned by Mr. Oleg Boyko.

The share capital of the Issuer as of the date of these Listing Particulars is LVL 2,225,000 (approximately EUR 3,214,000) and is divided into 2,225,000 ordinary shares with the nominal value of LVL 1.00 (approximately EUR 1.43) each. Shares issued are fully paid and duly registered. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholders' Meetings of the Issuer. The share register of the Issuer is maintained by Latvian Central Depositary which is 100 *per cent*. owned by NASDAQ OMX.

In December 2011, FCI and Tirona entered into a share purchase agreement pursuant to which FCI sold 75 *per cent*. of shares in the Issuer to Tirona. The transaction was completed in December 2012 with Tirona becoming an owner of 75 *per cent*. of shares in the Issuer. In December 2011, Tirona and FCI also entered into the Shareholders Agreement, having agreed upon certain key matters where approval of both shareholders would be required. See "Management — Shareholders' Meeting".

The Issuer is not aware of any arrangements in existence as of the date of these Listing Particulars which could reasonably be expected to result in a change of control of the Issuer.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which, subject to amendment and completion and except for the text in italics, will be endorsed on each Definitive Note Certificate (if issued)and will be attached and (subject to the provisions thereof) apply to the Global Note.

The US$ 170.0 million 13.0 *per cent*. senior notes due 2015 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 17 (*Further Issues*) and forming a single series therewith) of AS 4finance (the "**Issuer**") were authorised by the resolutions of the shareholders' meeting of the Issuer dated 1 July 2013 and 24 July 2013, the resolution of the supervisory board of the Issuer dated 1 July 2013 and 24 July 2013 and a resolution of the management board of the Issuer dated 24 July 2013. The Notes are (a) constituted by and subject to, and have the benefit of, a trust deed dated on or around 31 July 2013 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer, 4finance Oy, 4finance UAB, Vivus Finance Sp.z.o.o., 4finance AB (each, a "**Guarantor**" and together, the "**Guarantors**") and Deutsche Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being appointed as trustee for the holders of the Notes under the Trust Deed) and (b) are the subject of a paying agency agreement dated on or around 31 July 2013 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantors, the Trustee and Deutsche Bank AG, London Branch as principal paying and transfer agent (the "**Principal Paying and Transfer Agent**", which expression includes any successor principal paying and transfer agents appointed from time to time in connection with the Notes), the other paying and transfer agents named therein (together with the Principal Paying and Transfer Agent, the "**Paying and Transfer Agents**", which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Notes), and Deutsche Bank Luxembourg S.A., in its capacity as Registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Notes).

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying and Transfer Agent and the Paying and Transfer Agents. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

1. Form, Denomination and Title

(a) **Form and denomination**. The Notes are in registered form, serially numbered.

The Notes will be issued in minimum denominations of US$ 200,000 or any amount in excess thereof which is an integral multiple of US$ 1,000 (each, an "**Authorised Holding**").

The Notes will be represented by a global note (the "**Global Note**"), interests in which will be exchangeable for notes in definitive form ("**Definitive Note Certificates**") in the circumstances specified in the Global Note. The Global Note will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

(b) **Title**. Title to the Notes will pass by transfer and registration as described in Conditions 2 (*Registration*) and 3 (*Transfer of Notes*). The holder (as defined below) of any Note will (except as otherwise required by applicable law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any other interest in it, any writing thereon by any Person (as defined below) (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous theft or loss thereof; and no Person will be liable for so treating such holder.

In these Conditions, "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality, "**Noteholder**" or "**holder**" means the Person in whose name a Note is for the time being registered in the Register (as defined below) (or, in the case of joint holders, the first named thereof) and "**holders**" shall be construed accordingly. A Definitive Note Certificate will be issued to each Noteholder in respect of its registered holding.

(c) **Third party rights**. No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

2. Registration

The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement at the Specified Office of the Registrar in which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and all transfers and redemptions of the Notes.

3. Transfer of Notes

(a) **Transfer**. Each Note may, subject to the terms of the Trust Deed and to Conditions 3(b) (*Formalities Free of Charge*), 3(c) (*Closed Periods*) and 3(e) (*Regulations Concerning Transfer and Registration*), be transferred in whole or in part in an Authorised Holding by lodging the relevant Definitive Note Certificate (with the endorsed form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar or any Paying and Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Paying and Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. A Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Note will be valid unless and until entered on the Register.

The Registrar will within five Business Days (as defined below) of any duly made application for the transfer of a Note, register the transfer and deliver a new Definitive Note Certificate to the transferee (and, in the case of a transfer of part only of a Note, deliver a new Definitive Note Certificate in respect of the part transferred to the transferee and a further new Definitive Note Certificate for the untransferred balance to the transferor), at its Specified Office or (as the case may be) the Specified Office of any Paying and Transfer Agent or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Definitive Note Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

In the case of an exercise of the Issuer's option in respect of, or a partial redemption of, a holding of Notes represented by a single Definitive Note Certificate, a new Definitive Note Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Definitive Note Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Definitive Note Certificates shall only be issued against surrender of the existing Definitive Note Certificates to the Registrar or any Paying and Transfer Agent.

(b) **Formalities Free of Charge**. Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar (free of charge) to any Noteholder upon request.

(c) **Closed Periods**. Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) during the period of 15 days immediately prior to the due date for any payment of principal or interest in respect of such Note.

(d) **Business Day**. In these Conditions, "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in both New York City and the city in which the Specified Office of the Registrar or, as the case may be, the Principal Paying and Transfer Agent is located.

(e) **Regulations Concerning Transfer and Registration**. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Noteholders with the prior approval of the Registrar (such approval not to be unreasonably withheld or delayed) and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requested in writing a copy of such regulations and will be made available at the Specified Office of the Registrar.

(f) **Authorised Holdings**. No Note may be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of the Notes not transferred are Authorised Holdings.

4. Status and Guarantee

(a) The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge and Other Covenants*)) unsecured obligations of the Issuer. The Notes will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer.

(b) The Guarantors have, in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the "**Guarantee**") constitutes direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge and Other Covenants*)) unsecured obligations of the Guarantors which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantors.

(c) Pursuant to Condition 9(e) (*Mandatory Exchange Following Notice of an Event of Default*), following notice of an Event of Default, in each case where a Non-Shareholder and Affiliate Certification is not delivered (prior to the Mandatory Exchange Certification Deadline) in respect of Notes, such Notes shall be subject to Mandatory Exchange for Exchange Notes, which shall be subordinated in right of payment to the Notes.

5. Negative Pledge and Other Covenants

(a) **Negative Pledge**. So long as any Note remains outstanding (as defined in the Trust Deed) the Issuer shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Indebtedness or any Guarantee of any Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

(b) **Limitation on Restricted Payments**

(i) Subject as provided below, the Issuer will not, directly or indirectly:

(A) declare or pay any dividend, in cash or otherwise, or make any other distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital; or

(B) voluntarily purchase, redeem or otherwise retire for value any of its share capital or subordinated debt (any such action, a "**Restricted Payment**").

(ii) Notwithstanding the foregoing, and subject as further provided below, the Issuer may make a Restricted Payment if, at the time of the relevant declaration or payment of a dividend or making of a distribution, as the case may be (A) no Event of Default, or condition, event or act, which, with the lapse of time, the expiry of any grace period or the issue, making or giving of any notice, certification, declaration, demand, determination or request or the taking of any similar action or the fulfilment of any similar condition, would constitute an Event of Default, has occurred or would result from the making of such Restricted Payment and (B) the aggregate amount of such Restricted Payment and all (if any) other Restricted Payments made since the Issue Date would not exceed 50 *per cent*. of the aggregate amount of the Issuer's consolidated profit and total comprehensive income for each financial year ended since the Issue Date for which financial statements have been delivered pursuant to Condition 5(k), in each case, as determined by reference to the Issuer's audited consolidated financial statements prepared under IFRS for the relevant financial year and calculated on a cumulative basis for all such years.

(iii) Nothing herein shall limit the declaration or payment of any dividend or the making of any other distribution by the Issuer (A) in an aggregate amount not to exceed EUR 2,500,000, which may be made in one or more instalments between the Issue Date and the Maturity Date (as defined below); (B) in respect of any preferred stock, which may be issued by the Issuer from time to time; or (C) in respect of any share capital of the Issuer made out of the net cash proceeds of any substantially concurrent sale of, or by issuance of, share capital of the Issuer (other than share capital issued or sold to a Subsidiary or an employee stock ownership plan or to a trust established by the Issuer or any of its Subsidiaries for the benefit of their employees) or a substantially concurrent cash capital contribution to the share capital of the Issuer.

(iv) The Issuer will not permit any Material Subsidiary to declare or pay any dividend, in cash or otherwise or make any other distribution as is described in paragraph (i) above in respect of any class of share capital of such Material Subsidiary unless such dividend or distribution, as the case may be, is made on a *pro rata* basis to holders of such class of share capital or such dividend is declared or paid or such distribution is made, as the case may be, on a basis that results in the Issuer or another Material Subsidiary receiving a greater amount by way of such dividend or other distribution, as the case may be, than it would have received if the dividend had been paid or distribution made, as the case may be, on a *pro rata* basis.

(v) For the purpose of this Condition 5(b), the amount of any dividend declared or paid or other distribution made, other than in cash, which is to be taken into account in any calculation required hereunder, shall be the fair market value as determined in good faith by the shareholders' meeting of the Issuer of such dividend or distribution, as the case may be, assuming (to the extent applicable in the circumstances of the relevant payment or other distribution) it was the subject of an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy.

(c) **Limitation on Indebtedness:** So long as any Note remains outstanding, the Issuer will not, and will not permit any Material Subsidiary to incur, directly or indirectly, any Indebtedness, *provided however* that the Issuer and any such Material Subsidiary will be entitled to incur Indebtedness if:

(i) after giving effect to any such incurrence and the application of the proceeds thereof, on a *pro forma* basis, no Potential Event of Default or Event of Default would occur and be continuing; and

(ii) the ratio of Consolidated EBITDA as of any date of determination on a *pro forma* basis to the aggregate amount of Consolidated Interest Expense for the most recent annual financial period for which consolidated financial statements have been delivered pursuant to Condition 5(k) (*Financial and Other Information*) (or, prior to delivery of the first consolidated financial statements following the Issue Date, the Consolidated Interest Expense for the financial year most recently ended), does not fall below 3.0 to 1.0.

For purposes of calculating the ratio described in this Condition 5(c), acquisitions that have been made by the Issuer or any Material Subsidiary, including through mergers or consolidations and including any related financing transactions (including, without limitation, any acquisition giving rise to the need to make such calculation as a result of the incurrence or assumption of Indebtedness), (a) for the most recent two annual financial periods for which consolidated financial statements have been delivered pursuant to Condition 5(k) (*Financial and Other Information*), or (b) subsequent to such annual financial periods and on or prior to the date on which the ratio is calculated, will be given pro forma effect as if they had occurred on the first day of the measurement period used in the calculation of Consolidated EBITDA; *provided, however,* that (i) any such *pro forma* EBITDA in respect of an acquisition may only be so included in the calculation of Consolidated EBITDA if such *pro forma* EBITDA shall have been derived from financial statements of, or relating to or including, such acquired entity and (ii) such financial statements have been prepared in accordance with IFRS or any body of accounting principles that has been determined by the European Commission to be equivalent to IFRS (without regard to any modification to such principles that may be required after the date of such financial statements in connection with or pursuant to such determination).

This Condition 5(c) will not prohibit the incurrence of any Permitted Indebtedness.

(d) **Limitation on Layered Indebtedness.** The Issuer will not, and will not permit any Subsidiary, directly or indirectly, to incur any Indebtedness that is subordinate in right of payment to any other Senior Indebtedness, unless such Indebtedness is expressly subordinate in right of payment to the Notes to the same extent and on the same terms as such Indebtedness is subordinate to such other Senior Indebtedness; *provided* that the foregoing limitation shall not apply to distinctions between categories of Senior Indebtedness that exist by reason of any Security Interests arising or created in respect of some but not all such Senior Indebtedness.

(e) **Maintenance of Net Worth**: So long as any Note remains outstanding, the Group at all times shall maintain a Net Worth of not less than EUR 40,000,000, calculated as of the end of the prior fiscal half-year or year-end, as the case may be, as certified by a certificate signed by two directors of the Issuer, it being understood that if between any fiscal period the Group and/or its independent public accountants shall have reason to believe that the Group is or reasonably may not be in compliance with the foregoing requirement, the Issuer shall give the Trustee prompt written notice of the same.

(f) **Minimum Net Worth Ratio**: So long as any Note remains outstanding, the Group at all times shall maintain a ratio of Net Worth to Financial Assets of not less than 20 *per cent.* (the "**Minimum Net Worth Ratio**"), calculated as of the end of the prior fiscal half-year or year-end, as the case may be, as certified by the Group's independent public accountants, it being understood that if between any fiscal period the Group and/or its independent public accountants shall have reason to believe that the Group is or reasonably may not be in compliance with the foregoing requirement, the Issuer shall give the Trustee prompt written notice of the same.

(g) **No Consolidation or Merger.** For so long as any Note is outstanding, neither the Issuer nor the Guarantors may consolidate with or merge into any other corporation or convey or transfer its respective properties and assets substantially as an entirety to any Person, unless (i) the successor corporation shall be a corporation organised and existing under the laws of Latvia, Poland, Finland, Lithuania, Sweden or the European Union, and shall expressly assume by a deed the due and punctual payment of all amounts payable in respect of all the then outstanding Notes and the performance of every obligation contained in the Notes on the part of the Issuer or the Guarantor, as the case may be, to be performed or observed; (ii) immediately after giving effect to such transaction, no Event of Default or Potential Event of Default (as defined in the Trust Deed) shall have happened and be continuing; and (iii) the Issuer shall have delivered to the Trustee a certificate signed by two directors of the Issuer and an opinion of legal advisors of recognised standing each stating that such consolidation, merger, conveyance or transfer and any such deed comply with the foregoing provisions relating to such a transaction. In case of any such consolidation, merger, conveyance or transfer, such successor corporation will succeed to and be substituted for the Issuer or a Guarantor, as the case may be, as obligor under the Notes, with the same effect as if it had been named in the Notes as such obligor.

(h) **Transactions with Affiliates**: So long as any Note remains outstanding, the Issuer shall not, and shall ensure that none of its Material Subsidiaries, directly or indirectly, shall enter into or permit to exist any Affiliate Transaction including, without limitation, intercompany loans, disposals or acquisitions, unless the terms of such Affiliate Transaction are no less favourable to the Issuer or such Material Subsidiary, as the case may be, than those that could be obtained (at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor) in a comparable arm's length transaction with a Person that is not an Affiliate of the Issuer or such Material Subsidiary.

This Condition 5(h) shall not apply to (i) compensation or employee benefit arrangements with any officer or director of the Issuer or any of its Material Subsidiaries arising as a result of their employment contract, (ii) Affiliate Transactions pursuant to agreements or arrangements entered into prior to the Issue Date, (iii) any sale of share capital of the Issuer, (iv) Affiliate Transactions between the Issuer and a Material Subsidiary, transactions between the Issuer and/or a Material Subsidiary and a Subsidiary or transactions between Material Subsidiaries, (v) Affiliate Transactions in the ordinary course of business provided such Affiliate Transactions could not, individually or in the aggregate, have a Material Adverse Effect, (vi) any Restricted Payments permitted to be made pursuant to Condition 5(b) and (vii) Affiliate Transactions involving an aggregate amount not exceeding EUR 5,000,000 in any one calendar year.

(i) **Substantial Change of Business**. So long as any Note remains outstanding, the Issuer shall, and shall ensure that its Material Subsidiaries shall, not make any substantial change to the general nature of the business of the Group as conducted as at the date hereof.

(j) **Maintenance of Authorisations**. So long as any Note remains outstanding (i) the Issuer shall, and shall procure that each of its Material Subsidiaries shall, take all action that is required of it, or cause to be done all things necessary in order to maintain in effect its corporate existence, licences, approvals, authorisations, material rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations which may at any time be required in any relevant jurisdiction for the execution, delivery and performance of the Notes, the Trust Deed and the Agency Agreement and for the validity and enforceability thereof.

(k) **Financial and Other Information.** So long as any Note remains outstanding, the Issuer will furnish to the Trustee:

(i) a copy of the Issuer's audited consolidated financial statements for each financial year prepared in accordance with IFRS consistently applied, including a report thereon by their independent public accountants, as soon as such are completed and available, but in any event not later than 120 days after the end of each financial year of the Issuer;

(ii) to the extent prepared and available, a copy of the Issuer's unaudited consolidated financial statements for the first half of each financial year prepared in accordance with IFRS consistently applied as soon as the same are completed and available, but in any event where the same are completed and available, not later than 90 days after the end of the first half year of each financial year of the Issuer; and

(iii) without undue delay, such additional information regarding the financial position or the business of the Issuer and any Material Subsidiary as the Trustee may reasonably request.

(l) **Additional Guarantors.**

(i) The Issuer shall ensure that the aggregate combined EBITDA, net assets and net income (determined separately and calculated on a stand-alone non-consolidated basis for each entity and without double counting (for the avoidance of doubt, all intra-group items and investments in Material Subsidiaries by the Issuer or any of the Material Subsidiaries shall be excluded)) (such calculation, a "**Combined Unconsolidated Basis**") for the Guarantors shall equal or exceed 80 *per cent*. of, respectively, the aggregate combined Consolidated EBITDA, net assets or net income of the Issuer and the Material Subsidiaries (determined on a Combined Unconsolidated Basis) (the "**Guarantor Threshold**"). Compliance with such Guarantor Threshold shall be determined promptly following the date of delivery of the Issuer's annual consolidated financial statements under Condition 5(k) (*Financial and Other Information*) (each such date, a "**Guarantor Threshold Test Date**"). If as of any Guarantor Threshold Test Date the Combined Unconsolidated Basis of the Issuer and the Guarantors is below the Guarantor Threshold, the Issuer shall, within 30 days of such Guarantor Threshold Test Date, cause one or more of its Material Subsidiaries that are not Guarantors to become Guarantors in accordance with the terms of the Trust Deed to the extent necessary to ensure that the Combined Unconsolidated Basis of the Issuer and the Guarantors are equal to or above the Guarantor Threshold.

(ii) The Issuer shall give not more than 30 days' notice to the Trustee and the Noteholders in accordance with Condition 15 (*Notices*) of the accession of each Additional Guarantor to the Trust Deed or release of a Guarantor and, so long as the Notes are listed on the Irish Stock Exchange and/or any other stock exchange on which the Notes may be listed or quoted from time to time, shall comply with applicable rules of the Irish Stock Exchange and/or such other exchange (including preparation of a supplemental offering circular). The accession of the Additional Guarantors pursuant to this Condition 5(l) shall be conditional upon receipt by the Trustee of a legal opinion, in form and substance satisfactory to the Trustee, of legal counsel of recognised standing as to the enforceability of the Guarantee under the applicable deed of accession to the Trust Deed from such Guarantors. The Trustee shall be entitled to accept the legal opinion referred to above without further enquiry or liability to any Person as sufficient evidence of the matters contained therein.

(iii) The obligations of each Additional Guarantor will be limited under relevant laws applicable to such Additional Guarantor to the extent that the granting of the relevant guarantee), as the case may be, would:

(A) not be consistent with corporate benefit, capital preservation, financial assistance or fraudulent conveyance rules or any other general statutory laws or regulations (or analogous restrictions) of any applicable jurisdiction; or

(B) cause the directors of an Additional Guarantor, as the case may be, to contravene their fiduciary duties, to incur civil or criminal liability or to contravene any legal prohibition.

6. Definitions

For the purposes of these Conditions:

"**Additional Guarantor"** means a Person who becomes a Guarantor pursuant to Condition 5(l) (*Additional Guarantors*).

"**Affiliate**" has the meaning given to it in Rule 501(b) under the Securities Act.

"**Affiliate Transaction**" means a transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate.

"**Capital Stock**" of any Person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Capitalised Lease Obligations**" means an obligation that is required to be classified and accounted for as a capitalised lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation will be the capitalised amount of such obligation at the time any determination thereof is to be made as determined in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"**Consolidated Depreciation and Amortisation**" means, in respect of any period, the consolidated depreciation and amortisation expense of the issuer and its subsidiaries for such period determined on a consolidated basis prepared in accordance with IFRS.

"**Consolidated EBITDA**" for any period means the EBITDA of the Issuer and its Subsidiaries on a consolidated basis in accordance with IFRS.

"**Consolidated Income Tax Expense**" means, in respect of any period, the consolidated expenses of the Issuer and its subsidiaries in respect of income taxes for such period determined on a consolidated basis prepared in accordance with IFRS.

"**Consolidated Interest Expense**" means, for any semi-annual financial period and without double-counting, the total interest expense of the Issuer and its Material Subsidiaries, on a consolidated basis in accordance with IFRS, whether paid or accrued, plus as calculated in accordance with the then most recent financial statements delivered pursuant to Condition 5(k) (*Financial and Other Information*), to the extent not included therein (as calculated in accordance with the then most recent financial statements delivered pursuant to Condition 5(k) (*Financial and Other Information*):

(i) interest expense attributable to Capitalised Lease Obligations determined as if such lease were a capitalised lease in accordance with IFRS and the interest component of any deferred payment obligations;

(ii) amortisation of debt discount and debt issuance cost;

(iii) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(iv) interest actually paid by the Issuer or any such Material Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person;

(v) net costs associated with hedging obligations;

(vi) all dividends paid or payable in cash, temporary cash investments or Indebtedness or accrued during such period on any series of Disqualified Stock of such Person or on Preferred Stock of its Material Subsidiaries payable to a party other than the Issuer or a Material Subsidiary; and

(vii) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Issuer) in connection with Indebtedness incurred by such plan or trust.

For purposes of the foregoing, total interest expense will be determined after giving effect to any net payments made or received by the Issuer and its Subsidiaries, on a consolidated basis, with respect to interest rate agreements.

"**Consolidated Net Income**" means, for any period, the aggregate net income (or loss) of the Issuer and its Subsidiaries for such period determined on a consolidated basis in conformity with IFRS.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option to the holder) or upon the happening of any event:

(i) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund obligation or otherwise;

(ii) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(iii) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part.

"**EBITDA**" for any period means the sum of Consolidated Net Income, plus the following to the extent deducted in calculating such Consolidated Net Income:

(i) Consolidated Interest Expense; *plus*

(ii) Consolidated Corporate Income Tax Expense; *plus*

(iii) Consolidated Depreciation and Amortisation; *minus*

(iv) to the extent they increase Consolidated Net Income, net after-tax extraordinary or nonrecurring gains; *plus*

(v) to the extent they decrease Consolidated Net Income, net after-tax extraordinary or nonrecurring losses; and *plus*

(vi) all other non-cash charges of the Issuer and Guarantors.

"**Financial Assets**" means the sum of loans, securities, investments, receivables and reserves minus allowances for loan loss of the Group as reflected on the most recently available unaudited half-yearly or audited annual year-end balance sheet, as applicable, as certified to by the Issuer and its independent accountants in writing, a copy of which shall be delivered to the Trustee within five days following the date on which financial statements are required under the Trust Deed to be delivered provided under Condition 5(k) (*Financial and Other Information*) following the end of any half-yearly or year-end period.

"**Guarantee**" means any guarantee or indemnity in respect of any Indebtedness or any arrangement having a similar effect.

"**Group**" means the Issuer and all of its Subsidiaries (including, but not limited to, the Guarantors).

"**indebtedness**" means any indebtedness of any Person for money borrowed, whether incurred, assumed or guaranteed, other than trade credit in the ordinary course of business.

"**Indebtedness**" means any indebtedness of any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent, for or in respect of:

(a) moneys borrowed;

(b) amounts raised by acceptance under any acceptance credit facility;

(c) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments;

(d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with International Financial Reporting Standards, be treated as finance or capital leases;

(e) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service;

(f) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a "**with recourse**" basis) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price in respect of Indebtedness of such person (and, when calculating the value of any derivative transaction, only the mark-to-market value shall be taken into account);

(h) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"**Material Adverse Effect**" means a material adverse effect on (i) the business, operations, property or condition (financial or otherwise) or prospects of the Group taken as a whole, or (ii) the Issuer's ability to perform or comply with its obligations under the Notes or the Trust Deed.

"**Material Subsidiary**" means each of the Guarantors, from time to time, and "**Material Subsidiaries**" shall be construed accordingly.

"**Net Worth**" means sum of paid in capital, retained earnings and reserves of the Group as reflected on the most recently available unaudited half-yearly or audited annual year end consolidated balance sheet, as applicable, as certified to by the Issuer and its independent accountants in writing, a copy of which shall be delivered to the Trustee within five days following the date on which financial statements are required under the Trust Deed to be delivered as provided under Condition 5(k) (*Financial and Other Information*) following the end of any half-yearly or year-end period.

"**Permitted Indebtedness**" means in relation to the Issuer and the Material Subsidiaries:

(a) Indebtedness represented by the Notes and the Guarantees;

(b) Indebtedness of the Issuer or any Material Subsidiary outstanding on the Issue Date;

(c) Indebtedness of the Issuer incurred before or after the Issue Date pursuant to the credit line agreement (No.KL-11/2011) dated 17 May 2011 between the Issuer and AS Trasta komercbanka, Latvia, with registration number 40003029667 (the "**AS Trasta Credit Line Agreement**");

(d) refinancings (including successive refinancing) of Indebtedness of the Issuer or any Material Subsidiary outstanding on the Issue Date (including the Notes issued on the Issue Date and including any Exchange Notes which may be issued pursuant to Condition 9(e) (*Mandatory Exchange Following Notice of an Event of Default*) or permitted to be incurred under sub-paragraph (ii) of Condition 5(c) (*Permitted Indebtedness*) above; provided however that the aggregate principal amount is not thereby increased by more than the expenses incurred by the Issuer or its Material Subsidiaries in connection with such refinancing together with the amount of any premium to be paid in connection with such refinancing;

(e) intercompany debt (1) between the Issuer and any Material Subsidiary, (2) between any Material Subsidiary and another Material Subsidiary and (3) between the Issuer or any Material Subsidiary and 4finance S.A.; *provided however* that any subsequent issue or transfer of any Capital Stock which results in any such Material Subsidiary ceasing to be a Material Subsidiary or any subsequent disposition, pledge or transfer of such Indebtedness (other than to the Issuer or a Material Subsidiary) shall be deemed, in each case, to constitute the incurrence of such Indebtedness by the obligor thereon; and

(f) Indebtedness arising out of interest rate agreements or currency hedging agreements for the benefit of the Issuer or any Material Subsidiary in respect of Indebtedness of the Issuer or any Material Subsidiary; provided however that such interest rate agreements do not exceed the aggregate principal amount of the related Indebtedness and such currency hedging agreements do not increase the obligations of the Issuer or any Material Subsidiary other than as a result of fluctuations in interest or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder.

"**Permitted Security Interest**" means in relation to the Issuer and Guarantors:

(i) any Security Interest in existence on the Issue Date to the extent that it secures Indebtedness outstanding on such date;

(ii) any Security Interest created by the Issuer, a Guarantor or Subsidiary in favour of another Subsidiary or the Issuer to secure Indebtedness owed by such party to the other;

(iii) any Security Interest created by the Issuer to secure Indebtedness owed by the Issuer pursuant to the AS Trasta Credit Line Agreement;

(iv) any Security Interest on property acquired (or deemed to be acquired) under a financial lease, or claims arising from the use or loss of or damage to such property, provided that any such encumbrance secures only rentals and other amounts payable under such lease;

(v) any Security Interest granted upon or with regard to any property hereafter acquired by the Issuer, a Guarantor or Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition (other than a Security Interest created in contemplation of such acquisition), provided that the maximum amount of Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(vi) any Security Interest created by the Issuer, a Guarantor or Subsidiary over the assets of any capital project of the Issuer, a Guarantor or Subsidiary commenced after the Issue Date (or over the shares of a company carrying out the capital project) to secure credits, lease obligations or other indebtedness to finance the capital project where the financiers' rights of recovery are primarily limited to the assets of the capital project;

(vii) any Security Interest created or outstanding upon any property or assets of the Issuer, a Guarantor or Subsidiary arising out of any securitisation of such property or assets or other similar structured finance transaction in relation to such property or assets where the recourse in relation to the Indebtedness secured by such property or assets is limited to such property or assets, provided that, the amount of Indebtedness so secured pursuant to this Clause (vii) at any one time shall not exceed an amount in any currency or currencies equivalent to 15 *per cent*. of the Issuer's assets (calculated by reference to the most recent audited consolidated financial statements of the Issuer prepared in accordance with International Financial Reporting Standards);

(viii) any Security Interest securing any Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Issuer, a Guarantor or Subsidiary, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any assets or property of the Issuer, a Guarantor or Subsidiary, other than the surviving Person and its Subsidiaries;

(ix) any Security Interest in respect of any interest rate swap, option, cap, collar or floor agreement or any foreign currency swap agreement or other similar agreement or arrangement designed to protect the Issuer, a Guarantor or Subsidiary against fluctuations in interest or foreign currency rates; and

(x) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by a Security Interest either existing on or before the Issue Date of the Notes or permitted by any of the above exceptions, provided that the Indebtedness thereafter secured by such Security Interest does not exceed the amount of the original Indebtedness and such Security Interest is not extended to cover any property not previously subject to such Security Interest.

"**Potential Event of Default**" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default;

"**Preferred Stock**" means as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Senior Indebtedness**" means all unsubordinated Indebtedness of the Issuer or of any of its Subsidiaries, whether outstanding on the Closing Date or incurred thereafter;

"**Subsidiary**" means, in relation to any Person at any time, any other Person (whether or not now existing) which is controlled directly or indirectly, or more than 50 *per cent.* of whose issued equity share capital (or equivalent) is then beneficially owned by the first Person and/or any one or more of the first Persons' Subsidiaries, and "control" means the power (whether directly or indirectly) and whether by the ownership of share capital, the possession of voting power, contract or otherwise to appoint the majority of the members of the governing body of management or otherwise to control the affairs and policies, of that other Person; and

"**Tirona**" means Tirona Limited , a company organised under the laws of Cyprus with its registered number HE 293370 and registered address at Nikou Georgiou, 6, Block C, 7th floor, Flat/Office 703, 1095, Nicosia, Cyprus.

7. Interest

(a) **Interest Accrual**. Each Note bears interest from 31 July 2013 (the "**Issue Date**") at the rate of 13.0 *per cent. per annum* (the "**Rate of Interest**") payable quarterly in arrear on 31 October, 31 January, 30 April and 31 July in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 8 (*Payments*). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

(b) **Cessation of Interest**. Each Note will cease to bear interest from the due date for final redemption unless, upon due surrender of the relevant Note, payment of principal is improperly withheld or refused. In such case it will continue to bear interest at such rate (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying and Transfer Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment) in accordance with Condition 15 (*Notices*).

(c) **Calculation of Interest for an Interest Period**. The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by four and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(d) **Calculation of Interest for any other Period**. If interest is required to be calculated for any period other than an Interest Period, it will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

The determination of the amount of interest payable under Conditions 7(c) (*Calculation of Interest for an Interest Period*) and 7(c) (*Calculation of Interest for any other period*) by the Principal Paying and Transfer Agent shall, in the absence of manifest error, be binding on all parties.

8. Payments

(a) **Principal**. Payment of principal in respect of each Note and payment of interest due other than on an Interest Payment Date will be made to the person shown in the Register at the close of business on the Record Date (as defined below) and subject to the surrender (or, in the case of part payment only, endorsement) of the relevant Definitive Note Certificate at the Specified Office of the Registrar or of the Paying and Transfer Agents.

(b) **Interest**. Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.

(c) **Record Date**. "**Record Date**" means the fifteenth day before the due date for the relevant payment.

(d) **Payments**. Each payment in respect of the Notes pursuant to Conditions 8(a) (*Principal*) and 8(b) (*Interest*) will be made by United States dollar cheque drawn on a branch of a bank in New York City mailed to the holder of the relevant Note at his address appearing in the Register. However, upon application by the holder to the Specified Office of the Registrar or any Paying and Transfer Agent not less than 15 days before the due date for any payment in respect of a Note, such payment may be made by transfer to a United States dollar account maintained by the payee with a bank in New York City.

Where payment is to be made by United States dollar cheque, the cheque will be mailed, on the business day preceding the due date for payment or, in the case of payments referred to in Condition 8(a) (*Principal*), if later, on the business day on which the relevant Definitive Note Certificate is surrendered (or, in the case of part payment only, endorsed as the case may be) as specified in Condition 8(a) (*Principal*) (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder).

Where payment is to be made by transfer to a United States dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated, in the case of payments of principal referred to in Condition 8(a) (*Principal*), on the later of the due date for payment and the day on which the relevant Definitive Note Certificate is surrendered (or, in the case of part payment only, endorsed as the case may be) and, in the case of payments of interest referred to in Condition 8(b) (*Interest*) on the due date for payment.

(e) **Agents**. The names of the initial Paying and Transfer Agents and Registrar and their Specified Offices are set out below. The Issuer and the Guarantors reserve the right under the Agency Agreement at any time with the prior written approval of the Trustee (such consent not to be unreasonably withheld or delayed) by giving to the Principal Paying and Transfer Agent and any other Agent concerned at least 60 days' prior written notice, which notice shall expire at least 30 days before or after any due date for payment in respect of the Notes, to vary or terminate the appointment of any Paying and Transfer Agent or the Registrar and to appoint successor or additional Paying and Transfer Agents or another Registrar, provided that they will at all times maintain:

(i) a Principal Paying and Transfer Agent;

(ii) Paying and Transfer Agents in at least two major European cities approved by the Trustee;

(iii) a Paying and Transfer Agent with a Specified Office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive;

(iv) a Paying and Transfer Agent in a jurisdiction other than Latvia; and

(v) a Registrar.

Notice of any such removal or appointment and of any change in the Specified Office of any Paying and Transfer Agent or Registrar will be given to Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable.

(f) **Payments subject to Fiscal Laws**. All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

(g) **Delay in Payment**. Noteholders will not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for payment not being a business day or (ii) a cheque mailed in accordance with this Condition 8 (*Payments*) arriving after the due date for payment or being lost in the mail.

(h) **Business Days**. In this Condition, "**business day**" means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City and, in the case of surrender of a Definitive Note Certificate, in the place of the Specified Office of the Registrar or relevant Paying and Transfer Agent, to whom the relevant Definitive Note Certificate is surrendered.

9. Redemption and Purchase

(a) **Scheduled redemption**. Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its principal amount on 31 January 2015 (the "**Maturity Date**"), subject as provided in Condition 8 (*Payments*).

(b) **Redemption for Taxation Reasons**. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) it has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) or a Guarantor would be unable for reasons outside its control to procure that the Issuer is able to make payment and in making payment itself has become or (if a demand was made under the Guarantee) would be obliged to pay such additional amounts or such Guarantor has or will become obliged to make any such withholding or deduction of the type referred to in Condition 10 (*Taxation*) or pursuant to the Guarantee (as the case may be) from any amount paid by it to the Issuer in order to enable the Issuer to make a payment under the Notes, in each case as a result of any change in, or amendment to, the laws or regulations of Latvia, a jurisdiction of organisation of a Guarantor or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 24 July 2013 or the Guarantor, in making available to the Issuer any funds required by the Issuer on that occasion, would itself be required to make any withholding or deduction of the kind referred to in Condition 10 (*Taxation*) from such funds; and

(ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, (but at no material cost) to mitigate the effects of the occurrence of the relevant events described in (i) above,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Upon the expiry of any such notice as is referred to in this Condition 9(b) (*Redemption for Taxation Reasons*), the Issuer (or as the case may be, a Guarantor) shall be bound to redeem the Notes in accordance with this Condition 9(b) (*Redemption for Taxation Reasons*).

(c) **Redemption at the Option of Noteholders (Put Option)**. If a Change of Control Event (as defined below) occurs, the Issuer shall, at the option of the holder of any Note, upon the holder of such Note giving notice to the Issuer as provided in Condition 9(c) at any time during the Redemption Period, redeem such Note on the Redemption Date at 101 *per cent.* of its principal amount together (if applicable) with interest accrued and unpaid to but excluding the Redemption Date.

Change of Control Notice. Immediately upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 15 (*Notices*) specifying the nature of the Change of Control Event and the procedure for exercising the put option contained in Condition 9(c).

To exercise the put option pursuant to Condition 9(c), a holder must deposit the certificate representing the Note(s) to be redeemed with the Registrar or any Paying and Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying and Transfer Agent or the Registrar within the Redemption Period. An Exercise Notice, once given, shall be irrevocable.

If 90 *per cent.* or more in principal amount of the Notes then outstanding has been redeemed pursuant to Condition 9(c), the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Redemption Date, redeem, at its option, the remaining Notes as a whole at their principal amount, together with interest accrued and unpaid to but excluding the date of such redemption. Such notice to the Noteholders shall specify the date fixed for redemption, the redemption price and the manner in which redemption will be effected.

(d) **Redemption with the Proceeds of a Qualified Public Offering.** At any time prior to the Maturity Date, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable), the Issuer may redeem up to 35 *per cent.* of the aggregate principal amount of the Notes with the net cash proceeds of one or more Qualified Public Offerings at a redemption price equal to 113.0 *per cent.* of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption; provided that (i) at least 65 *per cent.* of the aggregate principal amount of Notes issued remains outstanding immediately after the occurrence of such redemption and (ii) the redemption occurs within 90 days of the date of the closing of any such Qualified Public Offering.

For the purpose of this Condition 9:

(i) a "**Change of Control Event**" will occur if at any time, other than pursuant to a Qualified Public Offering, Tirona ceases to own, directly or indirectly, more than 50 *per cent.* of the issued share capital of the Issuer or otherwise ceases to control, directly or indirectly, the Issuer. For the purpose of this Condition, Tirona will be deemed to "control" the Issuer if (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) it has the power to appoint and/or remove the majority of the members of the council or other governing body of the Issuer or otherwise controls, or has the power to control, the affairs and policies of the Issuer;

(ii) "**Qualified Public Offering**" means an initial public offering and listing on an internationally recognised stock exchange;

(iii) "**Redemption Date**" means, in respect of any Note, the date which falls 14 days after the date on which the relevant holder exercises its option in accordance with this Condition 9; and

(iv) "**Redemption Period**" means the period from and including the date on which a Change of Control Event occurs (whether or not the Issuer has given a Change of Control Notice in respect of such event) to and including the date falling 60 days after the date on which such Change of Control Notice is given, provided that if no Change of Control Notice is given, the Redemption Period shall not terminate.

(e) **Mandatory Exchange Following Notice of an Event of Default**. The Issuer (and failing whom, the Trustee) shall, no later than 7 days following the occurrence of the Trustee giving notice of an Event of Default pursuant to Condition 12 (*Events of Default*), give notice in substantially the form set forth in Schedule 8 (*Form of Mandatory Exchange Notice*) to the Trust Deed (the "**Mandatory Exchange Notice**") to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall specify the date of exchange, which shall be not less than 30 nor more than 60 days' from the date of such notice (the "**Mandatory Exchange Date**")). On the Mandatory Exchange Date the Issuer shall exchange all of the Notes then outstanding (the "**Mandatory Exchange**") at their principal amount, together with interest accrued to the Mandatory Exchange Date, for the same principal amount (and on which the same amount of interest has accrued) of new notes to be issued by the Issuer (the "**Exchange Notes**") with the terms and conditions set forth in Schedule 7 (*Terms and Conditions of the Subordinated Notes*) to the Trust Deed (being substantially the same as the terms and conditions of the Notes, except that the Exchange Notes will be expressly subordinated in right of payment to any Notes which remain outstanding following the Mandatory Exchange); *provided, however,* that Notes in respect of which a Non-Shareholder and Affiliate Certification is delivered prior to the Mandatory Exchange Certification Deadline (each as defined below) will not be subject to the Mandatory Exchange and shall remain outstanding following the Mandatory Exchange Date.

For the purpose of these Conditions:

(i) "**Mandatory Exchange Record Date**" means the forty-fifth day before the date on which the Trustee gave notice of an Event of Default to the Issuer pursuant to Condition 12 (*Events of Default*);

(ii) a "**Non-Shareholder and Affiliate Certification**" means, in respect of any Note, a certification to the Trustee and the Issuer in substantially the form as set forth in Schedule 9 (*Form of Non-Shareholder and Affiliate Certification*) to the Trust Deed confirming that, as at the Mandatory Exchange Record Date, the holder of such Note on such date was not the Issuer, a Guarantor or any of their respective Subsidiaries or Affiliates or a shareholder of the Issuer or a shareholder of any of the Guarantors; and

(iii) "**Mandatory Exchange Certification Deadline**" means the date falling 7 days prior to the Mandatory Exchange Date.

For the purpose of this Condition 9(e) only and notwithstanding anything to the contrary in the Trust Deed and these Conditions:

"**outstanding**" means, in relation to the Notes immediately preceding any Mandatory Exchange Record Date, all Notes issued except (a) those which have been redeemed in accordance with these Conditions and the Trust Deed, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under these Conditions and the Trust Deed after such date) have been duly paid to the Trustee or to the Principal Paying and Transfer Agent as provided in Clause 2 (*Amount of the Notes and Covenant to Pay*) of the Trust Deed and remain available for payment in accordance with these Conditions, (c) those which have become void, (d) those which have been purchased and cancelled as provided in these Conditions, (e) those mutilated or defaced Notes which have been surrendered in exchange for replacement Notes, (f) (for the purpose only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued, and (g) any Global Note to the extent that it shall have been exchanged for another Global Note pursuant to its provisions and any Global Note to the extent that it shall have been exchanged for Definitive Note Certificates pursuant to its provisions. For the avoidance of doubt, those Notes which are beneficially held by or on behalf of the Issuer, the Guarantors or any of their respective Subsidiaries and Affiliates, including, but not limited to, any shareholder of the Issuer or any shareholder of any of the Guarantors, and not cancelled shall be deemed to be outstanding for purposes of this Condition 9(e).

(f) **Purchase**. The Issuer, any of the Guarantors or any of their respective Subsidiaries may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise and at any price. The Notes so purchased may be held or resold (provided that such resale is outside the United States and is otherwise in compliance with all applicable laws) or surrendered for cancellation at the option of the Issuer or otherwise, as the case may be in compliance with Condition 9(g) (*Cancellation of Notes*) below. The Notes so purchased, while held by or on behalf of the Issuer or any of the Guarantors or any such Subsidiary, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 14(a) (*Meetings of Noteholders*).

(g) **Cancellation of Notes**. All Notes which are redeemed pursuant to Conditions 9(b) (*Redemption for Taxation Reasons*) or 9(c) (*Redemption at the option of the Noteholders (Put Option)*), exchanged pursuant to Condition 9(e) (*Mandatory Exchange Following Notice of an Event of Default*) or submitted for cancellation pursuant to Condition 9(f) (*Purchase*) will be cancelled and may not be reissued or resold. For so long as the Notes are admitted to trading on the Irish Stock Exchange (the "**Stock Exchange**") and the rules of such exchange so require, the Issuer shall promptly inform the Stock Exchange of the cancellation of any Notes under this Condition 9(g) (*Cancellation of Notes*).

10. Taxation

(a) All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within Latvia, a jurisdiction of organisation of a Guarantor or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantors shall pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been received by them in respect of the Notes if no such withholding or deduction had been required (in particular, the Issuer or the Guarantors, as applicable, will pay additional amounts in respect of the 10 *per cent*. or 15 *per cent*. withholding required to be paid to the relevant authorities in Latvia as at the Issue Date from the payments to individuals and/or non-resident related entities (while they are subject to withholding tax) or to entities located in statutorily designated low-tax zones) except that no such additional amounts shall be payable in respect of any Note:

(i) **Other Connection**: presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Latvia or, in the case of payments made by a Guarantor, the jurisdiction of incorporation and operation of the relevant Guarantor, other than the mere holding of the Note;

(ii) **Presentation more than 30 days after the Relevant Date**: where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note Certificate is surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on surrendering such Definitive Note Certificate for payment on the last day of such period of 30 days;

(iii) **Payment to Individuals**: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(iv) **Payment by another Paying and Transfer Agent**: where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note Certificate is surrendered for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by surrendering the relevant Definitive Note Certificate to another Paying and Transfer Agent in a Member State of the European Union; or

(v) **Payment in Latvia or Jurisdiction of a Guarantor**: where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note Certificate is surrendered for payment in Latvia or a jurisdiction of organisation of a Guarantor.

(b) **Taxing jurisdiction**. If the Issuer or, as the case may be, any Guarantor becomes subject at any time to any taxing jurisdiction other than Latvia or the jurisdiction of incorporation of the relevant Guarantor, respectively, references in this Condition 10 (*Taxation*) to Latvia or a jurisdiction of Guarantors, respectively shall be construed as references to Latvia or a jurisdiction of Guarantors, respectively and/or such other jurisdiction.

"**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in New York City by the Principal Paying and Transfer Agent or the Trustee on or prior to such due date, the date on which, the full amount plus any accrued interest having been so received, notice to that effect shall have been given to the Noteholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

11. Prescription

Claims in respect of principal and interest will become void unless the relevant Definitive Note Certificate is surrendered for payment as required by Condition 8 (*Payments*) within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

12. Events of Default

The Trustee, in its discretion may, and if so requested in writing by the holders of not less than one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in the case of the happening of any of the events mentioned in Conditions 12(b), 12(h) or 12(i) and, in relation only to a Subsidiary of the Issuer, Conditions 12(d), 12(e) or 12(g)(i) to 12(g)(iii) to the Trustee having certified in writing that the happening of such event is in its opinion (and in its sole discretion) materially prejudicial to the interests of the Noteholders) (subject in each case to being indemnified, prefunded or secured to its satisfaction) shall, give notice to the Issuer that the Notes are and they shall immediately become due and repayable in each case at their principal amount together with accrued interest if any of the following events (each, an "**Event of Default**") occurs:

(a) **Non-payment**. The Issuer or the Guarantors, as the case may be, fail to pay any amount of principal in respect of the Notes on the due date for payment when the same becomes due and payable either at maturity, by declaration or otherwise or the Issuer or the Guarantors, as the case may be, is in default with respect to the payment of interest or any additional amount payable in respect of any of the Notes and such default in respect of interest or additional amounts continues for a period of 14 days; or

(b) **Breach of other obligations**. The Issuer or Guarantors, as the case may be, defaults in the performance or observance of any of its other obligations under the Notes or the Trust Deed and such default (i) is in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof, addressed to the Issuer and the Guarantors; or

(c) **Breach of Certain Conditions.** The Issuer or the Guarantors, as the case may be, fails to comply with the obligations under Condition 5(g) (*No Consolidation or Merger*), 5(i) (*Substantial Change of Business*), 5(j) (*Maintenance of Authorisations*) or 9(c) (*Redemption at the Option of Noteholders* (*Put Option*)); or

(d) **Cross-default**.

(i) Any Indebtedness of the Issuer, the Guarantors or any of the Issuer's Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, a Guarantor or (as the case may be) the relevant Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

(iii) the Issuer, a Guarantor or any of the Issuer's Material Subsidiaries fails to pay when due any amount payable by it under any guarantee of any Indebtedness (including any indemnity of such Indebtedness or any arrangement having a similar effect),

provided that the amount of Indebtedness referred to in Conditions 12(d)(i) and/or 12(d)(ii) above and/or the amount payable under any guarantee referred to in Condition 12(d)(iii) above individually or in the aggregate exceeds EUR 5,000,000 (or its equivalent in any other currency or currencies); or

(e) **Judgment default**. One or more judgments or orders or arbitration awards for the payment of an amount in excess of EUR 5,000,000 (or its equivalent in any other currency or currencies) is rendered or granted against the Issuer, a Guarantor or any of the Issuer's Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment; or

(f) **Security Enforced**. A secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer, a Guarantor or any of the Issuer's Material Subsidiaries with an aggregate book value in excess of EUR 5,000,000; or

(g) **Bankruptcy**.

(i) (A) The Issuer, a Guarantor or any of the Issuer's Material Subsidiaries becomes insolvent or is unable to pay its debts, (B) an administrator or liquidator or other similar officer of the Issuer, a Guarantor or any of the Issuer's Material Subsidiaries or the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer, a Guarantor or any of the Issuer's Material Subsidiaries is appointed, and such appointment is not stayed or discharged within 30 days thereof, (C) the Issuer, a Guarantor or any of the Issuer's Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it or (D) the Issuer, a Guarantor or any of the Issuer's Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business; or

(ii) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, a Guarantor or any of the Issuer's Material Subsidiaries, except for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(iii) any event occurs which under the laws of Latvia or a jurisdiction of operation of the Issuer's relevant Material Subsidiary or Guarantor has an analogous effect to any of the events referred to in Conditions 12(g)(i) and 12(g)(ii) above; or

(h) **Invalidity or Unenforceability**.

(i) Any action, condition or thing at any time required to be taken, fulfilled or done in order (A) to enable the Issuer and the Guarantors lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes or the Trust Deed, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Definitive Note Certificates and the Trust Deed admissible as evidence in the courts of Latvia and the jurisdictions of organisation of the Guarantors and is not taken, fulfilled or done; or

(ii) it is or will become unlawful for the Issuer or a Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or

(iii) any Guarantee of a Guarantor ceases to be (or is claimed by the Issuer or a Guarantor not to be) in full force and effect (other than in accordance with the terms of the Trust Deed or these Conditions) or any Guarantor denies or disaffirms its obligations under its Guarantee in writing (other than by reason of release of a Guarantor from or other termination of its Guarantee in accordance with the terms of the Trust Deed or these Conditions); or

(i) **Government Intervention**.

(i) All or any substantial part of the undertaking, assets and revenues of the Issuer or a Guarantor is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government; or

(ii) the Issuer or a Guarantor is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or

(j) **Material Compliance with Applicable Laws**. The Issuer or a Guarantor fails to comply in any material respect with any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Notes, the Trust Deed or the Agency Agreement or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect.

13. Replacement of Notes

If any Definitive Note Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar or any Paying and Transfer Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and Guarantors may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Note Certificates must be surrendered before replacements will be issued.

14. Meetings of Noteholders; Modification and Waiver

(a) **Meetings of Noteholders**. The Trust Deed contains provisions for convening meetings of Noteholders to consider any matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee, the Guarantors or the Issuer, or by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority of the aggregate principal amount of the Notes for the time being outstanding, or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes for the time being outstanding so held or represented; provided, however, that certain proposals (including any proposal (i) to change any date fixed for payment of principal or interest in respect of the Notes, (ii) to reduce or cancel the amount of principal or interest or other amounts payable on any date in respect of the Notes or to reduce the rate of interest on the Notes, (iii) to change the currency of payment under the Notes, (iv) to modify or cancel the Guarantee, (v) to amend this proviso or (vi) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present at the meeting(s) or not.

(b) **Written resolution**. A resolution in writing will take effect as if it were an Extraordinary Resolution if it is signed (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed or (ii) if such Noteholders have been given at least 21 days' notice of such resolution, by or on behalf of persons holding three-quarters of the aggregate principal amount of the outstanding Notes. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(c) **Modification without Noteholders' consent**. The Trustee may agree, without the consent of the Noteholders, (a) to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and (b) to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Any such authorisation, waiver or modification shall be binding on the Noteholders and, if the Trustee so requires, shall be notified to the Noteholders as soon as practicable thereafter.

15. Notices

Notices to Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. Notices to Noteholders will be valid if published, for so long as the Notes are admitted to trading on the Stock Exchange and the rules of such exchange so require, in a leading newspaper having general circulation in Ireland (which is expected to be the Irish Times) or, if, in the opinion of the Trustee, such publication is not practicable, in a leading English language daily newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

So long as any of the Notes are represented by the Global Notes, notices required to be published in accordance with Condition 15 (Notices) may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the relevant accountholders, provided: (i) that such notice is also delivered to the Stock Exchange; and (ii) so long as the Notes are admitted to trading on the Stock Exchange and the rules of the Stock Exchange so require, publication will also be made in a leading daily newspaper having general circulation in Ireland (which is expected to be the Irish Times).

16. Trustee

(a) **Indemnification**. Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Guarantors and any entity relating to the Issuer or the Guarantors without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantors and/or any of their respective Subsidiaries.

(b) **Exercise of power and discretion**. In the exercise of its powers and discretion under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

(c) **Enforcement; Reliance**. The Trustee may at any time after the Notes become due and payable, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed and these Conditions in respect of the Notes, but it shall not be bound to do so unless:

(i) it has been so requested in writing by the holders of at least one-fifth in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(ii) it has been indemnified or provided with security to its satisfaction.

The Trustee may, in making any determination under these Conditions, act on the opinion or advice of, or information obtained from, any expert and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from it so acting.

The Trustee may rely without liability to Noteholders on any certificate or report prepared by any of the above mentioned experts, including specifically the Auditors (as defined in the Trust Deed), or any auditor, pursuant to these Conditions or the Trust Deed, whether or not the expert or auditor's liability in respect thereof is limited by a monetary cap or otherwise.

Until the Trustee has actual or express knowledge to the contrary, the Trustee may assume that no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred.

The Trustee is not liable for any failure to monitor compliance by the Issuer with these Conditions (including Conditions 5 (*Negative Pledge and Other Covenants*) and 12 (*Events of Default*)).

(d) **Failure to act**. No Noteholder may proceed directly against the Issuer or Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

(e) **Confidentiality**. Unless ordered to do so by a court of competent jurisdiction or unless required by the rules of the Stock Exchange, the Trustee shall not be required to disclose to any Noteholder any confidential financial or other information made available to the Trustee by the Issuer or Guarantor.

17. Further Issues

The Issuer may from time to time, without notice to or the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date for and amount of the first payment of interest) so as to be consolidated and form a single series with the Notes ("**Further Notes**"). The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

18. Currency Indemnity

The Trust Deed provides that if any sum due from the Issuer or Guarantors, as the case may be, in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer or Guarantors, as the case may be, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer or Guarantors, as the case may be, shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer or Guarantors, as the case may be, and delivered to the Issuer or Guarantors, as the case may be, or to the Specified Office of the Registrar or any Paying and Transfer Agent with its Specified Office in London against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof, on the date of such receipt. This indemnity constitutes a separate and independent obligation of the Issuer or Guarantors, as the case may be, and shall give rise to a separate and independent cause of action.

19. Governing Law and Jurisdiction

19.1 Governing Law

The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

19.2 Jurisdiction

Each of the Issuer and the Guarantors agrees, for the benefit of the Noteholders and the Trustee, that the courts of England shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, arising out of or in connection with this Agreement (including any non-contractual obligations arising out of or in connection with this Notes) ("**Proceedings**") and, for such purposes, irrevocably submits to the jurisdiction of such courts. Nothing in this paragraph shall (or shall be construed so as to) limit the right of the Noteholders or the Trustee to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings by the Noteholders or the Trustee in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

19.3 Appropriate Forum

For the purpose of Clause 19.2 (*Jurisdiction*), the Issuer and the Guarantors each irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum.

19.4 Service of Process

The Issuer and the Guarantors agree that the process by which any Proceedings are commenced in England pursuant to Condition 19.2 (*Jurisdiction*) may be served on it by being delivered to the Issuer at 4finance Limited, 2nd floor, Scotswood House, Thornaby Place, Stockton-on-Tees, TS17 6SB, United Kingdom. If the Issuer ceases to have a place of business at 4finance Limited, 2nd floor, Scotswood House, Thornaby Place, Stockton-on-Tees, TS17 6SB, United Kingdom, the Issuer shall immediately provide the Trustee with notice of the address of a current place of business in England where it agrees to accept service of process.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

1. Global Notes

The Notes will be evidenced on issue by the Global Note (deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg).

Interests in the Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "— Book-Entry Procedures". By acquisition of an interest in a Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not a US person and that, if it determines to transfer such beneficial interest prior to the expiration of the 40 day distribution compliance period, it will transfer such interest only to a person whom the seller reasonably believes to be a non-US person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S.

Interests in the Global Note will be subject to certain restrictions on transfer set forth therein and in the Trust Deed and the Global Note will bear a legend regarding such restrictions substantially to the following effect:

> "The Notes represented hereby have not been registered under the US Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Except in the limited circumstances described below, owners of interests in the Global Note will not be entitled to receive physical delivery of certificated Notes in definitive form (the "**Definitive Note Certificates**"). The Notes are not issuable in bearer form.

2. Amendments to the Conditions

The Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the above Conditions of the Notes. The following is a summary of those provisions:

Payments. Payments of principal, premium and interest in respect of Notes evidenced by the Global Note will be made against presentation for endorsement by the Principal Paying and Transfer Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of the Global Note to or to the order of the Principal Paying and Transfer Agent or such other Paying and Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.

Notices. Notices to Noteholders will be valid, for so long as the Notes are admitted to trading on the Global Exchange Market of the Irish Stock Exchange, when such notice is filed at the Company Announcement Office of the Irish Stock Exchange.

Meetings. The holder of the Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each US$ 200,000 in principal amount of Notes for which the Global Note may be exchangeable.

Trustee's Powers. In considering the interests of Noteholders while the Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note and may consider such interests as if such accountholders were the holders of the Global Note.

Prescription. Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by the Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 10 (*Taxation*) of the Notes).

Put Option. The Noteholders' put option in Condition 9(c) (*Redemption at the Option of the Noteholders (Put Option)*) of the Notes may be exercised by the holder of the Global Note giving notice to the Principal Paying and Transfer Agent of the principal amount of Notes in respect of which the option is exercised and presenting the Global Note for endorsement of exercise within the time limits specified in such Condition.

Purchase and Cancellation. Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Note.

3. Exchange for and Transfers of Definitive Note Certificates

The Global Note will become exchangeable, free of charge to the holder, in whole but not in part, for Definitive Note Certificates if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so, or an Event of Default (as defined in Condition 12 (*Events of Default*) of the Notes) occurs. In such circumstances, the Issuer or the Guarantors will procure that the Registrar notifies the Noteholders as soon as practicable after the occurrence of the relevant event and that such Definitive Note Certificates will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct in writing.

In such circumstances, the Global Note shall be exchanged in full for Definitive Note Certificates and the Issuer will, without charge to the holder or holders thereof, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Definitive Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in the Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer , the Guarantors and the Registrar may require to complete, execute and deliver such Notes.

The holder of a Definitive Note Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Paying and Transfer Agent, together with the completed form of transfer thereon. The Registrar will not register the transfer of any Notes or exchange of interests in a Global Note for Definitive Note Certificates for a period of 15 calendar days ending on the due date for any payment of principal or interest in respect of the Notes.

4. Book-Entry Procedures

Custodial and depositary links are expected to be established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "Book-Entry Ownership" and "Settlement and Transfer of Interests in Notes held in the Clearing Systems" below.

Investors may hold their interests in the Global Note directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

5. Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

6. **Book-Entry Ownership**

Euroclear and Clearstream, Luxembourg

A Global Note representing the Notes will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

7. **Relationship of Participants with Clearing Systems**

Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the holder of a Note evidenced by the Global Note must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer, or the Guarantors, as the case may be, to the holder of the Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by the Global Note, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective interests in the principal amount of the Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of interests in the Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer, or the Guarantors, as the case may be, in respect of payments due on the Notes for so long as the Notes are evidenced by the Global Note and the obligations of the Issuer, or the Guarantors, as the case may be, will be discharged by payment to the registered holder, as the case may be, of the Global Note in respect of each amount so paid. None of the Issuer, the Guarantors, the Trustee or any Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

8. **Settlement and Transfer of Interests in Notes held in the Clearing Systems**

Subject to the rules and procedures of the applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in the Global Note are exchanged for Definitive Note Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited.

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

TAXATION

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of a purchase of Notes under the tax laws of the country of which they are resident, including, but not limited to, the consequences of the receipt of interest and the sale or redemption of Notes. The following is a general description of certain tax laws relating to the Notes and the Guarantees, as in effect on the date hereof, and does not purport to be a comprehensive discussion of the tax treatment of the Notes or the Guarantees.

LATVIA

Taxation of Individuals

Residents

Resident taxpayers are taxed on their worldwide income.

Individuals are tax resident in Latvia when:

- they have their permanent residence in Latvia;
- they are present in Latvia for more than 183 days in a 12 months period; and
- they are Latvian citizens employed overseas by the Latvian government.

There are no special procedures for terminating residence in Latvia. However, the Law on Taxes and Duties provides that an individual who will not be considered a tax resident in the following year, will no longer be a tax resident from the date they leave Latvia if they can show they have greater ties outside Latvia than within Latvia.

The interest income from the Notes for resident individuals will be subject to 10 *per cent*. tax. Tax should be withheld from payment of the interest and it is an obligation of the payer of the interest.

Also any gain from disposal of the Notes is subject to capital gains tax of 10 *per cent*. Tax should be paid by the individual on a self-assessment basis.

Non-Residents

Non-resident taxpayers are taxed on specific Latvian sources of income.

According to the Law on Personal Income Tax the interest income from the Notes for non-resident individuals will be subject to 10 *per cent*. withholding tax. Tax should be withheld from the payment of the interest.

Taxation of Legal Entities

Residents

The criteria for establishing a company's residence for tax purposes is its incorporation in Latvia or that it legally should have been registered as a tax payer in Latvia, as in the case of a permanent establishment.

Taxable entities are resident companies (but not partnerships) and non-resident entities as well as permanent establishments of non-residents and non-resident entities which derive income from a Latvian source.

Capital gains and interest income are not taxed separately, but are included in profits of the entity subject to corporate income tax at a rate of 15 *per cent*.

Provided that notes are listed on a regulated market of the European Union or the European Economic Area gains on disposal of notes are not taxed and capital losses realised from the disposal of notes are non-deductible.

Non-Residents

Interest payments to non-resident entities are subject to withholding tax pursuant to domestic law as follows:

- No withholding tax is applicable to entities that are not regarded as related (associated) to the Issuer (except, if established in a statutorily designated low tax jurisdiction, as described below);
- No withholding tax is applicable from 1 July 2013 to payments made to qualifying related (associated) EU companies;

- 10% withholding tax is applicable to payments made to related non-resident entities (which are not qualifying EU related (associated) companies) until 31 December 2013, whereas after that date, the respective payments will be exempt from tax, except if such entity is established in a statutorily designated low tax jurisdiction;
- 15% withholding tax is applicable to payments made to non-residents established in a statutorily designated low tax jurisdiction.

EUROPEAN UNION

EU Directive on the Taxation of Savings Income (Directive 2003/48/EC)

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction (a "paying agent") to or for an individual (or a non-corporate, "residual entity") in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Also, a number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a "paying agent" within its jurisdiction to or for an individual in a Member State.

Investors should note that the European Commission has proposed amendments (COM (2008) 727) to the EU Savings Directive. These proposed amendments, if implemented, would extend the scope of the EU Savings Directive so as to treat a wider range of income as similar to interest and to bring payments made through a wider range of collective investment undertakings wherever established (including partnerships) within the scope of the EU Savings Directive. The timing of the implementation of these proposed amendments is not yet known nor is its possible application.

SUBSCRIPTION AND SALE

The Placement Agent has, pursuant to a Subscription Agreement dated 24 July 2013, agreed with the Issuer and the Guarantors, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the Notes at the issue price of 100.0 *per cent*. of their principal amount, less certain commissions as agreed upon with the Issuer. Any Notes which are exchanged for certain existing loans between the Issuer and its shareholders (FCI and Tirona, respectively) pursuant to an exchange agreement shall not be included in the calculation of the Subscription Price. See "Use of Proceeds" and "Related Party Transactions". In addition, the Issuer may, at its discretion, pay the Placement Agent a discretionary performance-related fee. The Issuer will also reimburse the Placement Agent in respect of certain of its expenses in connection with the issue of the Notes, and the Issuer and the Guarantors have agreed to indemnify the Placement Agent against certain liabilities that may be incurred in connection with the offer, issue and sale of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to the issue, sale and delivery of the Notes.

To the extent permitted by local law, the Placement Agent and the Issuer have agreed that commissions may be offered to certain brokers, financial advisors and other intermediaries based upon the amount of investment in the Notes purchased by such intermediary and/or its customers. Each such intermediary is required by law to comply with any disclosure and other obligations related thereto, and each customer of any such intermediary is responsible for determining for itself whether an investment in the Notes is consistent with its investment objectives.

General

These Listing Particulars do not constitute an offer to sell or a solicitation of an offer to buy any of the Notes by or on behalf of the Issuer, the Guarantors, or the Placement Agent in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of these Listing Particulars and the offer or sale of the Notes in certain jurisdictions is restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer, the Guarantors and the Placement Agent to inform themselves about and to observe such restrictions. Accordingly, the Placement Agent has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations, and all offers and sales of the Notes made by it will be made on the same terms.

In connection with the offer, issue and sale of the Notes, the Placement Agent and any of its affiliates acting as an investor for its own account may take up Notes and, in such capacity, may retain, purchase or sell for its own account such securities and any securities of the Issuer or the Guarantors or related investments, and may offer or sell such securities or other investments otherwise than in connection with the offer, issue and sale of the Notes. Accordingly, references in these Listing Particulars to the Notes being offered, issued or sold should be read as including any offer, issue or sale of securities to the Placement Agent and any of its affiliates acting in such capacity. The Placement Agent does not intend to disclose the extent of any such transactions or investments otherwise than in accordance with any legal or regulatory obligation to do so.

In addition, the Placement Agent and its affiliates have performed, and may in the future perform, various financial advisory, investment banking and/or commercial banking services for, and may arrange loans and other non-public market financing for and enter into derivative transactions with, the Issuer, the Guarantors and their respective affiliates, for which they have and may receive customary fees.

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act. The Notes and the Guarantees are being offered and sold outside the United States by the Placement Agent in accordance with Regulation S, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Placement Agent has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered, and will not offer, sell or deliver, the Notes or the Guarantees:

(1) as part of its distribution at any time; or

(2) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes and the Guarantees (the "**distribution compliance period**"), within the United States or to, or for the account or benefit of, US persons, and that it will have sent to each dealer to which it sells any Notes and Guarantees during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantees within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes or Guarantees within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The Placement Agent has represented, warranted and agreed that:

(a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Placement Agent has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by these Listing Particulars to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Placement Agent; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Placement Agent to publish an offering circular pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Latvia

The Placement Agent has represented and agreed that it has not made and will not make an offer of securities to the public except that it may make an offer of securities in Latvia at any time:

(a) to qualified investors within the meaning of Article 1(38) of the Law on the Market for Financial Instruments;

(b) to fewer than 150 individuals or legal entities other than qualified investors within the meaning of Article 1(38) of the Law on the Market for Financial Instruments;

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive (as implemented by Article 16 of the Law on the Market for Financial Instruments).

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any securities in Latvia means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities".

Cyprus

The Placement Agent has represented and agreed that:

(a) in relation to the Notes, it will not provide from within Cyprus all or any "**Investment Services**" and "**Ancillary Services**" (as such terms are defined in the Law on Investment Services and Regulated Markets (No. 144CIV2007), as amended (the "**LIS**")) or otherwise provide Investment Services and Ancillary Services from outside Cyprus to residents or persons domiciled in Cyprus or otherwise conclude in Cyprus any transaction relating to such Investment Services and Ancillary Services in contravention of the LIS and the regulations made pursuant to or in relation thereto; and

(b) it will not issue an offer or invitation to subscribe or purchase or otherwise procure subscribers or purchasers for the Notes within or in Cyprus.

Russian Federation

The Placement Agent has represented and agreed that it has not offered or sold or transferred or otherwise disposed of, and will not offer or sell or transfer or otherwise dispose of, any Notes (as part of their initial distribution or at any time thereafter) to, or for the benefit of, any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation, or to any person located within the territory of the Russian Federation, unless and to the extent otherwise permitted under Russian law.

Switzerland

Switzerland is outside the EU and not subject to the EU Prospectus Directive regime. Provided Swiss professional investors purchase Notes directly from a manager which is not resident in Switzerland and/or conducting business activities in or from Switzerland, 4finance Group is advised by local counsel that there are no selling restrictions from the point of view of Swiss law which need to be included in the Listing Particulars.

LISTING AND GENERAL INFORMATION

1. The Issuer has its registered office at 17A-8 Lielirbes Street, Riga LV-1046 Latvia, with state registration number 40003991692, and its telephone number is +371 6 743 9778.

2. The Notes have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems with a Common Code of 095283039. The International Securities Identification Number for the Notes is XS0952830395.

3. Application has been made to list the Notes on the Irish Stock Exchange by the Issuer, through the Listing Agent, Arthur Cox Listing Services Limited ("**ACLSL**"). ACLSL is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or trading on the Global Exchange Market of the Irish Stock Exchange. It is expected that listing of the Notes will be granted on or before 31 July 2013.

4. The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in Latvia, Lithuania, Finland, Sweden and Poland in connection with the issue and performance of the Notes and the Guarantees. The issue of the Notes was authorised by the resolutions of the shareholders' meeting of the Issuer passed on 1 July 2013 and 24 July 2013, the resolutions of the supervisory board of the Issuer passed on 1 July 2013 and 24 July 2013, and a resolution of the management board of the Issuer passed on 24 July 2013, and the giving of the Guarantees by each of the Guarantors was authorised by the resolution of the board of directors of each of 4finance AB passed on 1 July 2013 and 4finance Oy passed on 1 July 2013 and 24 July 2013, and by the resolution of the management board of each of 4finance UAB and Vivus Finance Sp.z.o.o. each passed on 1 July 2013.

5. No consents, approvals, authorisations or order of any regulatory authorities are required by the Issuer under the laws of Ireland for the issue of the Notes.

6. There has been no significant change in the financial or trading position of the Issuer or of 4finance Group since 31 March 2013 and no material adverse change in the financial position or prospects of the Issuer or of 4finance Group since 31 December 2012.

7. As of the date of these Listing Particulars neither the Issuer nor the Guarantors nor any of the Issuer's subsidiaries is involved in or has knowledge of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of these Listing Particulars, a significant effect on the financial position or profitability of the Issuer.

8. For so long as any of the Notes is outstanding, copies in English of the following documents in physical form will be available for inspection and may be obtained free of charge at the offices of the Trustee, the Principal Paying and Transfer Agent and the Paying and Transfer Agent during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

(a) the certificate of incorporation and articles of association of the Issuer and the Guarantors;

(b) the consolidated financial statements of the Issuer for the financial years ended 31 December 2012 and 2011, including, in each case, the audit report relating to such financial statements, and reviewed condensed consolidated interim financial statements, including the review report relating to such financial statements as of and for the three months ended 31 March 2013;

(c) the Trust Deed (including the Guarantees);

(d) the Agency Agreement; and

(e) these Listing Particulars, together with any amendment and supplement thereto.

9. Any certificate of the Auditors (as defined in the Trust Deed) or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts set out therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

10. Save for the fees payable to the Placement Agent, the Trustee, the Principal Paying Agent, the Paying Agent, Registrar and Transfer Agent, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest that is material to the issue of the Notes.

11. Any websites referred to herein do not form part of these Listing Particulars.

12. The expenses in relation to the admission of the Notes to the Official List of the Irish Stock Exchange will be approximately EUR 5,100.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for 4finance Group by Akin Gump Strauss Hauer & Feld LLP with respect to matters of English law and by Attorneys at law Borenius with respect to matters of Latvian law. Certain matters in connection with the Offering will be passed upon for the Placement Agent by White & Case LLP with respect to matters of English law and LAWIN with respect to matters of Latvian law. Certain matters in connection with the Offering will be passed on for both 4finance Group and the Placement Agent by Attorneys at law Borenius with respect to Lithuanian and Finnish law, Advokatfirman Vinge KB with respect to Swedish law and Schoenherr Cvak Sp.k. with respect to Polish law.

INDEPENDENT AUDITORS

The Financial Statements of the Issuer as of and for the years ended 31 December 2012 and 31 December 2011, included in these Listing Particulars, have been audited, and condensed consolidated interim financial statements as of and for the three months ended 31 March 2013 have been reviewed by KPMG Baltics SIA located at Vesetas iela, 7, Riga, LV, 1013, Latvia, as stated in their reports herein. KPMG Baltics SIA is a member of the Latvian Association of Certified Auditors.

INDEX TO THE FINANCIAL STATEMENTS

AS 4finance

Condensed Consolidated
Interim Financial Statements
for the three month period ended

31 March 2013

Contents

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

	Note	For three months ended 31 March 2013 EUR'000	2012 EUR'000 *Unaudited*
Interest income	6	32 565	12 265
Interest expense	7	(3 372)	(753)
Net interest income		**23 193**	**11 512**
Other income		311	14
Goodwill write-off	8	(681)	-
Net impairment losses on loans and receivables	9	(4 811)	(2 212)
General administrative expenses	10	(15 163)	(3 189)
Profit before tax		**8 849**	**6 125**
Corporate income tax for the reporting period	11	(1 915)	(911)
Profit for the period		**6 934**	**5 214**
of which attributable to:			
Equity holders of the Group		6 833	5 147
Non-controlling interests		101	67
Other comprehensive income/(expenses)			
Foreign currency translation differences on foreign operations		(73)	1
Total comprehensive income for the period		**6 861**	**5 215**
Total comprehensive income attributable to:			
Equity holders of the Group		6 761	5 148
Non-controlling interests		100	67

The accompanying notes on pages F-8 to F-18 form an integral part of these condensed consolidated interim financial statements.

On behalf of the Board:

Alberts Pole
Chairperson of the Board

Māris Keišs
Board Member

Mārtiņš Baumanis
Board Member

20 June 2013

Condensed Consolidated Interim Statement of Financial Position

Assets	**Note**	**31.03.2013 EUR'000** *Unaudited*	**31.12.2012 EUR'000**
Cash and cash equivalents		17 654	7 318
Loans and advances due from customers	12	141 608	110 171
Property and equipment		1 572	1 004
Intangible assets		320	234
Deferred tax asset	13	1 786	1 261
Other assets	14	3 412	2 824
Total assets		**166 352**	**122 812**
Liabilities			
Loans and borrowings	15	101 493	66 602
Provisions		538	341
Corporate income tax payable		6 162	5 218
Other liabilities	16	8 894	8 018
Total liabilities		**117 087**	**80 179**
Share capital		3 166	3 166
Currency translation reserve		(68)	4
Share based payment reserve		87	87
Obligatory reserve		145	145
Retained earnings		45 595	38 762
Total equity attributable to equity holders of the Company		**48 925**	**42 164**
Non-controlling interests		340	469
Total equity		**49 265**	**42 633**
Total shareholders' equity and liabilities		**166 352**	**122 812**

The accompanying notes on pages F-8 to F-18 form an integral part of these condensed consolidated interim financial statements.

On behalf of the Board:

Alberts Pole
Chairperson of the Board

Māris Keišs
Board Member

Mārtiņš Baumanis
Board Member

20 June 2013

Condensed Consolidated Interim Statement of Cash Flows

	For three months ended 31 March	
	2013	**2012**
	EUR'000	**EUR'000**
		Unaudited
Cash flows from operating activities		
Profit before taxes	8 849	6 125
Adjustments for:		
Depreciation and amortization	138	55
Write-off of goodwill	681	-
Increase in impatient allowance	4 811	2 176
Provisions	196	69
Interest and similar expenses	3 372	753
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	18 047	9 178
Adjustment for:		
Increase in loans and advances to customers;	(35 489)	(15 296)
Increase in other assets	(446)	(546)
Increase in accounts payable to suppliers, contractors and other creditors	465	1 473
Gross cash flows from operating activities before income tax payments	(17 423)	(5 191)
Corporate income tax paid	(1 371)	(1 081)
Net cash flows from operating activities	**(18 794)**	**(6 272)**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	(723)	88
Acquisition of subsidiaries, net of cash acquired	471	-
Net cash flows from investing activities	**(252)**	**(88)**
Cash flows from financing activities		
Loans received	40 282	15 233
Repayment of loans	(10 271)	(8 183)
Interest payments	(557)	(732)
Net cash flows from financing activities	**29 454**	**6 318**
Net increase in cash and cash equivalents	**10 408**	**(42)**
Cash and cash equivalents at the beginning of the period	**7 318**	**1 415**
Effect of exchange rate fluctuations on cash	(72)	35
Cash and cash equivalents at the end of the period	**17 654**	**1 408**

The accompanying note on pages F-8 to F-18 form an integral part of these condensed consolidated interim financial statements.

On behalf of the Board:

Alberts Pole
Chairperson of the Board

Māris Keišs
Board Member

Mārtiņš Baumanis
Board Member

20 June 2013

Condensed Consolidated Interim Statement of Changes in Equity

Group	Share capital EUR'000	Currency translation reserve EUR'000	Share based payment reserve EUR'000	Obligatory reserve EUR'000	Retained earnings EUR'000	Total equity attributable to shareholders of the Company EUR'000	Non-controlling interests EUR'000	Total equity EUR'000
01.01.2012.	**3 166**	**(9)**	**87**	**96**	**13 550**	**16 890**	**246**	**17 136**
Total comprehensive income								
Profit for the reporting period	-	-	-	-	5 147	**5 147**	67	**5 214**
Total other comprehensive income	-	1	-	-	-	**1**	-	**1**
31.03.2012. Not audited	**3 166**	**(8)**	**87**	**96**	**18 697**	**22 038**	**313**	**22 351**
Total comprehensive income								
Profit for the reporting period	-	-	-	-	20 101	**20 101**	192	**20 293**
Total other comprehensive income	-	12	-	-	-	**12**	-	**12**
Transactions with shareholders recorded directly in equity								
Transfer of obligatory reserve	-	-	-	49	(49)	**-**	-	**-**
Acquisition of non-controlling interests without changes in control	-	-	-	-	13	**13**	(13)	**-**
Dividends	-	-	-	-	-	**-**	(23)	**(23)**
01.01.2013.	**3 166**	**4**	**87**	**145**	**38 762**	**42 164**	**469**	**42 633**
Total comprehensive income								
Profit for the reporting period	-	-	-	-	6 833	**6 833**	101	**6 934**
Total other comprehensive income	-	(72)	-	-	-	**(72)**	(1)	**(73)**
Transactions with shareholders recorded directly in equity								
Dividends	-	-	-	-	-	**-**	(229)	**(229)**
31.03.2013.	**3 166**	**(68)**	**87**	**145**	**45 595**	**48 925**	**340**	**49 265**

The accompanying notes on pages F-8 to F-18 form an integral part of these condensed consolidated interim financial statements.

On behalf of the Board:

Alberts Pole
Chairperson of the Board

Māris Keišs
Board Member

Mārtiņš Baumanis
Board Member

20 June 2013

Notes to the Condensed Consolidated Interim Financial Statements

(1) Reporting entity

AS 4finance (the "Company") is registered and operates in Latvia. The Company and its subsidiaries (the "Group") provide flexible financial services in the form of issuance of loans to hundreds of thousands of customers. Currently the Group operates in Latvia, Lithuania, Finland, Sweden, Denmark, Poland, Spain, United Kingdom, Russia, Georgia and North America. The Group has obtained licences to conduct its business in the jurisdictions where this is required.

The consolidated financial statements of the Group as at and for the year ended 31 December 2012, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available upon request from the Company's registered office at Lielirbes iela 17a-8 in Riga, Republic of Latvia.

(2) Basis of preparation

(a) Statement of Compliance

The Group has prepared these financial statements in light of its plans to obtain financing from capital markets in the form of a bond issuance during 2013. These condensed consolidated interim financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance for the Group since the last annual consolidated financial statements. This condensed interim financial report does not include all information required for full annual financial statements prepared in accordance with IFRS as adopted by the EU and should be read in conjunction with the consolidated financial statements of the Group as at and or the year ended 31 December 2012.

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on 21 June 2013. The shareholders have the right to reject the financial statements and request that new financial statements are prepared and reissued.

(b) Basis of Measurement

The condensed consolidated interim financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency and foreign operations

The condensed consolidated interim financial statements are presented in thousands of euro (EUR), unless stated otherwise. EUR is chosen as the presentation currency since most of the Group's operational activities are based in the European Union and several of the Group companies are operating in EUR economies or economies whose currencies are pegged to the EUR. Group companies operate in the functional currencies of LVL, LTL, EUR, SEK, DKK, PNL, GBP, RUB, GEL and CAD respectively. The Company's functional currency is LVL.

(3) Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012.

Taxes on income in the interim periods are accrued using the tax rate that is expected to be applicable to total annual earnings.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*
- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- IFRS 13 *Fair Value Measurement*
- Amendments to IAS 12: *Deferred Tax: Recovery of Underlying Assets*

Notes to the Condensed Consolidated Interim Financial Statements

- IAS 19 (2011) *Employee Benefits*

(a) Operating segments

Due to a bond offering planned by the group in 2013, from 1 January 2013 the Group has applied IFRS 8 *Operating Segments* to its financial statements for the first time. The Group determines and presents operating segments based on the information that is internally provided to the Group Management Board, which is the Group's Chief Operating Decision Maker (CODM).

Comparative segment information has been presented in conformity with the requirements of the Standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the CODM to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(b) Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*

As a result of the amendments to IAS 1, the Group has not modified the presentation of items of other comprehensive income in its condensed consolidated statement of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. The Group currently has only items of other comprehensive income that in the future would be reclassified to profit or loss. Therefore, comparative information has not been re-presented . The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

(c)* Amendments to IFRS 7 *Financial Instruments: Disclosures* and initial application of IFRS 13 *Fair Value

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard in the condensed consolidated interim financial statements. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(d)* Amendments to IAS 12: *Deferred Tax: Recovery of Underlying Assets

The amendments are not relevant to the Group's consolidated financial statements, since the Group does not have any investment properties measured using the fair value model in IAS 40.

(e)* IAS 19 (2011) *Employee Benefits

The amendments are not relevant to the Group's consolidated financial statements, since the Group does not have any defined benefit plans.

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management

All aspects of the Group's risk management objectives and policies for the three month period ended 31 March 2013 are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2012.

(5) Use of estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2012:

- Allowances for credit losses on loans and receivables
- Deferred tax asset recognition

As a result of reassessment of estimates mentioned above, management concluded that change in the following estimate occurred during the three month period ended 31 March 2013:

- Allowances for credit losses on loans and receivables (see note 12 and explanation below)
- Deferred tax asset (see note 13)

During the three month period ended 31 March 2013 management continually reassessed its impairment allowances for credit losses on loans and receivables. This assessment includes review of historical recovery trends impacting the loss given default ratio that underlies the impairment loss allowance calculation. During the three month period ended 31 March 2013 management improved the approach to how recoveries are measured against the exposure at default.

Notes to the Condensed Consolidated Interim Financial Statements

(6) Interest income

Interest income represents revenue generated during the reporting period from the Group's basic activities- consumer loans. Interest income includes loan commission income and penalty fee income.

	For three months ended 31 March	
	2013	**2012**
	EUR'000	**EUR'000**
		Unaudited
Interest income by geographic markets:		
Latvia	12 574	5 824
Lithuania	6 812	2 915
Finland	4 185	2 029
Sweden	4 003	1 497
Poland	2 204	-
Denmark	1 251	-
Other	1 536	-
Total interest income	**32 565**	**12 265**

(7) Interest expense

	For three months ended 31 March	
	2013	**2012**
	EUR'000	**EUR'000**
		Unaudited
Interest expense on bank loans	146	707
Interest expense on other loans	3 226	46
	3 372	**753**

(8) Goodwill write-off

During the three months ended 31 March 2013 the Group acquired two entities. The goodwill was accounted for based on the facts described below. In January and in March 2013 the Group acquired all of the shares in the following two companies: joint stock company 4finance and limited liability company Gefest-MSK, both operating in Russian Federation for RUB 2 million (EUR 51.2 thousand) and RUB 10 thousand (EUR 0.3 thousand) respectively, which was settled in cash. Taking control of both companies will enable the Group to expand its activities in Russian Federation.

In the three months from 1 January 2013 to 31 March 2013, limited liability company Gefest-MSK contributed revenue of EUR 211 thousand and loss of EUR 39 thousand to the Group's results. In the one month from 1 March 2013 to 31 March 2013, closed joint-stock company 4finance contributed revenue of EUR 62 thousand and loss of EUR 164 thousand to the Group's results.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed of the two acquired Russian entities at the acquisition dates.

EUR'000

Property and equipment	39
Intangible assets	22
Trade and other receivables	979
Deferred tax asset	120
Cash and cash equivalents	522

EUR'000	
Loans and borrowings	(2 132)
Trade and other liabilities	(180)
Total identifiable net assets	**(630)**

The Group has not completed its fair value assessment.

Goodwill

Goodwill arising from the acquisition was as follows.

	'000 EUR
Total consideration transferred	51
Fair value of identifiable net assets	630
Goodwill	**681**

The entities were acquired from a party related to shareholders and started operations recently. Goodwill arising on acquisition has been fully written off during the three month period ended 31 March 2013 due to uncertainty with the Russian market and future profitability of the entities. Goodwill represented the accumulated losses that the acquired entities had generated from establishment to the point of inclusion in the Group.

(9) Net impairment losses on loans and receivables

	For three months ended 31 March	
	2013	**2012**
	EUR'000	**EUR'000**
		Unaudited
Impairment losses on loans	4 850	2 242
Loan write-offs recovered	(39)	(30)
	4 811	**2 212**

(10) General administrative expenses

	For three months ended 31 March	
	2013	**2012**
	EUR'000	**EUR'000**
		Unaudited
Marketing and sponsorship	7 836	1 259
Personnel costs	3 631	917
Application inspection costs	950	239
Legal and consulting	442	39
IT expenses	632	83
Communication expenses	341	148
Rent and utilities	268	70
Debt collection costs	248	225
Bank services	243	66
Travel	154	24
Depreciation and amortization	138	55
Other	280	64
	15 163	**3 189**

Notes to the Condensed Consolidated Interim Financial Statements

(11) Corporate income tax for the reporting period

	For three months ended 31 March	
	2013	**2012**
	EUR'000	**EUR'000**
		Unaudited
Current tax	2 330	1 082
Deferred tax	(415)	(171)
	1 915	**911**

Tax expense is recognized based on Management's best estimate of the effective annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Group's consolidated effective tax rate for the three month period ended 31 March 2013 was 22% (three month ended 31 March 2012: 15%). The change in effective rate was caused mainly in relation to not recognizing deferred tax assets in respect of loan impairments in recently launched countries, refer to note 13 for further details.

Notes to the Condensed Consolidated Interim Financial Statements

(12) Loans and advances due from customers

	31.03.2013 EUR'000	31.12.2012 EUR'000
Long-term loans due from customers	9 464	7 563
Impairment of long-term loans due from customers	(1 321)	(1 198)
Long term	**8 143**	**6 365**
Short-term loans due from customers	151 767	119 445
Impairment of short-term loans due from customers	(18 302)	(15 639)
Short term	**133 465**	**103 806**
	141 608	**110 171**

Movements in the allowance for doubtful debts for the respective periods are as follows:

Allowance for doubtful debts	3 month ended 31 March 2013 EUR'000	3 month ended 31 March 2012 EUR'000 *Unaudited*
Balance at beginning of period	**16 837**	**5 366**
Impairment losses on loans	4 850	2 242
Amounts written off	(2 122)	(71)
Currency effect	58	4
Balance at period end	**19 623**	**7 541**

Loans by country and currency:

	Gross receivables 31.03.2013 EUR'000	Allowance for doubtful debts 31.03.2013 EUR'000	Net receivables 31.03.2013 EUR'000	Gross receivables 31.12.2012 EUR'000	Allowance for doubtful debts 31.12.2012 EUR'000	Net receivables 31.12.2012 EUR'000
Latvia (LVL)	55 171	(5 655)	49 516	48 003	(5 375)	42 628
Lithuania (LTL)	39 427	(4 707)	34 720	33 692	(5 634)	28 058
Finland (EUR)	18 806	(2 201)	16 605	16 583	(1 791)	14 792
Sweden (SEK)	18 419	(3 457)	14 962	15 016	(2 297)	12 719
Poland (PLN)	13 233	(1 138)	12 095	5 664	(488)	5 176
Denmark (DKK)	5 937	(1 067)	4 870	4 305	(687)	3 618
Other	10 238	(1 398)	8 840	3 745	(565)	3 180
	161 231	**(19 623)**	**141 608**	**127 008**	**(16 837)**	**110 171**

Credit quality of loan portfolio

	Gross receivables 31.03.2013 EUR'000	Allowance for doubtful debts 31.03.2013 EUR'000	Net receivables 31.03.2013 EUR'000	Gross receivables 31.12.2012 EUR'000	Allowance for doubtful debts 31.12.2012 EUR'000	Net receivables 31.12.2012 EUR'000
Not overdue	98 474	(3 206)	95 268	82 870	(2 917)	79 953
Overdue less than 90 days	33 678	(7 107)	26 571	22 879	(6 006)	16 873
Overdue more than 90 days	29 079	(9 310)	19 769	21 259	(7 914)	13 345
	161 231	**(19 623)**	**141 608**	**127 008**	**(16 837)**	**110 171**

(13) Deferred tax asset

Deferred tax relates to the following temporary differences:

	31.03.2013 EUR'000	31.12.2012 EUR'000
Difference in carrying values of property and equipment	(54)	(46)
Impairment losses on loans and receivables	1 639	1 225
Other provisions	23	23
Tax losses carried forward	178	59
Total deferred tax asset	**1 786**	**1 261**

In addition to the above, the Group has not recognized a deferred tax assets relating to impairment losses on loans and receivables in total amount of 1 979 thousand EUR (31 December 2012: 889 thousand EUR) in Sweden, Denmark, the United Kingdom, Poland, Canada, and Georgia due to uncertainty relating to realisation of the temporary differences.

(14) Other assets

	31.03.2013 EUR'000	31.12.2012 EUR'000
Prepaid expenses	2 580	2 090
Security deposits	155	157
Other receivables	677	577
	3 412	**2 824**

(15) Loans and borrowings

	31.03.2013 EUR'000	31.12.2012 EUR'000
Long term		
Tirona Ltd	39 716	25 114
Fatcat Investment Ltd	25 526	25 757
Trasta Komercbanka AS	3 638	4 549
Other	13 183	858
	82 063	**56 278**
Short term		
Tirona Ltd	8 116	4 533
Fatcat Investment Ltd	4 885	4 284
Trasta Komercbanka AS	3 612	1 353
Other	2 817	154
	19 430	**10 324**
Total	**101 493**	**66 602**

(16) Other liabilities

	31.03.2013 EUR'000	31.12.2012 EUR'000
Taxes payable	673	552
Accounts payable to suppliers	3 086	2 100
Deposits from customers	2 984	1 706
Other liabilities	2 151	3 660
	8 894	**8 018**

(17) Related party transactions

Borrowings and payables to related parties:	31.03.2013 EUR'000	31.12.2012 EUR'000
Borrowings and payables at the end of the period	94 243	59 688

Interest expense to related parties:	For three months ended 31 March	
	2013 EUR'000	**2012 EUR'000**
Interest expense	2 816	-

Total remuneration included in administrative expenses:

	For three months ended 31 March	
	2013 EUR'000	**2012 EUR'000** *Unaudited*
Members of the Board	95	103

There are no outstanding balances as of 31 March 2013 with members of the Council or the Board.

The Group's shareholders as at 31 March 2013 are Fatcat Investments Ltd (25%), Malta, and Tirona Ltd (75%), Cyprus. Parent's financial statements are not published.

(18) Fair value of financial instruments

The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

When estimating fair values as at 31 March 2013 and 31 December 2012, it was assumed that all cash flows from financial assets and liabilities are realized at contractual maturities of specific assets or liabilities.

As at 31 March 2013 and 31 December 2012 fair value all Group's financial assets and liabilities are as follows:

ASSETS	31 March 2013 Fair Value	31 March 2013 Carrying Value	31 December 2012 Fair Value	31 December 2012 Carrying Value
Cash and cash equivalents	17 654	17 654	7 318	7 318
Loans and advances to customers	145 485	141 608	116 228	110 171
LIABILITIES				
Loans and borrowings	101 984	101 493	66 592	66 602
Deposits from customers	2 984	2 984	1 721	1 706
Accounts payable to suppliers	3 086	3 086	2 100	2 100

(19) Operating segments

The Group has six reportable segments, as described below, which are the Group's strategic segments. The strategic segments are primarily jurisdiction-based and offer similar type of products and services in each of the jurisdictions. Each segment is managed separately because they require different marketing strategies. For each of the strategic segments, the Group's Management Board reviews internal management reports on at least a monthly basis.
Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss, as included in the internal management reports that are reviewed by the Group's Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Analysis by segment

Information about reportable segments

Segment information for the main reportable business segments of the Group for the 3 month period ended 31 March 2013 and 2012 is set below:

	Latvia		Lithuania		Finland		Sweden		Poland		All other segments		Total	
EUR'000	31 March 2013	31 March 2012*	31 March 2013	31 March 2012*	31 March 2013	31 March 2012*	31 March 2013	31 March 2012*	31 March 2013	31 March 2012*	31 March 2013	31 March 2012*	31 March 2013	31 March 2012*
External revenue	12 574	5 824	6 812	2 915	4 185	2 029	4 003	1 497	2 204	-	2 787	-	32 565	12 265
Reportable segment profit / (loss)	5 963	3 013	4 212	1 083	1 477	698	740	455	(1 443)	-	(4 015)	(35)	6 934	5 214

* Data for the three month period ended 31 March 2012 not audited

Segment breakdown of assets and liabilities of the Group is set out below:

	Latvia		Lithuania		Finland		Sweden		Poland		All other segments		Total	
EUR'000	31 March 2013	31 Dec-ember 2012	31 March 2013	31 Dec-ember 2012	31 March 2013	31 Dec-ember 2012	31 March 2013	31 Dec-ember 2012	31 March 2013	31 Dec-ember 2012	31 March 2013	31 Dec-ember 2012	31 March 2013	31 Dec-ember 2012
Reportable segment assets	136 832	98 056	35 526	28 508	18 622	15 922	22 408	19 076	14 151	7 830	38 877	13 568	266 416	182 960
Reportable segment liabilities	94 960	69 558	24 599	14 152	12 950	11 727	19 072	16 573	10 743	2 903	24 667	12 165	186 991	127 078

Reconciliation of reportable segment profit or loss

EUR'000	**31 March 2013**	**31 March 2012** *Unaudited*
Total profit or loss for reportable segments	10 949	5 249
Profit or loss for other operating segments	(4 051)	(29)
Profit for the period	**6 898**	**5 220**

(20) Subsequent events

In May 2013, active lending activities in the Czech Republic were launched.

In May 2013, the Group has paid EUR 5.8 million dividends to its shareholders.

No other significant subsequent events have occurred that would materially impact the condensed consolidated interim financial statements presentation.

KPMG

Independent Auditors' Report on Review of Interim Financial Information

To the shareholders of AS 4finance

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of AS 4finance as at 31 March 2013, the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2013 and for the three month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting.*

Other matters

We draw attention to the fact that corresponding figures for the three month period ended 31 March 2012 were not audited or reviewed.

Ondrej Fikrle
Partner
KPMG Baltics SIA
Riga, Latvia
20 June 2013

AS 4finance

Consolidated financial statements as at and for the year ended 31 December 2012

Contents

Information on the Company

Name of the Company	*AS 4finance*
Legal status	*Joint Stock Company*
Number, place and date of registration	*40003991692, Riga, Latvia, February 11, 2008*
Legal and postal address	*Lielirbes iela 17a-8, Rīga, Latvia, LV-1046*
Board members and their positions	*Alberts Pole, Chairperson of the Board* *Māris Keišs, Board Member* *Kristaps Ozols, Board Member* *Mārtiņš Baumanis, Board Member*
Reporting period	*01.01.2012 – 31.12.2012*

Information on subsidiaries

UAB 4finance
Jonavos g. 254a, LT-44132, Kaunas, Lithuania
Holding: 97%

4finance OY
Tampellan esplanādi 8 B 38, 33100, Tampere, Finland
Holding: 100%

AB 4finance
Master Samuelsg 60, 111 21 Stockholm, Sweden
Holding: 97%

ApS 4finance
Vesterbrogade 124B, 4. th, 1620 København V, Denmark
Holding: 100%

4finance OU
Liivalaia 13, Tallinn, Harju County, Estonia
Holding: 100%

4finance EOOD
Sofia 1000, Maria Luiza blvd. 9-11, Bulgaria
Holding: 100%

Vivus Finance s.r.o.
Klimentská 1215/26, Nové Město, 110 00 Praha 1, Czech Republic
Holding: 100%

Vivus Finance sp. z o.o.
ul. 17 Stycznia 56, 02-146 Warsaw, Poland
Holding: 100%

Vivus Finance SL
Principe de Vergara 37, atico 28001 Madrid, Spain
Holding: 100%

4finance Ltd
10-18 Union Street, SE1 1SZ London, United Kingdom
Holding: 100%

Vivus Servicing Ltd
2020 Winston Park Dr, Ste 303, L6H 6X7, Oakville, Canada Holding: 100%

Vivus Finance Ltd
2020 Winston Park Dr, Ste 303, L6H 6X7, Oakville, Canada Holding: 100%

4finance S.A.
560A rue de Neudorf, L-2220, Luxembourg
Holding: 100%

Information on shareholders	*Tirona Ltd* *Cyprus* *Holding: 75%* *Fatcat Investments Ltd* *Malta* *Holding: 25%*
Auditors	*KPMG Baltics SIA* *Vesetas iela 7* *Riga, Latvia, LV-1013* *License No 55*

Management Report

Line of business

AS 4finance and its subsidiaries (the 'Group') provide flexible and convenient financial services to hundreds of thousands of customers. Currently the Group operates in Latvia, Lithuania, Finland, Sweden, Denmark, Poland, Spain, United Kingdom and Canada.

Short description of the Group's activities in the reporting period

During the reporting period the Group has achieved the expected goals and results – applying accurate strategy and carefully planned marketing activities the Group has managed to increase its turnover in all active markets continuing to increase its client base and recognition in all operating countries. During the reporting period new product 4spar was launched in Sweden offering our clients possibility to deposit their money at competitive deposit rates. During 2012 active lending activities were started in Denmark, Poland, Spain, Canada and United Kingdom.

Demand for Group's consumer lending products was high, while due to careful supervision of credit policy, worsening of financial results was not observed.

The Group has generated profit for the reporting period which is primarily attributed to successfully chosen development path, emphasizing client loyalty and offering the best conditions in the market.

Subsequent events

In February 2013 active lending activities in Georgia were launched. No other significant subsequent events have occurred that would materially impact the consolidated financial statements presentation.

Further development of the Group

The Group will continue to pursue its strict credit policy and generate a loan portfolio of ever increasing quality. In line with the increasing economic activity the Group foresees demand to rise and plans to generate profit also in the next reporting period. Taking into account successful development of business in existing markets, the Group plans to expand its activities in other European countries and worldwide.

Proposals regarding distribution of the Group's profit

The Group plans to pay out dividends amounting to 20% of Group's net profit of the reporting year, remaining profit will be used for future growth and development.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Māris Keišs
Board Member

27 March 2013

Statement of Comprehensive Income

	Note	2012 EUR'000	2011 EUR'000
Interest income	6	78 006	30 421
Interest expense	7	(5 244)	(2 649)
Net interest income		**72 762**	**27 772**
Other income		51	79
Net impairment losses on loans and receivables	8	(13 769)	(4 640)
General administrative expenses	9	(27 311)	(8 230)
Profit before taxes		**31 733**	**14 981**
Corporate income tax for the reporting period	10	(6 226)	(2 167)
Profit for the period		**25 507**	**12 814**
Profit attributable to:			
Equity holders of the Group		25 248	12 668
Non-controlling interests		259	146
Profit/(loss)		**25 507**	**12 814**
Other comprehensive income			
Foreign currency translation differences on foreign operations attributable to:		13	19
Equity holders of the Group		*13*	*18*
Non-controlling interests		-	*1*
Total comprehensive income for the period		**25 520**	**12 833**
Total comprehensive income attributable to:			
Equity holders of the Group		25 261	12 686
Non-controlling interests		259	147

The accompanying notes on pages F-28 to F-49 form an integral part of these consolidated financial statements.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Māris Keišs
Board Member

27 March 2013

Consolidated Statement of Financial Position

Assets	**Note**	**31.12.2012 EUR'000**	**31.12.2011 EUR'000**
Cash and cash equivalents		7 318	1 415
Loans and advances due from customers	11	110 171	36 507
Property and equipment	12	1 004	285
Intangible assets	13	234	172
Deferred tax asset	14	1 261	463
Other assets	15	2 824	501
Total assets		**122 812**	**39 343**
Liabilities			
Loans and borrowings	16	66 602	19 320
Provisions	17	341	147
Corporate income tax payable		5 218	1 714
Other liabilities	18	8 018	1 026
Total liabilities		**80 179**	**22 207**
Share capital	19	3 166	3 166
Currency translation reserve		4	(9)
Share based payment reserve		87	87
Obligatory reserve		145	96
Retained earnings		13 514	882
Profit of the reporting period		25 248	12 668
Total equity attributable to equity holders of the Company		**42 164**	**16 890**
Non-controlling interests		469	246
Total equity		**42 633**	**17 136**
Total shareholders' equity and liabilities		**122 812**	**39 343**

The accompanying notes on pages F-28 to F-49 form an integral part of these consolidated financial statements.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Māris Keišs
Board Member

27 March 2013

Consolidated Statement of Cash Flows

	2012 EUR'000	2011 EUR'000
Cash flows from operating activities		
Profit/ (loss) before taxes	31 733	14 981
Adjustments for:		
Share based payment transaction	-	87
Depreciation and amortization	298	193
Write-off and disposal of intangible and Property and equipment assets	37	-
Provisions (except doubtful debt allowance)	194	75
Interest and similar expenses	5 244	2 649
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	37 506	17 985
Adjustments for:		
(Increase)/decrease in loans and advances to customers and other receivables;	(79 259)	(22 607)
Increase/(decrease) in accounts payable to suppliers, contractors and other creditors	10 212	351
Gross cash flows from operating activities	(31 541)	(4 271)
Corporate income tax paid	(3 520)	(1 275)
Net cash flows from operating activities	**(35 061)**	**(5 546)**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	(1 116)	(162)
Income from disposal of property and equipment and intangible assets and investments	1	1
Loans issued	(2 761)	-
Loans repaid	2 696	-
Net cash flows from investing activities	**(1 180)**	**(161)**
Cash flows from financing activities		
Loans received	106 789	24 783
Repayment of loans	(60 822)	(15 825)
Interest payments	(3 813)	(2 571)
Dividend payments	(23)	-
Net cash flows from financing activities	**42 131**	**6 387**
Net increase/(decrease) in cash and cash equivalents	**5 890**	**680**
Cash and cash equivalents at the beginning of the period	**1 415**	**716**
Effect of exchange rate fluctuations on cash	13	19
Cash and cash equivalents at the end of the period	**7 318**	**1 415**

The accompanying notes on pages F-28 to F-49 form an integral part of these consolidated financial statements.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Māris Keišs
Board Member

27 March 2013

Consolidated Statement of Changes in Equity

Group	Share capital	Currency translation reserve	Share based payment reserve	Obligatory reserve	Retained earnings	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
31.12.2010.	**142**	**(27)**	**-**	**-**	**4 056**	**4 171**	**-**	**4 171**
Total comprehensive income								
Profit of the reporting period	-	-	-	-	12 668	**12 668**	146	**12 814**
Transfer of obligatory reserve	-	-	-	96	(96)	-	-	-
Total other comprehensive income	-	18	-	-	-	**18**	1	**19**
Transactions with shareholders recorded directly in equity								
Acquisition of non-controlling interests without changes in control	-	-	-	-	(54)	**(54)**	99	**45**
Share capital increase	3 024	-	-	-	(3 024)	-	-	-
Share based payment transactions	-	-	87	-	-	**87**	-	**87**
31.12.2011.	**3 166**	**(9)**	**87**	**96**	**13 550**	**16 890**	**246**	**17 136**
Total comprehensive income								
Profit of the reporting period	-	-	-	-	25 248	**25 248**	259	**25 507**
Transfer of obligatory reserve	-	-	-	49	(49)	-	-	-
Total other comprehensive income	-	13	-	-	-	**13**	-	**13**
Transactions with shareholders recorded directly in equity								
Acquisition of non-controlling interests with changes in control	-	-	-	-	13	**13**	(13)	-
Dividends paid	-	-	-	-	-	-	(23)	**(23)**
31.12.2012.	**3 166**	**4**	**87**	**145**	**38 762**	**42 164**	**469**	**42 633**

The accompanying notes on pages F-28 to F-49 form an integral part of these consolidated financial statements.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Māris Keišs
Board Member

27 March 2013

Notes to the Consolidated Financial Statements

(1) Reporting entity

AS 4finance (the “Company”) is registered and operates in Latvia. The Company and its subsidiaries (the ‘Group’) provide flexible and convenient financial services to hundreds of thousands of customers. Currently the Group operates in Latvia, Lithuania, Finland, Sweden, Denmark, Poland, Spain, United Kingdom and Canada.

The consolidated financial statements of the Group as at and for the year ended 31 December 2012, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU, are available upon request from the Company’s registered office at Lielirbes iela 17a-8 in Riga, Republic of Latvia.

(2) Basis of preparation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with *International Financial Reporting Standards as adopted by EU (further IFRSs)*.

These consolidated financial statements were approved by the Company’s Board of Directors on 27 March 2013. The shareholders have the power to reject the financial statements prepared and presented by the Board of Directors, and the right to request that new financial statements are prepared.

The Company prepares the Group’s consolidated and Company’s separate financial statements for statutory purposes in accordance with Latvian GAAP.

(b) Basis of Measurement

The consolidated financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in thousands of euro (EUR), unless stated otherwise. EUR is chosen as functional currency since most of the Group’s operational activities are based in European Union. Group companies operate in the functional currencies of LVL, LTL, EUR, SEK, DKK, PNL, GBP and CAD respectively. The Company’s functional currency is LVL.

(3) Significant accounting policies

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

Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised gains arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the exchange rate set by Central Bank of the country of operation at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into EUR using the following exchange rates:

	31.12.2012		**31.12.2011**
LVL	1.42287	LVL	1.42287
LTL	0.29027	LTL	0.29027
SEK	0.11611	SEK	0.11184
DKK	0.13403	DKK	0.13446
PLN	0.24331	PLN	-
GBP	1.21940	GBP	-
CAD	0.76124	CAD	-

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into EUR the Company's functional currency at exchange rates set by Bank of Latvia at the reporting date and then translated to EUR at LVL to EUR exchange rate set by Bank of Latvia at the reporting date. The income and expenses of foreign operations are translated into the Company's functional currency at exchange rates at the dates of the transactions and then translated to EUR at LVL to EUR exchange rate set by Bank of Latvia at the reporting date. Foreign currency differences are recognized in other comprehensive income.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised directly in the foreign currency translation reserve.

(b) Share based payment transactions

The grant date fair value of share-based payment awards granted to senior management of subsidiaries is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on number of awards that meet the related service and non-market conditions at the vesting time.

(c) Cash and cash equivalents

Cash and cash equivalents comprise call deposits in banks that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

(d) Financial Instruments

(i) Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

(ii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- held-to-maturity instruments that are measured at amortized cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

The key financial instruments of the Company and the Group are cash, trade receivables and loans to customers and financial liabilities such as loans and borrowings, trade payables, deposits from customers and other creditors arising from the business activities.

(e) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

For the purposes of these consolidated financial statements trade receivables and loans to customers are accounted for at amortized cost using the effective interest method. An impairment loss allowance for credit losses is established. For the policy see Note 3 (h) (i).

(f) Property and equipment

(i) Owned assets

Items of property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	3 years
Long term leasehold improvements	5 years
Other property and equipment	5 years

(g) Intangible assets

Intangible assets, which are acquired by the Group, are stated at cost less accumulated amortization and impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Concessions, patents, licenses, trademarks and similar rights	5 years
Software and other intangible assets	3 years

(h) Impairment

(i) Financial assets

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific impairment testing is not undertaken since loan portfolio consists of large number of small exposure loans that would make individual impairment testing impracticable.

Impairment losses on portfolios of assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated discounted future cash flows. Impairment losses are recognized in statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on impaired assets is recognized indirectly through change in net impairment allowance raised when repayments take place. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

As at the period end, a provision for unused vacations has been recognized in accordance with local legislation in each separate country of operations and are based on the number of vacation days unused as at 31 December 2012 and historical remuneration.

(j) Share Capital

(i) Currency revaluation reserve

The currency revaluation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into functional and presentation currencies.

(ii) Obligatory reserve

Under Lithuanian legislation, an annual allocation to the legal reserve should amount to at least 5% of the net profit until the reserve makes up 10% of the share capital. The reserve cannot be distributed, it can be used only to cover losses.

(k) Dividends

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period in which they are declared.

(l) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Income and expense recognition

All significant income and expense categories including interest income and expenses are recognized in the statement of comprehensive income on an accrual basis.

(i) Interest income and expense

Interest income and expense are recognised in statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Revenue is not recognized when there is doubt whether the cost of services will be covered.

(ii) Fines received

Income from fines are recognized as received.

(n) New Standards and Interpretations not yet adopted

The following new Standards and Interpretations are not yet effective for the annual period ended 31 December 2012 and have not been applied in preparing these financial statements:

- Amendments to IFRS 7 and IAS 32 on *Offsetting Financial Assets and Financial Liabilities*

  Amendments to IFRS 7 Disclosures (effective for annual periods beginning on or after 1 January 2013; to be applied retrospectively) contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements.

Amendments to IAS 32 (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively) clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The Group does not expect the Amendments to have any impact on the financial statements since the Group does not apply offsetting to any of its financial assets and financial liabilities and have not entered into master netting arrangements.

- IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements,* IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively). IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when:

  (1) it is exposed or has rights to variable returns from its involvements with the investee;
  (2) it has the ability to affect those returns through its power over that investee; and
  (3) there is a link between power and returns.

  The new IFRS 10 also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements.

  Under the new IFRS 11, joint arrangements are divided into two types, each having its own accounting model defined as follows:

  - a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement.
  - A joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

  IFRS 11 effectively carves out from IAS 31 jointly controlled entities those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31, and are now called joint operations. IFRS 11 eliminates the free choice of equity accounting or proportionate consolidation; the equity method must always be used in financial statements.

  IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

  The impact of the initial application of the new standards will depend on the specific facts and circumstances of the investees and joint arrangements of the Group held at the date of initial application. Therefore, it is not practicable to prepare an analysis of the impact the standards will have on the financial statements until the date of the application.

- IFRS 13 *Fair Value Measurement* (effective prospectively for annual periods beginning on or after 1 January 2013). IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains ‘how’ to measure fair value when it is required or permitted by other IFRSs.

  The Group does not expect IFRS 13 to have a material impact on the financial statements since there are no financial instruments carried at fair value.

- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* (effective for annual periods beginning on or after 1 July 2012; to be applied retrospectively). The amendments:

  - require that an entity presents separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of other comprehensive income are presented before related tax effects, then the aggregated tax amount should be allocated between these sections.

- change the title of the Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income, however, other titles are also allowed to be used.

The impact of the initial application of the amendments will depend on the specific items of other comprehensive income at the date of initial application. If the Group were to adopt the amendments from 1 January 2012, then the following items of the other comprehensive income would be presented as items that may be reclassified to profit or loss in the future: EUR 13 thousand recognised in the foreign currency translation reserve recognised in other comprehensive income.

- Amendments to IAS 12: *Deferred Tax: Recovery of Underlying Assets* (effective for annual periods beginning on or after 1 January 2013; to be applied retrospectively). The amendments introduce a rebuttable presumption that the carrying value of investment property measured using the fair value model would be recovered entirely by sale. Management's intention would not be relevant unless the investment property is *depreciable* and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. This is the only instance in which the presumption can be rebutted. The amendments are not relevant to the Group's consolidated financial statements, since the Group does not have any investment properties measured using the fair value model in IAS 40.

- IAS 19 (2011) *Employee Benefits* (effective for annual periods beginning on or after 1 January 2013; to be applied retrospectively. Transitional provisions apply). The amendment requires actuarial gains and losses to be recognised immediately in other comprehensive income. The amendment removes the corridor method previously applicable to recognising actuarial gains and losses, and eliminates the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under the requirements of IAS 19. The amendment also requires the expected return on plan assets recognised in profit or loss to be calculated based on rate used to discount the defined benefit obligation.

  The amendments are not relevant to the Group's consolidated financial statements, since the Group does not have any defined benefit plans.

- IAS 27 (2011) *Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2014) introduces minor clarifications. The Standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been incorporated into IFRS 10, *Consolidated Financial Statements*. The Group does not expect IAS 27 (2011) to have a material impact on the financial statements, since it does not result in a change in the entity's accounting policy.
- IAS 28 (2011) *Investments in Associates and Joint Ventures* (Amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively). There are limited amendments made to IAS 28 (2008):
  - *Associates and joint ventures held for sale.* IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an *associate or a joint venture.*
  - *Changes in interests held in associates and joint ventures.* Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

The Group does not expect the amendments to Standard to have material impact on the financial statements since the Group does not have any investments in associates or joint ventures that will be impacted by the amendments.

(4) Risk management

Key financial risks related to the Group's financial instruments are:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks
- Reputational risks

Management has implemented procedures to control the key risks.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty/customer fails to meet its contractual obligations, and arises primarily from the Group's loans and advances to customers. The Group's Credit Policy defines lending guidelines according to the business strategy and efficient risk management, protecting the Group's assets as well as complying with the local regulatory requirements. Loan credit risk is managed by multiple triggers that are analyzed prior to the loan being issued, including customer credit history checks and revenue levels. The triggers exclude any possibility of judgment as scoring is done automatically and is based on statistical evidence. Specific credit scoring models are adjusted to specific countries requirements and tendencies. Credit scoring models are periodically reviewed and if necessary adjusted to follow market and specific client group tendencies. The Group has implemented specific country adjusted debt collection procedures to ensure smooth collection of debts. The performance of different customer groups is analyzed on a regular basis. Management believes that current procedures are sufficient to effectively monitor credit risk of customer groups, in addition the structure of portfolio is based on many small value loans as a result separate customer exposition cannot cause material losses to the Company.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity position of the Group is managed in a way that all financial assets and liabilities are short term except loans and borrowings.

(c) Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

(d) Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial assets. Management believes that interest rate risk is not material since all loans are issued and received at fixed rates and most of the borrowings are long term. Interest rate risk for loans to customers arising from short term repricing is not considered part of interest rate risk since an immaterial proportion of the interest rates charged relate directly to variance in market interest rate risk.

(e) Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

Notes to the Consolidated Financial Statements

An analysis of sensitivity of the Group's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2012 and 31 December 2011 and a simplified scenario of a 5% change in LVL, LTL, SEK, DKK or PLN to EUR exchange rates is as follows:

	31 December 2012		**31 December 2011**	
	Net income	**Equity**	**Net income**	**Equity**
5% appreciation of LVL against EUR	1 407	1 407	577	577
5% depreciation of LVL against EUR	(1 407)	(1 407)	(577)	(577)
5% appreciation of LTL against EUR	599	599	459	459
5% depreciation of LTL against EUR	(599)	(599)	(459)	(459)
5% appreciation of SEK against EUR	496	496	227	227
5% depreciation of SEK against EUR	(496)	(496)	(227)	(227)
5% appreciation of DKK against EUR	190	190	-	-
5% depreciation of DKK against EUR	(190)	(190)	-	-
5% appreciation of PLN against EUR	55	55	-	-
5% depreciation of PLN against EUR	(55)	(55)	-	-

The foreign exchange rates LVL/EUR and LTL/EUR are pegged as at 31 December 2012 and 31 December 2011 and accordingly management does not consider there to be currency risk in these currencies, as the rate of exchange is likely only to change as a result of a change in macro-economic policy.

Currency risk analysis above illustrates the effect of an isolated appreciation/depreciation of each significant operating currency. The above analysis does not include any assumptions about correlation between these currencies.

(f) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.

The Group is not exposed to price risk as it does not hold financial instruments dependant on changes in market prices.

(g) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans

- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Reputational risk in relation to the lending practices employed by each component. Management is very aware of the scrutiny and interest in the operations of short term finance institutions by Regulators and members of the public. Management seeks to be transparent in the way it markets its business, takes steps to ensure that all operations are legal and cooperates intensively with regulators, when requested.

(h) Capital management

Capital management of the Group is not controlled by any requirements set by regulatory institutions or international bodies. The management reviews capital position on a regular basis, to ensure positive equity in all subsidiaries of the Group and to maintain sufficient funds, to ensure medium and long term strategic goals of the Group. Equity is the residual interest in the assets of the Group after deducting all its liabilities.

(5) Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty are:

Allowances for credit losses

Total allowances for impairment are collectively assessed. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. Collectively assessed impairment allowances also cover credit losses for portfolio of defaulted loans. In assessing the need of collective loss allowances, management considers factors such as probability of default, loss given default, portfolio size, delay concentration and economic factors. In order to estimate the required allowance, assumption are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. To assess collective impairment allowances loan portfolio is grouped based on delay days. The significant assumptions used in determining collective impairment losses for loan portfolio include:

- Management assumed that the Group collects cash from defaulted loans 21 month subsequent to their default.
- Management calculated probability of default ratios using historic information on loan portfolio which was issued over the last two years.

In 2012 the Group has changed impairment allowances calculation method. Previously the calculation was based on loan portfolio cash flow projections. Management performed an assessment of impact from change in impairment assessment methodology when the methodology was changed and concluded that the impact was not material.

Deferred tax asset

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(6) Interest income

Interest income represents revenue generated during the reporting period from the Group's basic activities- consumer loans.

Interest income by geographic markets:

	2012 EUR'000	2011 EUR'000
Latvia	34 978	15 901
Lithuania	18 184	7 245
Finland	12 256	4 823
Sweden	8 840	2 452
Denmark	1 134	-
Other	2 614	-
	78 006	**30 421**

(7) Interest expense

	2012 EUR'000	2011 EUR'000
Interest expense on bank loans	3 864	2 466
Interest expense on other loans	1 380	183
	5 244	**2 649**

(8) Net impairment losses on loans and receivables

	2012 EUR'000	2011 EUR'000
Impairment losses on loans	11 439	3 448
Write-offs of loans	2 480	1 307
Recovery from written-off loans	(150)	(115)
	13 769	**4 640**

(9) General administrative expenses

	2012 EUR'000	2011 EUR'000
Marketing and sponsorship	13 721	2 931
Personnel costs	6 294	2 127
Application inspection costs	1 624	697
Debt collection costs	1 025	720
IT expenses	1 018	160
Communication expenses	895	562
Legal and consulting	878	305
Rent and utilities	463	151
Bank services	385	165
Depreciation and amortization	298	193
Travel	285	67
Other	425	152
	27 311	**8 230**

(10) Corporate income tax for the reporting period

	2012 EUR'000	2011 EUR'000
Current tax	7 024	2 645
Adjustment for prior periods	-	(144)
Deferred tax	(798)	(334)
	6 226	**2 167**

Reconciliation of effective corporate income tax:

	2012 EUR'000	2011 EUR'000
Profit / (loss) before corporate income tax	31 733	14 981
Theoretical corporate income tax, 15%	4 760	2 247
Overprovided in prior periods	-	(144)
CIT relief due to donation	(741)	(303)
Exempt income	(113)	(139)
Effect of recognized deferred tax asset (including tax losses and allowance for bad debts), not previously recognized	706	2
Tax effect of permanent differences related to non-deductible expenses	821	271
Impact of tax rate in other jurisdictions	793	233
Corporate income tax for the reporting year	**6 226**	**2 167**

(11) Loans and advances due from customers

	31.12.2012 EUR'000	31.12.2011 EUR'000
Long-term loans due from customers	7 563	1 118
Impairment of long-term loans due from customers	(1 198)	(143)
Long term	**6 365**	**975**
Short-term loans due from customers	119 445	40 755
Impairment of short-term loans due from customers	(15 639)	(5 223)
Short term	**103 806**	**35 532**
	110 171	**36 507**

The Group's long-term and short-term loans consist of loan balances not exceeding 1 700 EUR per loan with maturity of up to 2 years. The loans are not collateralized.

Movements in the allowance for doubtful debts for the respective periods are as follows:

	31.12.2012 LVL	01.01.2011 LVL
Allowance for doubtful debts		
Balance at beginning of period	**5 366**	**1 912**
Charge for the period	11 427	3 448
Currency effect	44	6
Balance at period end	**16 837**	**5 366**

Loans by country and currency:

	Gross receivables 31.12.2012 EUR'000	Allowance for doubtful debts 31.12.2012 EUR'000	Net receivables 31.12.2012 EUR'000	Gross receivables 31.12.2011 EUR'000	Allowance for doubtful debts 31.12.2011 EUR'000	Net receivables 31.12.2011 EUR'000
Latvia (LVL)	48 003	(5 375)	42 628	18 279	(2 204)	16 075
Lithuania (LTL)	33 692	(5 634)	28 058	11 429	(1 850)	9 579
Finland (EUR)	16 583	(1 791)	14 792	7 549	(878)	6 671
Sweden (SEK)	15 016	(2 297)	12 719	4 616	(434)	4 182
Denmark (DKK)	4 305	(488)	3 817	-	-	-
Other	9 409	(1 252)	8 157	-	-	-
	127 008	**(16 837)**	**110 171**	**41 873**	**(5 366)**	**36 507**

Credit quality of loan portfolio

	Gross receivables 31.12.2012 EUR'000	Allowance for doubtful debts 31.12.2012 EUR'000	Net receivables 31.12.2012 EUR'000	Gross receivables 31.12.2011 EUR'000	Allowance for doubtful debts 31.12.2011 EUR'000	Net receivables 31.12.2011 EUR'000
Not overdue	82 870	(2 917)	79 953	28 240	(776)	27 464
Overdue less than 90 days	22 879	(6 006)	16 873	5 899	(1 981)	3 918
Overdue more than 90 days	21 259	(7 914)	13 345	7 734	(2 609)	5 125
	127 008	**(16 837)**	**110 171**	**41 873**	**(5 366)**	**36 507**

(12) Property and equipment

	Long term investments in leased property EUR'000	Equipment EUR'000	Other property and equipment EUR'000	Total EUR'000
Cost				
31.12.2010.	**140**	**155**	**75**	**370**
Additions	4	74	22	100
Disposed	-	-	(1)	(1)
Reclassification	-	5	(5)	-
31.12.2011.	**144**	**234**	**91**	**469**
Accumulated depreciation				
31.12.2010.	**25**	**44**	**15**	**84**
Depreciation	26	57	18	101
Depreciation of disposed property and equipment	-	-	(1)	(1)
Reclassification	-	1	(1)	-
31.12.2011.	**51**	**102**	**31**	**184**
Balance as at 31.12.2010	**115**	**111**	**60**	**286**
Balance as at 31.12.2011	**93**	**132**	**60**	**285**

	Long term investments in property and equipment EUR'000	Equipment EUR'000	Other property and equipment EUR'000	Total EUR'000
Cost				
31.12.2011.	**144**	**234**	**91**	**469**
Additions	141	594	208	943
Disposed	(43)	(6)	(6)	(55)
Reclassification	-	8	(8)	-
Effect of changes in foreign exchange rates	(1)	1	-	-
31.12.2012.	**241**	**831**	**285**	**1 357**
Accumulated depreciation				
31.12.2011.	**51**	**102**	**31**	**184**
Depreciation	33	132	28	193
Depreciation of disposed property and equipment	(20)	(2)	(2)	(24)
Reclassification	-	3	(3)	-
31.12.2012.	**64**	**235**	**54**	**353**
Balance as at 31.12.2011	**93**	**132**	**60**	**285**
Balance as at 31.12.2012	**177**	**596**	**231**	**1 004**

(13) Intangible assets

	Licenses EUR'000	Software and other intangible assets EUR'000	Total EUR'000
Cost			
31.12.2010.	**88**	**202**	**290**
Additions	55	8	63
31.12.2011.	**143**	**210**	**353**
Accumulated amortization			
31.12.2010.	**23**	**66**	**89**
Amortization	32	60	92
31.12.2011.	**55**	**126**	**181**
Balance as at 31.12.2010	**65**	**136**	**201**
Balance as at 31.12.2011	**88**	**84**	**172**

	Licenses EUR'000	Software and other intangible assets EUR'000	Total EUR'000
Cost			
31.12.2011.	**143**	**210**	**353**
Additions	87	86	173
Disposals	-	(18)	(18)
Reclassified	1	(1)	-
31.12.2012.	**231**	**277**	**508**
Accumulated amortization			
31.12.2011.	**55**	**126**	**181**
Amortization	51	54	105
Amortisation of disposals	-	(12)	(12)
31.12.2012.	**106**	**168**	**274**
Balance as at 31.12.2011	**88**	**84**	**172**
Balance as at 31.12.2012	**125**	**109**	**234**

(14) Deferred tax asset

Deferred tax relates to the following temporary differences:

	31.12.2012 EUR'000	31.12.2011 EUR'000
Difference in carrying values of property and equipment	(46)	(23)
Impairment losses on loans and receivables	2 114	660
Other provisions	23	9
Tax losses carried forward	59	-
Decrease due to deferred tax asset not being recognized	(889)	(183)
Total deferred tax asset	**1 261**	**463**

Tax losses carried forward are recognized in Sweden and Spain in amount of EUR 63 thousand and EUR 121 thousand respectively. Tax losses carried forward will be available for utilization against future taxable profits until full recovery in Sweden and 2020 in Spain.

(15) Other assets

	31.12.2012 EUR'000	31.12.2011 EUR'000
Prepaid expenses	2 090	244
Security deposits	157	10
Other receivables	577	247
	2 824	**501**

(16) Loans and borrowings

	31.12.2012 EUR'000	31.12.2011 EUR'000
Long term		
Tirona Ltd	25 114	-
Fatcat Investment Ltd	25 757	-
Samerta Holdings Ltd	858	-
Trasta Komercbanka AS	4 549	16 669
Individuals	-	210
	56 278	**16 879**

	31.12.2012 EUR'000	31.12.2011 EUR'000
Short term		
Tirona Ltd	4 533	-
Fatcat Investment Ltd	4 284	-
Samerta Holdings Ltd	154	-
Trasta Komercbanka AS	1 353	2 058
Individuals	-	383
	10 324	**2 441**
Total	**66 602**	**19 320**

In May 2011 AS 4finance signed a credit line agreement with “Trasta Komercbanka” AS with a maximum credit line limit of 7 300 thousand EUR maturing in April 2015 and a fixed annual interest rate of 10% for that part of the credit line used and 0.5% for the unused part of the facility.

AS Trasta Komercbanka loans are secured by AS 4finance commercial pledge over the Company’s assets. The maximum amount secured by commercial pledge is 11 346 thousand LVL. As at 31 December 2012 AS 4finance is compliant with all covenants included in the loan agreement with the Bank.

In May 2012 AS 4finance signed a credit line agreement with Tirona Ltd, a shareholder of the parent company, with a maximum credit line limit of 60 000 000 EUR maturing in December 2016. According to the agreement funds are to be received in several tranches that are agreed between parties with a fixed annual interest rate from 14% to 17%.

In May 2012 AS 4finance signed a credit line agreement with Fatcat Investments Ltd, a shareholder of the parent company, with a maximum credit line limit of 30 000 000 EUR maturing in December 2016. According to the agreement funds are to be received in several tranches that are agreed between parties with a fixed annual interest rate from 14% to 17%.

In October 2012 AS 4finance signed a credit line agreement with Samerta Holdings Ltd with a maximum credit line limit of 1 000 000 EUR maturing in December 2016. According to the agreement funds are to be received in several tranches that are agreed between parties with a fixed annual interest rate from 12% to 15%.

(17) Provisions

	31.12.2012 EUR’000	**31.11.2011 EUR’000**
Provisions for unused vacations	341	147
	341	**147**

(18) Other liabilities

	31.12.2012 EUR’000	**31.12.2011 EUR’000**
Taxes payable	552	111
Accounts payable to suppliers	2 100	387
Accrued expenses	797	165
Deposits from customers	1 706	-
Other liabilities	2 863	363
	8 018	**1 026**

(19) Share capital

Share capital of the Company as at 31 December 2012 is 3 166 thousand EUR (31 December 2011: 3 166 thousand EUR) and it is divided into 2 225 000 ordinary (31 December 2011: 2 225 000) shares with the nominal value of EUR 1.42. Shares issued are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Group. All shares rank equal to the Groups residual assets.

(19a) Reserves

During the year the Group repurchased shares from management of 4finance OY at an amount of EUR 75. Since the share of net assets held by non-controlling interest at the point of sale amounted to approximately EUR 13 thousand, then this was transferred to retained earnings attributable to the shareholders of the Company.

(20) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31.12.2012 EUR'000	31.12.2011 EUR'000
Less than one year	697	158
Between one and five years	2 039	346
More than five years	21	-
	2 758	**504**

The Company leases a number of premises and equipment under operating lease. The leases typically run for an initial period up to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.
During the current year EUR 264 thousand was recognized as an expense in the income statement in respect of operating leases (2011: EUR 80 thousand).

(21) Related party transactions

Borrowings and payables to related parties:	**2012** **EUR'000**	**2011** **EUR'000**
Borrowings and payables at the beginning of the period	-	-
Loans received during the period	59 695	-
Loans repaid during the period	(1 229)	
Borrowings and payables at the end of the period	59 688	-
Interest expense	1 229	-

Total remuneration included in administrative expenses:

	2012 **EUR'000**	**2011** **EUR'000**
Members of the Board and Council	409	119

There are no outstanding balances as of 31 December 2012 with members of the Council and the Board.

The Group's Parents as at 31 December 2012 are Fatcat Investments Ltd, Malta and Tirona Ltd, Cyprus. During the reporting period the Group received the abovementioned loans from both related parties. Parents' financial statements are not published.

(22) Average number of employees

	2012	**2011**
Average number of employees in the reporting year	230	92

(23) Personnel costs

	2012 EUR'000	2011 EUR'000
Type of costs		
Remuneration	4 816	1 595
Compulsory state social security contributions, pensions and other social security expenses	1 069	398
Other personnel costs	409	134
	6 294	**2 127**

(24) Litigation

In the ordinary course of business, the Group is subject to legal actions. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial condition or the financial results of operations of the Group.

(25) Fair value of financial instruments

The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

When estimating fair values as at 31 December 2012 and 31 December 2011, it was assumed that all cash flows from financial assets and liabilities are realized at maturities of specific assets or liabilities.

As at 31 December 2012 and 31 December 2011 fair value all Group's financial assets and liabilities are as follows:

ASSETS	**31 December 2012 Fair Value**	**31 December 2012 Carrying Value**	**31 December 2011 Fair Value**	**31 December 2011 Carrying Value**
Cash and cash equivalents	7 318	7 318	1 415	1 415
Loans and advances to customers	116 228	110 171	38 714	36 507
LIABILITIES				
Loans and borrowings	66 592	66 602	19 085	19 320
Deposits from customers	1 721	1 706	-	-
Accounts payable to suppliers	2 100	2 100	387	387

(26) Maturity analysis

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2012.

Assets EUR'000	On demand/ less than 1 month	From 1 to 3 month	From 3 to 6 month	From 6 month to 1 year	More than 1 year	Overdue	TOTAL
Cash and cash equivalents	7 318	-	-	-	-	-	7 318
Loans and advances to customers	60 139	4 067	4 041	5 341	6 365	30 218	110 171
Total financial assets	**67 457**	**4 067**	**4 041**	**5 341**	**6 365**	**30 218**	**117 489**

Liabilities EUR'000	Demand less than 1 month	From 1 to3 month	From 3 to 6 month	From 6 month to 1 year	More than 1 year	Overdue	TOTAL
Loans and borrowings	1 560	1 944	2 343	4 477	56 278	-	66 602
Deposits from customers	985	-	-	415	306	-	1 706
Accounts payable to suppliers	2 100	-	-	-	-	-	2 100
Total financial liabilities	**4 645**	**1 944**	**2 343**	**4 892**	**56 584**	**-**	**70 408**
Net position	**62 812**	**2 123**	**1 698**	**449**	**(50 219)**	**30 218**	**47 081**

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2011.

Assets EUR'000	On demand/ less than 1 month	From 1 to 3 month	From 3 to 6 month	From 6 month to 1 year	More than 1 year	Overdue	TOTAL
Cash and cash equivalents	1 415	-	-	-	-	-	1 415
Loans and advances to customers	24 049	747	757	935	975	9 043	36 506
Total financial assets	**25 464**	**747**	**757**	**935**	**975**	**9 043**	**37 921**

Liabilities EUR'000	Demand less than 1 month	From 1 to3 month	From 3 to 6 month	From 6 month to 1 year	More than 1 year	Overdue	TOTAL
Loans and borrowings	235	150	602	1 245	17 088	-	19 320
Accounts payable to suppliers	387	-	-	-	-	-	387
Total financial liabilities	**622**	**150**	**602**	**1 245**	**17 088**	**-**	**19 707**
Net position	**24 842**	**597**	**155**	**(310)**	**(16 113)**	**9 043**	**18 214**

(27) Analysis of financial liabilities' contractual undiscounted cash flows

The table below presents the cash flows payable by the Group under contractual financial liabilities, including derivative financial liabilities, by remaining contractual maturities as at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows in comparison with the carrying amounts of financial liabilities, comprising discounted cash flows as at the reporting date.

The analysis as at 31 December 2012 was as follows:

31 December 2012	Carrying amount	Total nominal outflows	On demand/ less than 1 month	From 1 to 3 month	From 3 to 6 month	From 6 month to 1 year	More than 1 year
Loans and borrowings	66 602	88 657	697	1 658	2 481	6 002	77 819
Deposits from customers	1 706	1 803	981	11	16	440	355
Accounts payable to suppliers	2 100	2 100	2 100	-	-	-	-
Total	**70 408**	**92 560**	**3 778**	**1 669**	**2 497**	**6 442**	**78 174**

The analysis as at 31 December 2011 was as follows:

31 December 2011	Carrying amount	Total nominal outflows	On demand/ less than 1 month	From 1 to 3 month	From 3 to 6 month	From 6 month to 1 year	More than 1 year
Loans and borrowings	19 320	24 160	234	582	1 239	2 465	19 640
Accounts payable to suppliers	387	387	387	-	-	-	-
Total	**19 707**	**24 547**	**621**	**582**	**1 239**	**2 465**	**19 640**

(28) Currency analysis

The following table shows the currency structure of financial assets and liabilities at 31 December 2012:

Assets EUR'000	**LVL**	**LTL**	**EUR**	**SEK**	**Other**	**TOTAL**
Cash and cash equivalents	699	157	2 146	1 703	2 613	7 318
Loans and advances to customers	42 628	28 058	14 792	12 719	11 974	110 171
Total financial assets	**43 327**	**28 215**	**16 938**	**14 422**	**14 587**	**117 489**
Liabilities EUR'000						
Loans and borrowings	-	-	66 602	-	-	66 602
Deposits from customers	-	-	-	1 706	-	1 706
Accounts payable to suppliers	574	256	286	235	749	2 100
Total financial liabilities	**574**	**256**	**66 888**	**1 941**	**749**	**70 408**
Net position as at 31 Dec 2012	**42 753**	**27 959**	**(49 950)**	**12 481**	**13 838**	**47 081**

Notes to the Consolidated Financial Statements

The following table shows the currency structure of financial assets and liabilities at 31 December 2011:

Assets EUR'000	**LVL**	**LTL**	**EUR**	**SEK**	**Other**	**TOTAL**
Cash and cash equivalents	324	204	525	361	1	1 415
Loans and advances to customers	16 074	9 579	6 671	4 182	-	36 506
Total financial assets	**16 398**	**9 783**	**7 196**	**4 543**	**1**	**37 921**
Liabilities EUR'000						
Loans and borrowings	-	594	18 726	-	-	19 320
Accounts payable to suppliers	104	51	165	65	2	387
Total financial liabilities	**104**	**645**	**18 891**	**65**	**2**	**19 707**
Net position as at 31 Dec 2011	**16 294**	**9 138**	**(11 695)**	**4 478**	**(1)**	**18 214**

(29) Credit Risk

The table below shows the Group's maximum exposure to credit risk for the components of the statement of financial position. Exposures are based on net carrying amounts as reported in the statement of financial position.

The Group's maximum credit exposures are shown gross, i.e. without taking into account of any collateral and other credit enhancement.

	31.12.2012 EUR'000	**31.12.2011 EUR'000**
Cash and cash equivalents	7 318	1 415
Loans and advances to customers	110 171	36 507
Other receivables	557	247
	118 046	**38 169**

(30) Subsequent events

In February 2013 active lending activities in Georgia were launched. No other significant subsequent events have occurred that would materially impact the consolidated financial statements presentation.

KPMG Baltics SIA
Vesetas iela 7
Riga LV 1013
Latvia

Phone +371 670 380 00
Fax +371 670 380 02
Internet: www.kpmg.lv

Independent Auditors' Report

To the shareholders of AS 4finance

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AS 4finance and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 30.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines are necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether these financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of these financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Group's preparation and fair presentation of these financial statements 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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of AS 4finance and its subsidiaries as at 31 December 2012, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Ondrej Fikrle
Partner
KPMG Baltics SIA
Riga, Latvia
27 March 2013

AS 4finance
(formerly AS Online Finance Group)

Consolidated
financial statements as at and for the year ended 31 December 2011

Contents

Contents

Name of the Company	*AS 4finance*
Legal status	*Joint Stock Company*
Number, place and date of registration	*40003991692, Riga, Latvia, February 11, 2008*
Legal and postal address	*Lielirbes iela 17a-8, Rīga, Latvia, LV-1046*
Board members and their positions	*Alberts Pole, Chairperson of the Board* *Māris Keišs, Board Member* *Kristaps Ozols, Board Member* *Mārtiņš Baumanis, Board Member*
Reporting period	*01.01.2011 – 31.12.2011*
Information on subsidiaries	*UAB 4finance* *Jonavos g. 254a, LT-44132, Kaunas, Lithuania* *Holding: 97%* *4finance OY* *Tampellan esplanādi 8 B 38, 33100, Tampere, Finland* *Holding: 97%* *AB 4finance* *Master Samuelsg 60, 111 21 Stockholm, Sweden* *Holding: 97%* *ApS 4finance* *Vesterbrogade 124B, 4. th, 1620 København V, Denmark* *Holding: 100%* *AB Vivus Spar* *Master Samuelsg 60, 111 21 Stockholm, Sweden* *Holding: 97%*
Information on shareholders	*Fatcat Investments Ltd* *Malta* *Holding: 75%* *Tirona Ltd* *Cyprus* *Holding: 25%*
Auditors	*KPMG Baltics SIA* *Vesetas iela 7* *Riga, Latvia, LV-1013* *License No 55*

Management Report

Line of business

AS 4finance and its subsidiaries (the 'Group') are engaged in consumer lending to individuals. Working with brands "SMScredit" and "Vivus", the holding offers convenient and simple products – possibility to borrow remotely amounts of up to 700 LVL with maturity of up to 2 years.

The Group consists of AS 4finance (Latvia), UAB 4finance (Lithuania), OY 4finance (Finland), ApS 4finance (Denmark), AB 4finance (Sweden) and AB Vivus Spar (Sweden).

Short description of the Group's activities in the reporting period

During the reporting period the Group has achieved the expected goals and results – applying accurate strategy and carefully planned marketing activities the Group has managed to increase its turnover in all active markets and continued to increase its client base and recognition in Latvia, Lithuania, Finland and Sweden.

Demand for Group's consumer lending products was high, while due to careful supervision of credit policy, worsening of financial results was not observed.

The Group has generated profit for the reporting period which is primarily attributed to successfully chosen development path, emphasizing client loyalty and offering the best conditions in the market.

During 2010 a decision to reorganize the Group and merge its Latvian subsidiaries to the Group's parent company was made. All necessary activities to fully complete the reorganization process were accomplished in 2010. In August 2011 a reorganization process of the Latvian registered part of the Group was completed. As a result, all the subsidiaries in Latvia, being SIA SMScredit.lv, SIA Vivus.lv, SIA SMScredit Group and SIA Vivus Group were merged with AS 4finance. AS 4finance assumed all liabilities and claims of SIA SMScredit.lv, SIA Vivus.lv, SIA SMScredit Group and SIA Vivus Group. As a result of the reorganization, the Latvian subsidiaries ceased to exist as of 19 August 2011. In accordance with the reorganization agreement, the transactions of Latvian subsidiaries, the merged entities, were treated as the transactions of AS 4finance, the acquiring entity, as of 1 January 2011 and accounted for accordingly.

In August 2011 AS 4finance increased its share capital to 2 225 000 LVL to ensure further stable growth and development.

Subsequent events

No other significant subsequent events have occurred that would materially impact the consolidated financial statements presentation.

Further development of the Group

Despite the expected stagnation of economies in 2012, in line with increasing market expansion, the Group foresees demand to rise and plans to generate profit also in the next reporting period. The Group will continue to pursue its strict credit policy and generate a loan portfolio of ever increasing quality.

Proposals regarding distribution of the Group's profit

The Group plans to use profit of the reporting year for future growth and development.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Māris Keišs
Board Member

26 March 2012

Statement of Comprehensive Income

	Note	2011 LVL	2010 LVL
Interest income	6	21 380 275	8 601 064
Interest expense	7	(1 861 826)	(1 092 513)
Net interest income		**19 518 449**	**7 508 551**
Other income/ (expenses)		55 756	57 664
Net impairment losses on loans and receivables	8	(3 261 193)	(564 516)
General administrative expenses	9	(5 784 306)	(3 397 020)
Profit before taxes		**10 528 706**	**3 604 679**
Corporate income tax for the reporting period	10	(1 522 926)	(571 105)
Profit for the period		**9 005 780**	**3 033 574**
Profit attributable to:			
Equity holders of the Group		8 903 002	3 033 574
Non-controlling interests		102 778	-
Profit/(loss)		**9 005 780**	**3 033 574**
Other comprehensive income			
Foreign currency translation differences on foreign operations attributable to:	19a	13 244	(19 303)
Equity holders of the Group		*12 847*	*(19 303)*
Non-controlling interests		*397*	-
Total comprehensive income for the period		**9 019 024**	**3 014 271**
Total comprehensive income attributable to:			
Equity holders of the Group		8 915 849	3 014 271
Non-controlling interests		103 175	-

The accompanying notes on pages F-60 to F-84 form an integral part of these consolidated financial statements.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Māris Keišs
Board Member

26 March 2012

Consolidated Statement of Financial Position

Assets	Note	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Cash and cash equivalents		994 285	503 100	170 808
Loans and advances due from customers	11	25 657 045	9 960 389	3 484 595
Property and equipment	12	200 043	200 522	61 106
Intangible assets	13	120 534	142 056	142 383
Deferred tax asset	14	325 091	90 688	137 889
Other assets	15	352 355	130 393	81 882
Total assets		**27 649 353**	**11 027 148**	**4 078 663**
Liabilities				
Loans and borrowings	16	13 578 387	7 228 290	3 614 891
Provisions	17	103 254	50 305	14 182
Corporate income tax payable		1 204 591	343 420	167 610
Other liabilities	18	720 092	473 269	364 387
Total liabilities		**15 606 324**	**8 095 284**	**4 161 070**
Share capital	19	2 225 000	100 000	100 000
Currency translation reserve	19a	(6 174)	(19 021)	282
Share based payment reserve	19a	61 404	-	-
Obligatory reserve	19a	67 134	-	-
Retained earnings/ (accumulated losses)		619 690	(182 689)	(268 302)
Profit of the reporting period		8 903 002	3 033 574	85 613
Total equity attributable to equity holders of the Company		**11 870 056**	**2 931 864**	**(82 407)**
Non-controlling interests		172 973	-	-
Total equity		**12 043 029**	**2 931 864**	**(82 407)**
Total shareholders' equity and liabilities		**27 649 353**	**11 027 148**	**4 078 663**

The accompanying notes on pages F-60 to F-84 form an integral part of these consolidated financial statements.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Maris Keišs
Board Member

26 March 2012

Consolidated Statement of Cash Flows

	2011 LVL	2010 LVL
Cash flows from operating activities		
Profit/ (loss) before taxes	10 528 706	3 604 679
Adjustments for:		
Share based payment transaction	61 404	-
Depreciation and amortization	135 532	116 124
Write-off and disposal of intangible and Property and equipment assets	-	39 753
provisions (except doubtful debt allowance)	52 949	36 123
interest and similar expenses	1 861 826	1 092 513
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	12 640 417	4 889 192
Adjustments for:		
(Increase)/decrease in loans and advances to customers and other receivables;	(15 888 061)	(6 524 158)
Increase/(decrease) in accounts payable to suppliers, contractors and other creditors	246 823	101 295
Gross cash flows from operating activities	(3 000 821)	(1 533 671)
Corporate income tax paid	(896 030)	(358 148)
Net cash flows from operating activities	**(3 896 851)**	**(1 891 819)**
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	(114 013)	(295 448)
Income from disposal of fixed and intangible assets and investments	534	316
Loans issued	-	(17 924)
Loans repaid	-	17 924
Net cash flows from investing activities	**(113 479)**	**(295 132)**
Cash flows from financing activities		
Loans received	17 417 397	8 653 751
Repayment of loans	(11 121 905)	(5 089 900)
Interest payments	(1 807 221)	(1 022 804)
Net cash flows from financing activities	**4 488 271**	**2 541 047**
Net increase/(decrease) in cash and cash equivalents	**477 941**	**354 096**
Cash and cash equivalents at the beginning of the period	**503 100**	**170 808**
Effect of exchange rate fluctuations on cash	13 244	(21 804)
Cash and cash equivalents at the end of the period	**994 285**	**503 100**

The accompanying notes on pages F-60 to F-84 form an integral part of these consolidated financial statements.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Māris Keišs
Board Member

26 March 2012

Consolidated Statement of Changes in Equity

Group	**Share capital**	**Currency translation reserve**	**Share based payment reserve**	**Obligatory reserve**	**Retained earnings/ (Accumulat ed losses)**	**Total equity attributable to shareholders of the Company**	**Non-controlling interests**	**Total equity**
	LVL	**LVL**	**LVL**	**LVL**	**LVL**	**LVL**	**LVL**	**LVL**
01.01.2010	**100 000**	**282**	**-**	**-**	**(182 689)**	**(82 407)**	**-**	**(82 407)**
Total comprehensive income								
Profit of the reporting period	-	-	-	-	3 033 574	**3 033 574**	-	**3 033 574**
Total other comprehensive income	-	(19 303)	-	-	-	**(19 303)**	**-**	**(19 303)**
Transactions with shareholders recorded directly in equity								
Transfer of profit	-	-	-	-	-	-	-	-
31.12.2010.	**100 000**	**(19 021)**	**-**	**-**	**2 850 885**	**2 931 864**	**-**	**2 931 864**
Total comprehensive income								
Profit of the reporting period	**-**	-	-	-	8 903 002	**8 903 002**	102 778	**9 005 780**
Transfer of obligatory reserve	-	-	-	67 134	(67 134)	**-**	**-**	**-**
Total other comprehensive income	**-**	12 847	-	-	-	**12 847**	397	**13 244**
Transactions with shareholders recorded directly in equity								
Acquisition of non-controlling interests without changes in control	**-**	-	-	-	(39 061)	**(39 061)**	69 798	**30 737**
Share capital increase	2 125 000	-	-	-	(2 125 000)	**-**	**-**	**-**
Share based payment transactions	**-**	-	61 404	-	-	**61 404**	**-**	**61 404**
31.12.2011.	**2 225 000**	**(6 174)**	**61 404**	**67 134**	**9 522 692**	**11 870 056**	**172 973**	**12 043 029**

The accompanying notes on pages F-60 to F-84 form an integral part of these consolidated financial statements.

Alberts Pole
Chairperson of the Board

Mārtiņš Baumanis
Board Member

Kristaps Ozols
Board Member

Maris Keišs
Board Member

26 March 2012

Notes to the Consolidated Financial Statements

(1) Reporting entity

AS 4finance (the "Company") is registered and operates in Latvia. The Company and its subsidiaries (together referred as the "Group") are engaged in consumer lending to individuals and operate in Latvia, Lithuania, Finland, Sweden and Denmark. Working with brands "SMScredit" and "Vivus", the Group offers the possibility to borrow remotely amounts of up to 700 LVL with maturity of up to 2 years.

The Company's registered office is at Lielirbes iela 17a-8 in Riga, Republic of Latvia.

The Group entities:

Name	Country of incorporation	Status	Ownership % 31 December 2011	Ownership % 31 December 2010
AS 4finance	Latvia	Parent company	-	-
UAB 4finance	Lithuania	Subsidiary	97	100
4finance OY	Finland	Subsidiary	97	100
AB 4finance	Sweden	Subsidiary	97	100
AB Vivus Spar	Sweden	Subsisiary	97	n/a
ApS 4finance	Denmark	Subsidiary	100	100

In January 2011, selected senior employees in three foreign subsidiaries accepted an offer to acquire 3% of shares in UAB 4finance, 4finance OY and AB 4finance. Purchase price was equal to nominal value of shares in total amount of LVL 30 737. Changes in ownership interest in respective subsidiaries did not result in a loss of control, and were accounted as equity transactions with owners resulting in non-controlling interest. For details on transaction refer to Note 22.

(2) Basis of preparation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with *International Financial Reporting Standards as adopted by EU (further IFRSs)*.

These are the Group's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1 *First-time Adoption to International Financial Reporting Standards* has been applied.

An explanation of how transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 31.

These consolidated financial statements were approved by the Company's Board of Directors on 19 March 2012. The shareholders have the power to reject the financial statements prepared and presented by the Board of Directors, and the right to request that new financial statements are prepared.

(b) Basis of Measurement

The consolidated financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in lats (LVL), unless stated otherwise, being the Company's functional currency. Subsidiaries of the Company operate in the functional currencies of LTL, EUR, SEK and DKK respectively.

(3) Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at 1 January 2010 for the purpose of the transition to IFRSs.

The accounting policies have been applied consistently by Group entities.

Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised gains arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the exchange rate set by Central Bank of the country of operation at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit and loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as the hedging instrument in a hedge of the net investment in a foreign operation or in a qualifying cash flow hedge, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into LVL at exchange rates set by Bank of Latvia at the reporting date. The income and expenses of foreign operations are translated into LVL at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised directly in the foreign currency translation reserve.

(b) Share based payment transactions

The grant date fair value of share-based payment awards granted to senior management of subsidiaries is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on number of awards that meet the related service and non-market conditions at the vesting time.

(c) Cash and cash equivalents

Cash and cash equivalents comprise call deposits in banks that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

(d) Financial Instruments

(i) Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are acquired or incurred principally for the purpose of selling or repurchasing in the near term; or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or that are derivatives (except for a derivative that is a designated and effective hedging instrument); or that are upon initial recognition, designated by the entity as at fair value through the profit or loss.

Held-to-maturity instruments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, and which are not designated at fair value through profit or loss, or available for sale.

Available-for-sale instruments are those financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity instruments or financial instruments at fair value through profit or loss.

(ii) Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- held-to-maturity instruments that are measured at amortized cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

The key financial instruments of the Company and the Group are cash, trade receivables and loans to customers and financial liabilities such as loans and borrowings, trade payables and other creditors arising from the business activities.

(e) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

For the purposes of these consolidated financial statements trade receivables and loans to customers are accounted for at amortized cost using the effective interest method. An impairment loss allowance for credit losses is established. For the policy see Note 3 (i).

(f) Property and equipment

(i) Owned assets

Items of property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Notes to the Consolidated Financial Statements

(ii) Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	3 years
Long term leasehold improvements	5 years
Other property and equipment	5 years

(g) Intangible assets

Intangible assets, which are acquired by the Group, are stated at cost less accumulated amortization and impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Concessions, patents, licenses, trademarks and similar rights	5 years
Software and other intangible assets	3 years

(h) Impairment

(i) Financial assets

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

As at the period end, a provision for unused vacations has been recognized in accordance with the number of vacation days unused as at 31 December and the average remuneration during the last six months of the reporting year.

(j) Share Capital

(i) Currency revaluation reserve

The currency revaluation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(ii) Obligatory reserve

According to current regulations in Lithuania 5% of net profit has to be held in an obligatory reserve. The reserve cannot be used for distribution of dividends.

(k) Dividends

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(l) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Income and expense recognition

(i) Income from loans issued

Interest income is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

All significant income including commission income is recognized in the profit and loss statement on an accrual basis.

Revenue is not recognized when there is doubt whether the cost of services will be covered.

(ii) Fines received

Income from fines are recognized as received.

(n) Adoption of new and/or changed IFRSs and IFRIC interpretations

The following are new and amended standards and interpretations that became effective during current accounting period but are not applicable to the Group:

- An amendment to standard IFRS 7 Disclosures related to the transfers of financial assets is effective for annual periods beginning after 1 July 2011, and this amendment has no significant impact on the financial statements of the Group.

New and amended standards, and interpretations that are mandatory for the first time for the financial year beginning 1 January 2011, and are currently not relevant to the Group or have no significant impact on the Group:

- Revised IAS 24 Related Party Disclosure (effective for annual periods beginning on or after 1 January 2011). The amendment exempts government-related entity from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with (a) a government that has control, joint control or significant influence over the reporting entity; and (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The revised Standard requires specific disclosures to be provided if a reporting entity takes advantage of this exemption. The revised Standard also amends the definition of a related party which resulted in new relations being included in the definition, such as, associates of the controlling shareholder and entities controlled, or jointly controlled, by key management personnel. Revised IAS 24 has no impact on to the Group's financial statements as the Group is not a government-related entity and the revised definition of a related party did not result in new relations requiring disclosure in the financial statements.
- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). The amendment of IFRIC 14 addresses the accounting treatment for prepayments made when there is also a minimum funding requirements (MFR). Under the amendments, an entity is required to recognize certain prepayments as an asset on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which MFR payments would otherwise be required. The amendments to IFRIC 14 are not relevant to the Group's financial statements as the Group does not have any defined benefit plans with minimum funding requirements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). The Interpretation clarifies that equity instruments issued to a creditor to extinguish all or part of a financial liability in a 'debt for equity swap' are consideration paid in accordance with IAS 39.41. The initial measurement of equity instruments issued to extinguish a financial liability is at the fair value of those equity instruments, unless that fair value cannot be reliably measured, in which case the equity instrument should be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the initial measurement amount of equity instruments issued should be recognized in profit or loss. The Group did not issue equity to extinguish any financial liability during the current period. Therefore, the Interpretation does have no impact on the comparative amounts in the Group's financial statements for the year ended 31 December 2011. Further the Interpretation will be applied to relevant transactions in the future.
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010). The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a

fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants *pro rata* to all of its existing owners of the same class of its own non-derivative equity instruments. The amendments to IAS 32 are not relevant to the Group's financial statements as the Group has not issued such instruments at any time in the past.

(4) Risk management

Key financial risks related to the Group's financial instruments are:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

Management has implemented procedures to control the key risks.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty/customer fails to meet its contractual obligations, and arises primarily from the Group's loans and advances to customers. The Group's Credit Policy defines lending guidelines according to the business strategy and efficient risk management, protecting the Group's assets as well as complying with the local regulatory requirements. Loan credit risk is managed by multiple triggers that are analyzed prior to the loan being issued, including customer credit history checks and revenue levels. The triggers exclude any possibility of judgment as scoring is done automatically and is based on statistical evidence. Specific credit scoring models are adjusted to specific countries requirements and tendencies. Credit scoring models are periodically reviewed and if necessary adjusted to follow market and specific client group tendencies. The Group has implemented specific country adjusted debt collection procedures to ensure smooth collection of debts. The performance of different customer groups is analyzed on a regular basis. Management believes that current procedures are sufficient to effectively monitor credit risk of customer groups, in addition the structure of portfolio is based on many small value loans as a result separate customer exposition cannot cause material losses to the Company.

(b) Liquidity risk

The Group is analyzing the term structure of assets and liabilities to ascertain that sufficient funds will be available to cover liabilities. All financial assets and liabilities are short term except loans/borrowings from credit institutions.

(c) Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

(d) Interest rate risk

Management believes that interest rate risk is not material because almost all loans issued and borrowings attracted are at fixed rates.

(e) Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

After joining the European Union in 2005, the LVL was pegged to the EUR at the central parity rate of 0.702804 LVL for one EUR with an allowed fluctuation band of +/- 1%. The passive interventions of the Central Bank of Latvia ensure that exchange rate does not shift more than 1% above or below this exchange rate, i.e. does not exceed 0.6958 and 0.7098 LVL/EUR, respectively. LTL is also pegged to EUR.For further information on the Group's exposure to currency risk at year end refer to Note 28.

An analysis of sensitivity of the Group's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2011 and 31 December 2010 and a simplified scenario of a 5% change in LTL, SEK or EUR to LVL exchange rates is as follows:

	31 December 2011		31 December 2010	
	Net income	**Equity**	**Net income**	**Equity**
5% appreciation of EUR against LVL	(405 193)	(405 193)	(219 600)	(219 600)
5% depreciation of EUR against LVL	405 193	405 193	219 600	219 600
5% appreciation of LTL against LVL	322 911	322 911	103 586	103 586
5% depreciation of LTL against LVL	(322 911)	(322 911)	(103 586)	(103 586)
5% appreciation of SEK against LVL	159 666	159 666	13 418	13 418
5% depreciation of SEK against LVL	(159 666)	(159 666)	(13 418)	(13 418)

(f) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.

The Group is not exposed to price risk as it does not hold financial instruments dependant on changes in market prices.

(g) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

(h) Capital management

Capital management of the Group is not controlled by any requirements set by regulatory institutions or international bodies. The management reviews capital position on a regular basis, to ensure positive equity in all subsidiaries of the Group and to maintain sufficient funds, to ensure medium and long term strategic goals of the Group. Equity is the residual interest in the assets of the Group after deducting all its liabilities.

(5) Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty are:

Allowances for credit losses

Total allowances for impairment are collectively assessed. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In assessing the need of collective loss allowances, management considers factors such as credit quality, portfolio size, concentration and economic factors. In order to estimate the required allowance, assumption are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of allowances depends on estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowance.

An analysis of sensitivity of the net income for the year and equity as a result of theoretical changes in expected cash flows estimates existing as at 31 December 2011 and 31 December 2010 and a simplified scenario of a 1% symmetrical fall or rise in all expected cash inflow to loans issued ratio is as follows:

	31 December 2011		**31 December 2010**	
	Net income	**Equity**	**Net income**	**Equity**
1% parallel increase	183 837	183 837	20 653	20 653
1% parallel decrease	(183 837)	(183 837)	(20 653)	(20 653)

Deferred tax asset

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Share-based payment transactions

Fair value of ownership at the date of transaction is determined using a valuation technique by estimating price to these equity instruments. The significant inputs into the valuation technique were net assets of the subsidiaries and estimated sales/book value adjusted to the factors that knowledgeable, willing market participants would consider in setting price.

(6) Interest income

Interest income represents revenue generated during the reporting period from the Group's basic activities-consumer loans.

	2011 LVL	2010 LVL
Contractual interest income	18 202 752	7 387 458
Contractual penalties	3 177 523	1 213 606
	21 380 275	**8 601 064**

Interest income by geographic markets:

Latvia	11 175 596	5 424 711
Lithuania	5 091 987	2 315 005
Finland	3 389 656	802 380
Sweden	1 723 036	58 968
	21 380 275	**8 601 064**

(7) Interest expense

	2011 LVL	2010 LVL
Interest expense on bank loans	1 732 939	946 322
Interest expense on other loans	128 887	146 191
	1 861 826	**1 092 513**

(8) Net impairment losses on loans and receivables

	2011 LVL	2010 LVL
Impairment losses on loans	2 423 177	(241 360)
Write-offs of loans	918 521	805 876
Refunds from written-off loans	(80 505)	-
	3 261 193	**564 516**

Notes to the Consolidated Financial Statements

(9) General administrative expenses

	2011 LVL	2010 LVL
Marketing and sponsorship	2 059 960	1 297 426
Personnel costs	1 494 639	715 550
Debt collection costs	505 887	220 274
Application inspection costs	489 696	285 906
Communication expenses	394 876	227 391
Legal and consulting	214 244	102 478
Depreciation and amortization	135 532	124 693
Bank services	116 154	56 911
IT expenses	112 327	107 771
Rent and utilities	106 062	66 457
Travel	47 082	38 952
Other	107 847	153 211
	5 784 306	**3 397 020**

(10) Corporate income tax for the reporting period

	2011 LVL	2010 LVL
Current tax	1 858 880	523 904
Adjustment for prior periods	(101 551)	-
Deferred tax	(234 403)	47 201
	1 522 926	**571 105**

Reconciliation of effective corporate income tax:

	2011 LVL	2010 LVL
Profit / (loss) before corporate income tax	10 528 705	3 604 679
Theoretical corporate income tax, 15%	1 579 306	540 702
Overprovided in prior periods	(101 551)	-
CIT relief due to donation	(213 155)	(75 245)
Exempt income	(97 892)	-
Change in unrecognized deferred tax asset (including from tax losses and provisions for bad debts)	149 934	141 160
Tax effect of permanent differences related to non-deductible expenses	42 279	19 991
Impact of tax rate in other jurisdictions	164 005	(55 503)
Corporate income tax for the reporting year	**1 522 926**	**571 105**

(11) Loans and advances due from customers

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Long-term loans due from customers	785 862	205 811	15 191
Impairment of long-term loans due from customers	(100 722)	(49 345)	-
Long term	**685 140**	**156 466**	**15 191**
Short-term loans due from customers	28 642 995	11 098 538	5 055 310
Impairment of short-term loans due from customers	(3 671 090)	(1 294 615)	(1 585 906)
Short term	**24 971 905**	**9 803 923**	**3 469 404**
	25 657 045	**9 960 389**	**3 484 595**

The Group's trade receivables consist of loan balances not exceeding 700 LVL per loan with maturity of up to 2 years. The loans are not collateralized.

Movements in the allowance for doubtful debts for the respective periods are as follows:

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Allowance for doubtful debts			
Balance at beginning of period	**1 343 960**	**1 585 906**	**331 820**
Charge for the period	2 423 177	(241 360)	1 253 721
Currency effect	4 675	(586)	365
Balance at period end	**3 771 812**	**1 343 960**	**1 585 906**

Loans by country and currency:

	Gross receivables 31.12.2011 LVL	Allowance for doubtful debts 31.12.2011 LVL	Net receivables 31.12.2011 LVL	Gross receivables 31.12.2010 LVL	Allowance for doubtful debts 31.12.2010 LVL	Net receivables 31.12.2010 LVL
Latvia (LVL)	12 846 999	(1 550 210)	11 296 789	6 278 386	(676 915)	5 601 471
Lithuania (LTL)	8 032 233	(1 300 033)	6 732 200	3 067 906	(308 788)	2 759 118
Finland (EUR)	5 305 341	(616 729)	4 688 612	1 637 949	(342 371)	1 295 578
Sweeden (SEK)	3 244 284	(304 840)	2 939 444	320 108	(15 886)	304 222
	29 428 857	**(3 771 812)**	**25 657 045**	**11 304 349**	**(1 343 960)**	**9 960 389**

Credit quality of loan portfolio

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Not overdue	19 847 457	7 722 908	3 034 521
Overdue less than 90 days	4 145 620	1 372 799	637 525
Overdue more than 90 days and less than 360 days	4 065 734	1 511 211	1 213 408
Overdue more than 360 days	1 370 046	697 431	185 047
Total gross trade receivables	**29 428 857**	**11 304 349**	**5 070 501**
Allowance for doubtful debts	**(3 771 812)**	**(1 343 960)**	**(1 585 906)**
Total net trade receivables	**25 657 045**	**9 960 389**	**3 484 595**

(12) Property and equipment

	Long term investments in leased property and equipment LVL	Equipment LVL	Other property and equipment LVL	Total LVL
Cost				
01.01.2010.	**28 203**	**29 106**	**21 061**	**78 370**
Additions	69 981	78 742	32 134	180 857
Disposed	-	(248)	(349)	(597)
Reclassification	-	1 021	-	1 021
Effect of changes in foreign exchange rates	-	(29)	(33)	(62)
31.12.2010.	**98 184**	**108 592**	**52 813**	**259 589**
Accumulated depreciation				
01.01.2010.	**4 668**	**9 359**	**3 237**	**17 264**
Depreciation	13 143	20 981	7 176	41 300
Depreciation of disposed fixed assets	-	(108)	(87)	(195)
Reclassification	-	715	-	715
Effect of changes in foreign exchange rates	-	(11)	(6)	(17)
31.12.2010.	**17 811**	**30 936**	**10 320**	**59 067**
Balance as at 01.01.2010	**23 535**	**19 747**	**17 824**	**61 106**
Balance as at 31.12.2010	**80 373**	**77 656**	**42 493**	**200 522**

	Long term investments in property and equipment LVL	Equipment LVL	Other property and equipment LVL	Total LVL
Cost				
31.12.2010.	**98 184**	**108 592**	**52 813**	**259 589**
Additions	2 749	53 403	15 229	71 381
Disposed	-	-	(1 052)	(1 052)
Reclassification	-	3 541	(3 541)	-
Effect of changes in foreign exchange rates	-	133	82	215
31.12.2011.	**100 933**	**165 669**	**63 531**	**330 133**
Accumulated amortization				
31.12.2010.	**17 811**	**30 936**	**10 320**	**59 067**
Depreciation	18 417	40 411	12 677	71 505
Depreciation of disposed fixed assets	-	-	(570)	(570)
Reclassification	-	704	(704)	-
Effect of changes in foreign exchange rates	-	63	25	88
31.12.2011.	**36 228**	**72 114**	**21 748**	**130 090**
Balance as at 31.12.2010	**80 373**	**77 656**	**42 493**	**200 522**
Balance as at 31.12.2011	**64 705**	**93 555**	**41 783**	**200 043**

(13) Intangible assets

	Licenses LVL	Software and other intangible assets LVL	Prepayments for intangible assets LVL	Total LVL
Cost				
01.01.2010.	**12 485**	**146 736**	**3 924**	**163 145**
Additions	50 432	64 159	-	114 591
Disposals	(120)	(72 334)	(114)	(72 568)
Reclassification	(961)	3 750	(3 810)	(1 021)
Effect of changes in foreign exchange rates	(5)	(5)	-	(10)
31.12.2010.	**61 831**	**142 306**	**-**	**204 137**
Accumulated amortization				
01.01.2010.	**2 774**	**17 988**	**-**	**20 762**
Amortization	13 965	60 859	-	74 824
Amortisation of disposals	(97)	(32 690)	-	(32 787)
Reclassification	(715)	-	-	(715)
Effect of changes in foreign exchange rates	(1)	(2)	-	(3)
31.12.2010.	**15 926**	**46 155**	**-**	**62 081**
Balance as at 01.01.2010	**9 711**	**128 748**	**3 924**	**142 383**
Balance as at 31.12.2010	**45 905**	**96 151**	**-**	**142 056**

	Licenses LVL	Software and other intangible assets LVL	Prepayments for intangible assets LVL	Total LVL
Cost				
31.12.2010.	**61 831**	**142 306**	**-**	**204 137**
Additions	37 346	5 049	-	42 395
Disposals	-	(86)	-	(86)
Reclassified	(86)	86	-	-
Effect of changes in foreign exchange rates	150	5	-	155
31.12.2011.	**99 241**	**147 360**	**-**	**246 601**
Accumulated amortization				
31.12.2010.	**15 926**	**46 155**	**-**	**62 081**
Amortization	22 168	41 859	-	64 027
Amortisation of disposals	-	(86)		(86)
Reclassification	(79)	79		-
Effect of changes in foreign exchange rates	40	5	-	45
31.12.2011.	**38 055**	**88 012**	**-**	**126 067**
Balance as at 31.12.2010	**45 905**	**96 151**	**-**	**142 056**
Balance as at 31.12.2011	**61 186**	**59 348**	**-**	**120 534**

(14) Deferred tax asset

Deferred tax relates to the following temporary differences:

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Difference in carrying values of property and equipment	(16 427)	(13 945)	(15 387)
Impairment losses on loans and receivables	658 808	241 050	166 435
Other provisions	6 240	(104)	2 127
Effect from tax losses carried forward	-	37 283	17 150
Unrecognized deferred tax asset	(323 530)	(173 596)	(32 436)
Total deferred tax asset	**325 091**	**90 688**	**137 889**

(15) Other assets

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Prepaid expenses	171 779	70 680	49 765
Overpaid tax	-	35 906	27 178
Security deposit	7 208	4 507	4 121
Other receivables	173 368	19 300	818
	352 355	**130 393**	**81 882**

(16) Loans and borrowings

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Long term			
Trasta Komercbanka AS	11 715 107	6 376 546	-
Individuals	147 918	350 459	225 399
	11 863 025	**6 727 005**	**225 399**

In January 2010 Group companies signed loan agreements with “Trasta Komercbanka” AS with a fixed annual interest rate of 20.15% *per annum* maturing in December 2013. Initial annual interest rate has been gradually decreased over the financial year and stands at 15% as at 31 December 2011. Total loans from the respective agreements as at 31 December 2011 amounted 12 502 433 EUR.

In May 2011 AS 4finance signed a credit line agreement with “Trasta Komercbanka” AS with maximum credit line limit of 6 000 000 EUR maturing in September 2014 with a fixed annual interest rate of 12% for that part of the credit line used and 1% for the unused part of the facility. Fixed annual interest rate was reduced from 12% to 10% in September 2011. The total credit line facility used as at 31 December 2011 amounted 5 999 263 EUR.

The Bank loans are secured by AS 4finance commercial pledge. The maximum amount secured by commercial pledge is LVL: 8 855 330 (eight million eight hundred fifty five thousand three hundred thirty lats). As at 31 December 2011AS 4finance is compliant with all covenants included in the loan agreement with the Bank. None of these covenants have been breached previously.

Loans from individuals represent multiple loan agreements with repayment term from 2012 to 2013, with fixed annual interest rates between 18% and 20%. Loans from individuals in Lithuania are secured by pledge of intellectual property and property rights, unspecified ordinary registered shares, all current and future funds in UAB 4finance accounts.

Notes to the Consolidated Financial Statements

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Short term			
Trasta Komercbanka AS	1 446 156	104 534	-
Infrastructure Investments	-	38 802	-
Crabro UAB	-	143 768	-
Individuals	269 206	214 181	11 359
AD Consult SIA	-	-	1 627 595
Liepājas Namserviss SIA	-	-	330 967
MD Birojs SIA	-	-	782 455
MM Investīcijas SIA	-	-	461 547
Related parties	-	-	120 489
Amatra SIA	-	-	29 944
Fatcat Investments A/S	-	-	25 134
Other	-	-	2
	1 715 362	**501 285**	**3 389 492**
Total	**13 578 387**	**7 228 290**	**3 614 891**

(17) Provisions

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Provisions for unused vacations	103 254	50 305	14 182
	103 254	**50 305**	**14 182**

(18) Other liabilities

	31.12.2011 LVL	31.12.2010 LVL	01.01.2010 LVL
Taxes payable	78 348	69 644	28 921
Accounts payable to suppliers	271 797	233 012	274 497
Accrued liabilities	115 617	80 648	31 545
Other liabilities	254 330	89 965	29 424
	720 092	**473 269**	**364 387**

(19) Share capital

Share capital of the Company as at 31 December 2011 is LVL 2 225 000 (31 December 2010: LVL 100 000) and it is divided into 2 225 000 ordinary (31 December 2010: 100 000) shares with the nominal value of LVL 1. Shares issued are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Group. All shares rank equal to the Groups residual assets.

(19a) Reserves

Currency revaluation reserve	
Balance at 31.12.2009	**282**
Decrease in reserve	(19 303)
Balance at 31.12.2010	**(19 021)**
Increase in reserve	13 244
Balance at 31.12.2011	**(5 777)**
Obligatory reserve	
Balance at 31.12.2010	**-**
Increase in reserve	67 134
Balance at 31.12.2011	**67 134**
Share based payment reserve	
Balance at 31.12.2010	**-**
Increase in reserve	61 404
Balance at 31.12.2011	**61 404**

(20) Related party transactions

	31.12.2010
Members of the Board of the Group	**LVL**
Loans received	53 679
Loans repaid	68 747
Loans issued	17 924
Repayment of loans	17 924
Remuneration and social security contributions	12 728

	31.12.2011
Members of the Board of the Group	**LVL**
Loans received	39 950
Loans repaid	39 950
Remuneration and social security contributions	83 539

All loans with members of the Board were zero interest based.

The Group's Parent as at 31 December 2011 is Fatcat Investments Ltd, Malta. During the reporting period the Group had no transaction with its Parent company. The parent's financial statements are not published.

The Group is ultimately owned by one individual holding 25% shares and 7 individuals holding the remaining shares none of whom holds more than 25% individually.

(21) Average number of employees

	2011 LVL	2010 LVL
Average number of employees in the reporting year	92	68
	92	**68**

(22) Personnel costs

	2011 LVL	2010 LVL
Type of costs		
Remuneration	1 121 138	537 268
Compulsory state social security contributions, pensions and other social security expenses	278 996	161 923
Share based payment transactions	61 404	-
Other personnel costs	33 101	16 359
	1 494 639	**715 550**

In January 2011, selected senior employees in three foreign subsidiaries were granted the option to acquire 3% of existing shares in UAB 4finance (formerly UAB SMScredit.lt), 4finance OY (formerly Vivus.fi OY) and AB 4finance (formerly AB Vivus Finance), respectively. The agreement included repurchase (call) options owned by AS 4finance. AS 4finance set the fair value of ownership at the date of transaction using a valuation technique estimating price to these equity instruments. The significant inputs into the valuation technique were net assets of the subsidiaries and estimated sales price value adjusted to the factors that knowledgeable, willing market participants would consider in setting the price.

If AS 4finance did not have the repurchase option, share based payment would have been 36 714 LVL higher. Share based payment is sensitive to price/equity ratio, where increase in the ratio by 5% would result in increase in share based payment by 6 894 LVL. Exercise price of the call option is limited to the value of two times equity less 6 month salary of the management.

(23) Litigation

In the ordinary course of business, the Group is subject to legal actions. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial conditions of the results of future operations of the Group.

(24) Fair value of financial instruments

The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

When estimating fair values as at 31 December 2011 and 31 December 2010, it was assumed that all cash flows from financial assets and liabilities are realized at maturities of specific assets or liabilities.

As at 31 December 2011 and 31 December 2010 fair value all Group's financial assets and liabilities are as follows:

ASSETS	**31 December 2011 Fair Value**	**31 December 2011 Carrying Value**	**31 December 2010 Fair Value**	**31 December 2010 Carrying Value**
Cash and cash equivalents	994 285	994 285	503 100	503 100
Loans and advances to customers	27 208 183	25 657 045	10 457 196	9 960 389
LIABILITIES				
Loans and borrowings	13 413 268	13 578 387	7 268 322	7 228 290
Accounts payable to suppliers	271 797	271 797	233 012	233 012

(25) Maturity analysis

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2011.

Assets LVL	**On demand/ less than 1 month**	**From 1 to 3 month**	**From 3 to 6 month**	**From 6 month to 1 year**	**More than 1 year**	**Overdue**	**Allowances for credit losses, collective**	**TOTAL**
Cash and cash equivalents	994 285	-	-	-	-	-	-	994 285
Loans and advances to customers	17 306 786	537 416	544 862	672 533	785 860	9 581 400	(3 771 812)	25 657 045
Total financial assets	**18 301 071**	**537 416**	**544 862**	**672 533**	**785 860**	**9 581 400**	**(3 771 812)**	**26 651 330**

Liabilities LVL	**Demand less than 1 month**	**From 1 to3 month**	**From 3 to 6 month**	**From 6 month to 1 year**	**More than 1 year**	**Overdue**		**TOTAL**
Loans and borrowings	164 860	105 656	423 404	875 024	12 009 443	-	-	13 578 387
Accounts payable to suppliers	271 797	-	-	-	-	-	-	271 797
Total financial liabilities	**436 657**	**105 656**	**423 404**	**875 024**	**12 009 443**	**-**	**-**	**13 850 184**
Net position	**17 864 414**	**431 760**	**121 458**	**(202 491)**	**(11 223 583)**	**9 581 400**	**(3 771 812)**	**12 801 146**

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2010.

Assets LVL	**On demand/ less than 1 month**	**From 1 to 3 month**	**From 3 to 6 month**	**From 6 month to 1 year**	**More than 1 year**	**Overdue**	**Allowances for credit losses, collective**	**TOTAL**
Cash and cash equivalents	503 100	-	-	-	-	-	-	503 100
Loans and advances to customers	6 902 298	210 964	184 342	219 483	205 811	3 581 451	(1 343 960)	9 960 389
Total financial assets	**7 405 398**	**210 964**	**184 342**	**219 483**	**205 811**	**3 581 451**	**(1 343 960)**	**10 463 489**
Liabilities LVL	**Demand less than 1 month**	**From 1 to3 month**	**From 3 to 6 month**	**From 6 month to 1 year**	**More than 1 year**	**Overdue**		**TOTAL**
Loans and borrowings	148 909	-	142 100	210 276	6 727 005	-	-	7 228 290
Accounts payable to suppliers	233 012	-	-	-	-	-	-	233 012
Total financial liabilities	**381 921**	**-**	**142 100**	**210 276**	**6 727 005**	**-**	**-**	**7 461 302**
Net position	**7 023 477**	**210 964**	**42 242**	**9 207**	**(6 521 194)**	**3 581 451**	**(1 343 960)**	**3 002 187**

(26) Analysis of financial liabilities' contractual undiscounted cash flows

The table below presents the cash flows payable by the Group under contractual financial liabilities, including derivative financial liabilities, by remaining contractual maturities as at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows in comparison with the carrying amounts of financial liabilities, comprising discounted cash flows as at the reporting date.

The analysis as at 31 December 2011 was as follows:

31 December 2011	**Carrying amount**	**Total nominal outflows**	**On demand/ less than 1 month**	**From 1 to 3 month**	**From 3 to 6 month**	**From 6 month to 1 year**	**More than 1 year**
Loans and borrowings	13 578 387	16 979 457	164 343	408 928	870 543	1 732 745	13 802 898
Accounts payable to suppliers	271 797	271 797	271 797	-	-	-	-
Total	**13 850 184**	**17 251 254**	**436 140**	**408 928**	**870 543**	**1 732 745**	**13 802 898**

The analysis as at 31 December 2010 was as follows:

31 December 2010	**Carrying amount**	**Total nominal outflows**	**On demand/ less than 1 month**	**From 1 to 3 month**	**From 3 to 6 month**	**From 6 month to 1 year**	**More than 1 year**
Loans and borrowings	7 228 290	8 759 460	145 448	237 343	355 575	917 179	7 103 915
Accounts payable to suppliers	233 012	233 012	233 012	-	-	-	-
Total	**7 461 302**	**8 992 472**	**378 460**	**237 343**	**355 575**	**917 179**	**7 103 915**

(27) Interest rate repricing analysis

The following table shows the Group's interest rate gap position as at 31 December 2011.

Assets LVL	Less than 1 month	1 to 3 month	3 month to 1 year	1 to 5 years	Non interest bearing	TOTAL
Cash and cash equivalents	-	-	-	-	994 285	994 285
Loans and advances to customers	21 738 157	537 415	1 217 396	785 861	1 378 216	25 657 045
Total financial assets	**21 738 157**	**537 415**	**1 217 396**	**785 861**	**2 372 501**	**26 651 330**
Liabilities LVL						
Loans and borrowings	-	105 656	1 298 428	12 009 443	164 860	13 578 387
Accounts payable to suppliers	-	-	-	-	271 797	271 797
Total financial liabilities	**-**	**105 656**	**1 298 428**	**12 009 443**	**436 657**	**13 850 184**
Net position as at 31 Dec 2011	**21 738 157**	**431 759**	**(81 032)**	**(11 223 582)**	**1 935 844**	**12 801 146**

The following table shows Group's interest rate gap position as at 31 December 2010.

Assets LVL	Less than 1 month	1 to 3 month	3 month to 1 year	1 to 5 years	Non interest bearing	TOTAL
Cash and cash equivalents	-	-	-	-	503 100	503 100
Loans and advances to customers	8 609 339	210 964	403 825	205 811	530 450	9 960 389
Total financial assets	**8 609 339**	**210 964**	**403 825**	**205 811**	**1 033 550**	**10 463 489**
Liabilities LVL						
Loans and borrowings	38 654	-	352 376	6 727 005	110 255	7 228 290
Accounts payable to suppliers	-	-	-	-	233 012	233 012
Total financial liabilities	**38 654**	**-**	**352 376**	**6 727 005**	**343 267**	**7 461 302**
Net position as at 31 Dec 2010	**8 570 685**	**210 964**	**51 449**	**(6 521 194)**	**690 283**	**3 002 187**

(28) Currency analysis

The following table shows the currency structure of financial assets and liabilities at 31 December 2011:

Assets LVL	LVL	LTL	EUR	SEK	Other	TOTAL
Cash and cash equivalents	227 721	143 143	368 801	253 883	737	994 285
Loans and advances to customers	11 296 789	6 732 200	4 688 612	2 939 444	-	25 657 045
Total financial assets	**11 524 510**	**6 875 343**	**5 057 413**	**3 193 327**	**737**	**26 651 330**
Liabilities LVL						
Loans and borrowings	-	417 124	13 161 263	-	-	13 578 387
Accounts payable to suppliers	72 876	36 067	116 138	45 428	1 288	271 797
Total financial liabilities	**72 876**	**453 191**	**13 277 401**	**45 428**	**1 288**	**13 850 184**
Net position as at 31 Dec 2011	**11 451 634**	**6 422 152**	**(8 219 988)**	**3 147 899**	**(551)**	**12 801 146**

The following table shows the currency structure of financial assets and liabilities at 31 December 2010:

Assets LVL	LVL	LTL	EUR	SEK	Other	TOTAL
Cash and cash equivalents	161 725	195 722	111 106	34 424	123	503 100
Loans and advances to customers	5 601 471	2 759 118	1 295 578	304 222	-	9 960 389
Total financial assets	**5 763 196**	**2 954 840**	**1 406 684**	**338 646**	**123**	**10 463 489**
Liabilities LVL						
Loans and borrowings	-	357 950	6 870 340	-	-	7 228 290
Accounts payable to suppliers	111 889	84 243	24 299	6 787	5 794	233 012
Total financial liabilities	**111 889**	**442 193**	**6 894 639**	**6 787**	**5 794**	**7 461 302**
Net position as at 31 Dec 2010	**5 651 307**	**2 512 647**	**(5 487 955)**	**331 859**	**(5 671)**	**3 002 187**

(29) Credit Risk

The table below shows the Group's maximum exposure to credit risk for the components of the statement of financial position. Exposures are based on net carrying amounts as reported in the statement of financial position.

The Group's maximum credit exposures are shown gross, i.e. without taking into account of any collateral and other credit enhancement.

	31.12.2011 LVL	**31.12.2010 LVL**	**01.01.2010 LVL**
Cash and cash equivalents	994 285	503 100	170 808
Loans and advances to customers	25 657 045	9 960 389	3 484 595
	26 651 330	**10 463 489**	**3 655 403**

(30) Subsequent events

No significant subsequent events have occurred that would materially impact the consolidated financial statements presentation.

(31) Explanation of transition to IFRSs

As stated in Note 2 (a), these are the Group's first financial statements prepared in accordance with IFRSs .

The accounting policies set out in Note 3 have been applied in preparing consolidated financial statements for 2011, the comparative information as at and for the year ended 31 December 2010, and in preparation of the opening IFRS statement of financial position at 1 January 2010 (the Group's date of transition to IFRS).

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the law "Annual Reports Law" and "Consolidated Annual Reports Law" of the Republic of Latvia. An explanation of how the transition from the law "Annual Reports Law" and "Consolidated Annual Reports Law" (further previous GAAP) to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Assets, LVL	Note	Previous GAAP	Effect of transition to IFRSs 31 December 2010	IFRSs	Previous GAAP	Effect of transition to IFRSs 1 January 2010	IFRSs
Cash and cash equivalents		503 100	-	503 100	170 808	-	170 808
Loans and advances to customers	a	10 228 484	(268 095)	9 960 389	3 587 393	(102 798)	3 484 595
Property and equipment		200 522	-	200 522	61 106	-	61 106
Intangible assets		142 056	-	142 056	142 383	-	142 383
Deferred tax asset		90 688	-	90 688	137 889	-	137 889
Other assets	e	96 534	33 859	130 393	32 117	49 765	81 882
Prepaid expenses	e	33 859	(33 859)	-	49 765	(49 765)	-
Total assets		**11 295 243**	**(268 095)**	**11 027 148**	**4 181 461**	**(102 798)**	**4 078 663**
Liabilities, LVL							
Loans and borrowings	b	7 118 035	110 255	7 228 290	3 555 288	59 603	3 614 891
Provisions		50 305	-	50 305	14 182	-	14 182
Other liabilities	e	34 406	438 863	473 269	10 111	354 276	364 387
Corporate income tax	e	-	343 420	343 420	-	167 610	167 610
Customer advances	e	55 559	(55 559)	-	19 313	(19 313)	-
Accounts payable to suppliers	e	239 751	(239 751)	-	322 741	(322 741)	-
Taxes and social contributions	e	413 065	(413 065)	-	196 531	(196 531)	-
Deferred income	a	268 095	(268 095)	-	102 798	(102 798)	-
Accrued liabilities	b,e	184 163	(184 163)	-	42 904	(42 904)	-
Total liabilities		**8 363 379**	**(268 095)**	**8 095 284**	**4 263 868**	**(102 798)**	**4 161 070**
Share Capital		100 000	-	100 000	100 000	-	100 000
Reserves		(19 021)	-	(19 021)	282	-	282
Retained earnings/ (losses)		(182 689)	-	(182 689)	(268 302)	-	(268 302)
Profit/(loss) of the reporting period		3 033 574	-	3 033 574	85 613	-	85 613
Total equity attributable to equity holders of the Group		**2 931 864**	-	**2 931 864**	**(82 407)**	-	**(82 407)**
Non-controlling interests		-	-	-	-	-	-
Total equity		**2 931 864**	-	**2 931 864**	**(82 407)**	-	**(82 407)**
Total shareholders' equity and liabilities		**11 295 243**	**(268 095)**	**11 027 148**	**4 181 461**	**(102 798)**	**4 078 663**

Notes to the Consolidated Financial Statements

LVL	**Note**	**Previous GAAP**	**Effect of transition to IFRSs 2010**	**IFRSs**
Interest income		-	8 601 064	8 601 064
Net sales	d	*8 649 953*	*(8 649 953)*	-
Interest expense		(1 092 513)	-	(1 092 513)
Cost of goods and services sold	d	*(1 508 194)*	*1 508 194*	-
Other revenue		-	48 889	48 889
Other income/ (expenses)		-	8 775	8 775
Net impairment losses on loans and receivables		(564 516)	-	(564 516)
General administrative expenses		(509 827)	(2 887 193)	(3 397 020)
Selling expenses	d	*(1 226 252)*	*1 226 252*	-
Interest and similar income	d	*292*	*(292)*	-
Profit/(loss) on currency exchange fluctuations	d	*8 482*	*(8 482)*	-
Other operating expenses	d	*(152 746)*	*152 746*	-
Profit before taxes		**3 604 679**	**-**	**3 604 679**
Corporate income tax for the reporting period		(571 105)	-	(571 105)
Profit for the period		**3 033 574**	**-**	**3 033 574**
Profit attributable to:				
Equity holders of the Group		3 033 574	-	3 033 574
Non-controlling interests		-	-	-
Profit/(loss)		**3 033 574**	**-**	**3 033 574**
Other comprehensive income				
Foreign currency translation differences	c	-	(19 303)	(19 303)
Total comprehensive income for the period		**3 033 574**	**(19 303)**	**3 014 271**
Total comprehensive income attributable to:				
Equity holders of the Group		3 033 574	(19 303)	3 014 271
Non-controlling interests		-	-	-

Total comprehensive income under previous GAAP for the twelve months period ended 31 December 2010 equals to total comprehensive income under IFRS. Except for that previous Group's GAAP did not require the Group to disclose other comprehensive income that's due to fluctuation in currency revaluation reserve in statement of comprehensive statement of income.

Notes to the Consolidated Financial Statements

LVL		Previous GAAP	Effect of transition to IFRSs 2010	IFRSs
Cash flows from operating activities				
Profit/ (loss) before taxes		3 604 679	-	3 604 679
Adjustments for:				
Depreciation and amortization;		116 124	-	116 124
Write-off and disposal of intangible assets and property and equipment;		39 753	-	39 753
provisions (except doubtful debt allowance);		36 123	-	36 123
profit or loss from foreign exchange fluctuations;		(21 804)	-	(21 804)
interest and similar income;		(292)	-	(292)
interest and similar expenses		1 092 513	-	1 092 513
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities		4 867 096	-	4 867 096
Adjustments for:				
(Increase)/decrease in loans and advances to customers;	a,b	(6 689 455)	165 297	(6 524 158)
Increase/(decrease) in accounts payable to suppliers, contractors and other creditors	a,b	266 592	(165 297)	101 295
Gross cash flows from operating activities		(1 555 767)	-	(1 555 767)
Interest payments		(1 022 804)	-	(1 022 804)
Corporate income tax paid		(358 148)	-	(358 148)
Net cash flows from operating activities		**(2 936 719)**	**-**	**(2 936 719)**
Cash flows from investing activities				
Purchase of property and equipment and intangible assets		(295 448)	-	(295 448)
Income from disposal of property and equipment and intangible assets		316	-	316
Loans issued		(17 924)	-	(17 924)
Loans repaid		17 924	-	17 924
Interest received		292	-	292
Net cash flows from investing activities		**(294 840)**	**-**	**(294 840)**
Cash flows from financing activities				
Loans received		8 653 751		8 653 751
Repayment of loans		(5 089 900)	-	(5 089 900)
Net cash flows from financing activities		**3 563 851**	**-**	**3 563 851**
Net increase/(decrease) in cash and cash equivalents		**332 292**	**-**	**332 292**
Cash and cash equivalents at the beginning of the period		**170 808**	**-**	**170 808**
Cash and cash equivalents at the end of the period		**503 100**	**-**	**503 100**

(a) Under the previous Group's GAAP loan origination fees, which are an integral part of amortized cost accounting, were presented separately from loans as deferred income in liabilities. Under IAS 39 these are recognized as a part of the respective financial assets.

(b) Under the previous Group's GAAP accrued interest payable on loans and borrowings was classified as other liabilities. Under IAS 39 these are recognized as a part of financial liabilities.

(c) Previous Group's GAAP did not require the Group to disclose other comprehensive income arising from fluctuation in currency revaluation reserve in statement of comprehensive statement of income.

(d) Previous Group's GAAP requires different classification /description of individual items.

(e) Previous Group's GAAP requires different classification / description of individual items.

KPMG Baltics SIA
Vesetas iela 7
Riga LV 1013
Latvia

Phone +371 670 380 00
Fax +371 670 380 02
Internet: www.kpmg.lv

Independent Auditors' Report

To the shareholders of AS 4finance

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AS 4finance and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 33.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines are necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether these financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of these financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Group's preparation and fair presentation of these financial statements 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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of AS 4finance and its subsidiaries as at 31 December 2011, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Ondrej Fikrle
Partner pp KPMG Baltics SIA
KPMG Baltics SIA
Licence No 55
Riga, Latvia
26 March 2012

Valda Užāne
Sworn Auditor
Certificate No. 4

THE ISSUER

AS 4finance
17A-8 Lielirbes Street
LV-1046 Riga
Latvia

THE GUARANTORS

4finance UAB
Jonavos st., 254A
Kaunas
Lithuania

4finance Oy
Mikonkatu 15 B
00100 Helsinki
Finland

4finance AB
Isafjordsgatan 30 A
164 40 Kista
Sweden

Vivus Finance Sp.z.o.o.
ul. 17 Stycznia 56
Warszawa 02-146
Poland

THE PLACEMENT AGENT

Standard Bank Plc
20 Gresham Street
London EC2V 7JE
United Kingdom

LEGAL ADVISERS

To the Issuer and the Guarantors as to English law

Akin Gump Strauss Hauer & Feld LLP
7 Petrovka Street
Moscow 107031
Russia

To the Issuer as to Latvian law

Attorneys at law Borenius
Lacplesa 20a
LV-1011 Riga
Latvia

To the Issuer and 4finance UAB as to Lithuanian law

Attorneys at law Borenius
J. Jasinskio g. 16A, 8th floor
LT-01112 Vilnius
Lithuania

To the Issuer and 4finance OY as to Finnish law

Attorneys at law Borenius Ltd
Yrjönkatu 13A
FI-00120 Helsinki
Finland

To the Issuer and 4finance AB as to Swedish Law

Advokatfirman Vinge KB
Smålandsgatan 20
SE-111 87 Stockholm
Sweden

To the Issuer and Vivus Finance Sp.z.o.o as to Polish Law

Schoenherr Cvak Sp.k.
ul Złota 59
PL-00-120 Warsaw
Poland

To the Placement Agent and the Trustee as to English law

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

To the Placement Agent as to Latvian law

LAWIN
Elizabetes 15
Riga LV-1010
Latvia

TRUSTEE

Deutsche Trustee Company Limited
Winchester House, 1
Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND PAYING AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad
Adenauer
L-1115 Luxembourg
Luxembourg

PRINCIPAL PAYING AND TRANSFER AGENT

Deutsche Bank AG, London Branch
Winchester House, 1
Great Winchester Street
London EC2N 2DB
United Kingdom

AUDITOR TO THE ISSUER

KPMG Baltics SIA
Vesetas iela, 7
Riga, LV, 1013
Latvia

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland