SIA "VIA SMS GROUP"

Consolidated and Separate Financial statements
prepared in accordance with International
Financial Reporting Standards
as adopted by the European Union
for the year ended 31 December 2012 and
independent auditors' report

SIA VIA SMS GROUP

Contents

SIA VIA SMS GROUP

General Information

Name of the company	VIA SMS GROUP
Legal status of the company	Limited liability company
Unified registration number, place and date of registration	40003901472 Riga, 23 February 2007
Registered office	Krišjāņa Valdemāra Street 8 -5 Riga, Latvia, LV-1010
Shareholder	SIA Finance & Support 25% SIA Financial investment 25% Eduards Lapkovskis 40% Jeļena Neženceva 10%
Board Members	Eduards Lapkovskis from 20.10.2010 Dmitrijs Razvodovskis from 23.05.2012 Serstjukovs Deniss from 25.06.2012 Eizens Slava from 23.05.2012 to 10.07.2013.
Financial year	1 January 2012 – 31 December 2012
Previous financial year	1 January 2011 – 31 December 2011
Independent auditors and their address	SIA "Deloitte Audits Latvia" Grēdu street 4a, Riga Latvia, LV – 1019 Licence No. 43

SIA VIA SMS GROUP

Report of the Management Board

The Management Board present their report and the consolidated and separate financial statements for the year ended 31 December 2012.

The figures are presented in EURO (euro).

Principal activities
The principal activity of the Company and its subsidiaries (together the "Group") is providing consumer loans (payday and instalment).

Review of business
The Group income statement shows revenues of EUR 10 553 863 (2011, unaudited: EUR 3 595 208). Losses for the like-for-like period last year, the 12 months to 31 December 2011 unaudited, were EUR 1 380 107. While losses were up 50% on the like-for-like period last year, the economy clearly had an effect on the revenue growth rate during 2012, and it continues to do so in 2013.

The year ended 31 December 2012 was a challenging year for the Group as the Year 2012 was the year of growth and start-up.
Growth year for one of the biggest markets – Poland and start-up year for launched activities in Sweden and Spain. At the moment of preparation of this report it is obvious that Group reached the targets set forth in terms of growth and expanding which is a very strong basis for sustainable growth in future.

The year ended 31 December 2012 was challenging for Group from other perspective as well. It was the first year when the consolidated report and an audited picture of the whole Group are obtained. It brings us a different view on loan loss provisioning made on a common methodology which is the main driver of operating losses in amount of EUR 4 575 131.

Group's 2012 profit before impairment and tax were EUR 2 769 632 which is the best historical result (compared with stand-alone reports) even by taking into account losses resulting from start-up period of 2 entities - Sweden and Spain.
The best historical growth was driven by increase of revenues by 194% year-to-year.

During year 2012 the launching of new subsidiary in United Kingdom (UK) was started, but despite of big market the losses from operations and substantial impairments on bad debts were the main drivers why the Group as a shareholder of UK subsidiary took a decision to exit from the UK in March, 2013 by fixing losses from operations and investments in UK in amount of EUR 1 384 775. As well as in Year 2012 there were investments on market research and start-up phases made in Finland (FIN). Because of maximal interest cap and local legislation operations were not started and losses from investments in amount of EUR 75 513 were fixed in Year 2013.

During Year 2012 the Group was continuing growth from business, financial and administration perspectives and in Year 2013 will continue growth and stabilize their positions in all the countries excluding UK.

Member of the Board E. Lapkovskis	Member of the Board D. Šerstjukovs	Member of the Board D. Rozvadovskis

Riga, 15 November 2013

Statement of Menagement's Responsibility

The Board of SIA VIA SMS Group ("Group") is responsible for preparing the Consolidated and Separate Financial Statements of the Group and its subsidiaries.

The Consolidated and Separate Financial Statements are prepared in accordance with the source documents and present fairly the financial position of the Group as of 31 December 2012 and the results of its operations and cash flows for the financial year ended 31 December 2012, as well as the financial position of the Group as of 31 December 2012 and the results of its operations and cash flows for the financial year ended 31 December 2012.

The Board confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the Consolidated and Separate Financial Statements for the year ended 31 December 2012 set out on pages 6 to 28. The Board also confirms that applicable International Financial Reporting Standards (IFRS) as adopted by the EU have been followed and that the Consolidated and the Separate Financial Statements have been prepared on a going concern basis and complies with the local legislation on the preparation of financial statements.

The Group's Board is also responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Board also is responsible for operating the Group in compliance with the all the applicable laws and other legislation regulations of the Republic of Latvia.

On the behalf of the Management Board:

Member of the Board E. Lapkovskis	Member of the Board D. Šerstjukovs	Member of the Board D. Rozvadovskis

Riga, 15 November 2013

Consolidated and Separate Income Statement

	Note	Group		Company	
		Year ended 31 December 2012 EUR	Year ended 31 December 2011 Unaudited EUR	**Year ended 31 December 2012 EUR**	Year ended 31 December 2011 EUR
Revenue	4	10 553 863	3 595 208	1 449 709	421 002
Cost of sales	5	(3 276 470)	(996 536)	(1 042 444)	(280 953)
Impairment allowances	12	(4 575 131)	(1 443 288)	(1 389 983)	-
Gross profit/ (loss)		**2 702 262**	**1 155 384**	**(982 718)**	**140 049**
Selling expenses		(2 485 269)	(1 184 244)	-	-
Operating profit/ (loss)		**216 993**	**(28,860)**	**(982 718)**	**140 049**
Administrative expenses	6	(1 507 365)	(809 052)	(517 350)	(251 810)
Other operating expenses	7	(651 781)	(454 292)	(28 529)	(1 960)
Other operating income	8	136 654	422	-	832
Losses before tax		**(1 805 499)**	**(1 291 782)**	**(1 528 597)**	**(112 889)**
Taxes		(195 339)	(88 325)	114 003	(6 111)
Net losses for the year		**(2 000 838)**	**(1 380 107)**	**(1 414 594)**	**(119 000)**
Losses attributable to minority interest		(614 048)	(572 445)	-	-
Losses attributable to equity holders		(1 386 790)	(807 662)	(1 414 594)	(119 000)

The accompanying notes on pages 12 to 28 form an integral part of the Consolidated and Separate Financial Statements.

The Consolidated and Separate Financial Statements on pages 6 to 28 were approved by the Management Board on 15 November 2013 and signed on their behalf by:

Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

Member of the Board
D. Rozvadovskis

Consolidated and Separate Statement of Comprehensive Income Statement

	Group		Company	
	Year ended 31 December 2012 EUR	Year ended 31 December 2011 Unaudited EUR	**Year ended 31 December 2012 EUR**	Year ended 31 December 2011 Unaudited EUR
Loss for the year	**(2 000 838)**	**(1 380 107)**	**(1 414 594)**	**(119 000)**
Revaluation reserve of foreign currency translation	(77 014)	65 635	-	-
Total comprehensive losses	**(2 077 852)**	**(1 314 472)**	**(1 414 594)**	**(119 000)**

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Member of the Board
D. Šerstjukovs

Member of the Board
D. Rozvadovskis

SIA VIA SMS GROUP

Consolidated and Separate Balance Sheet

		Group		Company	
	Note	**31 December 2012 EUR**	31 December 2011 Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Non-current assets		**385 177**	**115 802**	**958 563**	**418 196**
Tangible assets	9	71 775	53 545	28 253	33 573
Investments in subsidiaries/ associates	10	-	-	719 585	383 115
Intangible assets	9	49 067	19 369	14 214	1 508
Deferred tax		264 335	42 888	196 511	-
Current assets		**8 761 535**	**4 994 111**	**5 001 434**	**3 266 931**
Loans and receivables from customers	11	8 044 819	4 242 942	4 637 717	3 089 104
Other receivables	13	53 745	46 677	249 792	169 796
Deferred expenses		95 677	89 208	1 915	2 385
Cash and cash equivalents	14	567 294	615 284	112 010	5 646
Total assets		**9 146 712**	**5 109 913**	**5 959 997**	**3 685 127**

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Member of the Board
D. Šerstjukovs

Member of the Board
D. Rozvadovskis

Consolidated and Separate Balance Sheet (cont.)

	Notes	Group 31 December 2012 EUR	Group 31 December 2011 Unaudited EUR	Company 31 December 2012 EUR	Company 31 December 2011 Unaudited EUR
Equity		**(3 351 854)**	**(1 388 972)**	**(1 550 434)**	**(135 840)**
Share capital	15	2 846	2 846	2 846	2 846
Revaluation reserve of foreign currency translation		(11 379)	65 635	-	-
Accumulated losses		(2 247 679)	(860 889)	(1 553 280)	(138 686)
Total equity attributable to equity holder		**(2 256 212)**	**(792 408)**	**(1 414 594)**	**(119 000)**
Minority interest		(1 095 642)	(596 564)	-	-
Current liabilities		**4 012 757**	**1 236 232**	**359 122**	**455 680**
Borrowings	16	2 847 942	642 048	210 265	404 589
Due to suppliers		301 356	203 525	3 762	1 619
Other payables		175 318	106 682	35 661	22 214
CIT Liability		296 374	96 141	76 156	17 302
Accrued liabilities	17	141 061	102 394	33 278	9 956
Deferred income		250 707	85 442	-	-
Non-current liabilities		**8 485 809**	**5 262 653**	**7 151 309**	**3 365 287**
Borrowings	16	8 485 809	5 262 653	7 151 309	3 365 287
Total liabilities		**12 498 566**	**6 498 885**	**7 510 431**	**3 820 967**
Total equity and liabilities		**9 146 712**	**5 109 913**	**5 959 997**	**3 685 127**

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Member of the Board
D. Šerstjukovs

Member of the Board
D. Rozvadovskis

Consolidated and Separate Cash Flow Statement

	Note	Group Year ended 31 December 2012 EUR	Company Year ended 31 December 2012 EUR
Cash flow from operations			
Loss before corporate income tax		(1 805 499)	(1 528 598)
Interest income		-	(539 364)
Interest expense		997 245	672 027
Depreciation of intangible and tangible fixed assets and write off		45 443	15 270
Operating cash flow before changes in operating assets and liabilities		**(762 811)**	**(1 380 665)**
Decrease/(increase) in loans		(3 890 211)	(1 555 667)
Decrease/(increase) in other assets/ debtors		101 433	(79 528)
Interest income received		-	209 949
Increase/(decrease) in other liabilities		372 364	27 722
Cash provided by (used in) operating activities		**(4 179 225)**	**(2 778 189)**
Corporate income tax (paid)		(218 518)	(12 463)
Net cash provided by (used in) operating activities		**(4 397 743)**	**(2 790 652)**
Cash flow from investing activities			-
			-
Acquisition of intangible and tangible fixed assets		(93 408)	(22 656)
Net cash usedd by (used in) investing activities		**(93 408)**	**(22 656)**
Cash flow from financing activities			-
Loans received		6 615 228	3 627 770
Loans repaid		(1 683 135)	(358 137)
Interest paid		(488 932)	(349 961)
Net cash provided by financing activities		**4 443 161**	**2 919 672**
Net decrease in cash and cash equivalents		**(47 990)**	106 364
Cash and cash equivalents at the beginning of the period		615 284	5 646
Cash and cash equivalents at the end of the period	14	**567 294**	**112 010**

The accompanying notes on pages 12 to 28 form an integral part of the Consolidated and Separate Financial Statements.

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SIA VIA SMS GROUP

Consolidated and Separate statements of Changes in Shareholders' Equity

Group	Ordinary share capital	Revaluation reserve of foreign currency translation	Accumulated losses	Total	Minority interest	Total Group's Equity
	EUR	EUR	EUR	EUR	EUR	EUR
At 1 January 2011 Unaudited	2 846	-	**(53 227)**	**(50 381)**	(24 119)	**(74 500)**
Result for the period	-	-	(807 662)	**(807 662)**	(572 445)	**(1 380 107)**
Foreign currency translation	-	65 635	-	**65 635**	-	**65 635**
At 31 December 2011 Unaudited	**2 846**	**65 635**	**(860 889)**	**(792 408)**	**(596 564)**	**(1 388 972)**
Result for the period	-	-	(1 386 790)	**(1 386 790)**	(614 048)	**(2 000 838)**
Changes in minority stake	-	-	-	-	114 970	**114 970**
Foreign currency translation	-	(77 014)	-	**(77 014)**	-	**(77 014)**
At 31 December 2012	**2 846**	**(11 379)**	**(2 247 679)**	**(2 256 212)**	**(1 095 642)**	**(3 351 854)**

Company	Ordinary share capital	Accumulated losses	Total
	EUR	EUR	EUR
At 1 January 2011	**2 846**	**(19 687)**	**(16 841)**
Profit for the period	-	(118 999)	(118 999)
At 31 December 2011, Unaudited	**2 846**	**(138 686)**	**(135 840)**
Profit for the period	-	(1 414 594)	(1 414 594)
At 31 December 2012	**2 846**	**(1 553 280)**	**(1 550 434)**

The accompanying notes on pages 12 to 28 form an integral part of the Consolidated and Separate Financial Statements.

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D. Rozvadovskis

1. General information

"VIA SMS GROUP" ("the Group") is a limited liability company in the Republic of Latvia acting also in the following countries: Lithuania, Czech Republic, Poland, Sweden and Spain. The Group's main business is providing the short term loans.

The legal address of SIA VIA SMS GROUP is K. Valdemāra Street 8-5, Riga LV-1010 Latvia.

Products and services

VIA SMS Group ("Group") provides 2 different products – payday loans and instalment loans.
Payday loans are short term loans on a term no longer 30 days with maximum amount EUR 500 to EUR 700 depending on country.
Instalment loans are long term loans from 3 to 24 months with maximum amount EUR 1400. Instalment loan is provided just in Latvia.
All the loans (payday and instalment) are without any security and the only way on risk assurance is based on assessment of clients pay ability based on his parameters and historical data. One of the main principles of credit risk assessment is to avoid fraud which is produced by identifying of the client via identification fee (one penny) from clients bank account to the Group account.
All the transactions – issuing of loans and collecting of loans are non-cash based and provided via internet and/or SMS.
Excluding payday loans and instalment loans as products there are different side services provided. One of the most significant is prolongation service. This is the loan repayment date extension service applicable just for payday loans which produces 50% of revenues of the Group.

2. Summary of significant accounting principles

1) Basis of preparation

The accompanying financial statements are presented in the national currency of Latvia in euro (€'000).

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU"). IFRS as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB) and currently effective for the purpose of these financial statements.

The consolidated and separate financial statements have been prepared under the historical cost convention except for available for sale securities including investments in subsidiaries and investment property which are measured at fair value and real estate included in the tangible fixed assets carried at revalued amounts. Other financial assets and liabilities are carried at amortised cost in accordance with the effective interest rate method.

Accounting policies applied in the year 2012 are consistent with those followed in the preparation of the balances for the year ended 31 December 2011.

These financial statements, for the year ended 31 December 2012, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2011, the Group entities prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP). Accordingly, the Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the summary of significant accounting policies.

Consolidated and Separate Balance Sheet (cont.)

In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2011, the Group's date of transition to IFRS.

The estimates at 1 January 2011 and at 31 December, 2011 are consistent with those made for the same dates in accordance with local GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2011, the date of transition to IFRS and as of 31 December, 2011.

Standards and Interpretations effective in the current period.

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** - Transfers of Financial Assets, adopted by the EU on 22 November 2011 Unaudited (effective for annual periods beginning on or after 1 July 2011 Unaudited).

The adoption of these amendments to the existing standards has not led to any changes in the Group's accounting policies.

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards revisions and interpretations adopted by the EU were in issue but not yet effective:

- **IAS 27 (revised in 2011 Unaudited) "Separate Financial Statements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 28 (revised in 2011 Unaudited) "Investments in Associates and Joint Ventures"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 1 "Presentation of financial statements"** -Presentation of Items of Other Comprehensive Income, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012),
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax: Recovery of Underlying Assets, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 19 "Employee Benefits"** - Improvements to the Accounting for Post-employment Benefits, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 32 "Financial instruments: presentation"** - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 10 "Consolidated Financial Statements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 11 "Joint Arrangements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 12 "Disclosures of Interests in Other Entities"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),

- **IFRS 13 "Fair Value Measurement"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 1 "First-time Adoption of IFRS"** - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

The Group has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Group has not yet evaluated the impact of the adoption of ***IFRS 9 "Financial Instruments"***. The Group anticipates that the adoption of all other standards revisions and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

2) Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the balance sheet date. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group. All intercompany transactions and balances between Group companies are eliminated on consolidation. Subsidiaries are consolidated using the purchase method of accounting from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred from the Group.

The Company and following companies make up a group of entities, controlled either directly or indirectly by the Company ("the Group"):
- VIA SMS SIA
- VIA SMS LT UAB
- VIA SMS PL z.o.o.
- VIA SMS s.r.o.
- VIA SMS MINICREDIT S.L.
- VISA CONTO SWEDEN AB

The Company explore power and ability to influence relevant activates in those entities by leading operational management of entities, providing funding (in forms of both: equity and borrowings), by providing IT resources that gives the Company control over those entities.

VIA SMS Group has invested in the following entities but do not possess the control
- VIA SMS UK Ltd.
- OY VIA CONTO AB

In this report UK entity is not consolidated as rest of entities of VIA SMS Group because of VIA SMS Group in fact did not have influence on operations in UK company. UK company was very strongly managed and operated by other partner - Starline in spite of fact that VIA SMS Group was the owner of 50% of shares of UK company. The fact that VIA SMS Group did not have influence on business of UK company demonstrate fact that as of moment of preparation of this report VIA SMS Group have no any more shares in UK company.

3) Significant accounting judgments and estimates

The presentation of consolidated financial statements in conformity with IFRS as adopted by the EU requires the entity to make estimates and assumptions that affect the recognised amounts for assets liabilities and disclosure of contingent assets and liabilities as of the date of balance sheet date as well as recognised income and expenses for the reporting period. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a) Loans and receivables to customers

Loans are measured at amortised cost using the effective interest rate method. The amortised cost of a loan is the amount at which the loan is measured at initial recognition minus principal repayments plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction (through the use of an allowance account) for impairment or uncollectibility.

b) Impairment of financial assets

The Group reviews its loan portfolios at each reporting date to assess whether an allowance for impairment should be recognized in the income statement and for which amount.

For the measurement of collective impairment the Group assumes that all contractual cash flows will be received and recognises impairment loss based on historical loss experience which is adjusted on the basis of currently available data. Allowances are assessed collectively on portfolios with similar features. The main criterion for assessment is settlement discipline and calculation of necessary allowance on portfolio is based on experience and previous period's statistics. Management makes estimates of net present value of expected future cash flows when determining the amount of allowance required based on best knowledge about current situation.

The carrying amount of the asset is reduced through the use of an allowance and the increase/decrease in the amount of the impairment loss is recognised in the income statement. If any loan and receivable can not be recovered, or sold the residual balances are written off from the balance sheet accounts and charged against allowance for credit losses.

c) Intangible and tangible fixed assets

All fixed tangible and intangible assets except for goodwill and real estate are accounted at their cost less accumulated depreciation and amortisation. Depreciation and amortisation is calculated on a straight-line basis using the following depreciation and amortisation rates:

Intangible assets:	*Annual charge*
Licenses	5 years
Software	5 years
Tangible fixed assets:	
Buildings	20 years
Vehicles	5 years
Furniture, fitting and equipment	3-5 years

Consolidated and Separate Balance Sheet (cont.)

Intangible assets with and tangibles are amortised over the useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. The depreciation and amortization expense on tangible fixed and intangible assets with finite lives is recognized in the income statement line "Administrative expenses".

d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks.

e) Financial liabilities

Included in balance sheets as "Borrowings" are financial liabilities measured at amortised cost.
After initial measurement these financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount on the issue and costs that are an integral part of the effective interest rate.

f) Derecognition of financial assets and financial liabilities

A financial asset is derecognized where:

- the right to receive cash flows from the assets have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a `pass-through` arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the assets or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the assets.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

g) Revenue recognition

Interest income and expenses are recognized in the income statement on an accrual basis of accounting using the effective interest rate method. Interest income and expense include the amortization of any difference (discount premium or other) between the initial carrying amount of the interest-bearing financial asset or liability and its maturity amount calculated on an effective interest rate foundation.

Fees and commissions are generally recognized on an accrual basis either as the service is provided or on the execution of a significant act as applicable.

Accrued income is recognized in the income statement if the Group has no objective evidence that they will not be received in full.

Income and expenses relating to the reporting period are recognised in the income statement irrespective of the date of receipt or payment.

Consolidated and Separate Balance Sheet (cont.)

h) Taxes

Corporate income tax is calculated in conformity with the tax legislation of the Republic of Latvia. Deferred taxation is provided for temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base according to taxation legislation. The deferred taxation asset or liability is calculated based on the tax rates that are expected to apply when the temporary differences reverse. When an overall deferred tax asset arises this is only recognised in the financial statements where its recoverability is foreseen with reasonable certainty.

i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows.

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Foreign currency translation:

i) Functional and presentation currency
Items included in the consolidated financial statements of each the Group's entities are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Euro (€), which is the Company's functional currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

iii) Group companies
The results and financial position of all the Group entities that have a functional currency different to the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at the average exchange rate; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity.

3. Financial risk management

Risk management is an integral part of the Group's activities. Risk categories that are addressed by the Group subsidiaries mainly include the Credit risk, Country risk, Liquidity risk, and the Currency risk. Each subsidiary participates in Credit risk management by developing their own risk management tools, such as loan issuing procedures, but Country, Liquidity and Currency risks are managed by the Group.

Credit risk

Credit risk is the risk that is caused by inability of borrowers to repay their loans. Credit risk is mitigated in few following ways:

- Loan issuing procedures are set up in each Group subsidiary to ensure high quality of portfolio. Such procedures are constantly evolving and include judicial and behavioural scorecards, usage of credit bureau data and reduction of loan principal when the prospective customer has a questionable creditworthiness.
- Penalties, prolongations, rescheduling (renegotiation) are introduced to mitigate risks associated with not repaid debts. These payments are options that are available to borrowers in case there is difficulty or unwillingness to repay the debt. Prolongations and rescheduling (renegotiation) both move the repayment date simultaneously with generating extra cash flow from the portfolio.
- Loan loss provisions are adequate way to mitigate the risk of losses to be incurred in the course of loan repayment transactions. Loan loss provisions are based on loan repayment statistics of borrowers in the past.

Table below shows the Group's gross portfolio broken down by the age of debt. Days overdue are given as indication of quality of portfolio.

Year ended 31 December 2012	Days overdue	Payday EUR	Instalment EUR
Performing	<=0	6 361 965	298 763
	1-30	1 101 672	429 127
Past due not impaired	31-60	432 409	28 255
	61-90	359 712	14 745
Impaired	90+	3 035 130	36 893
Rescheduled	-	159 844	-
	Total	**11 450 732**	**807 783**
	Loans and receivables from customers:		**12 258 515**
	Unearned commission		**(217 711)**
	Impairment allowances:		**(3 995 985)**

Consolidated and Separate Balance Sheet (cont.)

Year ended 31 December 2011 Unaudited	Days overdue	Payday EUR	Instalment EUR
Performing	<=0	3 375 069	413 008
	1-30	374 698	367 661
Past due not impaired	31-60	253 285	25 880
	61-90	207 671	14 444
Impaired	90+	411 414	-
Rescheduled	-		-
	Total	**4 622 137**	**820 993**
	Loans and receivables from customers:		**5 443 130**
	Unearned commission		**(167 054)**
	Impairment allowances:		**(1 217 058)**

Country risk

Country risk is the risk associated with changes operation on the country level, and includes two basic areas: changes in legislation of the respective country, and issues related to maintaining enough equity to issue loans to the borrowers at all times, i.e. liquidity risks. Both country level risks are mitigated with close control of operations from the country management, as well as regular assessment of situation from the management of the Group. Liquidity risks rather low given the fast-turnaround nature of the payday product.

The table below shows the exposure of the loan portfolio to country risk in different countries.

	31 December 2012 EUR	31 December 2011 Unaudited EUR
Latvia	3 061 612	2 382 513
Lithuania	1 609 228	728 852
Czech Republic	1 313 177	673 433
Poland	2 956 470	990 325
Sweden	2 320 918	668 007
Spain	997 110	-
Total	**12 258 515**	**5 443 130**

Consolidated and Separate Balance Sheet (cont.)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of the fluctuations of the foreign exchange rate of the currency the Group's assets are held in. The Group has assumed that the foreign exchange rate could potentially change for 2% for currencies, which are bound to EUR by their legislations (LV, LT), and by difference between historical minimum and maximum in the previous year for the other currencies. Table below lists currencies that the Group was exposed to during the statement year, minimum and maximum values of the interest rate according to maximum difference the rate has suffered during the statement year.

Year ended 31 December 2012	**LVL**	**LTL**	**CZK**	**PLN**	**SEK**
Statement rate	0.7028	3.4528	25.1400	4.0882	8.6166
Maximum difference in 2012	2%	2%	6%	11%	11%
Minimum value	0.6887	3.3837	23.6316	3.6385	7.6688
Maximum value	0.7169	3.5219	26.6484	4.5379	9.5644

Year ended 31 December 2011, Unaudited	**LVL**	**LTL**	**CZK**	**PLN**	**SEK**
Statement rate	0.7028	3.4528	25.8000	4.4168	8.9447
Maximum difference in 2011	2%	2%	4%	8%	3%
Minimum value	0.6887	3.3837	24.0100	3.8403	8.7095
Maximum value	0.7169	3.5219	26.0250	4.5642	9.3006

Following table shows the sensitivity of loan, accounts receivable to fluctuations of each of the currency exchange rates by the GAP between minimum and maximum exchange rates in reporting year as described in tables above.

	31 December 2012		**31 December 2011 Unaudited**	
Currency	**Basis**	**Effect on results EUR**	**Basis**	**Effect on results EUR**
LVL	3 001 579	60 032	2 335 797	46 716
LTL	1 577 674	31 553	714 561	14 291
CZK	1 238 846	74 331	647 532	25 901
PLN	2 663 486	292 983	916 968	73 357
SEK	2 090 918	230 001	648 550	19 457
EUR	997 110	-	-	-
	Total	**688 900**		**179 722**

Liquidity risk

Liquidity risk is the risk that there will be not enough equity to issue loans to the borrowers. Although the risk is low given the fast-turnaround nature of the payday product, to mitigate the risk, bank statements of each subsidiary are assessed every 3 days by the management of the Group and by subsidiary managers on daily basis.

Consolidated and Separate Balance Sheet (cont.)

4. Revenue

	Group		Company	
	Year ended 31 December 2012	Year ended 31 December 2011 Unaudited	**Year ended 31 December 2012**	Year ended 31 December 2011 Unaudited
	EUR	EUR	**EUR**	EUR
Prolongation fee	5 342 361	1 711 615	-	-
Basic commission	4 142 527	1 099 106	-	-
Penalty	424 037	165 048	-	-
Services provided	216 780	7 467	1 449 709	421 002
Letters	168 696	46 729	-	-
Registration fee	138 102	82 099	-	-
Reschedule commission	87 512	152 529	-	-
SMS and other income	33 848	330 615	-	-
Total	**10 553 863**	**3 595 208**	**1 449 709**	**421 002**

5. Cost of sales

	Group		Company	
	Year ended 31 December 2012	Year ended 31 December 2011 Unaudited	**Year ended 31 December 2012**	Year ended 31 December 2011 Unaudited
	EUR	EUR	**EUR**	EUR
Remuneration (operators and debt collectors, IT)	1 328 942	443 228	336 953	91 441
Interest expenses	997 245	223 481	672 027	180 225
Client check	412 939	177 350	-	-
Debt collection expenses	176 336	30 614	-	-
SMS expenses	97 652	37 508	-	-
Bank charges	59 337	26 248	1 900	1 954
Licenses expense	61 792	12 394	-	-
Telecommunication	56 752	19 957	2 062	2 497
Other	85 475	25 756	29 502	4836
Total	**3 276 470**	**996 536**	**1 042 444**	**280 953**

Consolidated and Separate Balance Sheet (cont.)

6. Administrative expenses

	Group		Company	
	Year ended 31 December 2012	Year ended 31 December 2011 Unaudited	**Year ended 31 December 2012**	Year ended 31 December 2011 Unaudited
	EUR	EUR	**EUR**	EUR
Remuneration (other)	627 498	246 843	133 242	40 092
Board remuneration	303 421	120 651	247 648	78 918
Rent	177 201	69 064	23 584	11 475
Legal and professional	112 032	126 597	17 200	59 497
Accounting expenses	65 883	33 720	17 814	71
Depreciation	44 930	35 676	15 270	8 379
Travel	42 557	30 709	30 102	26 912
Household goods	19 647	15 295	1 707	-
Utilities	28 995	15 272	17 689	7 889
Other	85 201	115 225	13 094	18 577
Total	**1 507 365**	**809 052**	**517 350**	**251 810**

7. Other operating expenses

	Group		Company	
	Year ended 31 December 2012 EUR	Year ended 31 December 2011 Unaudited EUR	**Year ended 31 December 2012 EUR**	Year ended 31 December 2011Unaudited EUR
Unrecoverable VAT	558 807	302 608	512	-
Donation	29 880	-	-	-
Vacation accruals	28 199	2 064	-	-
Currency exchange	-	123 951	25 925	
Other	34 895	25 669	2 092	1 960
Total	**651 781**	**454 292**	**28 529**	**1 960**

8. Other operating income

	Group		Company	
	Year ended 31 December 2012 EUR	Year ended 31 December 2011 Unaudited EUR	**Year ended 31 December 2012 EUR**	Year ended 31 December 2011 Unaudited EUR
Currency exchange	125 526	-	-	832
Other	11 128	422	-	-
Total	**136 654**	**422**	**-**	**832**

Consolidated and Separate Balance Sheet (cont.)

9. Tangible and intangible assets

	Group			Company		
	Tangible assets EUR	Intangible assets EUR	Total EUR	Tangible assets EUR	Intangible assets EUR	Total EUR
At 31 December 2011 Unaudited						
Cost	74 839	36 661	**111 500**	44 555	2 256	**46 811**
Accumulated depreciation	(21 294)	(17 292)	**(38 586)**	(10 982)	(748)	**(11 730)**
Net book amount	**53 545**	**19 369**	**72 914**	**33 573**	**1 508**	**35 081**
Year ended 31 December 2012						
Opening net book amount	53 545	19 369	**72 914**	33 573	1 508	**35 081**
Additions	60 560	32 848	**93 408**	20 879	1 777	**22 656**
Exchange differences, net	27	(65)	**(38)**	-	-	-
Disposals, net	(512)	-	**(512)**	-	-	-
Reclassification cost	(21 677)	21 677	-	(21 678)	21 678	-
Reclassification accumulated depreciation	5 891	(5 891)	-	5 891	(5 891)	-
Depreciation charge	(26 059)	(18 871)	**(44 930)**	(10 412)	(4 858)	**(15 270)**
Closing net book amount	**71 775**	**49 067**	**120 842**	**28 253**	**14 214**	**42 467**
At 31 December 2012 Unaudited						
Cost	113 210	91 186	**204 396**	43 757	25 711	**69 468**
Accumulated depreciation	(41 435)	(42 119)	**(83 554)**	(15 504)	(11 497)	**(27 001)**
Net book amount	**71 775**	**49 067**	**120 842**	**28 253**	**14 214**	**42 467**

Consolidated and Separate Balance Sheet (cont.)

10. Investments in subsidiaries and associates

As at 31 December 2012 and 2011 the Company had the following investments in the subsidiaries:

Company	Business profile	**Balance value 31 December 2012 EUR**	Balance value 31 December 2011 Unaudited EUR	**Company's share capital (%) 31 December 2012**
- VIA SMS SIA	Financial services	368 443	368 443	**100 %**
- VIA SMS LT UAB	Financial services	2 903	2 903	**100 %**
- OY VIA CONTO AB	Financial services	-	-	**100 %**
- VIA SMS UK Ltd.	Financial services	-	-	**50 %**
- VIA SMS PL z.o.o.	Financial services	662	734	**50 %**
- VIA SMS s.r.o.	Financial services	3 941	3 970	**50 %**
- VIA SMS MINICREDIT S.L.	Financial services	1 051	1 502	**35 %**
- VISA CONTO SWEDEN AB	Financial services	342 585	5 563	**50 %**
Total		**719 585**	**383 115**	

Investments in UK and Finland registered entities are impaired.

11. Loans to and receivables from customers

	Group		**Company**	
	31 December 2012 EUR	31 December 2011 Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Loans to the clients	12 258 515	5 443 130	-	3 089 104
Loans to related parties	1 313 117	183 924	5 950 834	-
Unearned Commission	(217 711)	(167 054)	-	-
Impairment allowance for the clients	(3 995 985)	(1 217 058)	-	-
Impairment allowance for loans to related parties	(1 313 117)	-	(1 313 117)	-
Total	**8 044 819**	**4 242 942**	**4 637 717**	**3 089 104**

Consolidated and Separate Balance Sheet (cont.)

12. Impairment allowances

	Group		Company	
	31 December 2012 EUR	31 December 2011 Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Impairment allowances at beginning of the year	1 217 058	90 960	-	-
Impairment allowances (loan agreements)	4 499 332	1 443 288	1 314 184	-
Impairment allowances (other agreements)	75 799	-	75 799	-
Foreign currency translation	65 844	(34 275)	-	-
Sold receivables	(473 132)	(282 915)	(1 067)	-
Impairment allowances at the end of the year	**5 384 901**	**1 217 058**	**1 388 916**	**-**

Composition of Impairment allowances

	Group		Company	
	31 December 2012 EUR	31 December 2011 Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Issued loans	5 309 102	1 217 058	1 313 117	-
Other receivable to related parties	71 602	-	71 602	-
Investments in Finland an UK entities	2 555	-	2 555	-
Other receivables	1 642	-	1 642	
Impairment allowances	**5 384 901**	**1 217 058**	**1 388 916**	**-**

13. Other receivables

	Group		Company	
	31 December 2012 EUR	31 December 2011 Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Other receivables related to clients	18 994	16 068	-	-
Security deposit	14 702	17 360	3 258	1 750
Tax overpay	7 934	-	-	-
Other receivables from related parties	71 602	6 007	317 262	161 499
Other	13 757	7 242	874	6 547
Allowances for receivables from related parties	(71 602)	-	(71 602)	-
Other allowances	(1 642)	-	-	-
Total	**53 745**	**46 677**	**249 792**	**169 796**

Consolidated and Separate Balance Sheet (cont.)

14. Cash and cash equivalents

	Group		Company	
	31 December 2012 EUR	31 December 2011 Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
LVL	176 011	141 677	112 010	5 646
SEK	153 132	71 884	-	-
PLN	72 415	172 107	-	-
EUR	68 029	50 860	-	-
LTL	63 260	72 058	-	-
CZK	34 447	106 698	-	-
Total	**567 294**	**615 284**	**112 010**	**5 646**

15. Share capital

The total authorised number of ordinary shares is 2 846 shares with a par value of 1.42 € per share. All shares are fully paid.

16. Borrowings

	Group		Company	
	31 December 2012 EUR	31 December 2011, Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Current liabilities				
Short term loan	2 847 942	642 048	210 265	404 589
Non current liabilities				
Long term liabilities	8 485 809	5 262 653	7 151 309	3 365 287
Total	**11 333 751**	**5 904 701**	**7 361 574**	**3 769 876**

		Group		Company	
		31 December 2012 EUR	31 December 2011 Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Rate	**Terms**				
0%	1-3 years	13 991	48 991	13 991	13 991
4%	1-3 years	518 552	609 372	-	-
6%	1-3 years	-	23 639	-	-
8%	1-3 years	311 934	993 349	-	-
10%	1-3 years	5 018 885	4 106 356	2 742 714	3 632 891
12%	1-3 years	865 521	-	-	-
15%	1-3 years	3 438 915	122 994	3 438 916	122 994
18%	1-3 years	1 165 953	-	1 165 953	-
Total		**11 333 751**	**5 904 701**	**7 361 574**	**3 769 876**

As at 31 December 2012 approximately 84% (EUR 9 427 791) of all received loans were in EUR currency, other 16% (LVL 1 905 960) were in LVL currency.

Consolidated and Separate Balance Sheet (cont.)

17. Accrued liabilities

	Group		Company	
	31 December 2012 EUR	31 December 2011 Unaudited EUR	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Vacation accruals	78 504	69 797	29 500	8 701
Accrued expenses	62 557	32 597	3 778	1 255
Total	**141 061**	**102 394**	**33 278**	**9 956**

18. Average number of employees

	Group		Company	
	Year ended 31 December 2012	Year ended 31 December 2011 Unaudited	**Year ended 31 December 2012**	Year ended 31 December 2011 Unaudited
Executive directors	12	10	4	3
Administration	14	8	3	2
Other	65	37	14	8
Total	**91**	**55**	**21**	**13**

19. Related party transactions

Related parties transactions of the SIA VIA SMS GROUP:

Revenue	**Year ended 31 December 2012 EUR**	Year ended 31 December 2011 Unaudited EUR
Service agreements	782 147	258 850
Interest income	663 441	154 684
Impairment of UK and FIN	(212 660)	-
Total, net	**1 232 928**	**413 534**

Assets	**31 December 2012 EUR**	31 December 2011 Unauditedgg EUR
Loans	5 533 509	2 830 587
Accrued interests	417 325	84 594
Impairment of UK and FIN	(1 313 118)	-
Total, net	**4 637 716**	**2 915 181**
Receivables	317 263	155 492
Impairment of UK	(71 602)	-
Total, net	**245 661**	**155 492**

Consolidated and Separate Balance Sheet (cont.)

Related parties transactions of the Group:

Revenue	**Year ended 31 December 2012 EUR**	Year ended 31 December 2011 Unaudited EUR
Service agreements	131 156	-
Interest income	81 504	-
Interest expenses (incl. minority shareholders)	(239 797)	37 861
Impairment of UK and FIN	(212 660)	-
Total, net	**(239 797)**	**37 861**

Liability	**31 December 2012 EUR**	31 December 2011 Unaudited EUR
Loans (incl. minority shareholders)	4 863 760	1 615 000
Accrued interests (incl. minority shareholders)	256 199	37 861
Impairment of UK and FIN	(1 313 118)	-
Total, net	**3 806 841**	**1 652 861**
Receivables	71 602	-
Impairment of UK	(71 602)	-
Total, net	**-**	**-**

20. Subsequent events

After the year ended 31 December 2012 there were 2 subsequent events which have effect on going concern.

1) On March 2013 VIA SMS Group took a decision to exit the operations in United Kingdom (UK) and fixed the losses from operations in amount of EUR 1 384 775
   All the shares were sold to another UK partner Starline Ltd for nominal value and investments as claim was sold via assignment.
   The decision was based on understanding that there were no sign of improvements in Year 2013 and Group's priority is to invest money in perspective and growing markets.

   As at the Year-end 2012 there were made provisions in 100% on losses from investments in UK Accordingly this have substantial negative effect on operational result of Year 2012.

2) At the second part of Year 2013 Group started liquidation process of Finland (FIN) in order to exit this project and fix losses in amount of EUR 75 513
   The decision was based on understanding that there is no space for profitable business as the maximal interest cap is applicable.
   As at the Year-end 2012 there were made provisions in 100% on losses from investments in FIN. This had substantial negative effect on operational result of Year 2012.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of SIA "VIA SMS Group"

Report on the Financial Statements

We have audited the accompanying financial statements of SIA "VIA SMS Group" (further "the Company") and the consolidated financial statements of SIA "VIA SMS Group" and its subsidiaries (further "the Group") set out on pages 6 to 28, which comprise the Company's and the Group's balance sheets as of 31 December 2012, income statements, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Company and the Group have not presented the comparative statement of financial position as of 31 December 2010 and cash flow statement for the year ended 31 December 2011. Accordingly there is no comparatives in related notes to financial position as of 31 December 2010.

Deloitte.

INDEPENDENT AUDITORS' REPORT (CONT.)

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion the financial statements referred to above give a true and fair view of the financial position of the Company and the Group as of 31 December 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Matters

The financial statements of Group and Company for the year ended December 31, 2011, were not audited.

Deloitte Audits Latvia SIA
Licence No. 43

Roberts Stuģis
Member of the Board

Riga, Latvia
15 November 2013