

SIA VIA SMS GROUP

CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS
for the year 2014

Prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union
and Independent Auditor's Report *

**This version of financial statement is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, the original language version of financial statements takes precedence over this translation.*

SIA VIA SMS GROUP

Financial statement for the year 2014

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SIA VIA SMS GROUP

Financial statement for the year 2014

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
Shareholders	SIA Financial investment 50% Deniss Šerstjukovs 50%
Members of the Board	Eduards Lapkovskis, from 20.10.2010 Dmitrijs Razvodovskis, from 23.05.2012 to 09.06.2014 Deniss Serstjukovs, from 25.06.2012
Subsidiaries	VIA SMS SIA, Kr. Valdemāra 8-5, LV-1010, Rīga, Latvia (100%) VIA SMS LT UAB, A. Vīvulskio g. 7, Vilnius, Lithuania, LT-03162 (100%) VIA SMS PL z.o.o., Al. Jerozolimskie 123A; 02-017, Warsaw, Poland (100%) VIA SMS s.r.o., Lazarska 1719/5, Nove Mesto, 11000, Prague, the Czech Republic (100%) ViaConto Sweden AB, Holländargatan 27, 113 59, Stockholm, Sweden (100%)
Reporting period	1 January 2014 – 31 December 2014
Previous reporting period	1 January 2013 – 31 December 2013
Auditor	Deloitte Audits Latvia SIA Licence No 43 Gredu street 4a Riga, LV-1019, Latvia Elina Sedlina Certified auditor Certificate No 179

SIA VIA SMS GROUP

Financial statement for the year 2014

Management Report

The Management Board of the Company presents its report on consolidated and separate financial statements for the period ended 31 December 2014.

All the figures are presented in EUR (euro).

Core types of activity

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

Business overview

In 2014 the Company's business was successful and the Company closed the reporting period with a net profit of EUR 1,588,029, in comparison to a net profit of EUR 702,496 in 2013, that is an increase of 126% in comparison to the same period in 2013, notwithstanding that the financial statement of the Group does not incorporate the profit of the former subsidiary VIA SMS MINICREDIT, S.L. (Spain) which is included in the respective period of 2013. This result was achieved with a constant and prudent business development and indicates to the Group's long-term stabilization and persistent growth in the future.

On 13 November 2014 the Company sold all its owned shares of VIA SMS MINICREDIT, S.L. to the former VIA SMS MINICREDIT, S.L. partner SP Capital Group. The respective transaction followed after the decision adopted on 10 January 2014, by a general shareholders' meeting of VIA SMS MINICREDIT, S.L. on SIA VIA SMS Group intention to sell, during 2014, all of its shares in VIA SMS MINICREDIT, S.L. to SP Capital Group, a co-owner of VIA SMS MINICREDIT, S.L. Based on the intention of SIA VIA SMS Group to sell and the interest of SP Capital Group to acquire all the shares of VIA SMS MINICREDIT, S.L. owned by SIA VIA SMS Group, SIA VIA SMS Group, as of the next working day after the date of the above general shareholders' meeting, has waived all its rights as to the operational and strategic management of VIA SMS MINICREDIT, S.L., and fully transferred these rights to SP Capital Group as a result in the Consolidated and separate financial statements for the year ended 31 December 2014 are excluded (is not consolidated) VIA SMS MINICREDIT, S.L. and are included the income of sale of VIA SMS MINICREDIT, S.L. shares amounting EUR 350,000.

With a purpose to deliver clear and comparable overview for users of the respective statement on Company's operations in 2013 and 2014, in the Appendix No 4 data are presented as they would be if Spanish subsidiary VIA SMS MINICREDIT S.L. owned by VIA SMS Group in amount of 35% of all shares would be excluded (would not be consolidated) at that time.

Aforementioned Appendix 4 is included in order to ensure that user of the respective statement could transparently compare the data for the year 2014 or on 31 December 2014 comparing to data for the year 2013 or on 31 December 2013.

In order to optimize its tax policies as well as to enable the Company to ensure its control over its subsidiaries in a more effective manner, on 27 February 2014 a partnership - European Economic interest group EEIG VIA SMS R&D Services was established whose founders are SIA VIA SMS Group and all its subsidiaries - SIA VIA SMS, VIA SMS LT UAB, VIA SMS PL Sp.z.o.o., VIA SMS s.r.o., VIA SMS MINICREDIT S.L. and ViaConto Sweden AB. As of 1 March 2014, SIA VIA SMS Group has transferred to the partnership EEIG VIA SMS R&D Services all its IT, financial, marketing, legal, and personnel, as well as all the tangible and intangible assets, which are used for the day-to-day provision of support services to the subsidiaries. As a result of the above transaction, as of 1 March 2014, EEIG VIA SMS R&D Services has provided its founders with all the support services which before 1 March 2014 had been provided by SIA VIA SMS Group.

In order to attract additional funding for private lending as well as with a purpose to refinance existing loans of the group in a form of bonds and to improve cash flow and liquidity, Group's holding company SIA VIA SMS Group was included in regulated capital market Nasdaq OMX Riga in December 18, 2014 by issuing bonds in Baltic bond list amounting EUR 4,000,000. On the reporting date, total amount of issued bonds is EUR 6,300,000.

The net profit growth of 126% was achieved due to growth in numerous markets, sale of VIA SMS MINICREDIT, S.L. shares, as well as long-term stabilization of business operations and cost optimization. The net profit growth was not affected by the fact that the net turnover of the Group during the year 2014 decreased in comparison to the same period in 2013 which can be explained by the fact that the results of the subsidiary VIA SMS MINICREDIT, S.L. had not been included in the consolidated financial statements for the year 2014.

On the basis of the data included in Appendix 4 (excluding Spain), actual net profit of the Group in 2014 is EUR 1 588 029, that comparing to estimated net profit amounting to EUR 456 989 in 2013, has increased by 247%.

As of 31 December 2014, the net loan portfolio totaled EUR 8,026,587 which is by 4% less than as at 31 December 2013; this can be explained by the fact that as of 31 December 2014 the net loan portfolio of the subsidiary VIA SMS MINICREDIT, S.L. had been eliminated from the net loan portfolio of the Group as of 31 December 2014.

On the basis of the data included in Appendix 4 (excluding Spain), actual loan portfolio of the Group on 31 December 2014 is EUR 8 026 587, that comparing to estimated loan portfolio on 31 December 2013 (excluding Spain) amounting to EUR 7 313 561, has increased by 10%.

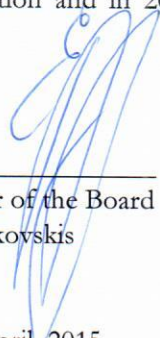
The reporting period ended in 31 December 2014 was due to stabilization. During the reporting period, significant growth took a place in the main market of the Group – Poland where net portfolio grew by 47%. In Lithuania due to legislation changes in 2013, the decision was made to leave Lithuanian market, as a result its net portfolio reduced by 66% in comparison with 31 December, 2013.


During the reporting period the Group experienced rapid growth in Poland, business stabilization process was experienced in Czech Republic and Sweden, while Group's Latvian subsidiary maintained the same market share and stable results.

After the end of reporting period subsidiary of SIA VIA SMS Group - ViaConto Sweden AB founded the subsidiary ViaSpar Finans AB with a purpose to receive deposits from private individuals residing in Sweden.

Financial statement for the period ended 31 December, 2014 does not include the data on VIA SMS MINICREDIT, S.L.

In 2014 the Group continued its stabilization and growth in perspective of business, finances and administration and in 2015 will continue its growth and stabilize positions in all countries, excluding Lithuania.



Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

Riga, 30 April, 2015

SIA VIA SMS GROUP

Financial statement for the year 2014

Statement of Management's Responsibility

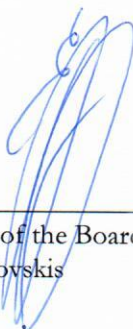
The Management Board of SIA VIA SMS Group ("the Company") is responsible for preparing the consolidated and separate financial statements of the Company and its subsidiaries.

Consolidated and separate financial statements are prepared in accordance with the source documents and give a true and fair view of the Company's and its subsidiaries' financial position, operation results and cash flows for the period ended 31 December 2014.

The Board confirms that appropriate accounting policies have been consequently applied and prudent and reasonable judgments and estimates have been made by the management in the preparation of the consolidated and separate financial statements for the period ended 31 December 2014, set out on pages 7 to 37. The Board also confirms that International Financial Reporting Standards (IFRS) as adopted by the EU have been applied and complied with and that consolidated and separate financial statements have been prepared on a going concern basis.

The Group's management Board is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets, and the prevention and detection of fraud and other irregularities in the Group. The Group's Board is also responsible for operating the Group in compliance with all the applicable laws and other legislative or regulatory provisions of the Republic of Latvia, as well as with the national laws and regulations of the countries in which the Group conducts its business.

On behalf of the Management Board:



Member of the Board
E. Lapkovskis



Member of the Board
D. Šerstjukovs

Riga, 30 April, 2015

SIA VIA SMS GROUP

Financial statement for the year 2014

Consolidated and Seperate Income Statements

	Notes	Group		Company	
		Year 2014 EUR	Year 2013 EUR	Year 2014 EUR	Year 2013 EUR
Net turnover	5	11 534 906	14 576 056	953 805	1 631 549
Operating costs	6	(3 457 813)	(4 114 952)	(1 066 950)	(1 302 329)
Impairment allowances	13	(3 316 361)	(3 939 074)	-	-
Gross profit/ (loss)		4 760 732	6 522 030	(113 145)	329 220
Selling expenses (marketings)		(1 233 438)	(1 732 920)	-	-
Operating profit/ (loss)		3 527 294	4 789 110	(113 145)	329 220
Administrative expenses	7	(1 418 911)	(2 387 293)	(128 901)	(864 514)
Other operating expenses	8	(705 890)	(1 114 505)	(56 430)	(195 984)
Other operating income	9	453 045	1 705	1 635 095	436 920
Profit/ (loss) before tax		1 855 538	1 289 017	1 336 619	(294 358)
Taxes		(267 509)	(586 521)	(2 275)	(194 236)
Net profit/ (loss) for the period		1 588 029	702 496	1 334 344	(488 594)
Profit/ (loss) attributable to minority interest		-	260 883	-	-
Profit/ (loss) attributable to equity holders		-	441 613	-	-

The accompanying notes on pages 13 to 37 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 7 to 37 were approved by the Management Board on 30 April 2015 and signed on behalf of the Company by:

Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

SIA VIA SMS GROUP

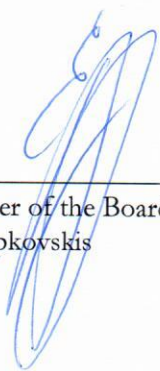
Financial statement for the year 2014


Consolidated and Separate Statements of Comprehensive Income

	Group		Company	
	Year 2014 EUR	Year 2013 EUR	Year 2014 EUR	Year 2013 EUR
Net profit/ (loss) for the period	1 588 029	702 496	1 334 344	(488 594)
Foreign currency translation reserve	21 623	67 508	-	-
Total comprehensive income	1 609 652	770 004	1 334 344	(488 594)
Profit/ (loss) attributable to minority interest	-	-	260 883	-
Profit/ (loss) attributable to equity holders	-	-	441 613	-

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SIA VIA SMS GROUP

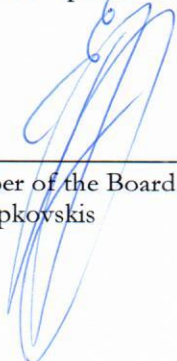
Financial statement for the year 2014

Consolidated and Separate Statements of Financial Position

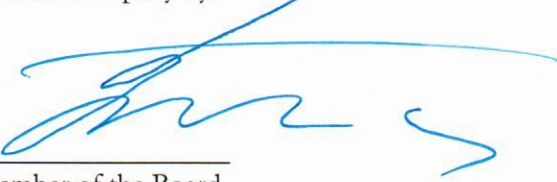
Assets	Notes	Group		Company	
		31.12.2014. EUR	31.12.2013. EUR	31.12.2014. EUR	31.12.2013. EUR
Non-current assets	10	602 678	217 479	1 536 206	996 427
Property, plant and equipment		53 951	88 275	-	27 131
Intangible assets		472 666	42 950	-	19 738
Investments in leasehold improvements		17 230	-	-	-
Investments in subsidiaries and associates	11	-	-	1 536 206	947 283
Deffered tax		58 831	86 254	-	2 275
Current assets		9 705 229	9 716 931	6 481 415	6 731 704
Loans and trade receivables	12	8 026 587	8 339 598	5 401 023	6 209 695
Other receivables	14	1 104 368	528 818	977 165	333 480
Prepaid expenses		35 856	65 931	2 268	2 118
Cash and cash equivalents	15	538 418	782 584	100 959	186 411
Total assets		10 307 907	9 934 410	8 017 621	7 728 131

The accompanying notes on pages 13 to 37 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 7 to 37 were approved by the Management Board on 30 April 2015 and signed on behalf of the Company by:



Member of the Board
E. Lapkovskis



Member of the Board
D. Šerstjukovs

SIA VIA SMS GROUP

Financial statement for the year 2014

Consolidated and Separate Statements of Financial Position (cont'd)

Liabilities	Notes	Group		Company	
		31.12.2014. EUR	31.12.2013. EUR	31.12.2014. EUR	31.12.2013. EUR
Equity		207 804	(2 664 293)	95 472	(2 039 028)
Share capital	16	803 000	2 846	803 000	2 846
Foreign currency translation reserve		77 752	56 129	-	-
Revaluation reserve	10	454 261	-	-	-
Retained earnings		(1 127 209)	(2 531 694)	(707 528)	(2 041 874)
Total equity attributable to the equity holders of the Company		207 804	(2 472 719)	95 472	(2 039 028)
Minority interest		-	(191 574)	-	-
Non-current liabilities	17	4 000 000	9 170 717	4 000 000	8 059 576
Bonds		4 000 000	-	4 000 000	-
Borrowings		-	9 170 717	-	8 059 576
Current liabilities	17	6 100 103	3 427 986	3 922 149	1 707 583
Bonds		50 556	-	50 556	-
Borrowings		4 209 425	2 157 190	3 867 875	1 565 564
Trade payables		1 123 815	278 002	-	13 704
Other liabilities		122 907	162 415	3 718	32 064
CIT payable		51 726	242 040	-	-
Accrued liabilities	18	250 065	303 830	-	96 251
Deferred income		291 609	273 546	-	-
Bank credit facility		-	10 963	-	-
Total liabilities		10 100 103	12 598 703	7 922 149	9 767 159
Total equity and liabilities		10 307 907	9 934 410	8 017 621	7 728 131

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SIA VIA SMS GROUP
Financial statement for the year 2014

Consolidated and Separate cash Flow Statements

	Notes	Group		Company	
		Year 2014 EUR	Year 2013 EUR	Year 2014 EUR	Year 2013 EUR
Cash flows to/ from operating activities					
Profit/ (loss) before tax		1 855 538	1 289 017	1 336 619	(294 358)
Interest income		-	-	(793 173)	(729 718)
Interest expenses		1 022 191	1 334 484	970 981	966 343
Depreciation and amortisation		55 736	78 048	49 448	23 263
Vacation pay reserve		6 209	-	(5 343)	19 503
Sales of shares in subsidiary		(442 111)	-	(348 948)	-
Dividends received		-	-	(692 000)	(436 920)
Operating profit before adjustments for current assets and current liabilities		2 497 563	2 701 549	517 583	(451 887)
Increase/(decrease) in loans		(681 323)	(175 666)	649 914	(1 652 253)
Increase/(decrease) in receivables and other assets		(294 352)	(349 689)	(408 390)	14 800
Interest received		-	-	1 029 201	629 388
Increase/(decrease) in other liabilities		(3 410 419)	68 101	(107 356)	196 923
Cash generated from operating activities		(1 888 531)	2 244 295	1 680 952	(1 263 029)
Corporate income tax (paid)		(400 114)	(559 604)	(20 959)	(160 683)
Net cash flows (to)/from operating activities		(2 288 645)	1 684 691	1 659 993	(1 423 712)
Cash flows (to)/ from investing activities					
Investments in subsidiaries		-	-	(589 975)	(145 784)
Purchase of property, plant and equipment and intangible assets		(43 021)	(88 803)	(2 578)	(27 665)
Income / (expenses) from sale of investments		(85 780)	-	14 583	-
Net cash flows (to)/ from investing activities		(128 801)	(88 803)	(577 970)	(173 449)
Cash flows to/ from financing activities					
Received borrowings		569 000	1 727 237	392 000	1 507 487
Issued bonds		4 000 000	-	4 000 000	-
Repayment of borrowings		(2 635 541)	(2 674 746)	(6 520 542)	(236 056)
Interest paid		(560 335)	(433 089)	(531 088)	(36 789)
Income from increase of share capital		800 156	-	800 156	-
Dividends received		-	-	692 000	436 920
Net cash flows (to)/ from financing activities		2 173 280	(1 380 598)	(1 167 474)	1 671 562
Change in cash and cash equivalents		(244 166)	215 290	(85 452)	74 401
Cash and cash equivalents at the beginning of the period		782 584	567 294	186 411	112 010
Cash and cash equivalents at the end of the period	15	538 418	782 584	100 959	186 411

The accompanying notes on pages 13 to 37 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 7 to 37 were approved by the Management Board on 30 April 2015 and signed on behalf of the Company by:

Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

SIA VIA SMS GROUP

Financial statement for the year 2014

Consolidated and Separate Statements of Changes in Shareholder's Equity

Group	Share capital	Foreign currency translation reserve	Accumulated loss	Re-valuation reserve	Total	Minority interest	Total equity of the Group
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as of 01.01.2012.	2 846	65 635	(860 889)	-	(792 408)	(596 564)	(1 388 972)
Change in minority interest	-	-	-	-	-	114 970	114 970
Foreign currency translation	-	(77 014)	-	-	(77 014)	-	(77 014)
The reporting year result	-	-	(1 386 790)	-	(1 386 790)	(614 048)	(2 000 838)
Balance as of 31.12.2012.	2 846	(11 379)	(2 247 679)	-	(2 256 212)	(1 095 642)	(3 351 854)
Change in minority interest	-	-	(725 628)	-	(725 628)	643 185	(82 443)
Foreign currency translation	-	67 508	-	-	67 508	-	67 508
The reporting year result	-	-	441 613	-	441 613	260 883	702 496
Balance as of 31.12.2013.	2 846	56 129	(2 531 694)	-	(2 472 719)	(191 574)	(2 664 293)
Capital emission	800 156	-	-	-	800 154	-	800 154
Denomination to EUR	(2)	-	2	454 259	454 261	-	454 261
Change in minority interest	-	-	(183 544)	-	(183 544)	191 574	8 030
Foreign currency translation	-	21 623	-	-	21 623	-	21 623
The reporting year result	-	-	1 588 029	-	1 588 029	-	1 588 029
Balance as of 31.12.2014.	803 000	77 752	(1 127 207)	454 259	207 804	-	207 804

Company	Share capital EUR	Accumulated loss EUR	Total EUR
Balance as of 01.01.2012.	2 846	(138 686)	(135 840)
Profit for the period	-	(1 414 594)	(1 414 594)
Balance as of 31.12.2012.	2 846	(1 553 280)	(1 550 434)
Profit for the period	-	(488 594)	(488 594)
Balance as of 31.12.2013.	2 846	(2 041 874)	(2 039 028)
Profit for the period	-	1 334 344	1 334 344
Capital emission	800 156	-	800 156
Denomination to EUR	(2)	2	-
Balance as of 31.12.2014.	803 000	(707 528)	95 472

The accompanying notes on pages 13 to 37 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 7 to 37 were approved by the Management Board on 30 April 2015 and signed on behalf of the Company by:

Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements

1. General information

SIA VIA SMS GROUP is a limited liability company registered in the Republic of Latvia. The Company and its subsidiaries ("the Group") operate in Latvia, as well as in other countries: Lithuania, the Czech Republic, Poland, and Sweden. The main business of the Group is providing short-term loans.

The registered office of SIA VIA SMS GROUP is at K. Valdemāra str. 8-5, Riga, LV-1010 Latvia.

Products and services

The Group offers 2 different products – payday loans and instalment loans.

Payday loans are short-term loans issued for up to 30 days with a maximum amount of EUR 500 to EUR 700 depending on the country. Instalment loans are long-term loans for the period from 3 to 24 months with a maximum amount of EUR 1400. Instalment loans are offered in Latvia, Lithuania, and Sweden.

All loans (payday and instalment loans) are unsecured, and the only way to hedge risks is based on the assessment of customer solvency, his or her characteristics, and historical data. In order to prevent fraud, one of the main principles in credit risk assessment is the requirement of identifying the customer by making a money transfer of one cent from the customer bank account to the Group account. All the transactions – issuing and collecting of loans – are cash-free and carried out via Internet and/or SMS.

Apart of the payday loans and instalment loans, the Company also offers additional services. One of the most significant of such services is term extension, namely, the Company offers to extend the repayment term of the loan; this service is only offered as regards payday loans which accounts for 50% of the Group's income.

2. Summary of significant accounting principles

1) Basis of preparation of the Financial Statements

The accompanying financial statements are presented in euro (€), the official currency of Latvia.

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 significantly differ from IFRS issued by the International Accounting Standards Board (IASB) and are in force at the time of the preparation 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 intangible assets which are measured at fair value and carried at revalued amounts. Other financial assets and liabilities are carried at amortized cost in accordance with the effective interest rate method.

Accounting policies applied in the year 2014 are consistent with those used in the preparation of the financial statements for the year ended 31 December 2013 except for intangible assets which are stated at revalued amount since 2014. Effect of revaluation is disclosed in Note 10. The financial statements for the period ended 31 December 2014, are the second statements prepared by the Group in accordance with IFRS. For periods up to and including the period ended 31 December 2012, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). Accordingly, the Group has prepared the financial statements in compliance with IFRS applicable to the periods ending on or after 31 December 2013, together with the comparative period data as at 31 December 2013, as described in the summary of significant accounting policies.

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

Standards and Interpretations applied in the reporting period

The following standards, amendments to the existing standards and their interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective in the reporting period:

- IFRS 10 “Consolidated Financial Statements” (effective for financial years beginning on or after 1 January 2014);
- IFRS 11 “Joint Arrangements” (effective for financial years beginning on or after 1 January 2014);
- IFRS 12 “Disclosures of Interests in Other Entities” (effective for financial years beginning on or after 1 January 2014);
- IAS 27 “Consolidated and Separate Financial Statements” (amended in 2011) (effective for financial years beginning on or after 1 January 2014);
- Amendment to IAS 28 “Investments in Associates and Joint Ventures” (amended in 2011) (effective for financial years beginning on or after 1 January 2014);
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, and IFRS 12 “Disclosure of Interests in Other Entities” – Transitional provisions (effective for financial years beginning on or after 1 January 2014);
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities”, and IAS 27 “Consolidated and Separate Financial Statements” (amended in 2011) – Investment entities (effective for financial years beginning on or after 1 January 2014);
- Amendment to IAS 32 “Financial Instruments: Presentation” - Offsetting financial assets and financial liabilities (effective for financial years beginning on or after 1 January 2014);
- Amendment to IAS 36 “Impairment of Assets” – Recoverable amounts disclosures for non-financial assets (effective for financial years beginning on or after 1 January 2014);
- Amendment to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of derivatives and continuation of hedge accounting (effective for financial years beginning on or after 1 January 2014).

The adoption of the amendments to the existing standards has not led to any changes in the Group’s accounting policy.

Standards and interpretations issued but not yet effective

- Different amendment to standards “Improvements of IFRS (2010-2012 cycle)” within project of annual IFRS improvement (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) with a purpose to remove inconsistencies and clarify the wording, adopted on 17 December 2014 (effective for financial years beginning on or after 1 February, 2015),
- Different amendment to standards “Improvements of IFRS (2011-2012 cycle)” within project of annual IFRS improvement (IFRS 1, IFRS 3, IFRS 13 and IAS 40) with a to remove inconsistencies and clarify the wording, adopted on 18 December, 2014 (effective for financial years beginning on or after 1 January, 2015),
- Amendment to IAS 19 “Employee benefits” – Defined benefit plans: Employees contributions – adopted by the EU on 17 December, 2014 (effective for financial years beginning on or after 1 February, 2015),
- IFRIC interpretation No 21 “Fees” adopted by the EU on 13 June 2014 (effective for financial years beginning on or after 17 June, 2014).

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

Standards and interpretations issued by IASB though not yet adopted by EU

At present, IFRS adopted by EU does not differ significantly of provisions adopted by International accounting standard board (IASB), excepting below mentioned standarts, amendments and interpretations to existing standards that EU was not yet adopted for use on 31 December 2014 (indicated effective dates reflects to fully adopted IFRS):

- IFRS 9 „Financial instruments” (effective for financial years beginning on or after 1 January, 2018),
- IFRS 14 „Regulatory deferral accounts” (effective for financial years beginning on or after 1 January, 2016),
- IFRS 15 „Revenue from contracts with customers” (effective for financial years beginning on or after 1 January, 2017),
- Amendments to 10th International Financial Statements Standard „Consolidated financial statements” and IAS 28 „Investments in associates and joint ventures”- sale or transfer of assets between Investors, associated company or joint venture (effective for financial years beginning on or after 1 January, 2016),
- Amendments to 10th International Financial Statements Standard „Consolidated financial statements”, IFRS 12 „Disclosure of interests in other entities” and IAS 28 „Investments in associates and joint ventures”- Investment companies: consolidation exception applicable (effective for financial years beginning on or after 1 January, 2016),
- Amendment to IFRS 11 „Joint arrangements” – Participation in joint activities acquisition accounting (effective for financial years beginning on or after 1 January, 2016),
- Amendment to IAS 1 “Presentation of financial statements” – information disclosure (effective for financial years beginning on or after 1 January, 2016)
- Amendemnt to IAS 16 „Property, plant and equipment” and IAS 38 „Intangible assets” – Depreciation and amortization calculation methods’ clarification (effective for financial years beginning on or after 1 January, 2016),
- Amendment to IAS 16 „Property, plant and equipment” and IAS 41 „Agriculture” - Agriculture: producable biological assets (effective for financial years beginning on or after 1 January, 2016),
- Amendments to IAS 27 “Seperate financial statements” – equity method in seperate financial statements (effective for financial years beginning on or after 1 January, 2016),
- Different amendment to standarts “Improvements of IFRS (2012-2014 cycle)” within project of annual IFRS improvement (IFRS 5, IFRS 7, IAS 19 and IAS 34) with a purpose to remove inconsistencies and clarify the wording (effective for financial years beginning on or after 1 January, 2016).

The Group considers that adoption of the respective standarts, amendments of effective standards and interpretations will not significantly affect Group’s financial statement at its initial application period.

At the same time hedge accounting is not regulated still in relation to portfolio of financial assets and liabilities, the principles of which are yet not adopted by EU.

According to the Group's estimates, application of hedge accounting of financial assets or liabilities portfolio in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" would not affect the financial statement if it is applied at the end of the reporting period.

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

1) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and entities controlled by the Company (its subsidiaries) on the last day of the reporting period. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Adjustments are made to the financial statements of subsidiaries, if necessary, to unify the accounting policies used by the other members of the Group. All inter-company transactions and balances between Group companies are eliminated in consolidation process. Subsidiaries are consolidated using the purchase method of accounting from the date from which control has been transferred to the Group and ceases to be consolidated from the date on which control is transferred to another company.

The Group consists of the Company and the following companies, which are controlled either directly or indirectly by the Company:

- VIA SMS SIA
- VIA SMS LT UAB
- VIA SMS PL z.o.o.
- VIA SMS s.r.o.
- VIA CONTO SWEDEN AB
- VIA SMS MINICREDIT, S.L. (until 10 January 2014 as shares were sold in November 13, 2014)
- EEIG VIA SMS R&D Services

The Company has the power and ability to influence relevant processes in these entities by carrying out their operational management, providing funding (both as equity and loans), and providing IT resources. That gives the Company control over these entities.

2) Significant accounting assumptions and estimates

According to IFRS as adopted by the EU, the preparation of financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets and liabilities. IFRS also requires disclosing the information about contingent assets and liabilities as of reporting date and income and expenses for the reporting period. The Group makes estimates and assumptions concerning the future perspectives of the Group. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the respective estimates are revised if the changes only affect that period or in the review period and subsequent periods if the changes affect both the current and subsequent periods.

a) Loans and receivables

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

b) Impairment of financial assets

The Company conducts its loans receivable analysis at each reporting date, to assess whether and to what extent an allowance for asset impairment should be made. It is disclosed in the Income Statement.

The Group recognizes impairment loss based on historical loss experience which is adjusted on the basis of currently available data. Allowances are calculated based on base features of the portfolio. The main criterion for assessment is settlement discipline. Calculation of necessary allowance on portfolio is based on experience and previous period's statistics. On the basis of knowledge of the current situation, the management makes estimates of the net present value of expected future cash flows when determining the amount of allowances.

Notes to the Consolidated and Separate Financial Statements (cont'd)

The carrying amount of the asset is reduced based on the allowances and the increase/decrease of the value, and is recognized in the income statement. The residual balances of any loan and receivable are written off from the accounts of the statement of financial position and from allowances for credit losses, if cannot be recovered or sold.

c) Intangible assets and property, plant and equipment

Property, plant and equipment costs are recognized as assets if it is probable that the Company will receive with the respective post related future economic benefits and its cost can be measured reliably. Property, plant and equipment costs consist of the purchase price, transportation costs, installation, and other expenses related to purchase or putting into service of the eligible direct costs. A self-constructed Property, plant and equipment include direct costs of materials, services and labor costs.

Intangible assets are reflected in their revaluated value, which is equal to their fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are performed with sufficient regularity, but not less than once a year that the carrying amount does not differ materially from its value determined using the fair value of the balance sheet date. Other property, plant and equipment are stated at their acquisition cost less accumulated depreciation and any accumulated impairment losses.

<i>Intangible assets:</i>	<i>Useful life</i>
Licences	5 years
Programmes	5 years
<i>Property, plant and equipment</i>	
Buildings	20 years
Vehicles	5 years
Furniture, fittings and equipment	3-5 years

d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at bank, and demand deposits in banks.

e) Financial liabilities

Financial liabilities are disclosed in the statement of financial position under the caption "Borrowings" and measured at amortized cost.

Subsequent to initial recognition all borrowings are stated at amortized cost, using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement that are an integral part of the effective interest rate.

f) De-recognition of financial assets and financial liabilities

A financial asset is derecognized where:

- the contractual rights to the cash flows from that asset have expired; or
- the Group has transferred its rights to the cash flows from that asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'cession' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the ownership of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the ownership of the asset but has retained the control of the asset.

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

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

g) Revenue recognition

Interest income and expenses are recognized in the income statement under the accrual basis of accounting, applying the effective interest rate method. Interest income and expenses include the amortization of the difference (discount, premium or other) between the initial carrying amounts of the interest-bearing financial asset or liability and its maturity amount, that is calculated using the effective interest rate method.

Fees and commissions received from customers are generally recognized on an accrual basis when the service is provided or on the basis of specified significant events.

Accrued interest is recognized in the income statement if the Company has no objective evidence that it will not be received on time.

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

h) Taxes

Current corporate income tax is calculated in accordance with tax legislation of the Republic of Latvia.

Deferred income tax is calculated on temporary differences in the timing of the recognition of the value of assets and liabilities in the financial statements and their value for taxation purposes. The deferred income tax assets and liabilities are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. Deferred corporate income tax asset is recognized in the financial statements where its recoverability is foreseen with reasonable certainty.

i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized 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 estimates to settle the present obligation, its carrying amount is based on the present value of those cash flows.

j) Share capital

The Company's shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are recognized under equity as a non-taxable deduction from income.

k) Foreign currency translation:

i) Functional and presentation currency

Foreign currencies are included in the financial statements of each the Group's entities and are presented 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. Gains and losses resulting from currency exchange conversions, as well as monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement.

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

iii) Group companies

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

- Assets and liabilities are translated at the applicable exchange rate at the final reporting date;
- Income and expenses for each income statement caption are translated at the average exchange rate, and
- All resulting exchange differences are recognized as a separate component of equity.

On consolidation, from currency 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 credit risk, country risk, liquidity risk, and currency risk. Each subsidiary participates in the credit risk management by developing its own risk management instruments, such as lending procedures, while country, liquidity and currency risks are managed at the Group level.

Credit risk

Credit risk is the risk of losses arising from a borrower's or counterparty's inability to meet its contractual obligations. Credit risk is mitigated as follows:

- Lending procedures are set up in each Group subsidiary to ensure high quality of portfolio. Such procedures are constantly improved and include judicial and behavioral indicators, use of credit bureau data and the reduction of loan principal when the prospective customer has a questionable creditworthiness.
- Penalties, extension of payment terms, restructuring (renegotiation) are used to mitigate risks associated with unrepaid debts. These options are available to borrowers in cases where there is difficulty or unwillingness to repay the debt. Extensions and restructuring (renegotiation) both extend the repayment date simultaneously with generating extra cash flow to the portfolio.
- In 2014 restructuring was introduced in subsidiaries located in the Czech Republic and Sweden, furthermore in the Czech Republic was introduced automatic credit risk measurement software.
- Loan loss allowances are an adequate way to mitigate the risk of losses to be incurred in the course of loan repayment transactions. Loan loss allowances are based on the loan statistical repayment history of borrowers.

SIA VIA SMS GROUP
Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

The table below shows the Group's gross portfolio broken down by the age of debt. For instalment loans the repayment date is assumed the final repayment date.

On 31 December 2014	Days overdue	Payday EUR	Instalment EUR
Performing	<=0	5 640 446	1 097 345
Past due not impaired	1-30	713 269	94 663
	31-60	370 989	81 357
	61-90	151 989	53 859
Impaired	90+	2 710 763	306 855
Restructured	-	315 772	11 142
Total		9 903 228	1 645 221
Loans and receivables:			11 548 449
Unearned commission:			(231 723)
Impairment allowances:			(3 311 320)
Net loan portfolio:			8 005 406

On 31 December 2013	Days overdue	Payday EUR	Instalment EUR
Performing	<=0	6 479 918	1 263 815
Past due not impaired	1-30	562 360	27 746
	31-60	425 184	17 480
	61-90	210 232	8 262
Impaired	90+	3 975 099	54 727
Restructured	-	552 182	-
Total		12 204 975	1 372 030
Loans and receivables:			13 577 005
Unearned commission:			(227 587)
Impairment allowances:			(5 009 820)
Net loan portfolio:			8 339 598

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Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

Country risk

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

	Year 2014 EUR	Year 2013 EUR
Latvia	2 965 136	3 115 698
Liethuania	303 052	1 133 717
Czech Republic	2 279 381	1 734 371
Poland	3 358 247	2 914 663
Sweden	2 642 633	2 388 863
Spain	-	2 289 693
Total	11 548 449	13 577 005

Currency risk

Currency risk is the risk of fluctuations of the value of a financial instrument as fluctuations in foreign exchange rates affect the Group's assets. The Group has assumed that the foreign exchange rate for currencies, which are linked to the EUR by their legislations (LV, LT), could potentially fluctuate by 2%, between the historical minimum and maximum in the previous year for the other currencies. The 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.

31 December 2014	LVL*	LTL*	CZK	PLN	SEK
Rate on the reporting date	-	3.4528	27.7250	4.2623	9.5155
Maximum difference in 2014		-	6%	4%	5%
Minimum value	-	-	25.9246	4.0969	8.9964
Maximum value	-	-	29.5254	4.4277	10.0346
31 December 2013	LVL*	LTL	CZK	PLN	SEK
Rate on the reporting date	0.7028	3.4528	27.4250	4.1472	8.9430
Maximum difference in 2013	2%	2%	9%	7%	9%
Minimum value	0.6887	3.3837	25.2250	4.0671	8.2876
Maximum value	0.7169	3.5219	27.7200	4.3432	9.0970

*Calculation were not performed since the country joined Eurozone.

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

The following table below shows sensitive loans and receivables, and the fluctuations of each of the currency exchange rates that come from the range between minimum and maximum exchange rates in the reporting year, similar as described in the previous tables.

Currency	Basis	31 December 2014		31 december 2013	
		Effect on result EUR	Basis	Effect on result EUR	
LVL	2 965 136	-	3 115 698	-	
LTL	303 052	-	1 111 488	-	
CZK	2 140 389	138 992	1 589 744	144 628	
PLN	3 232 806	125 441	2 732 731	181 932	
SEK	2 505 940	136 694	2 190 599	198 263	
EUR	-	-	2 289 693	-	
Total	11 147 323	401 127	13 029 953	524 823	

Liquidity risk

Liquidity risk is the risk that there will be not enough funds to issue loans to 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 three days by the management of the Group and by subsidiary managers on a daily basis.

4. The impact of the sale of Spain subsidiary

Necessity to enclose Appendix 4 derives from the fact that on 13 November 2014 the Company sold all its owned shares of VIA SMS MINICREDIT, S.L. to the former VIA SMS MINICREDIT, S.L. partner SP Capital Group. The respective transaction followed after the decision adopted on 10 January 2014, by a general shareholders' meeting of VIA SMS MINICREDIT, S.L. on SIA VIA SMS Group intention to sell, during 2014, all of its shares in VIA SMS MINICREDIT, S.L. to SP Capital Group, a co-owner of VIA SMS MINICREDIT, S.L. Based on the intention of SIA VIA SMS Group to sell and the interest of SP Capital Group to acquire all the shares of VIA SMS MINICREDIT, S.L. owned by SIA VIA SMS Group, SIA VIA SMS Group, as of the next working day after the date of the above general shareholders' meeting, has waived all its rights as to the operational and strategic management of VIA SMS MINICREDIT, S.L., and fully transferred these rights to SP Capital Group as a result in the Consolidated and separate financial statements for the year ended 31 December 2014 are excluded (is not consolidated) VIA SMS MINICREDIT, S.L. and are included the income of sale of VIA SMS MINICREDIT, S.L. shares amounting EUR 350,000.

With a purpose to deliver clear and comparable overview for users of the respective statement on Company's operations in 2013 and 2014, in the Appendix No 4 data are presented as they would be if Spanish subsidiary VIA SMS MINICREDIT S.L. owned by VIA SMS Group in amount of 35% of all shares would be excluded (would not be consolidated) at that time.

Aforementioned Appendix 4 is included in order to ensure that user of the respective statement could transparently compare the data for the year 2014 or on 31 December 2014 comparing to data for the year 2013 or on 31 December 2013.

Further Appendixes from 4.1. to 4.11. reflect the data with a note „excluding Spain” shall be read as Consolidated financial statements as of 2013 and 2014 and / or, financial statements on 31 December, accordingly, without (non-consolidated) VIA SMS MINICREDIT, S.L., but including income from sale of the company.

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

4. The impact of the sale of Spain subsidiary (cont'd)

4.1. Consolidated profit or loss statement excluding Spain

	Group	
	2014	2013
	EUR	EUR
Net turnover	11 534 906	12 369 480
Operating costs	(3 457 813)	(3 553 018)
Impairment allowances	(3 316 361)	(3 153 242)
Gross profit	4 760 732	5 663 220
Selling expenses (marketing)	(1 233 438)	(1 534 607)
Operating profit	3 527 294	4 128 613
Administrative costs	(1 418 911)	(2 131 224)
Other operating costs	(705 890)	(1 063 505)
Other operating income *	453 045	1 705
Profit before taxes	1 855 538	935 589
Taxes	(267 509)	(478 603)
Net profit of the reporting year	1 588 029	456 986

* Including income from sale of VIA SMS MINICREDIT, S.L.

4.2. Consolidated balance excluding Spain

Assets

	Group	
	31.12.2014	31.12.2013
	EUR	EUR
Long-term investments	602 678	191 661
Fixed assets	53 951	75 979
Intangible assets	472 666	28 376
Long-term investments leasehold improvements	17 230	1 052
Participation in subsidiaries and associated companies capital	-	-
Deferred tax	58 831	86 254
Current assets	9 705 229	8 548 904
Loans and debtor debts	8 026 587	7 313 561
Other debtors	1 104 368	497 192
Prepaid expenses	35 856	65 931
Cash and cash equivalents	538 418	672 220
Total assets	10 307 907	8 740 565

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

4. The impact of the sale of Spain subsidiary (cont'd)

4.2. Consolidated balance excluding Spain (cont'd)

Liabilities

	Group	
	31.12.2014	31.12.2013
	EUR	EUR
Shareholder's equity	207 804	(2 526 638)
Share capital	803 000	2 846
Foreign currency revaluation reserve	77 752	56 129
Revaluation reserve	454 261	-
Accumulated loss	(1 127 209)	(2 438 531)
Total shareholder's equity attributable to shareholders of the Company	207 804	(2 379 556)
Minority interest	-	(147 082)
 Current liabilities	 6 100 103	 3 105 736
Loans	4 209 425	2 090 045
Bonds	50 556	-
Debts to suppliers	1 123 815	233 580
Other creditors	122 907	131 593
CIT liabilities	51 726	113 602
Accrued liabilities	250 065	301 830
Deferred income	291 609	226 327
Bank credit facility	-	8 759
Long-term liabilities	4 000 000	8 161 467
Bonds	4 000 000	-
Loans	-	8 161 467
Total liabilities	10 100 103	11 267 203
Total liabilities and shareholder's equity	10 307 907	8 740 565

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

4. The impact of the sale of Spain subsidiary (cont'd)

4.3. Consolidated cash flow statement without Spain

	2014 EUR	2013 EUR
Operating cash flow		
Profit / (loss) before taxes	1 855 538	935 589
Interest income	-	-
Interest costs	1 022 191	1 207 043
Fixed assets and intangible investments depreciation, amortization and write-off	55 736	62 867
Vacation pay reserve	6 209	-
Sales of shares in subsidiary *	(442 111)	-
Dividends received	-	-
Operating profit before adjustments for current assets and current liabilities	2 497 563	2 205 499
Increase/(decrease) in loans	(681 323)	333 670
Increase/(decrease) in receivables and other assets	(294 352)	(209 591)
Interest received	-	-
Increase/(decrease) in other liabilities	(3 410 419)	(127 692)
Cash generated from operations	(1 888 531)	2 201 886
Corporate income tax (paid)	(400 114)	(559 604)
Net cash flows to/ from operating activities	(2 288 645)	1 642 282
Cash flows to/ from investing activities		
Investments in subsidiaries	-	-
Purchase of property, plant and equipment and intangible assets	(43 021)	(68 321)
Income / (expenses) from sale of investments *	(85 780)	-
Net cash flows to/ from investing activities	(128 801)	(68 321)
Cash flows to/ from financing activities		
Received borrowings	569 000	1 507 487
Issued bonds	4 000 000	-
Repayment of borrowings	(2 635 541)	(2 569 746)
Interest paid	(560 335)	(338 747)
Income from increase of share capital	800 156	-
Dividends received	-	-
Net cash flows to/ from financing activities	2 173 280	(1 401 006)
Change in cash and cash equivalents	(244 166)	172 955
Cash and cash equivalents at the beginning of the period	782 584	499 265
Cash and cash equivalents at the end of the period	538 418	672 220

* Including income from sale of VIA SMS MINICREDIT, S.L.

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

4. The impact of the sale of Spain subsidiary (cont'd)

4.4. Credit risk excluding Spain

The table below shows the Group's gross portfolio (without Spain) broken down by the age of debt. For installment loans the repayment date is assumed the final return date.

On 31 December 2014	Days overdue	Payday EUR	Installment EUR
Performing	<=0	5 640 446	1 097 345
Past due not impaired	1-30	713 269	94 663
	31-60	370 989	81 357
	61-90	151 989	53 859
Impaired	90+	2 710 763	306 855
Restructured	-	315 772	11 142
	Total	9 903 228	1 645 221
	Loans and receivables:		11 548 449
	Unearned commission:		(231 723)
	Impairment allowances :		(3 311 320)
	Net portfolio:		8 005 406

On 31 December 2013	Days overdue	Payday EUR	Installment EUR
Performing	<=0	5 581 855	1 263 815
Past due not impaired	1-30	426 596	27 746
	31-60	325 094	17 480
	61-90	162 162	8 262
Impaired	90+	2 932 197	54 727
Restructured	-	487 378	-
	Total	9 915 282	1 372 030
	Loans and receivables:		11 287 312
	Unearned commission:		(186 438)
	Impairment allowances :		(3 787 313)
	Net portfolio:		7 313 561

4.5. Net turnover without Spain

	Group	
	2014 EUR	2013 EUR
Extension fee	5 358 849	6 550 837
Commission	5 050 189	4 259 773
Penalty	478 947	630 863
Fee for debt reminder letters	254 262	317 320
Registration fee	78 935	240 995
Restructuring fee	103 921	146 424
SMS and other income	130 414	99 123
Provided services	79 389	124 145
Total	11 534 906	12 369 480

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

4. The impact of the sale of Spain subsidiary (cont'd)

4.6. Operating costs excluding Spain

	Group	
	2014	2013
	EUR	EUR
Reward (operators and debt collector, IT)	1 469 821	1 159 351
Interest costs	1 022 190	1 207 043
Customer verification	296 158	419 834
Debt recovery costs	278 952	348 285
SMS costs	134 440	124 919
Bank charges	54 386	67 089
Licenses and other membership fees	40 136	25 965
Telecommunications	48 084	59 869
Other costs	113 646	140 663
Total	3 457 813	3 553 018

4.7. Administrative costs excluding Spain

	Group	
	2014	2013
	EUR	EUR
Remuneration (other)	522 360	970 211
Board remuneration	196 690	228 401
Lease of premises	153 196	141 366
Legal and professional services	170 913	307 530
Accounting expenses	137 692	212 860
Depreciation	55 736	62 866
Business trips	30 418	55 395
Household goods	11 488	17 062
Utility bills	44 675	34 715
Other expenses	95 743	100 818
Total	1 418 911	2 131 224

4.8. Loans and trade receivables excluding Spain

	Group	
	31.12.2014	31.12.2013
	EUR	EUR
Loans to customers	11 548 449	11 287 312
Loans to related and other parties	64 842	-
Unearned commission	(231 723)	(186 438)
Impairment allowance for loans to customers	(3 311 320)	(3 787 313)
Impairment allowance for loans to related parties	(43 661)	-
Total	8 026 587	7 313 561

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

4. The impact of the sale of Spain subsidiary (cont'd)

4.9. Impairment allowances excluding Spain

	Group	
	31.12.2014 EUR	31.12.2013 EUR
Impairment allowances at the beginning of the period	5 009 820	4 948 226
Impairment allowances (loan agreements)	3 316 361	3 153 242
Impairment allowances (other agreements)	-	(1 388 916)
Impairment allowances due to subsidiary sale	(1 222 507)	
Currency exchange differences	(96 095)	(107 711)
Write-off	(80 505)	
Receivables sold	(3 615 754)	(2 817 528)
Impairment allowances at the end of the period	3 311 320	3 787 313

4.10. Impairment composition excluding Spain

	Group	
	31.12.2014 EUR	31.12.2013 EUR
Loans issued	3 267 659	3 787 313
Other receivables	43 661	-
Impairment allowances	3 311 320	3 787 313

4.11. Borrowings excluding Spain

	Group	
	31.12.2014 EUR	31.12.2014 EUR
Short-term liabilities	4 259 981	2 090 045
Short-term loan	4 209 425	2 090 045
Short-term bonds	50 556	-
Long-term liabilities	4 000 000	8 161 467
Long-term loan	-	8 161 467
Long-term bonds	4 000 000	-
Total	8 259 981	10 251 512

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

5. Net turnover

	Group		Company	
	2014	2013	2014	2013
	EUR	EUR	EUR	EUR
Extension fee	5 358 849	7 603 003	-	-
Commission fee	5 050 189	5 380 072	-	-
Penalties	478 947	735 108	-	-
Letters	254 262	319 173	-	-
Registration fee	78 935	240 995	-	-
Restructuring commission	103 921	146 424	-	-
SMS and other income	130 414	106 615	-	-
Services provided	79 389	44 666	953 805	1 631 549
Total	11 534 906	14 576 056	953 805	1 631 549

6. Operating costs

	Group		Company	
	2014	2013	2014	2013
	EUR	EUR	EUR	EUR
Remuneration (operators and debt collectors, IT)	1 469 821	1 421 322	61 095	286 713
Interest expenses	1 022 190	1 334 484	970 980	966 343
Customer due diligence	296 158	489 313	-	-
Debt collection expenses	278 952	389 585	-	-
SMS expenses	134 440	148 164	-	-
Bank charges	54 386	80 802	674	1 217
Licences and other membership fees	40 136	25 965	-	-
Telecommunications	48 084	69 607	505	2 020
Other costs	113 646	155 710	33 696	46 036
Total	3 457 813	4 114 952	1 066 950	1 302 329

7. Administrative expenses

	Group		Company	
	2014	2013	2014	2013
	EUR	EUR	EUR	EUR
Remuneration (other)	522 360	1 081 310	50 600	297 507
Board remuneration	196 690	228 401	31 080	225 102
Lease of premises	153 196	184 029	5 203	25 141
Legal and professional	170 913	332 551	8 354	90 910
Accounting expenses	137 692	228 259	18 015	122 199
Depreciation	55 736	78 048	4 219	23 263
Business trips	30 418	57 196	3 460	26 209
Household goods	11 488	18 049	1 955	4 422
Utilities	44 675	45 668	4 280	19 804
Other	95 743	133 782	1 735	29 957
Total	1 418 911	2 387 293	128 901	864 514

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

8. Other operating expenses

	Group		Company	
	2014	2013	2014	2013
	EUR	EUR	EUR	EUR
Unrecoverable VAT	361 157	555 625	10 539	1 229
Donations	30 000	28 457	-	-
Vacation pay reserve	-	42 735	-	19 503
Currency exchange, net	200 655	291 240	-	71 531
Write-offs	74 310	124 622	43 661	97 252
Other	39 768	71 826	2 230	6 469
Total	705 890	1 114 505	56 430	195 984

9. Other operating income

	Group		Company	
	2014	2013	2014	2013
	EUR	EUR	EUR	EUR
Currency exchange, net	-	-	34	-
Dividends received	-	-	692 000	436 920
Provisions for vacation	9 648	-	49 002	-
Sale of subsidiary	442 111	-	348 948	-
Income from sale of fixed assets, net	-	-	545 111	-
Other	1 286	1 705	-	-
Total	453 045	1 705	1 635 095	436 920

10. Property, plant and equipment and intangible assets

Group				
	Property, plant and equipment	Intangible assets	Long-term investments in leased property, plant and equipment	Total
	EUR	EUR	EUR	EUR
Initial value				
1 January 2014	169 927	122 900	-	292 827
Acquisition cost	25 683	42 747	17 522	85 952
Revaluation	-	545 111	-	545 111
Liquidated/Written-off/Sold	(80 743)	(73 954)	-	(154 697)
31 December 2014	114 867	636 804	17 522	769 193
Depreciation				
1 January 2014	(81 652)	(79 950)	0	(161 602)
Exchange rate fluctuations, net	4 645	(4 486)	5	164
Calculated depreciation	(27 485)	(118 806)	(297)	(146 588)
Liquidated/Written-off/Sold	43 576	39 104	-	82 680
31 December 2014	(60 916)	(164 138)	(292)	(225 346)
Carrying Amount on 1 January 2014	88 275	42 950	-	131 225
Carrying Amount on 31 December 2014	53 951	472 666	17 230	543 847

Depreciation of revaluation reserve is EUR 90 852 for the year 2014. Revaluation reserve remaining value on December 2014 – EUR 454 259.

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

10. Property, plant and equipment and intangible assets (cont'd)

Company	Property, plant and equipment	Intangible assets	Total
Initial value	EUR	EUR	EUR
1 January 2014	58 566	38 567	97 133
Acquisition cost	604	1 974	2 578
Revaluation	-	545 111	545 111
Liquidated/Written-off/Sold	(59 170)	(585 652)	(644 822)
31 December 2014	-	-	-
Depreciation			-
1 January 2014	(31 435)	(18 829)	(50 264)
Calculated depreciation	(2 864)	(1 355)	(4 219)
Liquidated/Written-off/Sold	34 299	20 184	54 483
31 December 2014	-	-	-
Carrying Amount on 1 January 2014	27 131	19 738	46 869
Carrying Amount on 31 December 2014	-	-	-

11. Investments in subsidiaries and associates

As at 31 December 2014 and 31 December 2013, the Company had the following investments in the subsidiaries:

Company	Type of activity	Carrying amount as of 31.12.2014 EUR	Carrying amount as of 31.12.2013 EUR	Company's share of equity as of 31.12.2014	Company's share of equity as of 31.12.2013
- VIA SMS SIA (Latvia)	Financial services	368 443	368 443	100 %	100 %
- VIA SMS LT UAB (Lithuania)	Financial services	2 903	2 903	100 %	100 %
- VIA SMS PL z.o.o. (Poland)*	Financial services	552 252	1 281	100 %	100 %
- VIA SMS s.r.o. (Czech Republic)**	Financial services	72 672	36 669	100 %	50 %
- VIA SMS MINICREDIT S.L. (Spain)***	Financial services	-	1 051	0 %	35 %
- VIA CONTO SWEDEN AB (Sweden)****	Financial services	536 936	536 936	100 %	100 %
- VIA CONTO MINICREDIT S.L.(Spain)	Financial services	3 000	-	100%	-
Total		1 536 206	947 283		

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Notes to the Consolidated and Separate Financial Statements (cont'd)

Explanatory notes to the annex on participation in subsidiaries and associated companies

* Participation in VIA SMS PL z.o.o. on 31 December 2014 has increased since in December 2014, the Company increased the VIA SMS PL z.o.o. share capital by cash contribution.

**Participation in VIA SMS s.r.o. on 31 December 2014 has increased since the Company acquired 50% of VIA SMS s.r.o. shares from SIA FKM.

*** Participation in VIA SMS MINICREDIT, S.L. on 31 December 2014 does not exist since in 13 November 2014 VIA SMS Group sold all shares owned of VIA SMS MINICREDIT, S.L to SP Capital Group.

On 31 December 2013 VIA SMS MINICREDIT, S.L. was considered as related party, since the Company had significant influence in it by executing strategical and operational management of VIA SMS MINICREDIT, S.L. Based on VIA SMS MINICREDIT, S.L. shareholders decision as of 10 January 2014, significant influence was suspended as of 13 January, 2014.

**** Participation in subsidiary ViaConto Sweden AB is liquid and, if required, recoverable in full. Aforementioned can be grounded by forecasted increase of Swedish subsidiary's profit in 2015 and 2016 as well as anticipated introduction of two new type of products in Sweden by the middle of 2015, namely i) new type of consumer credit – credit line, where interest rate is forecasted two times lower and maximum available amount two times bigger than in existing long-term product. ii) to attract deposits from private individuals – Swedish residents therefore there were established subsidiary of ViaConto Sweden AB ViaSpar Finans AB with a purpose to provide deposit acceptance services.

Information on subsidiaries

Title	Address	Equity		Reporting year profit	
		31.12.2014 EUR (unaudited)	31.12.2013 EUR (unaudited)	2014 EUR (unaudited)	2013 EUR (unaudited)
VIA SMS SIA	Kr. Valdemāra 8-5, LV-1010, Rīga, Latvija	2 358 119	1 915 156	1 134 962	708 285
VIA SMS LT UAB	A. Vivulskio g. 7, Vilnius, Lithuania, LT-03162	10 133	(294 275)	304 408	(96 225)
VIA SMS PL z.o.o	Al. Jerozolimskie 123A; 02-017, Warsaw, Poland	(130 612)	(777 781)	88 145	247 592
VIA SMS s.r.o.	Lazarska 1719/5, Nove Mesto, 11000, Prague, the Czech Republic	(304 176)	(248 150)	(59 127)	101 300
ViaConto Sweden AB	Holländargatan 27, 113 59, Stokholma, Zviedrija	(287 930)	(136 184)	(167 302)	326 479

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

12. Loans and trade receivables

	Group		Company	
	31.12.2014. EUR	31.12.2013. EUR	31.12.2014. EUR	31.12.2013. EUR
Loans to customers	11 548 449	13 577 005	-	-
Loans to related parties	64 842	-	5 444 684	6 209 695
Unearned commission	(231 723)	(227 587)	-	-
Impairment allowance for loans to customers	(3 311 320)	(5 009 820)	-	-
Impairment allowance for loans to related parties	(43 661)	-	(43 661)	-
Total	8 026 587	8 339 598	5 401 023	6 209 695

13. Impairment allowances

	Group		Company	
	31.12.2014. EUR	31.12.2013. EUR	31.12.2014. EUR	31.12.2013. EUR
Impairment allowances at the beginning of the period	5 009 820	5 384 901	-	1 388 916
Impairment allowances (loan agreements)	3 316 361	3 939 074	-	-
Impairment allowances (other agreements)	-	(1 388 916)	43 661	(1 388 916)
Impairment allowances due to subsidiary sale	(1 222 507)	-	-	-
Currency exchange differences	(96 095)	(107 711)	-	-
Effect on profit and loss	1 997 759	2 442 447	43 661	(1 388 916)
Write-off	(80 505)	-	-	-
Receivables sold	(3 615 754)	(2 817 528)	-	-
Change for the year	(1 698 500)	(375 081)	43,661	(1 388 916)
Impairment allowances at the beginning of the period	3 311 320	5 009 820	43 661	-

Composition of impairment allowances

	Group		Company	
	31.12.2014. EUR	31.12.2013. EUR	31.12.2014. EUR	31.12.2013. EUR
Loans issued	3 267 659	5 009 820	-	-
Other receivables	43 661	-	43 661	-
Impairment allowances	3 311 320	5 009 820	43 661	-

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Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

14. Other receivables

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	EUR	EUR	EUR	EUR
Other receivables from customers	4 047	11 804	-	-
Security deposit	24 460	28 653	3 258	3 258
Overpayment of taxes	162 637	106 730	66 331	83 824
Other receivables from related parties	-	-	571 607	124 282
Other receivables	913 224	381 631	335 969	122 116
Total	1 104 368	528 818	977 165	333 480

15. Cash and cash equivalents

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	EUR	EUR	EUR	EUR
LVL	-	256 260	-	186 411
SEK	64 880	73 205	-	-
PLN	149 531	169 792	-	-
EUR	253 391	110 364	100 959	-
LTL	27 505	144 005	-	-
CZK	43 111	28 958	-	-
Total	538 418	782 584	100 959	186 411

16. Share capital

On 31 December 2014 the share capital of the Company was EUR 803 000 and it was formed of 803 000 registered shares. The par value of each share is EUR 1.00. All shares are fully paid. All shares has equal voting rights and entitlement to receive the dividends. On 31 December 2013 Company's paid up share capital was LVL 2 000 (EUR 2 846). In 2014 the Company carried out denomination of share capital in EUR and set up the share capital amounting to EUR 2 844. The result of denomination is included in non-covered losses of previous periods. In 18 December, 2014 Company carried out increase of the share capital by EUR 800 156 - existing owners made cash contribution and, in turn, recieved appropriate number of new shares.

17. Borrowings

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	EUR	EUR	EUR	EUR
Short-term liabilities	4,259,981	2,157,190	3,918,431	1,565,564
Short-term loan	4 209 425	2 157 190	3 867 875	1 565 564
Short-term bonds	50 556	-	50 556	-
Long-term liabilities	4,000,000	9,170,717	4,000,000	8,059,576
Long-term loan	-	9 170 717	-	8 059 576
Long-term bonds	4 000 000	-	4 000 000	-
Total	8 259 981	11 327 907	7 918 431	9 625 140

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Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

17. Borrowings (cont'd)

		Group		Company	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		EUR	EUR	EUR	EUR
Interest	Maturity				
0%	1-3 gadi	-	13 991	-	13 991
10%	1-3 gadi	788 529	4 216 642	528 979	3 590 269
12%	1-3 gadi	-	1 076 395	-	-
13%	1-3 gadi	4 132 555	-	4 050 555	-
15%	1-3 gadi	3 338 897	6 020 879	3 338 897	6 020 880
Kopā		8 259 981	11 327 907	7 918 431	9 625 140

The borrowings have been received from private individuals for financing of Company's economical and investment activities. The due date of the borrowings will mature from 2015 to 2016. Fixed interest rate of the borrowings is amounting to 10 to 15%. The borrowings are received without collateral. Bonds are listed in NASDAQ OMX Riga with a maturity date of two years until the year 2016, the coupon rate is 13% annually.

On 31 December 2014 all borrowings are received in EUR. On 31 December 2013 approximately 81% or EUR 9 231 598 of all borrowings is in EUR, the other 19% (LVL 1 473 295) are in lats.

18. Accrued liabilities

		Group		Company	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		EUR	EUR	EUR	EUR
Accrued unused vacations		124 033	119 821	-	49 002
Accrued expenses		126 032	184 009	-	47 249
Total		250 065	303 830	-	96 251

19. Average number of employees

		Group		Company	
		2014	2013	2014	2013
Management		6	11	2	4
Administration		15	15	1	6
Other		61	70	-	13
Total		82	96	3	23

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Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

20. Related party disclosures

The Company's transactions with related parties:

Ieņēmumi	2014 EUR	2013 EUR
Service agreements	682 500	884 062
Interest income	789 131	702 820
Total, net	1 471 631	1 586 882

Assets	31.12.2014. EUR	31.12.2013. EUR
Loans	5 211 926	5 802 839
Accrued interest	167 913	406 854
Total, net	5 379 839	6 209 693
Debtors debts	571 605	124 282
Total, net	5 951 444	6 333 975

The Group's transactions with related parties:

Expenses	2014 EUR	2013 EUR
Accrued interest (incl. Minority interest)	7 280	374 850
Total, net	7 280	374 850

Liabilities	31.12.2014. EUR	31.12.2013. EUR
Borrowings (incl. minority interest)	70 000	1 476 523
Accrued interest (incl. minority interest)	-	74 353
Total, net	70 000	1 550 876

21. Significant events after reporting year-end

In order to increase additional funding from private investors, refinance existing parent company's loan into bond form and to improve cash flow and liquidity, on the 18th of December 2014 Group parent company became a member of Nasdaq Riga stock exchange, issuing bonds in the amount of EUR 4 000 000 on the Baltic bond list. On the day of the reports preparation the total amount of issued bonds was EUR 6 300 000.

After the reporting period, new legislation was proposed in Latvia which concerns the maximum applicable daily interest rate to the loan that is issued by a non bank sector, this proposed legislation would affect Group subsidiary company – SIA VIA SMS. The proposed legislation requires that maximum interest rate per day cannot exceed 0.25%. If the new legislation proposal will be approved by Saeima in the second read, it will be effective from the 1st of January 2016. Consequently, the Group's Board acknowledges the fact that the Group's subsidiary SIA VIA SMS revenue for the year 2016 could decrease by approximately 10% compared with the revenue from 2014.

SIA VIA SMS GROUP

Financial statement for the year 2014

Notes to the Consolidated and Separate Financial Statements (cont'd)

After the reporting period EEIG VIA SMS R&D Services sold CRM module to Spanish company - VIA SMS MINICREDIT S.L. The total price was EUR 50 000 excluding VAT. This module sale has no effect on the Group's revaluation of CRM system, which has been made in the beginning of the reporting year.

After the reporting year-end subsidiary of SIA VIA SMS Group - ViaConto Sweden AB founded its subsidiary ViaSpar Finans AB with a purpose to receive deposits from private individuals, residents of Sweden.

As of the last day of the reporting year until the date of signing these financial statements, there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of SIA "VIA SMS Group"

Report on the Financial Statements

Translation from Latvian

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 SIA „VIA SMS”, UAB „VIA SMS LT”, z.o.o. „VIA SMS PL”, s.r.o. „VIA SMS”, AB „ViaConto Sweden”, EEIG „VIA SMS R&D Services” (further "the Group") set out on pages 7 to 37, which comprise the Company's and the Group's balance sheets as of 31 December 2014, 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 audit opinion.

Opinion

In our 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 2014, 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.

Deloitte Audits Latvia SIA
Licence No. 43

Roberts Stūģis
Member of the Board

Rīga, Latvia
30 April 2015

