

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of SIA ExpressCredit

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SIA ExpressCredit and its subsidiaries (further in the report The Group) set out on pages 6 to 30 of the accompanying consolidated annual report, comprising the Group's balance sheet as of 31 December 2013, the profit or loss statement, statements of comprehensive income, changes in equity and cash flow statement for the year then ended as well as the summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

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

#### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Report on Other Legal and Regulatory Requirements**

We have read the management report for 2013 and statement of management responsibility set out on pages 4 and 5 of the accompanying annual report for 2013 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2013.

On behalf of  
SIA Potapoviča un Andersone,  
Certified Auditors Company  
Licence No. 99



Kristīne Potapoviča  
Responsible Certified Auditor  
Certificate No. 99  
Chairman of the Board

29 April, 2014  
Riga, Latvia

**SIA “EXPRESSCREDIT”**

**CONSOLIDATED ANNUAL ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**PREPARED IN ACCORDANCE WITH THE  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
AS ADOPTED BY EU**

*Translation from Latvian*

**EXPRESSCREDIT SIA**  
**CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013**  
**(TRANSLATION FROM LATVIAN)**

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**Information on the Group**

Name of the Company	ExpressCredit SIA (till 25.06.2012 - Lombards24.LV SIA)
Legal status of the Company	Limited liability company
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Operations as classified by NACE classification code system	NACE2 64.92 Other credit granting
Address	Raunas street 44, Riga, LV-1039 Latvia
Names and addresses of shareholders (till 30.10.2013)	AS „Infrastructure investments” (51%) Legal address: Jūras street 12, Liepāja, Latvia  Private individuals (49%)
Names and addresses of shareholders (from 30.10.2013)	SIA Express Holdings (51%) Hāpsalas street 1 k-1-17, Riga, Latvia  SIA Ebility (24,50%) Raunas street 44 k-1, Riga, Latvia  SIA AE Consulting (24,50%) Posma street 2, Riga, Latvia
Names and positions of Board members	Agris Evertovskis - Chairman of the Board  Edgars Bilinskis - Member of the Board
Financial year	1 January - 31 December 2013
Subsidiary	SIA ExpressInkasso (parent company interest in subsidiary – 100%) (till 4.09.2013 – SIA Lombards 24)
Date of acquisition of the subsidiary	22.10.2010
Number, place and date of registration of the subsidiary	40103211998; Riga, 27 January 2009
Address of the subsidiary	Raunas street 44 k-1; Riga, LV 1039
Operations as classified by NACE classification code system of the subsidiary	66.19 Financial support services except insurance and pension accrual
Name and address of the auditor	SIA “Potapoviča un Andersone” Certified Auditors’ Company Licence Nr. 99 Ūdens street 12-45, Riga, LV-1007 Latvia  Responsible Certified Auditor Kristīne Potapoviča Certificate Nr. 99

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**Management report**

The Group's operations during the reporting year have been successful. Total revenues for the fiscal year increased by 44% to a record of Ls 9 628 498 (13 700 118 EUR). Moreover, after a rapid growth in 2012, the Group has been able to demonstrate the growth in 2013 as well.

Due to implementation of the chosen business strategy, the Group's financial indicators continued to improve in 2013:

- During 2013, the Loan portfolio of the Group has increased significantly – by 26% - and reached Ls 3.2 million (4.6 million EUR);
- As at 31 December 2013, the amount of the Group's assets equalled Ls 7.1 million (10.1 million EUR);
- Return on Equity (ROE) – 24%;
- Return on Assets (ROA) – 4%.

The management is satisfied with the results achieved as the financial objectives set for the reporting year have been surpassed, and the first months of 2014 evidence continuing growth.

This rapid growth is acknowledgment that the Group's chosen strategy for the introduction of new products has been a successful decision, which has enabled an increase in growth rates.

**Branches and business in foreign countries**

In the year 2013 the Group continued the work on development of the branch network, loan volume increase, and IT system development. As at 31 December 2013 the Group had 93 branches in 38 cities in Latvia (31.12.2012 88 branches in 33 cities). Further development of the Group is planned to be financed by raising additional finance and investing retained earnings in future development.

**Financial risks**

Due to the fixed currency exchange rate for Latvian lat against euro the year end balances of outstanding monetary items are not significantly affected by possible exchange rate fluctuations, because all operations is derived in lats and euro.

The Group is exposed to interest rate risk mainly through its current and non-current borrowings. Part of its borrowings is at floating rate, therefore the Group is exposed to floating interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its the financial risks, particularly the liquidity and credit risk.

**Post balance sheet events**

On 11 December 2013 the parent company signed the bond issue rules and registered it in Latvian Central Depository with the following conditions: number of financial instruments 3 500 at par value of EUR 1 000 with a total nominal value of 3 500 000.00 EUR. Coupon rate - 15%, the coupon is paid out monthly at 25th date. Principal amount is amortized on a quarterly basis in amount of 125.00 EUR for each bond, starting with 25 March 2019. The complete maturity date of the principal amount is 25 December 2020. As at the date of signing of the annual report bond emission in the amount of 2 550 000 *euro has been completed*. The money received on the bond issue was used tod to finance working capital and the repayment of liabilities.

Except for the above, there are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Group as at 31 December 2013.

**Future plans**

We have a strong blend of core businesses that generate substantial cash flow and profits, and we plan to improve the existing and introduce new products and a number of new business segments in which we can invest for current and long-term growth. In addition, we are actively working on new product development and new market researches to continue future development and growth prospects.

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Agris Evertovskis  
Chairman of the Board

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Edgars Bilinskis  
Member of the Board

Riga, 29 April 2014

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**Statement of management`s responsibility**

The management of SIA „ExpressCredit” group is responsible for the preparation of the consolidated financial statements.

Based on the information available to the Board of the parent company of the Group, the financial statements are prepared on the basis of the relevant primary documents and statements in accordance with International Financial Reporting Standards as adopted by the European Union and present a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2013 and its profit and cash flows for 2013.

The management of the parent company confirms that the accounting policies and management estimates have been applied consistently and appropriately. The management of the parent company confirms that the consolidated financial statements have been prepared on the basis of the principles of prudence and going concern.

The management of the parent company confirms that is responsible for maintaining proper accounting records and for monitoring, controlling and safeguarding the Group's assets. The management of the parent company is responsible for detecting and preventing errors, irregularities and/or deliberate data manipulation. The management of the parent company is responsible for ensuring that the Group operates in compliance with the laws of the Republic of Latvia.

The management report presents fairly the Group's business development and operational performance.

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Agris Evertovskis  
Chairman of the Board

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Edgars Bilinskis  
Member of the Board

Riga, 29 April 2014

**EXPRESSCREDIT SIA**  
**CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013**  
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**Profit or loss account for the year ended 31 December 2013**

	Note	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Net sales	1	4 494 875	3 567 053	6 395 631	5 075 459
Cost of sales	2	(3 288 327)	(2 616 001)	(4 678 868)	(3 722 234)
Interest income and similar income	3	5 133 623	3 066 556	7 304 487	4 363 316
Interest expenses and similar expenses	4	(1 001 720)	(288 662)	(1 425 319)	(410 729)
<b>Gross profit</b>		<b>5 338 451</b>	<b>3 728 946</b>	<b>7 595 931</b>	<b>5 305 812</b>
Selling expenses	5	(3 096 064)	(1 953 186)	(4 405 302)	(2 779 133)
Administrative expenses	6	(936 399)	(467 464)	(1 332 376)	(665 141)
Other operating income	7	22 936	7 801	32 635	11 100
Other operating expenses	8	(922 606)	(553 976)	(1 312 750)	(788 237)
<b>Profit before taxes</b>		<b>406 318</b>	<b>762 121</b>	<b>578 138</b>	<b>1 084 401</b>
Corporate income tax for the reporting year	9	(158 700)	(184 731)	(225 810)	(262 849)
Deferred tax	9	18 826	-	26 788	-
<b>Current year's profit</b>		<b>266 444</b>	<b>577 390</b>	<b>379 116</b>	<b>821 552</b>
<b>Earnings per share</b>		<b>0.89</b>	<b>1.93</b>	<b>0.89</b>	<b>1.93</b>

**Consolidated comprehensive income statement for 2013**

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
<b>Current year's profit</b>	<b>266 444</b>	<b>577 390</b>	<b>379 116</b>	<b>821 552</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>266 444</b>	<b>577 390</b>	<b>379 116</b>	<b>821 552</b>

Notes on pages from 10 to 30 are integral part of these financial statements.

\_\_\_\_\_  
Agris Evertovskis  
Chairman of the Board

\_\_\_\_\_  
Edgars Bilinskis  
Member of the Board

Riga, 29 April 2014



**EXPRESSCREDIT SIA**  
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**Balance sheet as at 31 December 2013**

	Note	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
<b>Assets</b>					
<b>Long term investments</b>					
Fixed assets and intangible assets	10	316 137	276 220	449 822	393 026
Loans and receivables	14	209 231	139 457	297 709	198 429
Loans to shareholders and management	11	1 364 885	1 095 344	1 942 057	1 558 534
Deferred tax asset	12	18 826	-	26 787	-
<b>Total long-term investments:</b>		<b>1 909 079</b>	<b>1 511 021</b>	<b>2 716 375</b>	<b>2 149 989</b>
<b>Current assets</b>					
Finished goods and goods for sale	13	711 505	682 284	1 012 380	970 803
Loans and receivables	14	3 234 631	2 415 228	4 602 466	3 436 560
Receivables from affiliated companies	15	360 524	251 036	512 979	357 192
Other debtors	16	530 778	107 404	755 229	152 822
Short term loans to shareholders and management	17	-	93 380	-	132 868
Deferred expenses	18	20 447	16 144	29 094	22 971
Cash and bank	19	555 840	100 212	790 889	142 589
<b>Total current assets:</b>		<b>5 413 725</b>	<b>3 665 688</b>	<b>7 703 037</b>	<b>5 215 805</b>
<b>Total assets</b>		<b>7 322 804</b>	<b>5 176 709</b>	<b>10 419 412</b>	<b>7 365 794</b>
<b>Liabilities</b>					
<b>Shareholders' funds:</b>					
Share capital	20	300 000	300 000	426 861	426 862
Prior years' retained earnings		714 461	195 463	1 016 586	278 119
Current year's profit		266 444	577 390	379 117	821 552
<b>Total shareholders' funds:</b>		<b>1 280 905</b>	<b>1 072 853</b>	<b>1 822 564</b>	<b>1 526 533</b>
<b>Creditors:</b>					
<b>Long-term creditors:</b>					
Bonds issued	21	2 184 449	-	3 108 191	-
Other borrowings	23	529 277	1 694 876	753 094	2 411 591
<b>Total long-term creditors:</b>		<b>2 713 726</b>	<b>1 694 876</b>	<b>3 861 285</b>	<b>2 411 591</b>
<b>Short-term creditors:</b>					
Bonds issued	21	692 239	-	984 967	-
Loans from credit institutions	22	-	478 304	-	680 565
Other borrowings	23	628 398	53 363	894 130	75 929
Accounts payable to affiliated companies	24	1 469 893	1 175 240	2 091 469	1 672 216
Trade creditors and accrued liabilities	25	286 196	415 124	407 220	590 668
Taxes and social insurance	26	251 447	286 949	357 777	408 292
<b>Total short-term creditors:</b>		<b>3 328 173</b>	<b>2 408 980</b>	<b>4 735 563</b>	<b>3 427 670</b>
<b>Total liabilities and shareholders funds</b>		<b>7 322 804</b>	<b>5 176 709</b>	<b>10 419 412</b>	<b>7 365 794</b>

Notes on pages from 10 to 30 are integral part of these financial statements.

\_\_\_\_\_  
Agris Evertovskis  
Chairman of the Board

\_\_\_\_\_  
Edgars Bilinskis  
Member of the Board

Riga, 29 April 2014

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**CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013**  
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**Statement of changes in equity for the year ended 31 December 2013**

	Share capital Ls	Prior years' retained earnings Ls	Current year's profit Ls	Total Ls
<b>As at 31 December 2011</b>	300 000	80 505	167 770	548 275
Dividends paid	-	(52 812)	-	(52 812)
Profit transfer	-	167 770	(167 770)	-
Profit for the year	-	-	577 390	577 390
<b>As at 31 December 2012</b>	<b>300 000</b>	<b>195 463</b>	<b>577 390</b>	<b>1 072 853</b>
Dividends paid	-	(58 392)	-	(58 392)
Profit transfer	-	577 390	(577 390)	-
Profit for the year	-	-	266 444	266 444
<b>As at 31 December 2013</b>	<b>300 000</b>	<b>714 461</b>	<b>266 444</b>	<b>1 280 905</b>

	Share capital EUR	Prior years' retained earnings EUR	Current year's profit EUR	Total EUR
<b>As at 31 December 2011</b>	426 861	114 549	238 715	780 125
Dividends paid	-	(75 144)	-	(75 144)
Profit transfer	-	238 715	(238 715)	-
Profit for the year	-	-	821 552	821 552
<b>As at 31 December 2012</b>	<b>426 861</b>	<b>278 120</b>	<b>821 552</b>	<b>1 526 533</b>
Dividends paid	-	(83 086)	-	(83 086)
Profit transfer	-	821 552	(821 552)	-
Profit for the year	-	-	379 117	379 117
<b>As at 31 December 2013</b>	<b>426 861</b>	<b>1 016 586</b>	<b>379 117</b>	<b>1 822 564</b>

Notes on pages from 10 to 30 are integral part of these financial statements.

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**Cash flow statement for the year ended 31 December 2013**

	Note	2013 Ls	2012 Ls	2013 EUR	2012 EUR
<b><u>Cash flow from operating activities</u></b>					
<b>Profit before extraordinary items and taxes</b>		<b>406 318</b>	<b>762 121</b>	<b>578 138</b>	<b>1 084 401</b>
<u>Adjustments for:</u>					
a) fixed assets depreciation		147 644	81 257	210 078	115 618
b) intangible assets amortisation		2 793	2 262	3 974	3 219
c) accruals and provisions (except for provisions for bad debts and obsolete stock)		9102 539	28 381	1 2985 426	40 383
d) write-off of provisions		(8 905)	-	(12 670)	-
e) cessation results		-	524 674	-	746 544
f) interest income		(5 115 314)	(3 066 556)	(7 278 436)	(4 363 316)
g) interest and similar expense		991 271	276 225	1 410 451	393 033
h) write-off fixed and intangible assets		4 053	2 196	5 767	3 125
<b>Loss before adjustments of working capital and short-term liabilities</b>		<b>(2 659 601)</b>	<b>(1 389 440)</b>	<b>(3 784 273)</b>	<b>(1 976 993)</b>
<u>Adjustments for:</u>					
a) increase in consumer loans issued and other debtors		(1 046 035)	(1 274 750)	(1 488 373)	(1 813 806)
b) stock increase		(47 193)	(70 870)	(67 150)	(100 839)
c) trade creditors' increase / (decrease)		(80 354)	151 414	(114 333)	215 443
<b>Gross cash flow from operating activities</b>		<b>(3 833 183)</b>	<b>(2 583 646)</b>	<b>(5 454 129)</b>	<b>(3 676 195)</b>
Corporate income tax payments		(274 529)	(94 517)	(390 620)	(134 486)
Interest income		5 098 441	2 869 258	7 254 428	4 082 586
<b>Net cash flow from operating activities</b>		<b>990 729</b>	<b>191 095</b>	<b>1 409 679</b>	<b>271 905</b>
<b><u>Cash flow from investing activities</u></b>					
Acquisition of fixed assets and intangibles		(167 490)	(181 329)	(238 317)	(258 008)
Proceeds from sales of fixed assets and intangibles		-	28 587	-	40 676
Loans issued (other than core business of the Company) (net)		(1 437 912)	(961 785)	(2 045 964)	(1 368 497)
Assets held for sale		17 972	(86 347)	25 572	(122 861)
<b>Net cash flow from investing activities</b>		<b>(1 587 430)</b>	<b>(1 200 874)</b>	<b>(2 258 709)</b>	<b>(1 708 690)</b>
<b><u>Cash flow from financing activities</u></b>					
Loans received and bonds issued (net)		2 330 691	1 252 813	3 316 275	1 782 592
Finance lease payments		(11 740)	(10 925)	(16 705)	(15 545)
Dividends paid		(58 392)	(52 812)	(83 084)	(75 145)
Interest paid		(1 208 230)	(196 070)	(1 719 156)	(278 982)
<b>Net cash flow from financing activities</b>		<b>1 052 329</b>	<b>993 006</b>	<b>1 497 330</b>	<b>1 412 920</b>
<b>Net cash flow of the reporting year</b>		<b>455 628</b>	<b>(16 773)</b>	<b>648 300</b>	<b>(23 865)</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>		<b>100 212</b>	<b>116 985</b>	<b>142 589</b>	<b>166 454</b>
<b>Cash and cash equivalents at the end of reporting year</b>	19	<b>555 840</b>	<b>100 212</b>	<b>790 889</b>	<b>142 589</b>

Notes on pages from 10 to 30 are integral part of these financial statements.

**EXPRESSCREDIT SIA**  
**CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013**  
**(TRANSLATION FROM LATVIAN)**

**Notes**

**Accounting policies**

**(a) Basis of preparation**

These financial statements have been prepared based on the accounting policies and measurement principles as set out below.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Having regard to the EU's approval procedure, these Notes also list the standards and interpretations that are not yet approved for application by the EU because the said standards and interpretations, if approved, may affect the Company's financial statements in future periods. The valuation of assets and liabilities and net profit data of the company have not been affected in the result of transfer of IFRS.

The preparation of financial statements in accordance with IFRS requires the use of significant estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the information on contingent assets and liabilities at the balance sheet date and the revenues and costs for the reporting period. Although these estimates are based on the information available to the management regarding the current events and actions, the actual results may differ from the estimates used. Critical assumptions and judgements are described in the relevant sections of the Notes to the financial statements.

These are the first consolidated financial statements of the group, as in prior years the financial results and assets and liabilities of the subsidiary were immaterial within the context of the financial statements. Preparing consolidated 2013 financial statements, the comparative data have been consolidated accordingly, thus ensuring the consistency of presentation and disclosures..

***Standards, amendments and interpretations that are effective from 1 January 2013 (including those which have not yet been adopted by the EU) and are applicable for the preparation of financial statements for the year ended 31 December 2013. None of these standards apply directly due to the nature of the operations of the Group.***

**IFRS 10**, 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

**IFRS 11**, 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

**IFRS 12**, 'Disclosures of interests in other entities' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

Amendments to **IFRS 10, 11 and 12** on transition guidance (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

**IFRS 13**, 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013);

**IAS 27** (revised in 2011) 'Separate financial statements' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

**IAS 28** (revised in 2011) 'Associates and joint ventures' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

***Annual improvements 2011 (effective for annual periods beginning on or after 1 January 2013):***

Amendment to **IFRS 1**, 'First time adoption', on government loans (effective for annual periods beginning on or after 1 January 2013);

Amendment to **IFRS 7**, 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2013);

Amendment to **IAS 12**, 'Income taxes' on deferred tax (effective for annual periods on or after 1 January 2012 but endorsed by EU for annual periods on or after 1 January 2013);

Amendment to **IAS 19**, 'Employee benefits' (effective for annual periods beginning on or after 1 January 2013);

**IFRIC 20**, 'Stripping costs in the production phase of a surface mine' (effective for annual periods beginning on or after 1 January 2013).

Amendment to **IAS 1** „Presentation of Financial Statements” (effective for annual periods beginning on or after 1 July 2013).

***A number of new standards and interpretations have been published and come into force on financial periods beginning on or after 1 January 2014, and do not relate to the Company's operations or are not approved in the European Union.***

Amendments to **IAS 32** "Financial instruments: Presentation", on offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014).

Amendments to **IFRS 10, IFRS 12 and IAS 27** for investment entities (effective for annual periods beginning on or after 1 January 2014).

**IFRS 9** "Financial Instruments - Classification and Measurement" (effective date to be determined).

Amendments to **IAS 19** "Employee benefits plans" (effective for annual periods beginning on or after 1 January 2013).

Amendments to **IAS 36** "Impairment of assets" (effective for annual periods beginning on or after 1 January 2014).

Amendments to **IAS 39** "Financial instruments: Recognition and measurement", on novation of derivatives and hedge accounting (effective for annual periods beginning on or after 1 January 2014).

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Notes (continued)

Accounting policies (continued)

(a) **Basis of preparation** (continued)

**Annual improvements 2012 (effective for annual periods beginning on or after 1 July 2014):**

These amendments include changes from the 2010-2012 cycle of the annual improvements project that affect 7 standards:

- IFRS 2 'Share-based payment'
- IFRS 3 'Business Combinations'
- IFRS 8 'Operating segments'
- IFRS 13 'Fair value measurement'
- IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets'
- Consequential amendments to IFRS 9, 'Financial instruments',
- IAS 37 'Provisions, contingent liabilities and contingent assets',
- IAS 39 Financial instruments – Recognition and measurement'.

**Annual improvements 2013 (effective for annual periods beginning on or after 1 July 2014):**

The amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards:

- IFRS 1 'First time adoption'
- IFRS 3 'Business combinations'
- IFRS 13 'Fair value measurement' and
- IAS 40 'Investment property'.

**IFRIC 21 'Levies'** (effective for annual periods beginning on or after 1 January 2014).

(b) **Accounting principles applied**

The items in the financial statements have been measured based on the following accounting principles:

- a) It is assumed that the company will continue as a going concern;
- b) The measurement methods applied in the previous reporting year have been used;
- c) The measurement of the items has been performed prudently meeting the following criteria:
  - Only profits accruing up to the balance sheet date have been included in the report;
  - All possible contingencies and losses arising in the reporting year or the previous year have been recognised, even if they became known in the period between the balance sheet date and the issuance of the annual report;
  - All impairment and depreciation charges have been calculated and recognised irrespectively of whether the company has operated profitably or not during the reporting year;
- d) All income and expenses relating to the accounting year irrespectively of the date of the payments made or the dates of receipt or payment of invoices have been recognised. Revenues are matched with expenses in the reporting year.
- e) Assets and liabilities are presented at their gross amounts;
- f) The opening balances of the reporting period reconcile with the closing balances of the previous reporting period;
- g) All items which may materially affect the assessment or decision-making of the users of the financial statements are presented, immaterial items have been aggregated and their breakdown is presented in the Notes;
- h) Business transactions are presented based on their economic substance rather than their legal form.

Asset and liability recognition is performed on historical cost basis. All financial assets and liabilities are classified as held to maturity or loans and receivables.

(c) **Recognition of revenue and expenses**

- **Net sales**

Net revenue represents the total value of goods sold and services provided during the year net of value added tax.

- **Interest income**

The Company presents interest income in the section of the Profit and loss account prior to calculation of gross profit, as this income is related to the basic activities of the Company – charging interest for loans issued in return to pledge held as security or loans issued on other conditions. Interest income is recognised using accruals principle. Interest income is not recognised from the moment the recoverability of principal is considered doubtful. Penalty interest is recognised on a cash basis.

- **Other income**

Other income is recognised based on accruals principle.

- **Penalties and similar income**

Of collection exists, is recognised based on cash principle.

- **Expenses**

Expenses are recognised based on accruals principle in the period of origination, irrespectively of the moment of payment. Expenses related to financing of loans is recognised in the period of liability origination and included in the profit and loss items „Interest and similar expenses”.

(d) **Foreign currency translation into LVL**

**(d1) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statement items are denominated in Latvian lats (LVL), which is the Company's functional and presentation currency. According to the requirements of the Riga Stock Exchange all balances should be presented in euro (EUR) at the Bank of Latvia exchange rate - EUR 1 = LVL 0.702804.

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Notes (continued)

Accounting policies (continued)

**(d) Foreign currency translation into LVL (continued)**

**(d2) Transactions and balances**

All transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of the respective period. At the balance sheet date the rates set by the Bank of Latvia were:

	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b>LVL</b>	<b>LVL</b>
1 EUR	0.702804	0.702804
1 USD	0.515000	0.531000

**(e) Financial instruments – key measurement terms**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values of financial assets or liabilities, including derivative financial instruments in active markets are based on quoted market prices. If the market for a financial asset or liability is not active (and for unlisted securities) the Group establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and recent comparative transactions as appropriate and may require the application of management's judgement and estimates. Where, in the opinion of the Management, the fair values of financial assets and liabilities differ materially from their book values such fair values are separately disclosed in the notes to the accounts.

*Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

*Amortised cost* is the amount at which the financial instrument was recognised at initial recognition less any principal repayments plus accrued interest and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any) are not presented separately and are included in the carrying values of related items on the balance sheet.

*The effective interest method* is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**(f) Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**(g) Intangible assets and fixed assets**

All intangible assets and fixed assets are initially measured at cost. Intangible assets and fixed assets are recorded at historic cost net of depreciation and permanent diminution in value. Depreciation or amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	<b>years</b>
Buildings	20
Constructions	5
Intangibles	3 - 5
Other fixed assets	3 - 5
Low value inventory (worth over 50 LVL)	3

The residual values, remaining useful lives and methods of depreciation are reviewed and, if required, adjusted annually. Fixed asset and intangibles recognition is terminated in case of its liquidation or when no future benefits are expected in connection with the utilisation of the respective asset. Any profit or loss connected with the termination of recognition (calculated as difference between the disposal gains and net book value as at the moment of derecognition), is recognised in the profit or loss account in the period when derecognition occurs. Leasehold improvements are written down on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease. Current repairs and maintenance costs are charged to profit and loss account in the period when the respective costs are incurred.

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Notes (continued)

Accounting policies (continued)

**(h) Investments in the associated companies**

In the financial statements the investments in associated companies are carried at equity method. Under this method the value of the investment at the balance sheet date comprises the value of the equity of the associated company corresponding to the share of investment and the book value of the positive goodwill arising at the acquisition of the investment.

At the year-end the amount of the reported item is increased or decreased by reference to the Company's share in the profit or loss of the associated company during the year (in the post-acquisition period), or other changes in equity, as well as by the reduction of the goodwill arising at acquisition to its recoverable amount. Unrealised profit on inter-company transactions is excluded. Profit distribution is presented in the year following the reporting year in which the shareholders adopt a decision on profit distribution.

**(i) Impairment of assets**

Intangible assets which are not put into operation or which do not have a useful life are not amortised; their value is reviewed annually. The value of the assets subject to depreciation or amortisation is reviewed whenever any events or circumstances support that their carrying value may not be recoverable. Impairment losses are recognised in the amount representing the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of the respective asset's fair value less the costs to sell and the value in use. In order to determine impairment, assets are grouped based on the smallest group of assets that independently generates cash flow (cash generating units).

**(j) Segments**

A geographical segment provides products or services within a particular economic environment that is subject to other economic environments characterized by different risks and benefits. A business segment is a share of assets and operations, providing products and services that are subject to other business segments of different risks and benefits.

**(k) Inventories**

Inventories are stated at the lower of cost or market price. Inventories are measured using the weighted FIFO method. The Company assesses at each balance sheet date whether there is objective evidence that inventories are impaired and makes provisions for slow-moving or damaged inventories. Inventories loss is recognised in the period such loss is identified, writing off the relevant inventory values to the period profit and loss account.

**(l) Seized assets**

Collateral is repossessed following the foreclosure on loans that are in default. Seized assets are measured at the lower of cost or net realisable value and reported within "Inventories".

**(m) Trade and other receivables**

Accounts receivable comprise loans and other receivables (other debtors, advances and deposits) that are non-derivative financial assets with fixed or determinable payments. Loans are carried at amortised cost where cost is defined as the fair value of cash consideration given to originate those loans. All loans and receivables are recognised when cash is advanced to borrowers and derecognised on repayments. The Company has granted consumer loans to customers throughout its market area. The economic condition of the market area may have an impact on the borrowers' ability to repay their debts. Restructured loans are no longer considered to be past due unless the loan is past due according to the renegotiated terms.

The Company assesses at each balance sheet date whether there is objective evidence that loans are impaired. If any such evidence exists, the amount of the allowances for loan impairment is assessed as the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from collateral discounted at the original effective interest rate. The assessment of the evidence for impairment and the determination of the amount of allowances for impairment or its reversal requires the application of management's judgement and estimates. Management's judgements and estimates consider relevant factors including but not limited to, the identification of non-performing loans (loan repayment schedule compliance), the estimated value of collateral (if taken) as well as other relevant factors affecting loan and recoverability and collateral values. These judgements and estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known. The Management of the Company have made their best estimates of losses based on objective evidence of impairment and believe those estimates presented in the financial statements are reasonable in light of available information.

When loans cannot be recovered they are written off and charged against allowances for loan impairment losses. They are not written off until all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount. In accordance with the provisioning policy developed by the Company (for non-secured consumer loans with the term of repayment up to 2 years) provisions are made based on the payment delay analysis at following rates:

<b>Days of delay</b>	<b>Provision made</b>
0	0.3%
1-15	6%
16-30	18%
31-60	32%
61-90	42%
91-180	47%
181-360	67%
360-720	92%
721+	100%

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**Notes** (continued)

**Accounting policies** (continued)

**(m) Trade and other receivables** (continued)

Provisions for interest income debts is made in accordance with the policies set by the management of the Company. In accordance with the provisioning policy for unsecured short term (up to 30 days) loans, the provisions are calculated based on the incurred loss method. In accordance with this method, the loans outstanding for 4 and more months are evaluated for recoverability using discounted cashflow analysis (applicable to expected cashflows from principal, interest and penalty payments) and ratio of inflowing assets to the gross balance sheet values of the respective loans and interest accrued. The provision is calculated for the principal outstanding over 4 months as the difference between the balance sheet value of principal and interest accrued and expected decrease of the balance sheet value in the result of future cashflows. The provision for interest accrued is made in accordance with the provisioning policies set by the management making sure that cashflows from interest receivable are excluded from cashflows used as the basis for principal recoverability testing.

The recoverability of other debtors, advances and deposits paid is valued on individual basis if there are any indications of net book value of the asset exceeding its recoverable amount.

**(n) Finance lease**

Where the property, plant and equipment are acquired under a finance lease arrangement and the Company takes over the related risks and rewards, the property, plant and equipment items are measured at the value at which they could be purchased for an immediate payment. Leasing interest is charged to the profit and loss in the period in which it arises.

**(o) Operating leases**

**Company is a lessor**

The type of lease in which the lessor retains a significant part of the risks and rewards pertaining to ownership, is classified as operating lease. Lease payments and prepayments for a lease (net of any financial incentives received from the lessor) are charged to the profit and loss under a straight-line method over the lease term.

**(p) Taxes**

The corporate income tax expense is included in the financial statements based on the management's calculations made in accordance with the requirements of Latvian tax legislation. Deferred tax is provided for using liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment at different rates and tax losses carried forward to the future taxation periods. Deferred tax assets are recognised only to the extent that recovery is probable.

**(q) Provisions for unused annual leave**

The amount of provision for unused annual leave is determined by multiplying the average daily pay of employees during the reporting year by the number of accrued but unused annual leave days the end of the reporting year.

**(r) Borrowings**

Initially borrowings are recognised at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost which is determined using the effective interest method. The difference between the proceeds received, net of transaction costs and the redemption value of the borrowing is gradually recognized in the profit and loss account over the term of the borrowing.

**(s) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits with a maturity term of up to 90 days.

**(t) Payment of dividends**

Dividends due to the shareholders are recognized in the financial statements as a liability in the period in which the shareholders approve the disbursement of dividends.

**(u) Financial risk management**

**(u1) Financial risk factors**

The activities of the Company expose it to different financial risks:

- (u1.1) foreign currency risk;
- (u1.2) credit risk;
- (u1.3) operational risk;
- (u1.4) market risk;
- (u1.5) liquidity risk;
- (u1.6) cash flow and interest rate risk.

The Company's overall risk management is focused on the uncertainty of financial markets and aims to reduce its adverse effects on the Company's financial indicators. The Finance Director is responsible for risk management. The Finance Director identifies, assesses and seeks to find solutions to avoid financial risks acting in close cooperation with other structural units of the Company.

**(u1.1) Foreign exchange risk**

The Company operates mainly in the local market and its exposure to foreign exchange risk is low. Foreign currency risk mainly arises from the fluctuation of the lats and the euro exchange rates at the time of settling of the liabilities or at the time of currency translation. The Finance Director performs analysis of net open positions of each foreign currency and monitors the currency conversion results. No further risk prevention mechanisms are used on the account that the overall currency risk has been assessed as low.



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Notes (continued)

Accounting policies (continued)

(u) **Financial risk management** (continued)

(u1) **Financial risk factors** (continued)

**(u1.2) Credit risk**

The Company has a credit risk concentration based on its operational specifics – issuance of loans against pledge, as well as issuance of non-secured loans that is connected with an increased risk of asset recoverability. The risk may result in short-term liquidity problems and issues related to timely coverage of short-term liabilities. The Company's policies are developed in order to ensure maximum control procedures in the process of loan issuance, timely identification of bad and doubtful debts and adequate provisioning for potential loss.

**(u1.3) Operational risk**

Operational risk is a loss risk due to external factors namely (natural disasters, crimes, etc) or internal ones (IT system crash, fraud, violation of laws or internal regulations, insufficient internal control). Operation of the Company carries a certain operational risk which can be managed using several methods including methods to identify, analyse, report and reduce the operational risk. Also self-assessment of the operational risk is carried out as well as systematic approval of new products is provided to ensure the compliance of the products and processes with the risk environment of the activity.

**(u1.4) Market risk**

The Company is exposed to market risks, basically related to the fluctuations of interest rates between the loans granted and funding received, as well as demand for the Company's services fluctuations. The Company attempts to limit market risks, adequately planning the expected cashflows, diversifying the product range and fixing funding resource interest rates.

**(u1.5) Liquidity risk**

The Company complies with the prudence principle in the management of its liquidity risk and maintains sufficient funds. The management of the Company has an oversight responsibility of the liquidity reserves and make current forecasts based on anticipated cash flows. Most of the Company's liabilities are short-term liabilities. The management is of the opinion that the Company will be able to secure sufficient liquidity by its operating activities, however, if required, the management of the Company is certain of financial support to be available from the owners of the Company.

**(u1.6) Cash flow interest rate risk**

As the Company has borrowings and finance lease obligations, the Company's cash flows related to financing costs to some extent depend on the changes in market rates of interest. The Company's interest payment related cash flows depend on the current market rates of interest. The risk of fluctuating interest rates is partly averted by the fact that a number of loans received have fixed interest rates set. Additional risk minimization measures are not taken because the available bank products do not provide an effective control of risks.

**(u2) Accounting for derivative financial instruments**

The Company does not actively use derivative financial instruments in its operations. Derivative financial instruments are initially recognized at fair value on the date of the contract, and are thereafter measured at fair value at the balance sheet date. Derivative financial instruments are carried as assets if their fair value is positive and as liabilities if fair value is negative. Any gains or losses arising due to the changes in the fair value of the derivative financial instrument are not classified hedges and are recognized directly in the profit and loss.

**(u3) Fair value**

The carrying value of financial assets and liabilities approximates their fair value. See also note (e).

**(u4) Management of the capital structure**

In order to ensure the continuation of the Company's activities, while maximizing the return to stakeholders capital management, optimization of the debt and equity balance is performed. The Company's capital structure consists of borrowings from related persons, third party loans and loans from credit institutions and finance lease liabilities, cash and equity, comprising issued share capital, retained earnings and share premium. At year-end the ratios were as follows:

	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Ls	Ls	EUR	EUR
Loan and lease liabilities	5 504 256	3 401 783	7 831 851	4 840 301
Cash and bank	(555 840)	(100 212)	(790 889)	(142 589)
Net debts	<b>4 948 416</b>	<b>3 301 571</b>	<b>7 040 962</b>	<b>4 697 712</b>
Equity	1 280 905	1 072 853	1 822 564	1 526 533
<b>Liabilities / equity ratio</b>	<b>4.30</b>	<b>3.17</b>	<b>4.30</b>	<b>3.17</b>
<b>Net liabilities / equity ratio</b>	<b>3.86</b>	<b>3.08</b>	<b>3.86</b>	<b>3.08</b>

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Notes (continued)

**Accounting policies** (continued)

**(v) Significant assumptions and estimates**

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Latvian law requires the management to rely on estimates and assumptions that affect the reported amounts of assets and liabilities and off-balance sheet assets and liabilities at the date of financial statements, as well as the revenues and expenses reporting in the reporting period. Actual results may differ from these estimates.

The following judgements and key assumptions concerning the future are critical, and other causes of inaccuracies in the calculations as at the date of financial statements, with a significant risk of causing a material change in the balance sheet value of assets and liabilities within the next financial year:

- The Company review the useful lives of its fixed assets at the end of each reporting period. The management makes estimates and uses assumptions with respect to the useful lives of fixed assets. These assumptions may change and the calculations may therefore change.
- The Company review the value of its fixed assets and intangible assets whenever any events or circumstances support that the carrying value may not be recoverable. Impairment loss is recognised in the amount equalling the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of an asset's fair value less the costs to sell and the value in use. The Company is of the view that considering the anticipated volumes of services no material adjustments due to impairment are required the asset values.
- In measuring inventories the management relies on its expertise, past experience, background information, and potential assumptions and possible future circumstances. In assessing the impairment of the value of inventories consideration is given to the possibility to sell the item of inventories and the net realisable value.
- The Company's management, based on estimates, makes provisions for the impairment of the value of receivables. The Company's management is of the opinion that the provisions for receivables presented in the financial statements accurately reflect the expected cash flows from these receivables and that these estimates have been made based on the best available information.
- The Company is composed with caution savings potential future payment obligations in cases where disputes the validity of such legal obligation, or there are legal disputes about the amount of such liabilities.

**(w) Related parties**

Related parties include the shareholders, members of the Board of the parent company of the Company, their close family members and companies in which the said persons have control or significant influence.

**(x) Subsequent events**

Post-period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

**(y) Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

**(z) Earnings per share**

Earnings per share are calculated by dividing the net profit or loss for the year attributable to the shareholders of the parent company with the weighted-average number of shares outstanding during the year.

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Notes (continued)

**(1) Net sales**

**Net revenue by type of revenue**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Income from sales of goods	3 347 187	2 423 807	4 762 617	3 448 767
Income from sales of gold scrap	1 057 918	1 139 843	1 505 282	1 621 850
Income from sales of vehicles	82 601	2 554	117 531	3 634
Other income	7 169	849	10 201	1 208
	<b>4 494 875</b>	<b>3 567 053</b>	<b>6 395 631</b>	<b>5 075 459</b>

**Net revenue by geographical markets and type of operation**

Sales of product in Latvia	3 419 678	2 413 615	4 865 763	3 434 265
Sales of product to EU	10 110	12 746	14 385	18 136
Sales of gold scrap in Latvia	1 057 918	959 843	1 505 282	1 365 733
Sales of gold scrap in EU	-	180 000	-	256 117
Sales of services in Latvia	7 169	849	10 201	1 208
	<b>4 494 875</b>	<b>3 567 053</b>	<b>6 395 631</b>	<b>5 075 459</b>

**(2) Cost of sales**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Cost of pledges taken over	3 243 845	2 598 700	4 615 576	3 697 617
Goods and accessories purchased	44 482	17 301	63 292	24 617
	<b>3 288 327</b>	<b>2 616 001</b>	<b>4 678 868</b>	<b>3 722 234</b>

**(3) Interest income and similar income**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Interest income on loans issued against pledge	949 846	770 479	1 351 509	1 096 293
Interest income on mortgage extension	898 015	757 289	1 277 760	1 077 526
Interest income on loans to the vehicle pledges	165 872	126 141	236 015	179 482
Interest income on mortgage loans	19 986	7 787	28 438	11 080
Interest income on unsecured loans	2 501 706	789 159	3 559 606	1 122 872
Interest income on loan extension	491 734	440 285	699 674	626 469
Accrued interest income	106 464	175 416	151 485	249 594
	<b>5 133 623</b>	<b>3 066 556</b>	<b>7 304 487</b>	<b>4 363 316</b>

**(4) Interest expenses and similar expenses**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Interest charge to bank	79 990	39 274	113 816	55 882
Bonds coupon expense	52 197	-	74 270	-
Interest expense on lease	1 873	937	2 664	1 333
Interest expense on other borrowings	858 939	236 014	1 222 160	335 818
Net loss on foreign exchange	8 721	12 437	12 409	17 696
	<b>1 001 720</b>	<b>288 662</b>	<b>1 425 319</b>	<b>410 729</b>

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Notes (continued)

**(5) Selling expenses**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Salary expenses	1 245 995	523 711	1 772 891	745 174
Social insurance	304 971	127 769	433 935	181 799
Provisions for vacations and bonuses	46 575	43 612	66 269	62 054
Rental expense	552 038	364 563	785 479	518 727
Utilities expense	151 398	111 945	215 419	159 283
Non-deductible VAT	121 745	74 212	173 228	105 594
Communication expenses	66 256	56 044	94 274	79 743
Maintenance expenses	45 270	30 554	64 413	43 475
Depreciation of fixed assets	150 437	62 605	214 053	89 079
Security expenses	18 166	13 940	25 848	19 835
Goods write-off	64 917	53 676	92 369	76 374
Advertising	31 231	25 690	44 438	36 554
Business trip expenses	6 449	3 677	9 176	5 232
Provisions for doubtful debtors obsolete stock	132 266	353 403	188 197	502 846
Transportation expenses	48 148	40 546	68 508	57 692
Renovation expenses	9 295	25 673	13 225	36 529
Other expenses	100 907	41 566	143 580	59 143
	<b>3 096 064</b>	<b>1 953 186</b>	<b>4 405 302</b>	<b>2 779 133</b>

**(6) Administrative expenses**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Salary expenses	559 148	200 571	795 596	285 387
Social insurance	136 326	48 331	193 974	68 769
Vacation provisions	21 776	14 456	30 984	20 569
Office rent	28 385	25 886	40 388	36 832
Office expenses	24 316	27 604	34 599	39 277
Bank commission	24 782	19 192	35 262	27 308
Audit expense*	11 884	4 520	16 909	6 431
Communication expenses	11 793	10 153	16 781	14 447
State fees and duties, licence expense	21 506	46 239	30 600	65 792
Legal advice	11 034	3 623	15 700	5 155
Information database subscriptions, maintenance	66 164	46 661	94 143	66 393
Other administrative expenses	19 285	20 228	27 440	28 781
	<b>936 399</b>	<b>467 464</b>	<b>1 332 376</b>	<b>665 141</b>

\* During the year the Group has not received any other services from the Auditor.

**(7) Other operating income**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Other income	<b>22 936</b>	<b>7 801</b>	<b>32 635</b>	<b>11 100</b>

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Notes (continued)

**(8) Other operating expenses**

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Penalties paid	25 947	15 265	36 919	21 720
Other expenses	22 496	14 037	32 009	19 973
Donations	23 070	-	32 826	-
Loss on cessation	-	-	1 210 996	746 544
Recognition of permanent diminution in value of loans issued (see Note 14)	851 093	524 674	-	-
	<b>922 606</b>	<b>553 976</b>	<b>1 312 750</b>	<b>788 237</b>

**(9) Corporate income tax for the reporting year**

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Deferred corporate income tax charge (see Note 12)	(18 826)	-	(26 788)	-
Corporate income tax charge for the current year	158 700	184 731	225 810	262 849
	<b>139 874</b>	<b>184 731</b>	<b>199 022</b>	<b>262 849</b>

Corporate income tax differs from the theoretically calculated tax amount:

	406 318	762 121	578 138	1 084 401
<b>Profit before taxation</b>				
Theoretically calculated tax at a tax rate of 15 %	60 947	114 318	86 721	162 660
Expenses not deductible for tax purposes	102 585	67 676	145 964	96 294
Donations	(19 610)	-	(27 903)	-
Unrecognised deferred tax assets	(4 366)	2 737	(6 212)	3 895
Fixed assets correction	318	-	452	-
<b>Tax charge</b>	<b>139 874</b>	<b>184 731</b>	<b>199 022</b>	<b>262 848</b>

**(10) Intangible and Fixed asset**

	Concessions, patents, trade marks and similar rights Ls	Land and buildings Ls	Other fixed assets and inventory Ls	Leasehold improvements Ls	Total Ls
<b>Cost</b>					
<b>31.12.2012</b>	7 635	26 000	267 232	115 794	416 661
Additions	1 769	-	134 698	57 940	194 407
Disposals	-	-	(11 681)	-	(11 681)
<b>31.12.2013</b>	<b>9 404</b>	<b>26 000</b>	<b>390 249</b>	<b>173 734</b>	<b>599 387</b>
<b>Depreciation</b>					
<b>31.12.2012</b>	4 005	4 438	87 049	44 949	140 441
Charge for 2013	2 793	1 250	105 339	41 055	150 437
Disposals	-	-	(7 628)	-	(7 628)
<b>31.12.2013</b>	<b>6 798</b>	<b>5 688</b>	<b>184 760</b>	<b>86 004</b>	<b>283 250</b>
<b>Net book value</b>					
<b>31.12.2013</b>	<b>2 606</b>	<b>20 312</b>	<b>205 489</b>	<b>87 730</b>	<b>316 137</b>
<b>Net book value</b>					
<b>31.12.2012</b>	<b>3 630</b>	<b>21 562</b>	<b>180 183</b>	<b>70 845</b>	<b>276 220</b>

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Notes (continued)

**(10) Intangible and Fixed asset (continued)**

	Concessions, patents, trade marks and similar rights EUR	Land and buildings EUR	Other fixed assets and inventory EUR	Leasehold improvements EUR	Total EUR
<b>Cost</b>					
<b>31.12.2012</b>	10 864	36 995	380 237	164 760	592 856
Additions	2 517	-	191 658	82 441	276 616
Disposals	-	-	(16 621)	-	(16 621)
<b>31.12.2013</b>	<b>13 381</b>	<b>36 995</b>	<b>555 274</b>	<b>247 201</b>	<b>852 851</b>
<b>Depreciation</b>					
<b>31.12.2012</b>	5 699	6 314	123 860	63 957	199 830
Charge for 2013	3 974	1 779	149 884	58 416	214 053
Disposals	-	-	(10 854)	-	(10 854)
<b>31.12.2013</b>	<b>9 673</b>	<b>8 093</b>	<b>262 890</b>	<b>122 373</b>	<b>403 029</b>
<b>Net book value</b>					
<b>31.12.2013</b>	<b>3 708</b>	<b>28 902</b>	<b>292 384</b>	<b>124 828</b>	<b>449 822</b>
<b>Net book value</b>					
<b>31.12.2012</b>	<b>5 165</b>	<b>30 681</b>	<b>256 377</b>	<b>100 803</b>	<b>393 026</b>

The cadastral value of freehold land (cadastral number 0900010035001) in Jelgava on Pasta Street 26 as at 31 December 2013 is Ls 5 085 (7 235 EUR) (2012: Ls 5 085 (7 235 EUR)).

As at 31 December 2013 the residual value of the fixed assets acquired under the terms of financial lease was Ls 49 168 (69 960 EUR) (31.12.2012: Ls 35 092 (49 931 EUR)). The ownership of those fixed assets will be transferred to the Group only after settlement of all lease liabilities.

**(11) Loans to shareholders and management**

	Agris Evertovskis		Edgars Bilinskis		Total	
	Ls	EUR	Ls	EUR	Ls	EUR
<b>31.12.2012.</b>	<b>644 953</b>	<b>917 685</b>	<b>450 391</b>	<b>640 849</b>	<b>1 095 344</b>	<b>1 558 534</b>
Issued in 2013	207 783	295 649	130 138	185 170	337 921	480 819
Interest charge capitalised	67 249	95 687	47 025	66 910	114 274	162 597
Cessation of loans*	(829 420)	(1 180 158)	(535 465)	(761 899)	(1 364 885)	(1 942 057)
Loans repaid	(90 565)	(128 863)	(92 089)	(131 030)	(182 654)	(259 893)
<b>31.12.2013.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	SIA AE Consulting		SIA Eblity		Total	
	Ls	EUR	Ls	EUR	Ls	EUR
<b>31.12.2012.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loans assigned under cessation agreement*	829 420	1 180 158	535 465	761 899	1 364 885	1 942 057
<b>31.12.2013.</b>	<b>829 420</b>	<b>1 180 158</b>	<b>535 465</b>	<b>761 899</b>	<b>1 364 885</b>	<b>1 942 057</b>

Interest on borrowing is 5.1% per annum.

\* According to the loan agreement renewal agreements concluded on 30 December 2013, the loan agreement rights and obligations of Agris Evertovskis pass to SIA AE Consulting and the loan agreement rights and obligations of Edgars Bilinskis pass to SIA Eblity. The loan maturity - 31 December 2017. All receivables from shareholders and management are Ls denominated.

**(12) Deferred tax asset**

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Deferred tax asset at the beginning of the reporting year	-	-	-	-
Increase of deferred tax asset during the reporting year (see Note 9)	18 826	-	26 788	-
<b>Deferred tax asset at the end of the reporting year</b>	<b>18 826</b>	<b>-</b>	<b>26 788</b>	<b>-</b>

Deferred tax has been calculated from the following temporary differences between assets and liabilities values for financial and tax purposes:

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Temporary difference on fixed assets depreciation	10 119	10 598	14 398	15 080
Temporary difference on provisions for unused annual leave and bonuses	(16 969)	(8 052)	(24 145)	(11 457)
Temporary difference on provisions for slow moving and obsolete stock	(11 976)	(6 912)	(17 041)	(9 835)
Deferred tax asset not recognised	-	4 366	-	6 212
<b>Deferred tax asset</b>	<b>(18 826)</b>	<b>-</b>	<b>(26 788)</b>	<b>-</b>

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Notes (continued)

**(13) Stock**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Goods for sale and pledges taken over	550 372	467 415	783 109	665 072
Gold scrap	240 974	258 946	342 875	368 447
Provisions for slow moving stock and stock value decrease	(79 841)	(44 077)	(113 604)	(62 716)
	<b>711 505</b>	<b>682 284</b>	<b>1 012 380</b>	<b>970 803</b>

**(13a) Age analysis of finished goods and goods for sale**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Outstanding for 0-180 days	587 403	494 487	835 799	703 592
Outstanding for 181-360 days	71 874	78 809	102 268	112 135
Outstanding for more than 360 days	132 069	153 065	187 917	217 792
<b>Total stock</b>	<b>791 346</b>	<b>726 361</b>	<b>1 125 984</b>	<b>1 033 519</b>

**(13b) Provision for obsolete stock**

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
<b>Provisions for obsolete stock at the beginning of the year</b>	44 077	29 725	62 716	42 295
Written-off	(17 612)	(16 177)	(25 059)	(23 018)
Additional provisions	53 376	30 529	75 947	43 439
<b>Provisions for obsolete stock at the end of the year</b>	<b>79 841</b>	<b>44 077</b>	<b>113 604</b>	<b>62 716</b>

**(14) Loans and receivables**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
<b>Long-term loans and receivables</b>				
Debtors for loans issued against pledge	161 276	86 688	229 475	123 346
Debtors for loans issued without pledge	47 955	52 769	68 234	75 083
<b>Long-term loans and receivables, total</b>	<b>209 231</b>	<b>139 457</b>	<b>297 709</b>	<b>198 429</b>
<b>Short-term loans and receivables</b>				
Debtors for loans issued against pledge	1 171 538	1 147 423	1 666 949	1 632 635
Debtors for loans issued without pledge	2 128 642	1 364 888	3 028 785	1 942 061
Interest accrued	324 922	218 458	462 322	310 838
Provisions for bad and doubtful trade debtors	(390 471)	(315 541)	(555 590)	(448 974)
<b>Short-term loans and receivables, total</b>	<b>3 234 631</b>	<b>2 415 228</b>	<b>4 602 466</b>	<b>3 436 560</b>
<b>Loans and receivables</b>	<b>3 443 862</b>	<b>2 554 685</b>	<b>4 900 175</b>	<b>3 634 989</b>

On 1 November 2013 was concluded the agreement with SIA "ExpressInkasso about the cessation of the bad receivables in amount of Ls 1 102 404 (1 568 580 EUR), the amount of compensation- Ls 251 311.15 (357 583.55 EUR). Losses from the cessation of the loans are recognized in the current year income statement (see Note 8).

Debtors balances in the total amount of Ls 1 332 814 (1 896 423 EUR) (31.12.2012: Ls 1 234 111 (1 755 982 EUR)) are secured by the pledged object value.

As the debtors balances of loans issued against pledges are secured by pledges, the estimated value of which is approximately 1.5 times the balance sheet value of the debtors, then no provisions for debts overdue are made. All the pledges received for such debts become the property of the Group upon breach of the term of the repayment by the client and are available for sale in the Group's shops.

All loans and receivables are Ls denominated.

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Notes (continued)

**(14) Loans and receivables (continued)**

**Age analysis of trade receivables:**

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Receivables not yet due	2 623 724	1 954 571	3 733 223	2 781 104
Outstanding 1-30 days	292 810	247 125	416 631	351 627
Outstanding 31-90 days	296 960	224 560	422 536	319 520
Outstanding 91-180 days	305 116	201 565	434 141	286 801
Outstanding for 181-360 days	182 636	218 844	259 868	311 387
Outstanding for more than 360 days	133 087	23 561	189 366	33 524
<b>Total trade receivables</b>	<b>3 834 333</b>	<b>2 870 226</b>	<b>5 455 765</b>	<b>4 083 963</b>

**Provisions for bad and doubtful trade and other receivables**

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
<b>Provisions for bad and doubtful receivables at the beginning of the year</b>	315 541	15 573	448 974	22 158
Written-off	(3 960)	(22 905)	(5 634)	(32 591)
Additional provisions	78 890	322 873	112 250	459 407
<b>Provisions for bad and doubtful receivables at the end of the year</b>	<b>390 471</b>	<b>315 541</b>	<b>555 590</b>	<b>448 974</b>

**(15) Receivables from affiliated companies**

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Debts for goods and fixed assets sold	146	146	208	208
ExpressCreditEesti OU liability for loan issued and loan interest	348 374	193 334	495 691	275 089
SIA A.Kredits liability for loan issued and loan interest	11 921	57 556	16 962	81 895
AS Naudasklubs liability for loan issued and loan interest	83	-	118	-
	<b>360 524</b>	<b>251 036</b>	<b>512 979</b>	<b>357 192</b>

As at the date of signing of the annual accounts the related company ExpressCreditEesti OU has settled its liabilities in amount of Ls 181 950 (258 891 EUR). The loan maturity - 2014. Interest on loan is 5.1% per annum.

**Receivables from affiliated companies by currency, translated into Ls:**

	31.12.2013. Ls	31.12.2013. %	31.12.2012. Ls	31.12.2012. %
LVL	12 150	3.37%	33 512	13.35%
EUR	348 374	96.63%	217 524	86.65%
<b>Total receivables from affiliated companies</b>	<b>360 524</b>	<b>100%</b>	<b>251 036</b>	<b>100%</b>

**Receivables from affiliated companies by currency, translated into EUR:**

	31.12.2013. EUR	31.12.2013. %	31.12.2012. EUR	31.12.2012. %
LVL	17 287	3.37%	47 683	13.35%
EUR	495 692	96.63%	309 509	86.65%
<b>Total receivables from affiliated companies</b>	<b>512 979</b>	<b>100%</b>	<b>357 192</b>	<b>100%</b>

**Age analysis of receivables from affiliated companies**

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Receivables not yet due	360 378	222 778	512 770	316 984
Outstanding for 1-30 days	-	28 112	-	40 000
Outstanding for 31-90 days	-	-	-	-
Outstanding for 91-180 days	-	-	-	-
Outstanding for 181-360 days	146	146	209	208
Outstanding for more than 360 days	-	-	-	-
<b>Total receivables from affiliated companies</b>	<b>360 524</b>	<b>251 036</b>	<b>512 979</b>	<b>357 192</b>



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Notes (continued)

**(16) Other debtors**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Loans to employees and other third parties	6 552	38 237	9 323	54 406
Guarantee deposit	41 656	51 803	59 271	73 709
Other debtors*	482 570	17 364	686 635	24 707
<b>Total other debtors</b>	<b>530 778</b>	<b>107 404</b>	<b>755 229</b>	<b>152 822</b>

Loan interest varies from 4 to 12% per annum. The loan maturity- 1 year.

\*Other receivables include accounts receivable related the contracts in connection with the realization of gold scrap.

**Other debtors by currency, translated into Ls:**

	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
	Ls	%	Ls	%
LVL	527 063	99.30%	104 272	97.08%
EUR	2 811	0.53%	1 406	1.31%
USD	904	0.17%	1 726	1.61%
<b>Total other debtors</b>	<b>530 778</b>	<b>100%</b>	<b>107 404</b>	<b>100%</b>

**Other debtors by currency, translated into EUR:**

	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
	EUR	%	EUR	%
LVL	749 943	99.30%	148 366	97.08%
EUR	4 000	0.53%	2 000	1.31%
USD	1 286	0.17%	2 456	1.61%
<b>Total other debtors</b>	<b>755 229</b>	<b>100%</b>	<b>152 822</b>	<b>100%</b>

**Age analysis of other debtors**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Repayable upon request	30 912	63 142	43 984	89 844
Receivables not yet due	498 145	26 032	708 796	37 040
Outstanding for 1-30 days	91	18 113	129	25 772
Outstanding for 31-90 days	-	-	-	-
Outstanding for 91-180 days	-	-	-	-
Outstanding for 181-360 days	1 020	-	1 451	-
Outstanding for more than 360 days	610	117	869	166
<b>Total other debtors</b>	<b>530 778</b>	<b>107 404</b>	<b>755 229</b>	<b>152 822</b>

**(17) Short term loans to shareholders and management**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
*Loan interest accrued	-	93 380	-	132 868
	-	<b>93 380</b>	-	<b>132 868</b>

\*For loan principal see Note 11. All claims against the owners and management of the company are denominated in lats.

**(18) Deferred expenses**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Insurance	3 994	3 057	5 683	4 350
License for lending services	11 148	8 329	15 863	11 851
Prepayment for rent and other costs	5 305	4 758	7 548	6 770
<b>Total deferred expenses</b>	<b>20 447</b>	<b>16 144</b>	<b>29 094</b>	<b>22 971</b>

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Notes (continued)

**(19) Cash and bank**

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Cash at bank	444 316	11 004	632 205	15 657
Blocked amount for delivery of Euro Starter Kits	(148 784)	-	(211 700)	-
Received Euro Starter Kits	148 784	-	211 700	-
Cash in hand	111 524	89 208	158 684	126 932
	<b>555 840</b>	<b>100 212</b>	<b>790 889</b>	<b>142 589</b>

**Cash and bank by currency, translated into Ls:**

	31.12.2013. Ls	31.12.2013. %	31.12.2012. Ls	31.12.2012. %
LVL	356 755	64.18%	99 457	99.25%
EUR	199 085	35.82%	755	0.75%
<b>Cash and bank total</b>	<b>555 840</b>	<b>100%</b>	<b>100 212</b>	<b>100%</b>

**Cash and bank by currency, translated into EUR:**

	31.12.2013. Ls	31.12.2013. %	31.12.2012. Ls	31.12.2012. %
LVL	507 617	64.18%	141 515	99.25%
EUR	283 272	35.82%	1 074	0.75%
<b>Cash and bank total</b>	<b>790 889</b>	<b>100%</b>	<b>142 589</b>	<b>100%</b>

**(20) Share capital**

As at 31 December 2013 the subscribed and fully paid share capital consists of 300 000 ordinary shares with a nominal value of Ls 1 each.

On 30 October 2013 the shares owned by Edgars Bilinskis were sold to SIA „Ebility, reg. No. 40104720891 and the shares owned by Agris Evertovskis were sold to SIA "AE Consulting", reg. No. 40003870736.

**(21) Bonds issued**

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Bonds issued	2 220 861	-	3 160 000	-
Bonds commission	(36 412)	-	(51 809)	-
<b>Total long-term part of bonds issued</b>	<b>2 184 449</b>	<b>-</b>	<b>3 108 191</b>	<b>-</b>
Bonds issued	702 804	-	1 000 000	-
Bonds commission	(17 717)	-	(25 209)	-
Interest accrued	7 152	-	10 176	-
<b>Total short-term part of bonds issued</b>	<b>692 239</b>	<b>-</b>	<b>984 967</b>	<b>-</b>
<b>Bonds issued, total</b>	<b>2 923 665</b>	<b>-</b>	<b>4 160 000</b>	<b>-</b>
<b>Interest accrued, total</b>	<b>7 152</b>	<b>-</b>	<b>10 176</b>	<b>-</b>
<b>Bonds commission, total</b>	<b>(54 129)</b>	<b>-</b>	<b>(77 018)</b>	<b>-</b>
<b>Bonds issued net</b>	<b>2 876 688</b>	<b>-</b>	<b>4 093 158</b>	<b>-</b>

On 1 November 2013 the parent company signed bonds issue regulations with "Baltikums Bank" AS. As at the date of signing of these financial statements the bonds emission in the total value of 4 160 000 EUR has been placed, the number of financial instruments issued - 5 000 with the nominal value of EUR 1 000, and the total nominal value of EUR 5 000 000.00. The coupon rate – 14% p.a., coupon payable one a month (25 date). The principal is repayable on a monthly basis in the amount of EUR 50 of each bond. The maturity of the bonds issue: 25 November 2018.

The bonds are secured by the commercial pledge of the total assets and shares of the Group, as well as future components of these assets. The bonds are also secured by the financial pledge of the cash assets and financial instruments (if existent) of the Group held at AS Reģionālā investīciju banka". The bond holders have the rights to recover their assets proportionately to their share of investment in case of pledge realisation if the parent company has breached the conditions of coupon payment or principal repayment.

The following pledge agreements with the total pledge value of EUR 6 million are concluded. The secured amount of each pledge – in the total value of the pledge amount:

- with the parent company on 100% shares of SIA EkspressInkasso;
- with the parent company and its subsidiary on aggregate movable property and future components of these assets;
- with the parent company on aggregate movable property and future components of these assets. Leased vehicles are excluded from the pledge listing.

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**(21) Bonds issued (continued)**

	Gross future minimum payments 31.12.2013 Ls	NPV of future minimum payments 31.12.2013 Ls	Interest expenses 31.12.2013 Ls	Gross future minimum payments 31.12.2012 Ls	NPV of future minimum payments 31.12.2012 Ls	Interest expenses 31.12.2012 Ls
<b>Term:</b>						
up to one year	1 300 721	702 804	597 917	-	-	-
2 – 5 years	3 454 611	2 220 861	1 233 750	-	-	-
	<b>4 755 332</b>	<b>2 923 665</b>	<b>1 831 667</b>	-	-	-
	Gross future minimum payments 31.12.2013 EUR	NPV of future minimum payments 31.12.2013 EUR	Interest expenses 31.12.2013 EUR	Gross future minimum payments 31.12.2012 EUR	NPV of future minimum payments 31.12.2012 EUR	Interest expenses 31.12.2012 EUR
<b>Term:</b>						
up to one year	1 850 759	1 000 000	850 759	-	-	-
2 – 5 years	4 915 469	3 160 000	1 755 468	-	-	-
	<b>6 766 228</b>	<b>4 160 000</b>	<b>2 606 227</b>	-	-	-

**(22) Loans from credit institutions**

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Short-term loan from AS Citadele Bank	-	477 250	-	679 065
Accrued interest	-	1 054	-	1 500
<b>Total loans from credit institutions</b>	-	<b>478 304</b>	-	<b>680 565</b>

The loan from AS „Citadele banka” was repaid on 4 January 2013.

**(23) Other borrowings**

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Long-term finance lease	33 607	21 981	47 818	31 276
Other long-term loans	495 670	1 672 895	705 276	2 380 315
<b>Total other long-term loans</b>	<b>529 277</b>	<b>1 694 876</b>	<b>753 094</b>	<b>2 411 591</b>
Short-term finance lease	10 765	7 214	15 317	10 265
Other short-term loans	614 284	-	874 048	-
Interest accrued on other loans	3 349	46 149	4 765	65 664
<b>Total other short-term loans</b>	<b>628 398</b>	<b>53 363</b>	<b>894 130</b>	<b>75 929</b>
<b>Total other loans</b>	<b>1 157 675</b>	<b>1 748 239</b>	<b>1 647 224</b>	<b>2 487 520</b>

The parent company has acquired fixed assets on finance lease. As at 31 December 2013 the interest rate was set as 3 M Euribor + 5.5%. See Note 10 on balance sheet values of fixed assets acquired under the finance lease conditions.

The parent company has received loans from private individuals and legal entities. The interest is charged from 0 to 24 % p.a. The loans are received without security granted.

**Total future minimum lease payments – present value and interest expense for other borrowings and borrowings from affiliated companies:**

	Gross future minimum payments 31.12.2013 Ls	NPV of future minimum payments 31.12.2013 Ls	Interest expenses 31.12.2013 Ls	Gross future minimum payments 31.12.2012 Ls	NPV of future minimum payments 31.12.2012 Ls	Interest expenses 31.12.2012 Ls
<b>Term:</b>						
up to one year	641 922	625 049	16 873	9 142	7 214	1 928
2 – 5 years	610 437	529 277	81 160	2 415 958	1 694 876	721 082
	<b>1 252 359</b>	<b>1 154 326</b>	<b>98 033</b>	<b>2 425 100</b>	<b>1 702 090</b>	<b>723 010</b>

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Notes (continued)

**(23) Other borrowings (continued)**

Total future minimum lease payments – present value and interest expense for other borrowings and borrowings from affiliated companies:

Term:	Gross future	NPV of future	Interest	Gross future	NPV of future	Interest
	minimum	minimum	expenses	minimum	minimum	expenses
	payments	payments		payments	payments	
	31.12.2013	31.12.2013	31.12.2013	31.12.2012	31.12.2012	31.12.2012
	EUR	EUR	EUR	EUR	EUR	EUR
up to one year	913 373	889 364	24 009	13 008	10 265	2 743
2 – 5 years	868 574	753 094	115 480	3 437 599	2 411 591	1 026 008
	<b>1 781 947</b>	<b>1 642 458</b>	<b>139 489</b>	<b>3 450 607</b>	<b>2 421 856</b>	<b>1 028 751</b>

**(24) Accounts payable to affiliated companies**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Loans from Infrastructure Investments, SIA	-	1 100 117	-	1 565 326
Interest accrued	-	75 123	-	106 890
Loan from ABS Holding Limited	1 451 009	-	2 064 600	-
Interest accrued on ABS Holding Limited loan	18 884	-	26 869	-
<b>Total liabilities to related parties</b>	<b>1 469 893</b>	<b>1 175 240</b>	<b>2 091 469</b>	<b>1 672 216</b>

On 22 January 2013 the parent company has fully covered its liabilities to its majority shareholder AS „Infrastructure Investments”.

On 13 February 2014 the parent company has fully covered its liabilities to ABS Holding Limited.

**(25) Trade creditors and accrued liabilities**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Debts to suppliers	34 887	241 342	49 641	343 398
Salaries	95 038	60 605	135 226	86 233
Vacation accrual	113 127	44 776	160 965	63 711
Vacation liabilities paid out as at the date of signing of these financial statements	9 777	29 687	13 911	42 241
Bonus accrual	-	8 905	-	12 671
Other liabilities	33 367	29 809	47 477	42 414
	<b>286 196</b>	<b>415 124</b>	<b>407 220</b>	<b>590 668</b>

**Trade creditors by currency, translated into Ls:**

	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012
	Ls	%	Ls	%
LVL	253 657	88.63%	413 924	99.71%
EUR	32 179	11.24%	296	0.07%
USD	-	-	904	0.22%
GBP	360	0.13%	-	-
<b>Total trade creditors and accrued liabilities</b>	<b>286 196</b>	<b>100 %</b>	<b>415 124</b>	<b>100 %</b>

**Age analysis of trade creditors:**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Receivables not yet due	270 207	328 892	384 469	467 972
Outstanding for 0-30 days	15 954	46 775	22 701	66 554
Outstanding for more than 30 days	35	39 457	50	56 142
<b>Total trade creditors and accrued liabilities</b>	<b>286 196</b>	<b>415 124</b>	<b>407 220</b>	<b>590 668</b>

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Notes (continued)

(26) Taxes and social insurance	VAT	Corporate income tax	Real estate tax*	Business risk charge	Social insurance	Payroll tax	Vehicles tax	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls	Ls
<b>Liabilities</b>								
<b>31.12.2012.</b>	<b>33 166</b>	<b>137 351</b>	-	<b>60</b>	<b>73 870</b>	<b>41 533</b>	<b>969</b>	<b>286 949</b>
Charge for 2013	165 315	159 520	149	832	643 054	367 306	8 191	1 344 367
Penalties calculated for 2013	1 621	5 581	-	2	4 348	8 490	-	20 042
Transferred to other taxes	4 532	-	-	-	(4 532)	-	-	-
Paid in 2013	(187 505)	(279 650)	(149)	(828)	(605 950)	(318 319)	(7 510)	(1 399 911)
<b>Liabilities</b>								
<b>31.12.2013.</b>	<b>17 129</b>	<b>22 802</b>	-	<b>66</b>	<b>110 790</b>	<b>99 010</b>	<b>1 650</b>	<b>251 447</b>
	VAT	Corporate income tax	Real estate tax*	Business risk charge	Social insurance	Payroll tax	Vehicles tax	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Liabilities</b>								
<b>31.12.2012.</b>	<b>47 191</b>	<b>195 433</b>	-	<b>85</b>	<b>105 109</b>	<b>59 096</b>	<b>1 378</b>	<b>408 292</b>
Charge for 2013	235 222	226 977	212	1 184	914 983	522 629	11 655	1 912 862
Penalties calculated for 2013	2 306	7 941	-	3	6 187	12 080	-	28 517
Transferred to other taxes	6 448	-	-	-	(6 448)	-	-	-
Paid in 2013	(266 796)	(397 906)	(212)	(1 178)	(862 190)	(452 927)	(10 685)	(1 991 894)
<b>Liabilities</b>								
<b>31.12.2013.</b>	<b>24 371</b>	<b>32 445</b>	-	<b>94</b>	<b>157 641</b>	<b>140 878</b>	<b>2 348</b>	<b>357 777</b>

\* Real estate tax payments are performed also for the leased premises in Riga, Gogoļa street.

(27) Average number of employees

	2013	2012
Average number of employees during the reporting year:	<u>277</u>	<u>196</u>

(28) Management remuneration

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Parent company's Board members' remuneration				
· salary expenses	18 022	21 384	25 643	30 426
· social insurance	4 342	5 152	6 178	7 331
	<u>22 364</u>	<u>26 536</u>	<u>31 821</u>	<u>37 757</u>

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Notes (continued)

**(29) Information by segment and revenue**

Based on the nature of the services the Group's operations can be divided as follows.

Ls	Sale of pledges taken over		Secured loans		Non-secured loans		Other activities		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Assets	1 360 753	987 710	1 567 928	1 398 959	2 668 714	1 478 165	1 725 409	1 301 881	7 322 804
Liabilities of the segment	120 104	203 042	1 618 229	1 414 166	2 710 644	1 422 048	1 592 924	1 059 754	6 041 901	4 099 010
Income	1 204 001	3 567 053	2 033 719	1 670 121	3 039 570	1 303 055	61 607	93 380	6 338 897	6 633 609
Net performance of the segment	167 739	264 722	352 133	565 229	(167 813)	166 745	(83 615)	(419 236)	268 444	577 460
Net financial income (expenses)	(1948)	-	(325 338)	95 325	(569 010)	108 731	(105 424)	84 606	(1 001 720)	288 662
Profit/(loss) before taxes	254 420	349 408	534 102	746 047	(253 381)	220 087	(126 824)	(553 351)	408 137	762 191
Corporate income tax	(86 681)	(84 685)	(181 969)	(180 818)	85 568	(53 342)	43 209	134 115	(139 873)	(184 730)

**Other information**

Fixed assets and intangible assets (NBV)	105 379	92 073	105 379	92 073	105 379	92 073	-	-	316 137	276 219
Depreciation and amortisation during the reporting period	(36 461)	18 011	(36 461)	25 050	(36 460)	19 544	-	-	(109 382)	62 605
Loans issued	-	-	1 171 538	1 234 111	2 272 324	1 407 672	1 725 410	1 124 689	5 169 272	3 766 472
Loans received	-	-	1 447 535	1 138 777	2 463 797	1 203 252	1 592 924	1 059 754	5 504 256	3 401 783

Based on the nature of the services the Group's operations can be divided as follows.

EUR	Sale of pledges taken over		Secured loans		Non-secured loans		Other activities		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Assets	1 936 177	1 405 385	2 230 961	1 990 540	3 797 238	2 103 239	2 455 036	1 852 411	10 419 412
Liabilities of the segment	170 892	288 903	2 302 532	2 012 177	3 856 899	2 023 392	2 266 527	1 507 894	8 596 850	5 832 366
Income	1 713 139	5 075 459	2 893 722	2 376 368	4 324 918	1 854 080	87 659	132 868	9 019 438	9 438 775
Net performance of the segment	238 670	376 665	501 040	804 248	(238 776)	237 257	(118 973)	(596 519)	381 961	821 651
Net financial income (expenses)	(2 772)	-	(462 915)	135 635	(809 628)	154 710	(150 004)	120 383	(1 425 319)	410 728
Profit/(loss) before taxes	362 007	497 163	759 959	1 061 529	(360 528)	313 156	(180 454)	(787 348)	580 984	1 084 500
Corporate income tax	(123 336)	(120 496)	(258 919)	(257 281)	121 752	(75 899)	61 481	190 828	(199 022)	(262 848)

**Other information**

Fixed assets and intangible assets (NBV)	149941	131 008	149 941	131 008	149 940	131 008	-	-	449 822	393 024
Depreciation and amortisation during the reporting period	51 879	25 627	51 879	35 643	51 879	27 809	-	-	155 637	89 079
Loans issued	-	-	1 666 949	1 755 982	3 233 226	2 002 937	2 455 037	1 600 288	7 355 212	5 359 207
Loans received	-	-	2 059 657	1 620 334	3 505 667	1 712 073	2 266 527	1 507 894	7 831 851	4 840 301

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Notes (continued)

**(30) Rent and lease agreements**

The parent company has concluded 98 rental agreements effective as at 31.12.2013. The term of the agreements varies from 1 to 10 years. The following schedule summarises future lease payment liabilities in accordance with the agreements concluded.

	31.12.2013 Ls	31.12.2012 Ls	31.12.2013. EUR	31.12.2012. EUR
< 1 year	39 574	16 460	56 309	23 420
2 – 4 years	1 118 767	686 902	1 591 862	977 373
5 years and more	452 361	1 289 129	643 651	1 834 266
	<b>1 610 702</b>	<b>1 992 491</b>	<b>2 291 822</b>	<b>2 835 059</b>

**(31) Related party transactions**

During the reporting period the Company had transactions with the following related parties

Related party	Transactions in 2013	Transactions in 2012
<b>Parent company (till 30.10.2013)</b>		
„Infrastructure Investments” AS, reg. No. 40103242023	X	X
<b>Companies and individuals under common control or significant influence</b>		
Agris Evertovskis, p.k. 081084-10631	X	X
Edgars Bilinskis, p.k.310782-10537	X	X
„AE Consulting” SIA, reg. No. 40003870736	X	NA
„Ebility” SIA, reg. No.40103720891	X	NA
<b>Subsidiary</b>		
„ExpressInkasso”SIA (iepriekš „Lombards24” SIA), reg. No. 40103211998,	X	NA
<b>Other related companies</b>		
ABS Holding LIMITED, C41264	X	-
„Greepharm” SIA (previously: SIA Zeltapaka), reg. No. 40103285499	N/A	X
„Heavyoil” SIA (previously: SIA Mobipaka), reg. No. 40103288565	N/A	X
„Naudasklubs” SIA, reg. No. 40103303597	X	X
„Inin 7” SIA, reg. No. 42103059064	X	N/A
LZKTN SIA („M.A.M. Tpašumi” SIA till 25.01.2013), reg. No. 42103050775	N/A	X
„A.Kredīts” SIA, reg. No. 40103501494	X	X
„ExpressCreditEesti” OU, reg. No. 12344733	X	X
„PH investcijas” SIA, reg. No. 42103057909	X	X

All the transactions have been performed at market rates.

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Notes (continued)

**(31) Related party transactions** (continued)

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
<b>Transactions with:</b>				
<b>Parent company (till 30.10.2013)</b>				
Interest paid	3 938	75 244	5 603	107 063
Loans received	25 000	533 492	35 571	759 091
Loans repaid	1 125 117	569 259	1 600 897	809 982
Dividends paid	29 780	26 934	42 373	38 324
<b>Companies and individuals under common control or significant influence</b>				
Cession of loans	1 364 885	-	1 942 056	-
Loans issued	337 921	998 166	480 818	1 420 262
Loans repaid	182 654	198 036	259 893	281 780
Dividends paid	28 612	-	40 711	-
Interest received	56 545	54 339	80 456	77 317
<b>Other related companies</b>				
Goods sold	12 037	192 746	17 127	274 253
Fixed assets sold	99	28 112	141	40 000
Services received	62 602	36 592	89 075	52 066
Services delivered	10 875	1 273	15 474	1 811
Loans issued	359 261	145 459	511 182	206 970
Loan repayment received	218 315	212 036	310 634	301 700
Loans received	3 401 963	3 850	4 840 557	5 478
Loans repaid	3 439 212	-	4 893 557	-
Interest received	4 292	21 544	6107	30 655
Interest paid	695 950	-	990 248	-
Shares sold	2 000	-	2 846	-

**(32) Subsequent events**

On 11 December 2013 the parent company signed the bond issue regulations and registered it in Latvian Central Depository with the following conditions: number of financial instruments 3 500 at par value of EUR 1 000 with a total nominal value of 3 500 000.00 EUR. Coupon rate - 15%, coupon is paid out monthly at 25th date. Principal amount is amortized on a quarterly basis in amount of 125.00 EUR for each bond, starting with 25 March 2019. The complete maturity date of the principal amount is 25 December 2020. As at the date of signing of these financial statements the emission in the value of 2 550 000 EUR has been placed. The money received on the bond issue was diverted to finance working capital and for the repayment of liabilities.

There are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Group as at 31 December 2013.