

INDEPENDENT AUDITORS' REPORT

To the Shareholders of SIA EXPRESSCREDIT

Report on the Financial Statements

We have audited the accompanying financial statements of SIA EXPRESSCREDIT set out on pages 6 to 32 of the accompanying annual report, which comprise the statement of financial position as of 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SIA EXPRESSCREDIT 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”

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

Translation from Latvian

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

TABLE OF CONTENTS

Information on the Company	3
Management report	4
Statement of management`s responsibility	5
Profit or loss account	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes	10 – 32
Auditors' report	33 – 34

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

Information on the Company

Name of the Company	ExpressCredit SIA (from 25.06.2012) Lombards24.LV SIA (till 25.06.2012)
Legal status of the Company	Limited liability company
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Address	Raunas street 44, Riga, LV-1039 Latvia
Operations as classified by NACE classification code system	NACE2 64.92 Other credit granting
Names and addresses of shareholders (till 30.10.2013)	AS „Infrastructure investments” (51%) 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
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

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

Management report

The Company's operations during the reporting year have been successful. Total revenues for the fiscal year increased by 44% to a record of Ls 9 610 189 (13 674 067 EUR). Moreover, after a rapid growth in the year 2012, the Company has been able to demonstrate the growth in the year 2013 as well.

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

- During 2013, the Loan portfolio of the Company has increased significantly – by 26% - and reached Ls 3.2 million (4.6 million EUR);
- As at 31 December 2013, the amount of the Company'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 Company'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 Company continued the work on development of the branch network, loan volume increase, and IT system development. As at 31 December 2013 the Company had 93 branches in 38 cities in Latvia (31.12.2012 88 branches in 33 cities). Further development of the Company 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 Company is exposed to interest rate risk mainly through its current and non-current borrowings. Part of its borrowings is at floating rate, therefore the Company is exposed to floating interest rate risk. Accurate application of the prudent strategies chosen has allowed the Company to successfully manage its the financial risks, particularly the liquidity and credit risk.

Distribution of profit

Board of the Company decided to pay dividends in amount of Ls 260 234 (370 280 EUR), ensuring equity and net debt ratio of no less than 1 to 4.

Post balance sheet events

On 11 December 2013 the 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 Company 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.

Agris Evertovskis
Chairman of the Board

Edgars Bilinskis
Member of the Board

Riga, 29 April 2014

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

Statement of management's responsibility

The management of SIA „ExpressCredit” (limited liability company) is responsible for the preparation of the consolidated financial statements.

Based on the information available to the Board of the limited liability company, 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 Company's assets, liabilities and financial position as at 31 December 2013 and its profit and cash flows for 2013.

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

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

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

Agris Evertovskis
Chairman of the Board

Edgars Bilinskis
Member of the Board

Riga, 29 April 2014

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

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	5 115 314	3 066 556	7 278 436	4 363 316
Interest expenses and similar expenses	4	(999 992)	(288 662)	(1 422 860)	(410 729)
Gross profit		5 321 870	3 728 946	7 572 339	5 305 812
Selling expenses	5	(3 090 788)	(1 953 186)	(4 397 795)	(2 779 133)
Administrative expenses	6	(934 170)	(467 411)	(1 329 204)	(665 066)
Other operating income	7	22 755	7 801	32 377	11 100
Other operating expenses	8	(920 318)	(553 959)	(1 309 495)	(788 213)
Profit before taxes		399 349	762 191	568 222	1 084 500
Corporate income tax for the reporting year	9	(157 941)	(184 731)	(224 730)	(262 848)
Deferred tax	9	18 826	-	26 788	-
Current year's profit		260 234	577 460	370 280	821 652
Earnings per share		0.87	1.93	0.87	1.93

Comprehensive income statement for 2013

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Current year's profit	260 234	577 460	370 280	821 652
Other comprehensive income	-	-	-	-
Total comprehensive income	260 234	577 460	370 280	821 652

Notes on pages from 10 to 32 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
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013
(TRANSLATION FROM LATVIAN)

Balance sheet as at 31 December 2013

	Note	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
Assets					
Long term investments					
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	11a,d	1 364 885	1 095 344	1 942 057	1 558 534
Participating interest in subsidiaries	11a,b,c	2 000	-	2 846	-
Deferred tax asset	12	18 826	-	26 787	-
Total long-term investments:		1 911 079	1 511 021	2 719 221	2 149 989
Current assets					
Finished goods and goods for sale	13	711 505	682 284	1 012 380	970 803
Loans and receivables	14	2 994 640	2 405 243	4 260 989	3 422 352
Receivables from affiliated companies	15	384 860	251 036	547 606	357 192
Other debtors	16	526 190	107 404	748 701	152 822
Short term loans to shareholders and management	17	-	93 380	-	132 868
Deferred expenses	18	17 978	16 144	25 581	22 971
Cash and bank	19	506 548	100 202	720 753	142 575
Total current assets:		5 141 721	3 655 693	7 316 010	5 201 583
Total assets		7 052 800	5 166 714	10 035 231	7 351 572
Liabilities					
Shareholders' funds:					
Share capital	20	300 000	300 000	426 861	426 861
Prior years' retained earnings		709 312	190 244	1 009 260	270 693
Current year's profit		260 234	577 460	370 280	821 652
Total shareholders' funds:		1 269 546	1 067 704	1 806 401	1 519 206
Creditors:					
Long-term creditors:					
Bonds issued	21	2 184 449	-	3 108 191	-
Other borrowings	22	529 277	1 694 876	753 094	2 411 591
Total long-term creditors:		2 713 726	1 694 876	3 861 285	2 411 591
Short-term creditors:					
Bonds issued	21	692 239	-	984 967	-
Loans from credit institutions	22	-	478 304	-	680 565
Other borrowings	23	373 697	53 363	531 723	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	284 479	414 501	404 778	589 782
Taxes and social insurance	26	249 220	282 726	354 608	402 283
Total short-term creditors:		3 069 528	2 404 134	4 367 545	3 420 775
Total liabilities and shareholders funds		7 052 800	5 166 714	10 035 231	7 351 572

Notes on pages from 10 to 32 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
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013
(TRANSLATION FROM LATVIAN)

Statement of changes in equity for the year ended 31 December 2013

	Share capital	Prior years' retained earnings	Current year's profit	Total
	Ls	Ls	Ls	Ls
As at 31 December 2011	300 000	67 014	176 042	543 056
Dividends paid	-	(52 812)	-	(52 812)
Profit transfer	-	176 042	(176 042)	-
Profit for the year	-	-	577 460	577 460
As at 31 December 2012	300 000	190 244	577 460	1 067 704
Dividends paid	-	(58 392)	-	(58 392)
Profit transfer	-	577 460	(577 460)	-
Profit for the year	-	-	260 234	260 234
As at 31 December 2013	300 000	709 312	260 234	1 269 546

	Share capital	Prior years' retained earnings	Current year's profit	Total
	EUR	EUR	EUR	EUR
As at 31 December 2011	426 861	95 352	250 485	772 698
Dividends paid	-	(75 144)	-	(75 144)
Profit transfer	-	250 485	(250 485)	-
Profit for the year	-	-	821 652	821 652
As at 31 December 2012	426 861	270 693	821 652	1 519 206
Dividends paid	-	(83 085)	-	(83 085)
Profit transfer	-	821 652	(821 652)	-
Profit for the year	-	-	370 280	370 280
As at 31 December 2013	426 861	1 009 260	370 280	1 806 401

Notes on pages from 10 to 32 are integral part of these financial statements.

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

Cash flow statement for the year ended 31 December 2013

	Note	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Cash flow from operating activities					
Profit before extraordinary items and taxes		399 349	762 191	568 222	1 084 500
<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) intangible assets amortisation		59 446	28 381	84 584	40 383
d) write-off of provisions		(8 905)	-	(12 671)	-
e) cessation results		851 093	524 674	1 210 996	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
Loss before adjustments of working capital and short-term liabilities		(2 668 570)	(1 389 370)	(3 797 035)	(1 976 894)
<u>Adjustments for:</u>					
a) increase in consumer loans issued and other debtors		(833 308)	(1 268 833)	(1 185 690)	(1 805 387)
b) stock increase		(47 193)	(70 870)	(67 150)	(100 839)
c) trade creditors' increase		(82 073)	154 376	(116 779)	219 657
Gross cash flow from operating activities		(3 631 144)	(2 574 697)	(5 166 654)	(3 663 463)
Corporate income tax payments		(271 149)	(94 517)	(385 810)	(134 486)
Interest income		5 098 441	2 869 258	7 254 428	4 082 586
Net cash flow from operating activities		1 196 148	200 044	1 701 964	284 637
Cash flow from investing activities					
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)	(968 512)	(2 045 964)	(1 378 068)
Assets held for sale		17 972	(86 347)	25 572	(122 861)
Net cash flow from investing activities		(1 587 430)	(1 207 601)	(2 258 709)	(1 718 261)
Cash flow from financing activities					
Loans received and bonds issued (net)		2 075 990	1 252 813	2 953 868	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)
Net cash flow from financing activities		797 628	993 006	1 134 923	1 412 920
Net cash flow of the reporting year		406 346	(14 551)	578 178	(20 704)
Cash and cash equivalents at the beginning of the reporting year		100 202	114 753	142 575	163 279
Cash and cash equivalents at the end of reporting year	20	506 548	100 202	720 753	142 575

Notes on pages from 10 to 32 are integral part of these financial statements.

EXPRESSCREDIT SIA
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.

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).

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

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”.

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

Notes (continued)
Accounting policies (continued)

(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.

(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:

	31.12.2013	31.12.2012
	LVL	LVL
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:

	years
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.

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

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:

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

Notes (continued)

Accounting policies (continued)

(m) Trade and other receivables (continued)

Days of delay	Provision made
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%

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.

Notes (continued)

Accounting policies (continued)

(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.

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

Notes (continued)

Accounting policies (continued)

(u) Financial risk management (continued)

(u1) Financial risk factors (continued)

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.

(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	5 275 991	3 354 580	7 507 059	4 773 137
Cash and bank	(506 548)	(100 202)	(720 753)	(142 575)
Net debts	4 769 443	3 254 378	6 786 306	4 630 563
Equity	1 269 546	1 067 704	1 806 401	1 519 206
Liabilities / equity ratio	4.16	3.15	4.16	3.15
Net liabilities / equity ratio	3.76	3.09	3.76	3.09

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

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 with the weighted-average number of shares outstanding during the year.

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

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
	4 494 875	3 567 053	6 395 631	5 075 459

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
	4 494 875	3 567 053	6 395 631	5 075 459

(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
	3 288 327	2 616 001	4 678 868	3 722 234

(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	2 483 397	789 159	3 533 555	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
	5 115 314	3 066 556	7 278 436	4 363 316

(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	857 211	236 014	1 219 701	335 818
Net loss on foreign exchange	8 721	12 437	12 409	17 696
	999 992	288 662	1 422 860	410 729

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

Notes (continued)

(5) Selling expenses

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Salary expenses	1 241 745	523 711	1 766 844	745 174
Social insurance	303 947	127 769	432 478	181 799
Vacation provisions	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	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	100 905	41 566	143 577	59 143
	3 090 788	1 953 186	4 397 795	2 779 133

(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	24 553	19 192	34 936	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
Reversed provisions for investments	(2 000)	-	(2 846)	-
Other administrative expenses	19 285	20 175	27 440	28 706
	934 170	467 411	1 329 204	665 066

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

(7) Other operating income

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Other income	22 755	7 801	32 377	11 100

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

Notes (continued)

(8) Other operating expenses

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Penalties paid	23 659	15 265	33 664	21 720
Other expenses	22 496	14 020	32 009	19 949
Donations	23 070	-	32 826	-
Loss on cessation (see Note 14)	851 093	524 674	1 210 996	746 544
	920 318	553 959	1 309 495	788 213

(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	157 941	184 731	224 730	262 848
	139 115	184 731	197 942	262 849

Corporate income tax differs from the theoretically calculated tax amount:

	399 349	762 191	568 222	1 084 500
Profit before taxation				
Theoretically calculated tax at a tax rate of 15 %	59 902	114 329	85 233	162 676
Expenses not deductible for tax purposes	102 871	67 665	146 372	96 278
Donations	(19 610)	-	(27 903)	-
Unrecognised deferred tax assets	(4 366)	2 737	(6 212)	3 894
Fixed assets correction	318	-	452	-
Tax charge	139 115	184 731	197 942	262 848

(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
Cost					
31.12.2012	7 635	26 000	267 232	115 794	416 661
Additions	1 769	-	134 698	57 940	194 407
Disposals	-	-	(11 681)	-	(11 681)
31.12.2013	9 404	26 000	390 249	173 734	599 387
Depreciation					
31.12.2012	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)
31.12.2013	6 798	5 688	184 760	86 004	283 250
Net book value					
31.12.2013	2 606	20 312	205 489	87 730	316 137
Net book value					
31.12.2012	3 630	21 562	180 183	70 845	276 220

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

Notes (continued)

(10) Intangible and Fixed asset (continued)

	Concessions, patents, trade marks and similar rights	Land and buildings	Other fixed assets and inventory	Leasehold improvements	Total
	EUR	EUR	EUR	EUR	EUR
Cost					
31.12.2012	10 864	36 995	380 237	164 760	592 856
Additions	2 517	-	191 658	82 441	276 616
Disposals	-	-	(16 621)	-	(16 621)
31.12.2013	13 381	36 995	555 274	247 201	852 851
Depreciation					
31.12.2012	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)
31.12.2013	9 673	8 093	262 890	122 373	403 029
Net book value					
31.12.2013	3 708	28 902	292 384	124 828	449 822
Net book value					
31.12.2012	5 165	30 681	256 377	100 803	393 026

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 Company only after settlement of all lease liabilities.

(11) Long-term financial investments

a) analysis of long-term financial investments movements

	Participating interest in subsidiaries	Loans to subsidiaries	Total
	Ls	Ls	Ls
Cost			
31.12.2012	2000	1 095 344	1 097 344
Loans issued	-	1 702 806	1 702 806
Loan interest capitalised	-	114 274	114 274
Loans repaid	-	(1 547 539)	(1 547 539)
31.12.2013.	2 000	1 364 885	1 366 885
Change in investment value			
31.12.2012.	(2 000)	-	(2 000)
Reversal of provision	2 000*	-	2 000
31.12.2013.	-	-	-
Net book value as at 31.12.2013	2 000	1 364 885	1 366 885
Net book value as at 31.12.2012	-	1 095 344	1 095 344
	Participating interest in subsidiaries	Loans to subsidiaries	Total
	EUR	EUR	EUR
Cost			
31.12.2012	2 846	1 558 534	1 561 380
Loans issued	-	2 422 876	2 422 876
Loan interest capitalised	-	162 597	162 597
Loans repaid	-	(2 201 950)	(2 201 950)
31.12.2013.	2 846	1 942 057	1 944 903
Change in investment value			
31.12.2012.	(2 846)	-	(2 846)
Reversal of provision	2 846*	-	2 846
31.12.2013.	-	-	-
Net book value as at 31.12.2013	2 846	1 942 057	1 944 903
Net book value as at 31.12.2012	-	1 558 534	1 558 534

*During the reporting year the subsidiary has started active debt recovery services and management of The Company believes that the provision for diminution in value is no more required.

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

Notes (continued)

(11) Long-term financial investments (continued)

b) participating interest in subsidiaries

Name	Acquisition price of subsidiaries				Participating interest in share capital of subsidiaries	
	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR	31.12.2013. %	31.12.2012. %
SIA ExpressInkasso from 04.09.2013; before – SIA Lombards 24)	2 000	2 000	2 846	2 846	100	100

During the year the Company has regained ownership and re-sold the subsidiary SIA "A.Kredīts" (100%).

c) information on subsidiaries

Name	Address	Shareholders' funds		Profit/(loss) for the period	
		31.12.2013. Ls	31.12.2012. Ls	2013 Ls	2012 Ls
SIA ExpressInkasso from 04.09.2013; before – SIA Lombards 24)	Raunas street 44k-1, LV-1039 Riga, Latvia	13 359	5 149	8 210	(70)

Name	Address	Shareholders' funds		Profit/(loss) for the period	
		31.12.2013. EUR	31.12.2012. EUR	2013 EUR	2012 EUR
SIA ExpressInkasso (from 04.09.2013; before – SIA Lombards 24)	Raunas street 44k-1, LV-1039 Riga, Latvia	19 008	7 326	11 682	(100)

Basic operations of SIA ExpressInkasso are debt collection services.

(d) Loans to shareholders and management

	Agris Evertovskis		Edgars Bilinskis		Total	
	Ls	EUR	Ls	EUR	Ls	EUR
31.12.2012.	644 953	917 685	450 391	640 849	1 095 344	1 558 534
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)
31.12.2013.	-	-	-	-	-	-

	SIA AE Consulting		SIA Ebility		Total	
	Ls	EUR	Ls	EUR	Ls	EUR
31.12.2012.	-	-	-	-	-	-
Loans assigned under cessation agreement*	829 420	1 180 158	535 465	761 899	1 364 885	1 942 057
31.12.2013.	829 420	1 180 158	535 465	761 899	1 364 885	1 942 057

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 Ebility. The loan maturity - 31 December 2017. All receivables from shareholders and management are Ls denominated.

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

Notes (continued)

(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	-	26 787	-
Deferred tax asset at the end of the reporting year	18 826	-	26 787	-

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)	(17 040)	(9 835)
Deferred tax asset not recognised	-	4 366	-	6 212
Deferred tax asset	(18 826)	-	(26 787)	-

(13) Stock

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. 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
Gross value of stock	791 346	726 361	1 125 984	1 033 519
Provisions for slow moving stock and stock value decrease	(79 841)	(44 077)	(113 604)	(62 716)
	711 505	682 284	1 012 380	970 803

*In 2012 annual report gold scrap was classified within balance sheet item „Assets held for sale“. Starting 2013 the Company reconsidered the adequacy of such classification and decided to include the respective balance within stock value. Comparatives in the value of Ls 258 946 or euro 368 447 were reclassified adequately.

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

	31.12.2013. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. 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
Total stock	791 346	726 361	1 125 984	1 033 519

(13b) Provision for obsolete stock

	2013 Ls	2012 Ls	2013 EUR	2012 EUR
Provisions for obsolete stock at the beginning of the year	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
Provisions for obsolete stock at the end of the year	79 841	44 077	113 604	62 716

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

Notes (continued)

(14) Loans and receivables

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Long-term loans and receivables				
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
Long-term loans and receivables, total	209 231	139 457	297 709	198 429
Short-term loans and receivables				
Debtors for loans issued against pledge	1 171 538	1 147 423	1 666 949	1 632 635
Debtors for loans issued without pledge	1 888 651	1 354 903	2 687 308	1 927 853
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)
Short-term loans and receivables, total	2 994 640	2 405 243	4 260 989	3 422 352
Loans and receivables	3 203 871	2 544 700	4 558 698	3 620 781

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 Company upon breach of the term of the repayment by the client and are available for sale in the Company's shops.

All loans and receivables are Ls denominated.

Age analysis of trade receivables:

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	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	296 869	214 575	422 407	305 313
Outstanding 91-180 days	301 140	201 565	428 484	286 801
Outstanding for 181-360 days	26 004	218 844	37 000	311 387
Outstanding for more than 360 days	53 795	23 561	76 543	33 524
Total trade receivables	3 594 342	2 860 241	5 114 288	4 069 756

Provisions for bad and doubtful trade and other receivables

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

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

Notes (continued)

(15) Receivables from affiliated companies

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	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.Kredīti liability for loan issued and loan interest	11 921	57 556	16 962	81 895
SIA ExpressInkasso debt for services	24 336	-	34 627	-
AS Naudasklubs liability for loan issued and loan interest	83	-	118	-
	384 860	251 036	547 606	357 192

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 LVL:

	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
	Ls	%	Ls	%
LVL	36 486	9.48%	33 512	13.45%
EUR	348 374	90.52%	217 524	86.55%
Total receivables from affiliated companies	384 860	100%	251 036	100%

Receivables from affiliated companies by currency, translated into EUR:

	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
	EUR	%	EUR	%
LVL	51 914	9.48%	47 683	13.45%
EUR	495 692	90.52%	309 509	86.55%
Total receivables from affiliated companies	547 606	100%	357 192	100%

Age analysis of receivables from affiliated companies

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	EUR
Receivables not yet due	384 714	222 778	547 397	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	-	-	-	-
Total receivables from affiliated companies	384 860	251 036	547 606	357 192

(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*	477 982	17 364	680 107	24 707
	526 190	107 404	748 701	152 822

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.

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

Notes (continued)

(16) Other debtors (continued)

Other debtors by currency, translated into Ls:

	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
	Ls	%	Ls	%
LVL	522 475	99.29	104 272	97.08%
EUR	2 811	0.54	1 406	1.31%
USD	904	0.17	1 726	1.61%
Total other debtors	526 190	100%	107 404	100%

Other debtors by currency, translated into EUR:

	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
	EUR	%	EUR	%
LVL	743 415	99.29	148 366	97.08%
EUR	4 000	0.54	2 000	1.31%
USD	1 286	0.17	2 456	1.61%
Total other debtors	748 701	100%	152 822	100%

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	493 917	26 032	702 781	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	250	117	356	166
Total other debtors	526 190	107 404	748 701	152 822

(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
	-	93 380	-	132 868

*For loan principal see Note 11 d.

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	8 679	8 329	12 350	11 851
Prepayment for rent and other costs	5 305	4 758	7 548	6 770
Total deferred expenses	17 978	16 144	25 581	22 971

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

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	395 034	10 994	562 083	15 643
Blocked amount for delivery of Euro Starter Kits	(148 784)	-	(211 700)	-
Received Euro Starter Kits	148 784	-	211 700	-
Cash in hand	111 514	89 208	158 670	126 932
	506 548	100 202	720 753	142 575

Cash and bank by currency, translated into Ls:

	31.12.2013. Ls	31.12.2013. %	31.12.2012. Ls	31.12.2012. %
LVL	356 659	70.41%	99 447	99.25%
EUR	149 889	29.59%	755	0.75%
Cash and bank total	506 548	100%	100 202	100%

Cash and bank by currency, translated into EUR:

	31.12.2013. Ls	31.12.2013. %	31.12.2012. Ls	31.12.2012. %
LVL	507 480	70.41%	141 501	99.25%
EUR	213 273	29.59%	1 074	0.75%
Cash and bank total	720 753	100%	142 575	100%

(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)	-
Total long-term part of bonds issued	2 184 449	-	3 108 191	-
Bonds issued	702 804	-	1 000 000	-
Bonds commission	(17 717)	-	(25 209)	-
Interest accrued	7 152	-	10 176	-
Total short-term part of bonds issued	692 239	-	984 967	-
Bonds issued, total	2 923 665	-	4 160 000	-
Interest accrued, total	7 152	-	10 176	-
Bonds commission, total	(54 129)	-	(77 018)	-
Bonds issued net	2 876 688	-	4 093 158	-

On 1 November 2013 the 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 Company and its subsidiary SIA EkspressInkasso 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 Company and its subsidiary SIA EkspressInkasso 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 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 Company and its subsidiary on 100 shares of SIA EkspressInkasso;
- with the Company and its subsidiary on aggregate movable property and future components of these assets;
- with the Company on aggregate movable property and future components of these assets. Leased vehicles are excluded from the pledge listing.

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

Notes (continued)

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

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
	Ls	Ls	Ls	Ls	Ls	Ls
up to one year	1 300 721	702 804	597 917	-	-	-
2 – 5 years	3 454 611	2 220 861	1 233 750	-	-	-
	4 755 332	2 923 665	1 831 667	-	-	-

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	1 850 759	1 000 000	850 759	-	-	-
2 – 5 years	4 915 469	3 160 000	1 755 468	-	-	-
	6 766 228	4 160 000	2 606 227	-	-	-

(22) **Loans from credit institutions**

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

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

(23) **Other borrowings**

	31.12.2013.	31.12.2012.	31.12.2013.	31.12.2012.
	Ls	Ls	EUR	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
Total other long-term loans	529 277	1 694 876	753 094	2 411 591
Short-term finance lease	10 765	7 214	15 317	10 265
Other short-term loans	361 275	-	514 048	-
Interest accrued on other loans	20 541	46 149	29 227	65 664
Total other short-term loans	373 697	53 363	531 723	75 929
Total other loans	902 974	1 748 239	1 284 817	2 487 520

The 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 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:

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
	Ls	Ls	Ls	Ls	Ls	Ls
up to one year	384 518	372 040	12 478	9 142	7 214	1 928
2 – 5 years	610 437	529 277	81 160	2 415 958	1 694 876	721 082
	994 955	901 317	93 638	2 425 100	1 702 090	723 010

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

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	547 120	529 365	17 755	13 008	10 265	2 743
2 – 5 years	868 574	753 094	115 480	3 437 599	2 411 591	1 026 008
	1 415 694	1 282 459	133 235	3 450 607	2 421 856	1 028 751

(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	-
Total short-term liabilities to related parties	1 469 893	1 175 240	2 091 469	1 672 216
Total liabilities to related parties	1 469 893	1 175 240	2 091 469	1 672 216

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

On 13 February 2014 the 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	240 719	49 641	342 512
Salaries	93 321	60 605	132 784	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
	284 479	414 501	404 778	589 782

* In 2012 accounts vacation accrual and bonus accrual unpaid as at the date of signing of the annual report was classified with the balance sheet items „Provisions”. Starting 2013 the Company reconsidered the adequacy of such classification and decided to include the respective balances within the balance sheet item „Trade creditors and accrued liabilities”.. Comparatives in the value of Ls 53 681 and euro 76 381 were reclassified adequately.

Trade creditors by currency, translated into Ls:

	31.12.2013.	31.12.2013.	31.12.2012.	31.12.2012.
	Ls	%	Ls	%
LVL	251 940	88.56%	413 301	99.71%
EUR	32 179	11.31%	296	0.07%
USD	-	-	904	0.22%
GBP	360	0.13%	-	-
Total trade creditors and accrued liabilities	284 479	100 %	414 501	100 %

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	268 490	328 269	382 027	467 086
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
Total trade creditors and accrued liabilities	284 479	414 501	404 778	589 782

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

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
Liabilities								
31.12.2012.	32 299	135 251	-	58	73 200	40 950	968	282 726
Charge for 2013	165 315	158 761	149	830	641 563	366 510	8 191	1 341 319
Penalties calculated for 2013	1 281	4 301	-	1	4 033	8 187	-	17 803
Transferred to other taxes	4 532	-	-	-	(4 532)	-	-	-
Paid in 2013	(186 297)	(276 270)	(149)	(824)	(604 445)	(317 134)	(7 509)	(1 392 628)
Liabilities								
31.12.2013.	17 130	22 043	-	65	109 819	98 513	1 650	249 220
	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
Liabilities								
31.12.2012.	45 957	192 445	-	83	104 154	58 267	1 377	402 283
Charge for 2013	235 222	225 896	212	1 181	912 862	521 498	11 655	1 908 526
Penalties calculated for 2013	1 824	6 120	-	1	5 738	11 648	-	25 331
Transferred to other taxes	6 448	-	-	-	(6 448)	-	-	-
Paid in 2013	(265 077)	(393 097)	(212)	(1 172)	(860 048)	(451 242)	(10 684)	(1 981 532)
Liabilities								
31.12.2013.	24 374	31 364	-	93	156 258	140 171	2 348	354 608

* 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. Ls	31.12.2012. Ls	31.12.2013. EUR	31.12.2012. EUR
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>

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

Notes (continued)

(29) Information by segment and revenue

Based on the nature of the services the Company'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	1 373 384	987 710	1 560 502	1 398 959	2 421 297	1 478 165	1 749 745	1 301 881	7 104 928
Liabilities of the segment	131 217	203 042	1 614 023	1 414 166	2 473 017	1 422 048	1 619 126	1 059 754	5 837 383	4 099 010
Income	1 206 548	3 567 053	1 707 136	1 670 121	2 513 044	1 303 055	12 037	93 380	5 438 765	6 633 609
Net performance of the segment	254 766	264 722	354 992	565 229	(144 961)	166 745	(82 747)	(419 236)	382 050	577 460
Net financial income (expenses)	-	-	(326 584)	95 325	(508 217)	108 731	(105 423)	84 606	(940 224)	288 662
Profit/(loss) before taxes	390 958	349 408	544 762	746 047	(222 453)	220 087	(126 982)	(553 351)	586 285	762 191
Corporate income tax	254 766	(84 685)	354 992	(180 818)	(144 961)	(53 342)	(82 747)	134 115	382 050	(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	1 823 102	1 407 672	1 749 745	1 124 689	4 744 385	3 766 472
Loans received	-	-	1 444 011	1 138 777	2 240 547	1 203 252	1 619 126	1 059 754	5 303 684	3 401 783
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	1 954 150	1 405 385	2 220 395	1 990 540	3 445 195	2 103 239	2 489 663	1 852 411	10 109 403
Liabilities of the segment	186 705	288 903	2 296 548	2 012 177	3 518 786	2 023 392	2 303 809	1 507 894	8 305 848	5 832 366
Income	1 716 763	5 075 459	2 429 035	2 376 368	3 575 740	1 854 080	17 127	132 868	7 738 665	9 438 775
Net performance of the segment	362 500	376 665	505 108	804 248	(206 261)	237 257	(117 739)	(596 519)	543 608	821 651
Net financial income (expenses)	-	-	(464 687)	135 635	(723 127)	154 710	(150 004)	120 383	(1 337 818)	410 728
Profit/(loss) before taxes	556 283	497 163	775 126	1 061 529	(316 522)	313 156	(180 679)	(787 348)	834 208	1 084 500
Corporate income tax	362 500	(120 496)	505 108	(257 281)	(206 261)	(75 899)	(117 739)	190 828	543 608	(262 848)
Other information										
Fixed assets and intangible assets (NBV)	149 941	131 008	149 941	131 008	149 941	131 008	-	-	449 823	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	2 594 040	2 002 937	2 489 663	1 600 288	6 750 652	5 359 207
Loans received	-	-	2 054 642	1 620 334	3 188 011	1 712 073	2 303 809	1 507 894	7 546 462	4 840 301

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

Notes (continued)

(30) Rent and lease agreements

The 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
	1 610 702	1 992 491	2 291 822	2 835 059

(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
Parent company (till 30.10.2013)		
„Infrastructure Investments” AS, reg. No. 40103242023	X	X
Companies and individuals under common control or significant influence		
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
Subsidiary		
„Expressinkasso”SIA (iepriekš „Lombards24” SIA), reg. No. 40103211998,	X	NA
Other related companies		
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. Ipašumi” 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 investīcijas” SIA, reg. No. 42103057909	X	X

All the transactions have been performed at market rates.

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

Notes (continued)

(32) Related party transactions (continued)

	2013	2012	2013	2012
	Ls	Ls	EUR	EUR
Transactions with:				
Parent company (till 30.10.2013)				
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
Companies and individuals under common control or significant influence				
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
Subsidiary				
Cession of loans issued to clients	251 311	-	357 583	-
Services received	29 568	-	42 071	-
Other related companies				
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	-

(33) Subsequent events

On 11 December 2013 the 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 Company as at 31 December 2013.