SIA "ExpressCredit"

Annual accounts for the year ended 31 December 2014 and Consolidated Annual accounts for the year ended 31 December 2014

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

Translation from Latvian

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Information on the Company

Name of the Company	ExpressCredit 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 (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 Kristaps Bergmanis - Member of the Board from 11.07.2014 Didzis Admidins - Member of the Board from 11.07.2014
Names and positions of Council members	Edgars Turlajs- Chairman of the Council till 02.07.2014. Ieva Judinska-Bandeniece – Chairman of the Council from 10.07.2014. Uldis Judinskis - Deputy Chairman of the Council from 27.06.2014. Ramona Tiltina - Member of the Council from 27.06.2014.
Financial year	1 January - 31 December 2014

Information on the Subsidiary

Subsidiary	SIA ExpressInkasso (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	22.10.2010
Number, place and date of registration of the subsidiary Address of the subsidiary	40103211998; Riga, 27 January 2009 Raunas Street 44 k-1; Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	66.1 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

Statement of management`s responsibility

The management of SIA „ExpressCredit" gorup 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 2014 and its profit and cash flows for 2014.

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.

Agris Evertovskis
Chairman of the Board

Edgars Bilinskis
Member of the Board

Kristaps Bergmanis
Member of the Board

Didzis Admidins
Member of the Board

Riga, 30 April 2015

Management report

The Group's operations during the reporting year have been successful. Total revenues for the fiscal year increased by 21% compared to 2013, and totalled EUR 16 627 992.

Due to implementation of the chosen business strategy, the following financial ratios were achieved in 2014:

- during 2014 the Loan portfolio of the Group increased by 28% and as at the reporting date totals 6,2 million euro;
- the Group's assets as at 31 December 2014 equal 10.9 million euro;
- net profit of 2014 amounts to 1 401 563 euro (in 2013 - 379 116 euro).

During the reporting period SIA "ExpressCredit" has elected the Council and registered it in the Register of Enterprises in accordance with the terms of the issue of debt securities.

Branches

In the year 2014 the Group continued the work on development of the branch network, loan volume increase, and IT system development. As at 31 December 2014 the Group had 93 branches in 38 cities in Latvia (31.12.2013 93 branches in 38 cities).

Risk management

The Group is not exposed to significant foreign exchange rate risk because basic transaction currency is euro. Significant amount of funding of the Group consist of fixed coupon rate bonds, so that the Group is not significantly exposed to variable interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its financial risks, particularly the liquidity and credit risk.

Post balance sheet events

On 12 February 2015 the Parent company and the Riga City Council has signed a contract on purchase of 569 148 (100%) shares of SIA "Riga City Pawnshop" which were auctioned by the former owner. The purchase price of EUR 880 000 was fully paid on 18 February 2015. On 23 February 2015 the transaction was registered in the Companies' Register.

Except for the above, there are no other 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 2014.

Future prospects

In 2015 the Group plans to strengthen its market leadership and improve the branch network. It is planned that the Group's portfolio and profit dynamics will have an upward trend compared to 2014 results.

Distribution of the profit proposed by the Group

The Parent Company's board recommends the profit of 2014 to pay out in dividends, respecting the restrictions applied to debt securities emissions.

Agris Evertovskis
Chairman of the Board

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Member of the Board

Kristaps Bergmanis
Member of the Board

Didzis Admidins
Member of the Board

Riga, 30 April 2015

Corporate governance statement

The corporate governance report of SIA "ExpressCredit" for 2014 has been prepared in accordance with the Riga Stock Exchange Corporate Governance principles issued in 2005 and recommendations as to their implementation.

The corporate governance report has been prepared by the Board and reviewed by the Council of SIA "ExpressCredit".

The corporate governance principles have been tailored to match the needs of SIA "ExpressCredit" as closely as possible, and in 2014 SIA "ExpressCredit" complied with most of the principles. Having regard to the "comply or explain" principle, the report presents the information on the principles which have not been complied with or have been complied with partly by SIA "ExpressCredit" and the circumstances causing non-compliance in 2014.

The report will be submitted to AS NASDAQ OMX Riga (hereinafter – the Stock Exchange) concurrently with the audited financial statements SIA "ExpressCredit" for 2014 for publishing on the website of the Stock Exchange: http://www.baltic.omxnordicexchange.com/, and the website of SIA „ExpressCredit" http://www.lombards24.lv/lat/investoriem/ in the section "For investors" in Latvian and English.

Agris Evertovskis
Chairman of the Board

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Member of the Board

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Member of the Board

Didzis Admidins
Member of the Board

Riga, 30 April 2015

Profit or loss account for the year ended 31 December 2014

	Notes	Parent company 2014 EUR	Group 2014 EUR	Parent company 2013 EUR	Group 2013 EUR
Net sales	1	7 650 397	7 987 859	6 395 631	6 395 631
Cost of sales	2	(5 596 572)	(5 881 617)	(4 678 868)	(4 678 868)
Interest income and similar income	3	8 463 985	8 640 133	7 278 436	7 304 487
Interest expenses and similar expenses	4	(1 175 458)	(1 216 106)	(1 422 860)	(1 425 319)
Gross profit		**9 342 352**	**9 530 269**	**7 572 339**	**7 595 931**
Selling expenses	5	(4 812 824)	(4 880 420)	(4 397 795)	(4 405 302)
Administrative expenses	6	(1 877 951)	(1 883 023)	(1 329 204)	(1 332 376)
Other operating income	7	56 328	56 328	32 378	32 637
Other operating expenses	8	(1 225 712)	(1 226 186)	(1 309 495)	(1 312 750)
Profit before taxes		**1 482 193**	**1 596 968**	**568 223**	**578 140**
Corporate income tax for the reporting year	9	(263 264)	(286 038)	(224 730)	(225 810)
Deferred tax	9	90 633	90 633	26 787	26 787
Current year's profit		**1 309 562**	**1 401 563**	**370 280**	**379 117**
Earnings per share		**3.07**	**3.28**	**0.87**	**0.89**

Comprehensive income statement for 2014

	2014 EUR	2014 EUR	2013 EUR	2013 EUR
Current year's profit	**1 309 562**	**1 401 563**	**370 280**	**379 116**
Other comprehensive income	-	-	-	-
Total comprehensive income	**1 309 562**	**1 401 563**	**370 280**	**379 116**

Notes on pages from 11 to 31 are integral part of these financial statements.

Agris Evertovskis
Chairman of the Board

Edgars Bilinskis
Member of the Board

Kristaps Bergmanis
Member of the Board

Didzis Admidiņš
Member of the Board

Riga, 30 April 2015

Balance sheet as at 31 December 2014	Notes	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR	Parent company 31.12.2013. EUR	Group 31.12.2013. EUR
Assets					
Long term investments					
Fixed assets and intangible assets	10	393 949	393 949	449 822	449 822
Loans and receivables	15	462 610	462 610	297 709	297 709
Loans to shareholders and management	12	1 295 066	1 295 066	1 942 057	1 942 057
Participating interest in subsidiaries	11	2 846	-	2 846	-
Deferred tax asset	13	117 420	117 420	26 787	26 787
Total long-term investments:		**2 271 891**	**2 269 045**	**2 719 221**	**2 716 375**
Current assets					
Finished goods and goods for sale	14	1 345 338	1 345 338	1 012 380	1 012 380
Loans and receivables	15	5 401 363	5 829 700	4 260 989	4 602 466
Receivables from affiliated companies	16	484 492	208 873	547 606	512 979
Other debtors	17	80 536	80 676	748 701	755 229
Deferred expenses	18	27 762	30 089	25 581	29 094
Cash and bank	19	1 197 128	1 197 718	720 753	790 889
Total current assets:		**8 536 619**	**8 692 394**	**7 316 010**	**7 703 037**
Total assets		**10 808 510**	**10 961 439**	**10 035 231**	**10 419 412**

	Notes	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR	Parent company 31.12.2013. EUR	Group 31.12.2013. EUR
Liabilities					
Shareholders' funds:					
Share capital	20	426 861	426 861	426 862	426 862
Prior years' retained earnings		279 540	295 703	1 009 259	1 016 585
Current year's profit		1 309 562	1 401 563	370 280	379 117
Total shareholders' funds:		**2 015 963**	**2 124 127**	**1 806 401**	**1 822 564**
Creditors:					
Long-term creditors:					
Bonds issued	21	6 471 466	6 471 466	3 108 191	3 108 191
Other borrowings	22	596 676	596 676	753 094	753 094
Total long-term creditors:		**7 068 142**	**7 068 142**	**3 861 285**	**3 861 285**
Short-term creditors:					
Bonds issued	21	992 436	992 436	984 967	984 967
Other borrowings	22	30 341	30 341	531 723	894 130
Accounts payable to affiliated companies	23	-	-	2 091 469	2 091 469
Trade creditors and accrued liabilities	24	433 355	454 441	404 778	407 220
Taxes and social insurance	25	268 273	291 952	354 608	357 777
Total short-term creditors:		**1 724 405**	**1 769 170**	**4 367 545**	**4 735 563**
Total liabilities and shareholders' funds		**10 808 510**	**10 961 439**	**10 035 231**	**10 419 412**

Notes on pages from 11 to 31 are integral part of these financial statements.

Agris Evertovskis
Chairman of the Board

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Member of the Board

Riga, 30 April 2015

Sstatement of changes in equity of the Parent Company's for the year ended 31 December 2014

	Share capital	Prior years' retained earnings	Current year's profit	Total
	EUR	EUR	EUR	EUR
As at 31 December 2012	**426 862**	**270 692**	**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	**426 862**	**1 009 259**	**370 280**	**1 806 401**
Dividends paid	-	(1 100 000)	-	(1 100 000)
Profit transfer	-	370 280	(370 280)	-
Denomination of the share capital	(1)	1	-	-
Profit for the year	-	-	1 309 562	1 309 562
As at 31 December 2014	**426 861**	**279 540**	**1 309 562**	**2 015 963**

Statement of changes in equity of the Group for the year ended 31 December 2014

	Share capital	Prior years' retained earnings	Current year's profit	Total
	EUR	EUR	EUR	EUR
As at 31 December 2012	**426 862**	**278 119**	**821 552**	**1 526 533**
Dividends paid	-	(83 086)	-	(83 086)
Profit transfer	-	821 552	(821 552)	-
Profit for the year	-	-	379 117	379 117
As at 31 December 2013	**426 862**	**1 016 585**	**379 117**	**1 822 564**
Dividends paid	-	(1 100 000)	-	(1 100 000)
Profit transfer	-	379 117	(379 117)	-
Denomination of the share capital	(1)	1	-	-
Profit for the year	-	-	1 401 563	1 401 563
As at 31 December 2014	**426 861**	**295 703**	**1 401 563**	**2 124 127**

Notes on pages from 11 to 31 are integral part of these financial statements.

Cash flow statement for the year ended 31 December 2014

	Parent company 2014 EUR	Group 2014 EUR	Parent company 2013 EUR	Group 2013 EUR
Cash flow from operating activities				
Profit before extraordinary items and taxes	**1 482 193**	**1 596 968**	**568 222**	**578 138**
Adjustments for:				
a) fixed assets depreciation	249 346	249 346	214 052	214 052
b) intangible assets amortisation	82 313	82 313	84 584	1 298 426
c) intangible assets amortisation	-	-	(12 671)	(12 671)
d) write-off of provisions	1 044 659	-	1 210 996	-
e) cessation results	(8 463 885)	(8 640 133)	(7 278 436)	(7 278 436)
f) interest income	1 175 458	1 216 106	1 410 451	1 410 451
g) interest and similar expense	(15 723)	(15 723)	5 767	5 767
h) write-off fixed and intangible assets	13 441	13 441	-	-
Loss before adjustments of working capital and short-term liabilities	**(4 432 198)**	**(5 497 682)**	**(3 797 035)**	**(3 784 273)**
Adjustments for:				
a) increase in consumer loans issued (core business) and other debtors	(1 541 030)	(575 657)	(1 185 690)	(1 488 373)
b) stock increase	(381 806)	(381 806)	(67 150)	(67 150)
c) trade creditors' decrease	(105 749)	(87 205)	(116 779)	(114 333)
Gross cash flow from operating activities	**(6 460 783)**	**(6 542 350)**	**(5 166 654)**	**(5 454 129)**
Corporate income tax payments	(247 084)	(249 243)	(385 810)	(390 620)
Interest income	8 324 699	8 500 946	7 254 428	7 254 428
Net cash flow from operating activities	**1 616 832**	**1 709 353**	**1 701 964**	**1 409 679**
Cash flow from investing activities				
Acquisition of fixed assets and intangibles	(109 720)	(109 720)	(238 317)	(238 317)
Proceeds from sales of fixed assets and intangibles	54 656	54 656	-	-
Loans issued (other than core business of the Company) (net)	704 714	945 706	(2 045 964)	(2 045 964)
Assets held for sale	-	-	25 572	25 572
Net cash flow from investing activities	**649 650**	**890 642**	**(2 258 709)**	**(2 258 709)**
Cash flow from financing activities				
Loans received and bonds issued (net)	4 340 000	4 340 000	2 953 868	3 316 275
Redemption of bonds	(1 000 000)	(1 000 000)	-	-
Loans repaid	(2 773 743)	(3 136 154)	-	-
Finance lease payments	(58 805)	(58 805)	(16 705)	(16 705)
Dividends paid	(1 100 000)	(1 100 000)	(83 084)	(83 084)
Interest paid	(1 197 559)	(1 238 207)	(1 719 156)	(1 719 156)
Net cash flow from financing activities	**(1 790 107)**	**(2 193 166)**	**1 134 923**	**1 497 330**
Net cash flow of the reporting year	**476 375**	**406 829**	**578 178**	**648 300**
Cash and cash equivalents at the beginning of the reporting year	**720 753**	**790 889**	**142 575**	**142 589**
Cash and cash equivalents at the end of reporting year	**1 197 128**	**1 197 718**	**720 753**	**790 889**

Notes on pages from 11 to 31 are integral part of these financial statements.

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.

The following new and amended IFRS and interpretations became effective in 2014 (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 2014. 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, endorsed by EU for annual periods beginning on or after 1 January 2014);
• IFRS 11 "Joint arrangements" (effective for annual periods beginning on or after 1 January 2013, endorsed by EU for annual periods beginning 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, endorsed by EU for annual periods beginning 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, endorsed by EU for annual periods beginning on or after 1 January 2014);
• IAS 27 (revised in 2011) "Separate financial statements" (effective for annual periods beginning on or after 1 January 2013, endorsed by EU for annual periods beginning 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, endorsed by EU for annual periods beginning on or after 1 January 2014);
• Amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities (effective for annual periods beginning on or after 1 January 2014);
• 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 IAS 36 "Impairment of assets" on recoverable amount disclosures (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);
• IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).

Standards issued but not yet effective:

Certain new standards and interpretations have been published and come into force on financial periods beginning on or after 1 January 2015, and are not endorsed by the European Union:

- Amendments to IAS 19 "Employee benefits plans" regarding defined benefit plans (effective for annual periods beginning on or after 1 July 2014, not yet endorsed in the EU).

Annual improvements 2012 (effective for annual periods beginning on or after 1 July 2014, not yet endorsed in the EU):

• 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", and
• IAS 39 "Financial instruments – Recognition and measurement".

Annual improvements 2013 (effective for annual periods beginning on or after 1 July 2014, not yet endorsed in the EU):

• IFRS 1 "First time adoption";
• IFRS 3 "Business combinations";
• IFRS 13 "Fair value measurement", and
• IAS 40 "Investment property".

- Amendment to IFRS 11 "Joint arrangements" on acquisition of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU).
- Amendment to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" on depreciation and amortisation (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU).
- Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" regarding bearer plants (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU).
- IFRS 14 "Regulatory deferral accounts" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU).
- Amendments to IAS 27 "Separate financial statements" on the equity method (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU).
- Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU).

Notes (continued)
Accounting policies (continued)
(a) **Basis of preparation** (continued)

Annual improvements 2014 (effective for annual periods beginning on or after 1 July 2016, not yet endorsed in the EU):
• IFRS 5 "Non-current assets held for sale and discontinued operations";
• IFRS 7 "Financial instruments: Disclosures" with consequential amendments to IFRS 1;
• IAS 19 "Employee benefits";
• IAS 34 "Interim financial reporting".
IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2017, not yet endorsed in the EU).
IFRS 9 "Financial instruments" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU).

There are no other new or revised standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

(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 irrespective 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, irrespective 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**

(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 euro (EUR), which is the Company's functional and presentation currency.

(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:

	31.12.2014
	EUR
1 USD	1.21410

Notes (continued)
Accounting policies (continued)

(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 71 EUR)	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.

(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).

Notes (continued)
Accounting policies (continued)

(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:

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.

Notes (continued)
Accounting policies (continued)

(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. With the current income-expense structure additional monitoring procedures for currency risk monitoring are not deemed necessary. 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 oreder 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.

Notes (continued)
Accounting policies (continued)
(u) Financial risk management (continued)

(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:

	Parent company 31.12.2014 EUR	**Group 31.12.2014 EUR**	**Parent company 31.12.2013 EUR**	**Group 31.12.2013 EUR**
Loan and lease liabilities	8 090 919	8 090 919	7 507 059	7 831 851
Cash and bank	(1 197 128)	(1 197 718)	(720 753)	(790 889)
Net debts	**6 893 791**	**6 893 201**	**6 786 306**	**7 040 962**
Equity	2 015 963	2 124 127	1 806 401	1 822 564
Liabilities / equity ratio	**4.01**	**3.81**	**4.16**	**4.30**
Net liabilities / equity ratio	**3.42**	**3.25**	**3.76**	**3.86**

(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 it's 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.

Notes (continued)
Accounting policies (continued)

(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.

Notes (continued)

(1) Net sales

Net revenue by type of revenue

	Parent company 2014 EUR	Group 2014 EUR	Parent company 2013 EUR	Group 2013 EUR
Income from sales of goods	5 366 826	5 366 826	4 762 617	4 762 617
Income from sales of gold scrap	1 999 664	1 999 664	1 505 282	1 505 282
Income from sales of vehicles	90 977	90 977	117 531	117 531
Other income, loan and mortgage storage commission	192 930	530 392	10 201	10 201
	7 650 397	**7 987 859**	**6 395 631**	**6 395 631**

Net revenue by geographical markets and type of operation

Sales of product in Latvia	5 444 882	5 444 882	4 865 763	4 865 763
Sales of product to EU	12 921	12 921	14 385	14 385
Sales of gold scrap in Latvia	1 999 664	1 999 664	1 505 282	1 505 282
Sales of gold scrap in EU	-	-	-	-
Sales of services in Latvia	175 465	512 927	10 201	10 201
Sales of product in Latvia	17 465	17 465	-	-
	7 650 397	**7 987 859**	**6 395 631**	**6 395 631**

(2) Cost of sales

	2014 EUR	2014 EUR	2013 EUR	2013 EUR
Cost of pledges taken over	5 532 099	5 532 099	4 615 576	4 615 576
Goods and accessories purchased	64 473	64 473	63 292	63 292
Net book values of debtors debts sold	-	285 045	-	-
	5 596 572	**5 881 617**	**4 678 868**	**4 678 868**

(3) Interest income and similar income

	2014 EUR	2014 EUR	2013 EUR	2013 EUR
Interest income on loans issued against pledge	1 530 638	1 530 638	1 351 509	1 351 509
Interest income on mortgage extension	1 230 789	1 230 789	1 277 760	1 277 760
Interest income on loans to the vehicle pledges	310 792	310 792	236 015	236 015
Interest income on mortgage loans	47 511	47 511	28 438	28 438
Interest income on unsecured loans	4 610 972	4 787 120	3 533 555	3 559 606
Interest income on loan extension	588 025	588 025	699 674	699 674
Accrued interest income	145 258	145 258	151 485	151 485
	8 463 985	**8 640 133**	**7 278 436**	**7 304 487**

(4) Interest expenses and similar expenses

	2014 EUR	2014 EUR	2013 EUR	2013 EUR
Interest charge to bank	-	-	113 816	113 816
Bonds' coupon expense	1 047 206	1 047 206	74 270	74 270
Interest expense on lease	4 802	4 802	2 664	2 664
Interest expense on other borrowings	122 744	163 392	1 219 701	1 222 160
Net loss on foreign exchange	706	706	12 409	12 409
	1 175 458	**1 216 106**	**1 422 860**	**1 425 319**

Notes (continued)

(5) Selling expenses

	Parent company 2014 EUR	Group 2014 EUR	Parent company 2013 EUR	Group 2013 EUR
Salary expenses	1 921 684	1 966 624	1 766 844	1 772 891
Social insurance	454 759	465 361	432 478	433 935
Provisions for unused annual leave and bonuses	5 487	5 487	67 511	67 511
Rental expense	808 336	811 966	785 479	785 479
Utilities expense	220 205	220 205	215 419	215 419
Non-deductible VAT	171 849	171 849	173 228	173 228
Communication expenses	73 633	73 633	94 274	94 274
Maintenance expenses	66 482	73 627	64 413	64 413
Depreciation of fixed assets	249 346	249 346	214 053	214 053
Security expenses	26 394	26 394	25 848	25 848
Goods write-off	148 475	148 475	92 369	92 369
Advertising	175 216	175 216	44 438	44 438
Business trip expenses	8 688	8 688	9 176	9 176
Provisions for doubtful debtors	229 383	229 383	188 197	188 197
Transportation expenses	93 371	93 371	68 508	68 508
Renovation expenses	20 800	20 800	13 225	13 225
Other expenses	138 716	139 995	142 335	142 338
	4 812 824	**4 880 420**	**4 397 795**	**4 405 302**

(6) Administrative expenses

	2014 EUR	2014 EUR	2013 EUR	2013 EUR
Salary expenses	1 141 932	1 141 932	795 596	795 596
Social insurance	267 033	267 033	193 974	193 974
Provisions for unused annual leave and bonuses	30 286	30 286	30 984	30 984
Office rent	46 378	46 378	40 388	40 388
Office expenses	34 198	37 939	34 599	34 599
Bank commission	32 059	32 204	34 936	35 262
Audit expense*	11 000	11 000	16 909	16 909
Communication expenses	19 567	19 567	16 781	16 781
State fees and duties, licence expense	42 342	42 342	30 600	30 600
Legal advice	103 345	103 345	15 700	15 700
Information database subscriptions, maintenance	106 041	106 041	94 143	94 143
Reversed provisions for investments	-	-	(2 846)	-
Membership fees in professional organizations	19 186	19 186	6 328	6 328
Other administrative expenses	24 584	25 770	21 112	21 112
	1 877 951	**1 883 023**	**1 329 204**	**1 332 376**

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

(7) Other operating income

	2014 EUR	2014 EUR	2013 EUR	2013 EUR
Other income	**56 328**	**56 328**	**32 378**	**32 637**

Notes (continued)

(8) Other operating expenses

	Parent company 2014 EUR	Group 2014 EUR	Parent company 2013 EUR	Group 2013 EUR
Penalties paid	17 834	18 082	33 664	36 919
Other expenses	27 633	27 859	32 009	32 009
Abnormal loss	90 436	90 436	-	-
Donations	45 150	45 150	32 826	32 826
Loss on cessation	1 044 659	1 044 659	1 210 996	1 210 996
	1 225 712	**1 226 186**	**1 309 495**	**1 312 750**

(9) Corporate income tax for the reporting year

	2014 EUR	2014 EUR	2013 EUR	2013 EUR
Deferred corporate income tax charge (see Note 13)	(90 633)	(90 633)	(26 788)	(26 788)
Corporate income tax charge for the current year	263 264	286 038	224 730	225 810
	172 631	**195 405**	**197 942**	**199 022**

Corporate income tax differs from the theoretically calculated tax amount:

Profit before taxation	**1 482 193**	**1 596 968**	**568 222**	**578 138**
Theoretically calculated tax at a tax rate of 15 %	222 329	239 545	85 233	86 721
Expenses not deductible for tax purposes	(11 320)	(5 762)	146 372	145 964
Donations	(38 378)	(38 378)	(27 903)	(27 903)
Unrecognised deferred tax assets	-	-	(6 212)	(6 212)
Fixed assets correction	-	-	452	452
	172 631	**195 405**	**197 942**	**199 022**

(10) Intangible and fixed assets of the Parent company and the Group

	Concessions, patents, trade marks and similar rights EUR	Land and buildings EUR	Other fixed assets and inventory EUR	Leasehold improvements EUR	Total EUR
Cost					
31.12.2013	13 381	36 995	555 274	247 201	852 851
Additions	4 857	-	188 108	39 441	232 406
Disposals	(1 154)	(35 572)	(45 298)	-	(82 024)
31.12.2014	**17 084**	**1 423**	**698 084**	**286 642**	**1 003 233**
Depreciation					
31.12.2013	9 673	8 093	262 890	122 373	403 029
Charge for 2014	2 852	296	185 397	60 801	249 346
Disposals	(1 062)	(6 966)	(35 063)	-	(43 091)
31.12.2014	**11 463**	**1 423**	**413 224**	**183 174**	**609 284**
Net book value					
31.12.2014	**5 621**	**-**	**284 860**	**103 468**	**393 949**
Net book value					
31.12.2013	**3 708**	**28 902**	**292 384**	**124 828**	**449 822**

As at 30 June 2014 the residual value of the fixed assets acquired under the terms of financial lease was 109 782 *euro* (31.12.2013: 69 960 *euro*). The ownership of those fixed assets will be transferred to the Group only after settlement of all lease liabilities.

Cadastral value of the real estate owned by the Parent company – EUR 25 389.

Notes (continued)

(11) Parent Company's investments in subsidiaries

The Parent company is the sole shareholder of the subsidiary SIA "ExpressInkasso".

a) participating interest in subsidiaries

Name	Acquisition price of subsidiaries		Participating interest in share capital of subsidiaries	
	31.12.2014. EUR	31.12.2013. EUR	31.12.2014. %	31.12.2013. %
SIA ExpressInkasso (from 04.09.2013; before – SIA Lombards 24)	2 846	2 846	100	100

b) information on subsidiaries

Name	Address	Shareholders' funds		Profit for the period	
		31.12.2014. EUR	31.12.2013. EUR	Name EUR	Address EUR
SIA ExpressInkasso (from 04.09.2013; before – SIA Lombards 24)	Raunas Street 44k-1, LV-1039 Riga, Latvia	111 009	19 008	92 001	11 682

Basic operations of SIA ExpressInkasso are debt collection services.

(12) The Group's loans to shareholders and management

	Loans to members EUR
Cost	
31.12.2013.	1 942 057
Loans issued	8 421
Loan interest paid	66 128
Loans repaid	(721 540)
31.12.2014.	**1 295 066**
Net book value as at 31.12.2014	**1 295 066**
Net book value as at 31.12.2013	**1 942 057**

Interest on borrowing is 3.50% per annum. The loan maturity - 31 December 2017 (including the loan principal amount and accrued interest). The Company's management has assessed the recoverability of the loans and is convinced that a provision is not necessary. All loans are denominated in euro.

(13) Deferred tax asset of the Parent company and the Group

	2014 EUR	2013 EUR
Deferred tax asset at the beginning of the reporting year	26 787	-
Increase of deferred tax asset during the reporting year (see Note 9)	90 633	26 787
Deferred tax asset at the end of the reporting year	**117 420**	**26 787**

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

	31.12.2014. EUR	31.12.2013. EUR
Temporary difference on fixed assets depreciation	9 344	14 399
Temporary difference on provisions for unused annual leave and bonuses	(29 165)	(24 145)
Temporary difference on provisions for slow moving and obsolete stock	(97 599)	(17 041)
Deferred tax asset	**(117 420)**	**(26 787)**

(14) Stock of the Parent company and the Group

	31.12.2014. EUR	31.12.2013. EUR
Goods for sale and pledges taken over	1 158 319	783 109
Gold scrap	349 470	342 875
Gross value of stock	(162 451)	(113 604)
	1 345 338	**1 012 380**

Notes (continued)

(14a) Age analysis of stock

	31.12.2014. EUR	31.12.2013. EUR
Outstanding for 0-180 days	1 062 721	835 799
Outstanding for 181-360 days	264 834	102 268
Outstanding for more than 360 days	180 234	187 917
Total stock	**1 507 789**	**1 125 984**

(14b) Provision for obsolete stock

	2014 EUR	2013 EUR
Provisions for obsolete stock at the beginning of the year	113 604	62 716
Written-off	(33 852)	(25 059)
Additional provisions	82 699	75 947
Provisions for obsolete stock at the end of the year	**162 451**	**113 604**

(15) Loans and receivables

	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR	Parent company 31.12.2013. EUR	Group 31.12.2013. EUR
Long-term loans and receivables				
Debtors for loans issued against pledge	321 288	321 288	229 475	229 475
Debtors for loans issued without pledge	141 322	141 322	68 234	68 234
Long-term loans and receivables, total	**462 610**	**462 610**	**297 709**	**297 709**
Short-term loans and receivables				
Debtors for loans issued against pledge	1 975 203	1 975 203	1 666 949	1 666 949
Debtors for loans issued without pledge	3 496 152	3 924 489	2 687 308	3 028 785
Interest accrued	606 901	606 901	462 322	462 322
Provisions for bad and doubtful trade debtors	(676 893)	(676 893)	(555 590)	(555 590)
Short-term loans and receivables, total	**5 401 363**	**5 829 700**	**4 260 989**	**4 602 466**
Loans and receivables	**5 863 973**	**6 292 310**	**4 558 698**	**4 900 175**

Long term receivables for the loans issued don't exceed 5 years.
In 31 May 2014 and 5 December 2014 were concluded contracts with SIA "ExpressInkasso" about cession of bad reicavbles amount. The carrying value of the claim amount - accordingly EUR 135 074 and EUR 1 340 650.31, the amount of compensation according to the independent evaluators' assessment – accordingly EUR 28 738.63 and year. As at 24 October 2014 the subsidiary company "ExpressInkasso" signed a contract with a third party for the bad receivable amounts cession. The carrying value of the claim in the subsidiary's balance sheet - EUR 284 978.66, the amount of compensation - EUR 337 172. Profit from this transaction was recognised in the current year.

The claims in amount of EUR 2 296 491 (31.12.2013: EUR 1 896 424) are secured by the value of the collateral. Claims against debtors for loans issued against pledge is secured by pledges, whose fair value is about 1.5 times higher than the carrying value, therefore provisions for overdue loans are not made. All pledges, for which loan payments are delayed, becomes the Group's property and and are realized in the Group's stores.
As at 31 December 2013 all claims against debtors were denominated in lats and converted to euro at the Latvian changeover to the euro currency. In 2014 all claims denominated in euro.

***(15a)* Age analysis of trade receivables:**

	31.12.2014. EUR	31.12.2014. EUR	31.12.2013. EUR	31.12.2013. EUR
Receivables not yet due	5 083 503	5 107 296	3 733 223	3 733 223
Outstanding 1-30 days	619 728	619 822	416 631	416 631
Outstanding 31-90 days	484 409	517 429	422 407	422 536
Outstanding 91-180 days	243 527	321 165	428 484	434 141
Outstanding for 181-360 days	11 408	179 840	37 000	259 868
Outstanding for more than 360 days	98 291	223 651	76 543	189 366
Total trade receivables	**6 540 866**	**6 969 203**	**5 114 288**	**5 455 765**

Notes (continued)

(15b) Provisions for bad and doubtful trade and other receivables

	Parent company 2014 EUR	Group 2014 EUR	Parent company 2013 EUR	Group 2013 EUR
Provisions for bad and doubtful receivables at the beginning of the year	555 590	555 590	448 974	448 974
Written-off	(22 090)	(22 090)	(5 634)	(5 634)
Additional provisions	143 393	143 393	112 250	112 250
Provisions for bad and doubtful receivables at the end of the year	**676 893**	**676 893**	**555 590**	**555 590**

(16) Receivables from affiliated companies

	31.12.2014. EUR	31.12.2014. EUR	31.12.2013. EUR	31.12.2013. EUR
Debts for goods and fixed assets sold	35 514	36 403	208	208
ExpressCreditEesti OU liability for loan issued and loan interest	4 149	4 149	495 691	495 691
SIA A.Kredīts liability for loan issued and loan interest	102 025	102 025	16 962	16 962
SIA Ebility liability for loan issued and loan interest	-	31 876	-	-
SIA ExpressInkasso debt for the assigned rights of claim (see Note 15)	333 800	-	34 627	-
Liabilities of the Parent company's board for the loan issued and loan interest	9 004	34 420	-	-
AS Naudasklubs liability for loan issued and loan interest	-	-	118	118
	484 492	**208 873**	**547 606**	**512 979**

The interest rate on loans to related parties - 3:50%. All loans and other claims denominated in euro.

Age analysis of receivables from affiliated companies

	31.12.2014. EUR	31.12.2014. EUR	31.12.2013. EUR	31.12.2013. EUR
Receivables not yet due	450 454	173 946	547 397	512 770
Outstanding for 1-180 days	-	-	-	-
Outstanding for 181-360 days	34 038	34 038	209	209
Outstanding for more than 360 days	-	889	-	-
Total receivables from affiliated companies	**484 492**	**208 873**	**547 606**	**512 979**

(17) Other debtors

	31.12.2014. EUR	31.12.2014. EUR	31.12.2013. EUR	31.12.2013. EUR
Loans to employees and other third parties	12 130	12 130	9 323	9 323
Guarantee deposit	61 619	61 690	59 271	59 271
Other debtors	8 446	8 515	680 107	686 635
Provisions for bad and doubtful other debtors	(1 659)	(1 659)	-	-
	80 536	**80 676**	**748 701**	**755 229**

***(17a) Provisions for bad and doubtful* other debtors**

	2014 EUR	2013 EUR
Provisions for bad and doubtful other debtors at the beginning of the year	-	-
Written-off	(1 632)	-
Additional provisions	3 291	-
Provisions for bad and doubtful other debtors at the end of the year	**1 659**	**-**

Notes (continued)

***(17b)* Parent company other debtors by currency, translated into EUR:**

	31.12.2014. EUR	31.12.2014. %	31.12.2013. EUR	31.12.2013. %
LVL	-	-	743 415	99.29
EUR	78 034	96.89	4 000	0.54
GBP	1 030	1.28	-	-
USD	1 472	1.83	1 286	0.17
Total other debtors	**80 536**	100%	**748 701**	100%

Group other debtors by currency, translated into EUR:

	31.12.2014. EUR	31.12.2014. %	31.12.2013. EUR	31.12.2013. %
LVL	-	-	749 943	99.30%
EUR	78 174	96.90	4 000	0.53%
GBP	1 030	1.28	-	-
USD	1 472	1.82	1 286	0.17%
Total other debtors	**80 676**	100%	**755 229**	100%

***(17c)* Age analysis of other debtors**

	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR	Parent company 31.12.2013. EUR	Group 31.12.2013. EUR
Repayable upon request	59 960	60 100	43 984	43 984
Receivables not yet due	18 178	18 178	702 781	708 796
Outstanding for 1-30 days	1 184	1 184	129	129
Outstanding for 31-90 days	383	383	-	-
Outstanding for 91-180 days	-	-	-	-
Outstanding for 181-360 days	612	612	1 451	1 451
Outstanding for more than 360 days	219	219	356	869
Total other debtors	**80 536**	**80 676**	**748 701**	**755 229**

(18) Deferred expenses

	31.12.2014. EUR	31.12.2014. EUR	31.12.2013. EUR	31.12.2013. EUR
Insurance	6 114	6 114	5 683	5 683
License for lending services and debt recovery services	11 854	14 181	12 350	15 863
Prepayment for rent and other costs	9 794	9 794	7 548	7 548
Total deferred expenses	**27 762**	**30 089**	**25 581**	**29 094**

(19) Cash and bank

	31.12.2014. EUR	31.12.2014. EUR	31.12.2013. EUR	31.12.2013. EUR
Cash at bank	866 040	866 615	562 083	632 205
Cash in hand	331 088	331 103	158 670	158 684
	1 197 128	**1 197 718**	**720 753**	**790 889**

Parent company's cash and bank by currency, translated into EUR:

	31.12.2014. EUR	31.12.2014. %	31.12.2013. EUR	31.12.2013. %
LVL	-	-	507 480	70.41
EUR	1 197 128	100	213 273	29.59
Cash and bank total	**1 197 128**	100%	**720 753**	100%

Group's cash and bank by currency, translated into EUR:

	31.12.2014. EUR	31.12.2014. %	31.12.2013. EUR	31.12.2013. %
LVL	-	-	507 617	64.18%
EUR	1 197 718	100	283 272	35.82%
Cash and bank total	**1 197 718**	100%	**790 889**	100%

Notes (continued)

(20) Share capital

As at 31 December 2014 the subscribed and fully paid share capital of the Parent company consisted of 300 000 ordinary shares with a nominal value of 1 Ls each. On 11 July 2014, the Company registered the denomination of the share capital to euro. As at 31 December 2014 the Parent company's registered share capital is EUR 426 861, consisting of 426 861 ordinary shares with a nominal value of each share EUR 1. The difference of 1 EUR resulting from the conversion of the subscribed share capital from lats to euro at the official exchange rate of 0.702804, was transferred to the Parent company's previous years' retained earnings.

(21) Bonds issued

	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR	Parent company 31.12.2013. EUR	Group 31.12.2013. EUR
Bonds issued	6 500 000	6 500 000	3 160 000	3 160 000
Bonds commission	(28 534)	(28 534)	(51 809)	(51 809)
Total long-term part of bonds issued	**6 471 466**	**6 471 466**	**3 108 191**	**3 108 191**
Bonds issued	1 000 000	1 000 000	1 000 000	1 000 000
Bonds commission	(24 867)	(24 867)	(25 209)	(25 209)
Interest accrued	17 303	17 303	10 176	10 176
Total short-term part of bonds issued	**992 436**	**992 436**	**984 967**	**984 967**
Bonds issued, total	**7 500 000**	**7 500 000**	**4 160 000**	**4 160 000**
Interest accrued, total	**17 303**	**17 303**	**10 176**	**10 176**
Bonds commission, total	**(53 401)**	**(53 401)**	**(77 018)**	**(77 018)**
Bonds issued net	7 463 902	7 463 902	4 093 158	4 093 158

As at the date of signing of the annual report the Parent company of the Group has registered secured bonds (ISIN LV0000801280) with the Latvia Central Depository on the following terms – number of financial instruments 5 000 with the nominal value of 800 *euro*, with the total nominal value of 4 000 000 *euro*. Coupon rate - 14%, coupon is paid once a month on the 25th date. The principal amount is repaid once in a quarter in the amount of 50 *euro* per bond. The maturity of the bonds – 25 November 2018. On 28 March 2014 the public quotation of the bonds with NASDAQ OMX Riga Baltic Securities list was started.

As at the date of signing of the annual report the Parent company of the Group has registered secured bonds (ISIN LV0000801322) with the Latvia Central Depository on the following terms – number of financial instruments 3 500 with the nominal value of 1000 *euro*, with the total nominal value of 3 500 000 *euro*. Coupon rate - 15%, coupon is paid once a month on the 25th date. The principal amount is to be repaid once in a quarter in the amount of 125 *euro* per bond starting 25 March 2019. The maturity of the bonds – 25 December 2020. On 14 April 2014 the public quotation of the bonds with NASDAQ OMX Riga Baltic Securities list was started.

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.

	Gross future minimum payments 31.12.2014 EUR	NPV of future minimum payments 31.12.2014 EUR	Interest expenses 31.12.2014 EUR	Gross future minimum payments 31.12.2013 EUR	NPV of future minimum payments 31.12.2013 EUR	Interest expenses 31.12.2013 EUR
Term:						
up to one year	2 020 833	1 000 000	1 020 833	1 850 759	1 000 000	850 759
2 – 5 years	6 751 563	4 750 000	2 001 563	3 001 405	1 410 000	1 591 405
5-10 years	1 914 063	1 750 000	164 063	1 914 063	1 750 000	164 063
	10 686 459	**7 500 000**	**3 186 459**	**6 766 227**	**4 160 000**	**2 606 227**

Notes (continued)

(22) Other borrowings

	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR	Parent company 31.12.2013. EUR	Group 31.12.2013. EUR
Long-term finance lease	96 676	96 676	47 818	47 818
Other long-term loans	500 000	500 000	705 276	705 276
Total other long-term loans	**596 676**	**596 676**	**753 094**	**753 094**
Short-term finance lease	30 341	30 341	15 317	15 317
Other short-term loans	-	-	514 048	874 048
Interest accrued on other loans	-	-	2 358	4 765
Total other short-term loans	**30 341**	**30 341**	**531 723**	**894 130**
Total other loans	**627 017**	**627 017**	**1 284 817**	**1 647 224**

The Parent company has acquired fixed assets on finance lease. As at 31 December 2014 the interest rate was set as 3 M Euribor + 5.5% and 6M Euribor+3-4.5%. See Note 10 on residual 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 15 % p.a. The loans are received without security granted.

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

	Gross future minimum payments 31.12.2014 EUR	NPV of future minimum payments 31.12.2014 EUR	Interest expenses 31.12.2014 EUR	Gross future minimum payments 31.12.2013 EUR	NPV of future minimum payments 31.12.2013 EUR	Interest expenses 31.12.2013 EUR
Term:						
up to one year	100 341	30 341	70 000	547 120	529 365	17 755
2 – 5 years	696 016	596 676	99 340	868 574	753 094	115 480
	796 357	**627 017**	**169 340**	**1 415 694**	**1 282 459**	**133 235**

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

	Gross future minimum payments 31.12.2014 EUR	NPV of future minimum payments 31.12.2014 EUR	Interest expenses 31.12.2014 EUR	Gross future minimum payments 31.12.2013 EUR	NPV of future minimum payments 31.12.2013 EUR	Interest expenses 31.12.2013 EUR
Term:						
up to one year	100 341	30 341	70 000	913 373	889 364	24 009
2 – 5 years	696 016	596 676	99 340	868 574	753 094	115 480
	796 357	**627 017**	**169 340**	**1 781 947**	**1 642 458**	**139 489**

(23) Accounts payable to affiliated companies

	31.12.2014. EUR	31.12.2013. EUR
Loan from ABS Holding Limited	-	2 064 600
Interest accrued on ABS Holding Limited loan	-	26 869
Total liabilities to related parties	**-**	**2 091 469**

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

(24) Trade creditors and accrued liabilities

	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR	Parent company 31.12.2013. EUR	Group 31.12.2013. EUR
Debts to suppliers	56 117	74 596	49 641	49 641
Salaries	149 496	152 061	132 784	135 226
Vacation accrual*	194 431	194 431	160 965	160 965
Vacation liabilities paid out as at the date of signing of these financial statements	2 308	2 308	13 911	13 911
Other liabilities	31 003	31 045	47 477	47 477
	433 355	**454 441**	**404 778**	**407 220**

(24a) Parent company's trade creditors by currency, translated into EUR:

	31.12.2014. EUR	31.12.2014. %	31.12.2013. EUR	31.12.2013. %
LVL	-	-	358 479	88.56
EUR	432 325	99.76	45 787	11.31
GBP	1 030	0.24	512	0.13
Total trade creditors and accrued liabilities	**433 355**	**100%**	**404 778**	**100%**

Group's trade creditors by currency, translated into EUR:

	31.12.2014. EUR	31.12.2014. %	31.12.2013. EUR	31.12.2013. %
LVL	-	-	360 921	88.63
EUR	453 411	99.77	45 787	11.24
GBP	1 030	0.23	512	0.13
Total trade creditors and accrued liabilities	**454 441**	**100%**	**407 220**	**100%**

(24b) Age analysis of trade creditors:

	31.12.2014. EUR	31.12.2014. EUR	31.12.2013. EUR	31.12.2013. EUR
Receivables not yet due	412 267	433 353	382 027	384 469
Outstanding for 1-30 days	21 088	21 088	22 701	22 701
Outstanding for more than 30 days	-	-	50	50
Total trade creditors and accrued liabilities	**433 355**	**454 441**	**404 778**	**407 220**

Notes (continued)

(25) Parent company's taxes and social insurance

	VAT EUR	Corporate income tax EUR	Real estate tax* EUR	Business risk charge EUR	Social insurance EUR	Payroll tax EUR	Vehicles tax EUR	Total EUR
Liabilities 31.12.2013.	**24 374**	**31 364**	**-**	**93**	**156 258**	**140 171**	**2 348**	**354 608**
Charge for 2014	274 657	263 264	381	1 238	1 043 062	615 177	14 334	2 212 113
Penalties calculated for 2014	694	2163	-	1	2 076	11 066	-	16 000
Paid in 2014	(265 741)	(249 246)	(381)	(1 232)	(1 115 748)	(667 530)	(14 570)	(2 314 448)
Liabilities 31.12.2014.	**33 984**	**47 545**	**-**	**100**	**85 648**	**98 884**	**2 112**	**268 273**

Group's taxes and social insurance

	VAT EUR	Corporate income tax EUR	Real estate tax* EUR	Business risk charge EUR	Social insurance EUR	Payroll tax EUR	Vehicles tax EUR	Total EUR
Liabilities 31.12.2013.	**24 371**	**32 445**	**-**	**94**	**157 641**	**140 878**	**2 348**	**357 777**
Charge for 2014	274 719	286 038	381	1 255	1 058 382	623 135	14 334	2 258 244
Penalties calculated for 2014	695	2164	-	1	2 121	11 256	-	16 237
Received tax overpayment	1	-	-	-	-	-	-	1
Paid in 2014	(265 806)	(251 407)	(381)	(1 251)	(1 131 182)	(675 710)	(14 570)	(2 340 307)
Liabilities 31.12.2014.	**33 980**	**69 240**	**-**	**99**	**86 962**	**99 559**	**2 112**	**291 952**

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

(26) Average number of employees

	2014	**2013**
Average number of employees during the reporting year:	**287**	**277**

(27) Management remuneration

	31.12.2014. EUR	**31.12.2013. EUR**
Board members' remuneration		
· salary expenses	127 668	25 643
· social insurance	27 943	6 178
	155 611	**31 821**

Notes (continued)

(28) Information by segment and revenue

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

	Sale of pledges taken over		Secured loans		Non-secured loans		Other activities		Total	
EUR	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Assets	1 594 965	1 928 478	2 942 792	2 194 722	4 477 729	3 419 522	1 793 024	2 492 509	10 808 510	10 035 231
Liabilities of the segment	140 309	170 162	2 804 051	2 260 632	4 273 634	3 501 475	1 574 553	2 296 561	8 792 547	8 228 830
Income	1 860 481	1 713 139	3 299 587	2 893 722	5 271 144	4 298 867	86 598	89 471	10 517 810	8 995 199
Net performance of the segment	258 226	235 270	899 696	486 677	259 325	(233 927)	(107 685)	(117 740)	1 309 562	370 280
Net financial income (expenses)	(142)	(2 781)	(385 640)	(496 998)	(744 349)	(773 077)	(45 327)	(150 004)	(1 175 458)	(1 422 860)
Profit/(loss) before taxes	292 267	361 040	1 018 297	746 841	293 510	(358 978)	(121 881)	(180 680)	1 482 193	568 223
Corporate income tax	(34 040)	(125 769)	(118 601)	(260 164)	(34 185)	125 051	14 195	62 939	(172 631)	(197 943)
Other information										
Fixed assets and intangible assets (NBV)	131 316	149 941	131 316	149 941	131 317	149 940		-	393 949	449 822
Depreciation and amortisation during the reporting period	(83 116)	(71 351)	(83 115)	(71 351)	(83 115)	(71 350)	-	-	(249 346)	(214 052)
Loans issued		-	2 164 518	1 666 949	3 699 455	2 891 749	1 779 558	2 489 663	7 643 531	7 048 361
Loans received		-	2 584 227	2 022 186	3 932 139	3 150 698	1 574 553	2 296 560	8 090 919	7 469 444

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

	Sale of pledges taken over		Secured loans		Non-secured loans		Other activities		Total	
EUR	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Assets	1 595 880	1 936 177	2 943 863	2 230 961	4 907 137	3 797 238	1 514 559	2 455 036	10 961 439	10 419 412
Liabilities of the segment	123 885	170 892	2 773 642	2 302 532	4 631 355	3 856 899	1 308 430	2 266 527	8 837 312	8 596 850
Income	1 575 436	1 713 139	3 299 587	2 893 722	5 784 754	4 324 918	86 598	89 471	10 746 375	9 021 250
Net performance of the segment	135 991	237 688	906 800	499 231	466 184	(238 944)	(107 412)	(118 858)	1 401 563	379 117
Net financial income (expenses)	(117)	(2 772)	(370 171)	(462 915)	(800 491)	(809 628)	(45 327)	(150 004)	(1 216 106)	(1 425 319)
Profit/(loss) before taxes	154 951	361 435	1 033 226	759 146	531 179	(361 704)	(122 388)	(180 737)	1 596 968	578 140
Corporate income tax	(18 960)	(123 336)	(126 426)	(258 919)	(64 995)	121 752	14 976	61 480	(195 405)	(199 023)
Other information										
Fixed assets and intangible assets (NBV)	131 316	149 941	131 316	149 941	131 317	149 940	-	-	393 949	449 822
Depreciation and amortisation during the reporting period	(83 116)	(71 351	(83 115)	(71 351)	(83 115)	(71 350)	-	-	(249 346)	(214 052)
Loans issued	-	-	2 164 518	1 666 949	4 127 792	3 233 226	1 503 939	2 455 037	7 796 249	7 355 212
Loans received	-	-	2 543 207	2 059 657	4 239 282	3 505 667	1 308 430	2 266 527	8 090 919	7 831 851

Notes (continued)

(29) Rent and lease agreements

The Company has concluded 97 rental agreements effective as at 31.12.2014. The term of the agreements varies from 1 to 11 years. The following schedule summarises future lease payment liabilities in accordance with the agreements concluded.

	31.12.2014. EUR	31.12.2013. EUR
< 1 year	95 516	56 309
2 – 4 years	1 291 646	1 591 862
5 years and more	1 062 977	643 651
	2 450 139	**2 291 822**

(30) Related party transactions

In the annual report there are presented only those related parties with whom have been transactions the reporting year or in the comperative period.

Related party	Transactions in 2014	Transactions in 2013
Parent company's owners (from 30.10.2013)		
„Express Holdings, SIA, reg. No. 40103718685	X	N/A
„AE Consulting", SIA, reg. No. 40003870736	X	X
„Ebility", SIA, reg. No. 40103720891	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
„Dotcom Enterprises" AS, reg. No. 40103684497	X	-
Subsidiary		
ExpressInkasso"SIA (previously „Lombards24" SIA), reg. No. 40103211998	X	X
Other related companies		
ABS Holding LIMITED, C41264	X	X
„Infrastructure Investments" AS, reg. No. 40103242023	X	X
„Naudasklubs" SIA, reg. No. 40103303597	X	X
„Inin 7" SIA, reg. No. 42103059064	N/A	X
„A.Kredīts" SIA, reg. No. 40103501494	X	X
„ExpressCreditEesti" OU, reg. No. 12344733	X	X
„Tigo.lv" SIA , reg. No. 40103653497	X	N/A
„PH investīcijas", SIA, reg. No. 42103057909	X	X

All the transactions have been performed at market rates.

	2014 EUR	2013 EUR
Parent company transactions with:		
Owners of the parent company (from 30.10.2013)		
Interest paid	6 915	5 603
Interest received	66 128	-
Loans received	203 775	35 571
Loans repaid	203 775	1 600 897
Loans issued	8421	-
Loan repayment received	721 540	-
Dividends paid	1 100 000	42 373
Subsidiaries		
Cession of loans	1 044 659	357 585
Companies and individuals under common control or significant influence		
Cession of loans	-	1 942 056
Loans issued	653 034	480 818
Loan repayment received	647 884	-
Loans received	698 000	-
Loans repaid	698 000	259 893
Dividends paid	-	40 711
Interest received	6 219	80 456
Interest paid	7 963	-
Services received	-	42 071
Services delivered	7 680	-

(30) Related party transactions (continued)

	2014 EUR	2013 EUR
Parent company's transactions with:		
Other related companies		
Goods sold	18 236	17 127
Goods received	24 495	-
Fixed assets received	9 281	-
Fixed assets sold	32 000	141
Services received	139 032	89 075
Services delivered	18 305	15 474
Loans issued	418 913	511 182
Loan repayment received	824 928	310 634
Loans received	95 000	4 840 557
Loans repaid	2 159 600	4 893 557
Interest received	7 142	6107
Interest paid	20 002	990 248
Shares sold	-	2 846

	2014 EUR	2013 EUR
Group's transactions with:		
Owners of the parent company (from 30.10.2013)		
Interest paid	6915	5 603
Interest received	67 002	-
Loans received	203 775	35 571
Loans repaid	203 775	1 600 897
Loans issued	39 421	-
Loan repayment received	721 540	-
Dividends paid	1 100 000	42 373
Companies and individuals under common control or significant influence		
Cession of loans	-	1 942 056
Loans issued	326 875	480 818
Loan repayment received	302 725	-
Loans received	690 000	-
Loans repaid	690 000	259 893
Dividends paid	-	40 711
Interest received	5 543	80 456
Interest paid	7963	-
Other related companies		
Goods sold	18 236	17 127
Goods received	24 495	-
Fixed assets received	9 281	-
Fixed assets sold	32 000	141
Services received	139 032	89 075
Services delivered	18 305	15 474
Loans issued	418 913	511 182
Loan repayment received	824 928	310 634
Loans received	95 000	4 840 557
Loans repaid	2 159 600	4 893 557
Interest received	7 142	6107
Interest paid	20 002	990 248
Shares sold	-	2 846

(31) Guarantees issued

As at 31 December 2014 the Parent company has issued guarantees to the owners of the Company and other related companies for the purchase of cars under the terms of financial lease. The total amount guaranteed as at 31.12.2014 - EUR 238 000.

(32) Subsequent events

On 12 February 2015 the Parent company and the Riga City Council has signed a contract for the purchase of 569 148 (100%) shares of SIA "Riga City Pawnshop", which have been acquired participating in the the auction. The purchase price is EUR 880 000, the full amount was transferred on 18 February 2015. On 23 February 2015 the transaction was registered in the Company Register.

Except for the above, there are no other 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 2014.

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INDEPENDENT AUDITORS' REPORT
Translation from Latvian

To the Shareholders of SIA ExpressCredit

Report on the Financial Statements of SIA ExpressCredit as a separate entity and the Consolidated Financial Statements of SIA ExpressCredit group

We have audited the accompanying financial statements of SIA ExpressCredit as a separate entity and consolidated financial statements of SIA ExpressCredit and its subsidiaries (further in the report the Group) set out on pages 7 to 31 of the accompanying annual report of SIA ExpressCredit as a separate entity and SIA ExpressCredit group, comprising the balance sheets as of 31 December 2014, the profit or loss statements, statements of changes in equity and cash flow statements 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 the accompanying financial statements of SIA ExpressCredit as a separate entity and consolidated financial statements of the Group 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 separate and 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 financial statements of SIA ExpressCredit as a separate entity and consolidated financial statements of the Group give a true and fair view of the financial position of the of SIA ExpressCredit as a separate entity and Group as of 31 December 2014, and of their financial performance and their 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 2014 set out on page 5 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements of SIA ExpressCredit as a separate entity and consolidated financial statements of the Group for 2014.

Report on Corporate Governance Statement

We have read the Corporate Governance Statement for 2014 set out on page 6 and did not identify material inconsistencies this Statement.

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

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

30 April 2015, Riga, Latvia