4finance Holding S.A.

Consolidated financial statements for the year ended 31 December 2015

Address: 6, rue Guillaume Schneider, L-2522 Luxembourg
RCS Luxembourg: B171.059

Contents

Information on the Company

Name of the Company	*4finance Holding S.A.*
Legal status	*Public limited company*
Number, place and date of registration	*B171059, Luxembourg, Luxembourg, August 27, 2012*
Legal and postal address	*6, rue Guillaume Schneider, L-2522 Luxembourg, Grand Duchy of Luxembourg*
Board members and their positions	*Kieran Patrick Donnelly, category B director, Chairman of the Board of Directors (from 26.02.2014)* *Mārtiņš Baumanis, category B director (from 20.10.2014)* *Livio Gambardella, category A director (from 20.10.2014 until 08.02.2016)* *Marc Chong Kan, category A director (from 27.02.2015 until 08.02.2016)* *Maksud Ahmadkhanov, category A director (from 20.10.2014 until 27.02.2015)* *Stéphane Sabella, category A director (from 08.02.2016)* *Philip Cesar Pascual (from 08.02.2016)*
Reporting period	*01.01.2015–31.12.2015*
Information on shareholders	*4finance Group S.A. (formerly PM Lux S.A.)* *holding 100%* from 30.06.2015* **of voting stock* *Total share capital of 4finance Holding S.A. consists of:* *3,575,000,000 ordinary shares with voting rights* *100,000 non-voting preferred shares held by AS 4finance*
Auditors	*KPMG Luxembourg* *Société coopérative* *39, Avenue John F. Kennedy* *L-1855 Luxembourg*

Management Report

4finance Holding S.A. (the 'Group'), rated B3 by Moody's and B+ by Standard & Poor's, one of Europe's largest online and mobile consumer lending groups, active in 14 countries globally, presents its audited annual report together with the annual accounts for the twelve month period ending 31 December 2015 (the 'Period').

The share capital of 4finance Holding S.A. as at 31 December 2015 was EUR 35 750 thousand, divided into 3 575 000 000 ordinary shares with the nominal value of EUR 0.01. As at 31 December 2015 4finance AS, a subsidiary of 4finance Holding S.A., held one hundred thousand (100 000) non-voting preferred shares with nominal value of one cent of Euro (EUR 0.01) each.

Important events in 2015 and future developments

During the reporting period the Group achieved strong growth in business volumes which has driven an increase in revenues and profitability. The total value of loans issued by the Group in the Period reached EUR 1,062 million, exceeding one billion Euros in a year for the first time in the Group's history.

In the Period, the Group acquired small operating lending businesses in Armenia and Argentina as an efficient way to enter those markets. New greenfield operations were also started in Romania and Mexico. Decisions were made in 2014 to sell operations in the Russian Federation and the UK, and these sales were finalised in the first quarter of 2015. The Group retains a 15% interest in the UK business, now named v7 Limited. In 2015, the decision to discontinue operations in Estonia was made and the portfolio in that country was liquidated within 4 months at a premium to book value.

In 2016, the Group will continue to pursue its strategy of building one of the world's leading digital consumer finance businesses based on providing a convenient and transparent service to its customers. In particular, the Group aims to:

Strengthen foundation. To reinforce Group's leadership in existing markets, optimizing its products and adapting to incoming regulation where appropriate.

Leveraging technology. Deploy best-in-class technology across the business with a particular focus on marketing technology and risk management tools to improve credit scoring, as well as further investment in the Group's core lending platform.

Product roll-out. Focus on growing instalment loan and line of credit portfolios by rolling them out to further markets, as well as piloting new products.

Geographic expansion. Selective expansion into additional geographies, particularly Latin America, to further diversify the Group's revenue sources.

Since June 30, 2015, the parent holding company of the Group and direct shareholder is 4finance Group S.A. (which holds 99.999% of the Group).

Review and development of the Group's business and financial position

Interest income for the Period amounted to EUR 318 million, compared with EUR 220 million in 2014, which represents an increase of 44%. The most significant interest income increases are in the Group's largest market, Poland, and in two of its more recent markets, Georgia and Spain. Those three countries saw an increase in revenue of EUR 60 million or 63% for 2015 compared with 2014. Interest income growth was mainly driven by an increase in net loan portfolio. The balance of outstanding net loans at the end of the Period was EUR 308 million, a 28% increase compared with EUR 241 million as of 31 December 2014. Growth in net loan portfolio was also driven mostly by Poland, Lithuania, Spain and Denmark.

The Group has generated profit during the reporting period. The profit for the Period amounts to EUR 64 million, a 38% increase compared to EUR 46 million for the twelve months ending 31 December 2014. The profit for the year will be invested into the future growth and development of the Group.

Management Report

Principal risks and uncertainties

The Group applies Group principles for overall risk management, and there are Group policies covering specific areas such as credit risk, liquidity risk, market risks, operational risks and reputation risks.

More detailed description of risk management is available on page 21 of the financial statements.

Research and development

The Group established a Product Development department in 2014 and continues to invest in information technology. The total amount invested in these two departments was EUR 27.2 million, of which EUR 11.2 million was expensed in the income statement. The remaining EUR 16 million was capitalized as intangible assets in the Period, representing product and platform development.

Corporate Governance

Strong corporate governance is an integral part of building a sustainable business. The Group intends to appoint a supervisory board during 2016.

Regulatory compliance is a vital part of the Group's operation and is taken very seriously throughout the business. The Group plays an active role in industry associations in several of its markets to support development of appropriate regulation.

The executive committee is composed of a team that works with the senior leaders across the Group to promote and foster a corporate culture of the highest ethical standards, internal controls, and legal compliance.

Management

The Group has enhanced its management team, with new Chief Marketing and Chief Risk Officers joining in 2015.

Important events after the balance sheet date

On 18 December 2015, the Bank of Lithuania removed the Group's local operating entity, 4finance UAB, from the list of consumer credit lenders in Lithuania. According to the opinion of the Bank of Lithuania Group's local operating entity, 4finance UAB, was not in full compliance with certain consumer lending regulations. As a result, the Group could not issue new consumer loans in the name of 4finance UAB in Lithuania. Following successful discussions with the Lithuanian authorities on the steps required to resume issuing new loans, the Group re-started its lending operations in Lithuania in January using UAB Credit Service, a licensed entity that was transferred to 4finance Holding S.A., previously owned by 4finance Group S.A.. This entity will be added as a guarantor to the 2019 Notes and 2018 Notes in due course. The financial performance of the Lithuanian business segment for the twelve month period ended 31 December 2015 is disclosed in Note 31.

On 4 February 2016, v7 Limited, a UK company in which the Group has a 15% interest, received full FCA authorisation to operate as an online consumer lender in the UK and has started lending at www.vivus.co.uk.

New regulatory changes have now been implemented in Latvia (from 1 January 2016), Lithuania (from 1 February 2016) and Poland (from 11 March 2016). The Group's products are fully compliant with these new regulations.

In February 2016, two Luxembourg based category A directors were appointed to the Group's board, Stéphane Sabella and Philip Cesar Pascual, to replace directors Marc Chong Kan and Livio Gambardella.

Management Report

The Group has incorporated companies in the Dominican Republic and Brazil to support pre-opening activities ahead of intended launches in those countries.

No other significant subsequent events have occurred that would materially impact the consolidated financial statements.

Kieran Patrick Donnelly
Chairman of the Board of Directors

31 March 2016

Consolidated Statement of Comprehensive Income

	Note	2015 EUR'000	2014 EUR'000
Continuing operations			
Interest income	7	318 285	220 333
Interest expense	8	(28 657)	(23 749)
Net interest income		**289 628**	**196 584**
Other income	9	6 640	2 150
Other expense	10	(8 740)	(4 037)
Net impairment losses on loans and receivables	11	(79 791)	(54 030)
General administrative expenses	12	(133 899)	(80 020)
Profit before taxes		**73 838**	**60 647**
Income tax for the reporting period	13	(15 683)	(11 639)
Profit from continuing operations		**58 155**	**49 008**
Discontinued operations			
Profit / (loss) from discontinued operations, net of tax	6	5 910	(2 748)
Profit for the period		**64 065**	**46 260**
Profit attributable to:			
Equity holders of the Group		63 470	45 646
Non-controlling interests		595	614
PROFIT		**64 065**	**46 260**

	2015	2014
Other comprehensive income that is or may be transferred to profit or loss		
Reclassification of foreign currency differences on disposal of subsidiaries	(728)	(165)
Foreign currency translation differences on foreign operations	(5 318)	1 422
Other comprehensive income	**(6 046)**	**1 257**
Total comprehensive income for the period	**58 019**	**47 517**
Total comprehensive income attributable to:		
Equity holders of the Group	57 414	47 427
Non-controlling interests	605	90

The accompanying notes on pages 12 to 67 form an integral part of these consolidated financial statements.

Kieran Patrick Donnelly

Chairman of the Board of Directors

31 March 2016

Consolidated Statement of Financial Position

	Note	31.12.2015 EUR'000	31.12.2014 EUR'000
Assets			
Cash and cash equivalents	14	56 862	33 713
Loans due from customers	15	308 288	241 375
Income tax assets		5 465	4 700
Financial assets at fair value through profit or loss	19	10 643	18 626
Prepaid expenses		2 675	3 331
Loans to related parties	20	13 732	134
Other assets	21	5 242	48 147
Assets held for sale		—	4 418
Property and equipment	16	4 328	2 108
Intangible assets and goodwill	17	18 030	2 751
Deferred tax asset	18	12 941	10 727
Total assets		**438 206**	**370 030**
Liabilities			
Loans and borrowings	22	229 462	231 624
Income tax liabilities		7 358	6 407
Employee benefits	23	2 394	971
Other liabilities	24	25 729	17 344
Liabilities held for sale		—	675
Total liabilities		**264 943**	**257 021**
Share capital	25	35 750	35 750
Retained earnings		171 048	107 578
Reorganization reserve	36	(31 104)	(32 584)
Currency translation reserve		(5 137)	919
Share based payment reserve	27	1 439	87
Obligatory reserve		156	145
Total equity attributable to equity holders of the Company		**172 152**	**111 895**
Non-controlling interests		1 111	1 114
Total equity		**173 263**	**113 009**
Total shareholder equity and liabilities		**438 206**	**370 030**

The accompanying notes on pages 12 to 67 form an integral part of these consolidated financial statements.

Kieran Patrick Donnelly

Chairman of the Board of Directors

31 March 2016

Consolidated Statement of Cash Flows

	Note	2015 EUR’000	2014 EUR’000
Cash flows from operating activities			
Profit before taxes		79 748	57 899
Adjustments for:			
Depreciation and amortization		1 716	1 203
Net losses on foreign exchange from borrowings and other monetary items		12 656	18 749
Increase in impairment allowance		85 140	60 042
Write offs and disposal of intangible and property and equipment assets		1 149	70
Provisions		1 423	170
Interest income		(2 050)	(841)
Interest expenses		28 658	23 750
Equity-settled share-based payment transactions		1 352	—
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities		209 792	161 042
Adjustments for:			
Increase in loans due from customers		(150 777)	(126 353)
Change in financial instruments measured at fair value through profit or loss		7 983	(21 048)
Decrease/(increase) in other assets		11 371	(3 648)
Gains from sale of portfolio	9	4 023	1 827
Increase in accounts payable to suppliers, contractors and other creditors		9 231	8 702
Gross cash flows from operating activities		91 623	20 522
Income tax paid		(17 607)	(20 911)
Net cash flows from / (used in) operating activities		**74 016**	**(389)**
Cash flows from investing activities			
Purchase of property and equipment and intangible assets		(20 292)	(4 158)
Loans issued to related parties		(59 053)	(14 811)
Loans repaid from related parties		26 134	14 650
Interest received		1 700	830
Disposal of subsidiaries, net of cash disposed		189	—
Acquisition of subsidiaries, net of cash acquired and disposed		(1 423)	—
Net cash flows used in investing activities		**(52 745)**	**(3 489)**

Consolidated Statement of Cash Flows

	Note	2015 EUR'000	2014 EUR'000
Cash flows from financing activities			
Loans received and notes issued	22	78 987	86 556
Repayment of loans and notes		(49 352)	(52 467)
Interest payments		(27 257)	(18 746)
Dividend payments		(608)	(280)
Net cash flows from financing activities		**1 770**	**15 063**
Net increase in cash and cash equivalents		**23 041**	**11 185**
Cash and cash equivalents at the beginning of the period		**34 442**	**21 124**
Effect of exchange rate fluctuations on cash		(621)	2 133
Cash and cash equivalents at the end of the period	14	**56 862**	**34 442**

The accompanying notes on pages 12 to 67 form an integral part of these consolidated financial statements.

Kieran Patrick Donnelly
Chairman of the Board of Directors

31 March 2016

Consolidated Statement of Changes in Equity

Group	Share capital EUR'000	Reorganization reserve EUR'000	Currency translation reserve EUR'000	Share based payment reserve EUR'000	Obligatory reserve EUR'000	Retained earnings EUR'000	Total equity attributable to shareholders of the Company EUR'000	Non-controlling interests EUR'000	Total equity EUR'000
1 January 2014	**17 524**	**(14 358)**	**(862)**	**87**	**145**	**61 932**	**64 468**	**1 308**	**65 776**
Total comprehensive income									
Profit for the reporting period	—	—	—	—	—	45 646	45 646	614	46 260
Other comprehensive income	—	—	1 781	—	—	—	1 781	(524)	1 257
Transactions with shareholders recorded directly in equity									
Increase in share capital (see Note 36)	18 226	(18 226)	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	(284)	(284)
1 January 2015	**35 750**	**(32 584)**	**919**	**87**	**145**	**107 578**	**111 895**	**1 114**	**113 009**
Total comprehensive income									
Profit for the reporting period	—	—	—	—	—	63 470	63 470	595	64 065
Other comprehensive income	—	—	(6 056)	—	—	—	(6 056)	10	(6 046)
Transactions with shareholders recorded directly in equity									
Share based payment reserve (see Note 27)	—	—	—	1 352	—	—	1 352	—	1 352
Increase in obligatory reserve	—	—	—	—	11	—	11	—	11
Increase in share capital (see Note 36)	—	1 480	—	—	—	—	1 480	—	1 480
Dividends	—	—	—	—	—	—	—	(608)	(608)
31 December 2015	**35 750**	**(31 104)**	**(5 137)**	**1 439**	**156**	**171 048**	**172 152**	**1 111**	**173 263**

The accompanying notes on pages 12 to 67 form an integral part of these consolidated financial statements.

Kieran Patrick Donnelly

Chairman of the Board of Directors

31 March 2016

(1) Reporting entity

4finance Holding S.A. (the ‘Company’) is registered in Luxembourg. The Company, which does not have any operating activities, is the holding company for several subsidiaries in Europe, North America and South America (together referred to as the ‘Group’). The Group entities provide consumer loans to millions of customers. Currently, the Group operates in Argentina, Armenia, Bulgaria, the Czech Republic, Denmark, Finland, Georgia, Latvia, Lithuania, Mexico, Poland, Romania, Spain and Sweden.

Prior to 30 April 2014, AS 4finance - the Latvian operating company was the parent company of the Group, and 4finance Holding S.à r.l. was one of AS 4finance’s subsidiaries. On 30 April 2014, the Group restructuring was completed, pursuant to which AS 4finance and 4finance Holding S.A. (formerly 4finance Holding S.à r.l.) were effectively switched around in the Group structure. As a result, 4finance Holding S.A. became the parent company of the Group (refer to Note 36). Due to certain share contribution transactions of 4finance Holding S.A., as of 30 June 2015, its new parent company became PM LUX S.A. (Luxembourg). PM LUX S.A. (Luxembourg) was subsequently renamed as 4finance Group S.A. (which holds 99.999% of the Group).

The consolidated financial statements of the Group as at and for the year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”), are available upon request at the Group’s registered office at 6, rue Guillaume Schneider, L-2522 Luxembourg.

The Group financial statements will form a part of the parent company, 4finance Group S.A., consolidated financial statements. The consolidated financial statements of the parent company, 4finance Group S.A., are available at 6, rue Guillaume Schneider, L-2522 Luxembourg.

(2) Basis of preparation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (further "IFRSs") .

These consolidated financial statements were approved by the Company's Board of Directors on 31 March 2016. The shareholders have the power to reject the financial statements prepared and presented by the Board of Directors, and the right to request that new financial statements be prepared.

The Company prepares separate financial statements for statutory purposes in accordance with the relevant Luxembourg legislation.

(b) Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis except for financial assets and liabilities carried at fair value through profit or loss.

(c) Functional and presentation currency

The consolidated financial statements are presented in thousands of Euro (EUR), unless stated otherwise. EUR is chosen as the presentation currency since most of the Group’s operational activities are based in the European Union. Group companies operate in the functional currencies of Euro (EUR), United States Dollar (USD), Swedish Krona (SEK), Danish Krone (DKK), Polish Zloty (PLN), Georgian Lari (GEL), Czech Koruna (CZK), Bulgarian Lev (BGN), Romanian New Lev (RON), Argentine Peso (ARS), Mexican Peso (MXN) and Armenian Dram (AMD) respectively. The Company’s functional currency is EUR.

(3) Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the new standards and pronouncements of the International Accounting Standards Board.

(i) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised gains/losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/joint venture at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the associates or joint venture.

Goodwill is allocated to cash-generating units and is stated at cost less impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

(iii) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the exchange rate set by the Central Bank of the country of operation or the European Central Bank for euro zone countries at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into EUR using the following exchange rates:

	31 December 2015		31 December 2014
LTL	—	LTL	0.28962
SEK	0.10882	SEK	0.10646
DKK	0.13400	DKK	0.13431
PLN	0.23453	PLN	0.23402
GBP	1.36249	GBP	1.28386
CZK	0.03701	CZK	0.03606
GEL	0.37025	GEL	0.44138
BGN	0.51130	BGN	0.51130
GIB	1.36249	GIB	1.28866
USD	0.91853	USD	0.82366
CAD	0.66155	CAD	0.71109
RON	0.22104	RON	0.22310
AMD	0.00189	AMD	0.00173
ARS	0.07060	ARS	0.09619
MXN	0.05287	MXN	0.05597

The Bulgarian Lev is pegged to euro. In 2015 Lithuania joined the euro zone and previously its currency the Lithuanian Lita was pegged to the euro.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into EUR, the Group's presentation currency, at exchange rates set by the European Central Bank at the reporting date. The income and expenses of foreign operations are translated into the Company's functional currency at exchange rates at the dates of the transactions. Foreign currency retranslation differences are recognized in other comprehensive income.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised directly in the foreign currency translation reserve.

(iv) Share-based payment transactions

The grant date fair value of share-based payment awards granted to senior management of subsidiaries is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on a number of awards that meet the related service and non-market conditions at the vesting time.

The Group is part of wider group share-based payment arrangements where settlement for the services received is performed by the parent company. The Group accounts for such transactions as equity-settled share-based payment transaction and recognizes expense for services received unless, the services received qualify for recognition as an asset, and an increase in its equity for the contribution received from the parent.

(v) Cash and cash equivalents

Cash and cash equivalents comprise call deposits in banks that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Financial Instruments

(i) Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular purchases of financial assets are accounted for at the settlement date.

(ii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables that are measured at amortized cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(iii) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Group transfers substantially all of the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognized separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

The Group also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The key financial instruments of the Company and the Group are cash, trade receivables and loans to customers and bonds issued, trade payables, deposits from customers and other creditors arising from the business activities.

(v) Derivative financial instruments

Derivative financial instruments include options and forward instruments.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in the profit or loss.

The Group is engaged in hedging activities of its foreign exchange risk. The Group does not apply hedge accounting however. Given the low level of trading activity, the Group has estimated that any credit valuation adjustment or debit valuation adjustment would be immaterial and has not incorportated these into the fair value of derivatives due to materiality.

(vi) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

For the purposes of these consolidated financial statements trade receivables and loans to customers are measured at amortized cost using the effective interest rate method. An impairment loss allowance for credit losses is established. For the policy see Note 5.

(vii) Property and equipment

(i) Owned assets

Items of property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	3 years
Long-term leasehold improvements	5 years
Other property and equipment	5 years

(viii) Intangible assets

Intangible assets, which are acquired by the Group, other than goodwill, are stated at cost less accumulated amortization and impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Licenses, trademarks and similar rights	5 years
Software and other intangible assets	3 years

(ix) Impairment

(i) Financial assets

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific impairment testing is not undertaken since the loan portfolio consists of a large number of small exposure loans that would make individual impairment testing impracticable.

Impairment losses on portfolios of assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated discounted future cash flows.

Impairment losses are recognized in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on impaired assets is recognized indirectly through a change in net impairment allowance when repayments are received from impaired loans. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(x) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

As at the end of the period, a provision for unused vacations has been recognized in accordance with local legislation in each separate country of operation and is based on the number of vacation days unused as at 31 December 2015 and historical remuneration.

(xi) Share Capital and reserves

(i) Currency revaluation reserve

The currency revaluation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into the presentation currency.

(ii) Obligatory reserve

Under Luxembourg corporate law, the Company must allocate at least 5% of the statutory annual net profit, based on the stand alone financial statements, to a legal reserve until this reserve reaches 10% of the issued share capital. The legal reserve is not available for dividend distributions. As of 31 December 2015 no legal reserve existing as no profits were available based on the stand alone financial statement to allocated to the legal reserve.

Under Lithuanian law, an annual allocation to the legal reserve should amount to at least 5% of the net profit until the reserve makes up 10% of the share capital. The reserve cannot be distributed; it can be used only to cover losses.

(iii) Reorganization reserve

Reorganization reserve relates to a number of legal reorganizations that took place in before 1 January 2015. The entity accounted for these reorganizations as common control transactions using net asset values. This reserve arises on consolidation and is not distributable to shareholders.

(xii) Dividends

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period in which they are declared.

(xiii) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(xiv) Income and expense recognition

All significant income and expense categories including interest income and expenses are recognized in the statement of comprehensive income on an accrual basis.

(i) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Revenue is not recognized when there is doubt whether the cost of services will be covered.

(ii) Penalty fee income

Income from penalty fees is recognized as received.

(xv) Staff costs and related contributions

The Group pays social security contributions to state-funded insurance and pension schemes as required by the laws and regulations of the various jurisdictions in which the Group operates. The Group is not party to any defined benefit pension scheme.

Notes to the Consolidated Financial Statements

(xvi) Operating segments

Since the Group's debt is traded in a public market, it discloses information about its operating segments. The Group determines and presents operating segments based on the information that is internally provided to the Group's management board, which is the Group's Chief Operating Decision Maker (CODM).

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the CODM to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

(xvii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represent a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- are operations that are ceased.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income (OCI) is represented as if the operation had been discontinued from the start of the comparative year.

(xviii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. If the economic characteristics and risks of the embedded derivative are closely related to those of the host contract, then the embedded derivative is not separated and accounted for separately.

(xix) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application on 1 January 2015:

- IFRIC 21 guidance on a levy imposed by government
- Annual Improvements to IFRSs

These have not had a material impact on the Group's financial statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) *IFRS 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018, although currently not endorsed by the European Union)*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

(ii) IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)

These Amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.

The Group is not a party to any joint arrangements.

(iii) IFRS 15 Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2017)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

(iv) *IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2016)*

The Amendments to include the five, narrow-focus improvements to the disclosure requirements contained in the standard.

The Group expects that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Group.

(v) *IAS 16 Property, Plant and Equipment and IAS 38 - Intangible Assets (effective for annual periods beginning on or after 1 January 2016)*

The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. In addition, the amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

It is expected that the Amendments, when initially applied, will not have material impact on the Group's financial statements, as the Group does not apply revenue-based methods of amortisation/depreciation.

(vi) IAS 16 Property, Plant and Equipment and IAS 41 - Agriculture (effective for annual periods beginning on or after 1 January 2016)

These amendments result in bearer plants being in the scope of IAS 16 *Property, Plant and Equipment*, instead of IAS 41 *Agriculture*, to reflect the fact that their operation is similar to that of manufacturing.

The Group does not expect that the amendments, when initially applied, will have material impact on the financial statements as the Group has no bearer plants.

(vii) *IAS 19 Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015)*

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The Group does not expect the amendment to have any impact on the consolidated financial statements since it does not have any defined benefit plans that involve contributions from employees or third parties.

(viii) *IAS 27 Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)*

The amendments allow an entity to use the equity method in its separate financial statements to account for investments in subsidiaries, associates and joint ventures.

The Group does not expect that the amendments, when initially applied, will have a material impact on the financial statements as the Group intends to continue to carry its investments in subsidiaries, associates or joint ventures in accordance with IAS 39.

(ix) *Annual Improvements to IFRSs*

The improvements introduce ten amendments to ten standards and consequential amendments to other standards and interpretations. These amendments are applicable to annual periods beginning on or after either 1 February 2015 or 1 January 2016, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the consolidated financial statements of the Group.

(4) Risk management

Key financial and non-financial risks related to the Group's financial instruments and operating activities are:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Currency risk
- Price risk
- Operational risk
- Capital management risk

Management has implemented procedures to control the key risks.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty/customer fails to meet its contractual obligations, and arises primarily from the Group's loans due from customers. The Group's Credit Policy defines lending guidelines according to the business strategy and efficient risk management, protecting the Group's assets as well as complying with the local regulatory requirements. Loan credit risk is managed by the Group's Risk department. Lending rules and scorecards (the Credit scoring models) are implemented for all products and the customer's risk profile is analysed prior to a loan being issued. The Credit scoring models use multiple triggers including but not limited to customer credit history checks and income levels. The use of the Credit scoring models exclude any possibility of judgment, as scoring is done automatically and based on statistical evidence. Specific Credit scoring models are adjusted to specific country requirements and tendencies. Credit scoring models are periodically reviewed and if necessary adjusted to follow market and specific client group tendencies. The Group has established a general Group Debt Collection policy. The Group has implemented specific country-specific debt collection procedures to ensure smooth collection of debts. Performance of different customer groups is analysed on a regular basis by the Group's Debt Collection department. Management believes that current procedures are sufficient to effectively monitor credit risk of customer groups. In addition, the structure of the loan portfolio is based on many small value loans, and consequently separate customer exposures cannot individually cause material losses to the Group. The calculation methodology of allowances for impairment on loans is described in Note 5. Quantitative information on the Group's credit risk is disclosed in Note 15 and Note 35.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets when due. The liquidity position of the Group is managed by the Treasury department. The Group manages and controls its liquidity position on a day-to-day, short-, medium- and long-term basis by implementing and following relevant procedures, policies and processes. The Group has established the following processes and procedures: Group cash flow management procedure, Group bank account management procedure and intra-Group financing process. Management believes that current processes and procedures are sufficient to effectively monitor and manage the liquidity risk of the Group. The Group's maturity structure of financial assets and liabilities is presented in Note 32.

(c) Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. The Group's market risk arises from open positions in interest rate and currency financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

(d) Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial assets. Management believes that interest rate risk is not material since all loans are issued and received at fixed rates and most of the borrowings are long term. Interest rate risk for loans to customers arising from short-term repricing is not considered part of interest rate risk since an immaterial proportion of the interest rates charged relate directly to interest rate variance risk. All of the Group's borrowings have been received at fixed rates. Repricing of interest-bearing liabilities is not expected to take place within the next 12 months.

(e) Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

The Group's currency risk is managed centrally by the Group's Treasury Department. The Group has established a Currency risk monitoring and management policy. It is the policy of the Group to hedge its open positions where practical and economically sensible to do so. To manage the Group's open position in foreign currencies the Group has entered into cross currency swap, forward and option agreements. The purpose of the financial instruments is to limit the Group's exposure to foreign currency fluctuations.

An analysis of sensitivity of the Group's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2015 and 31 December 2014 and a simplified scenario of a change in USD, GEL, PLN and CZK to EUR exchange rates is as follows:

	31.12.2015		31.12.2014	
	Net income	**Equity**	**Net income**	**Equity**
5% appreciation of PLN against EUR	(207)	(207)	(230)	(230)
5% depreciation of PLN against EUR	686	686	1 195	1 195
10 % appreciation of USD against EUR	(1 260)	(1 260)	1 917	1 917
10% depreciation of USD against EUR	11 749	11 749	(146)	(146)
5% appreciation of CZK against EUR	(58)	(58)	—	—
5% depreciation of CZK against EUR	165	165	—	—
20% appreciation of GEL against EUR	(960)	(960)	—	—
20% depreciation of GEL against EUR	1 296	1 296	—	—
5% appreciation of SEK against EUR	(2 040)	(2 040)	8	8
5% depreciation of SEK against EUR	2 040	2 040	(8)	(8)

Currency risk analysis above illustrates the effect of an isolated appreciation/depreciation of each significant operating currency. The above analysis does not include any assumptions about correlation between these currencies. Refer to Note 19 for further description of the Group's currency risk management.

(f) Price risk

Price risk is the risk that the value of a financial instrument carried at fair value will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.

The Group is not exposed to price risk as it does not hold financial instruments dependent on changes in market prices.

(g) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

The Group is also subject to reputation risk in relation to the lending practices undertaken by each of its operations. Management is fully aware of the scrutiny and interest in the operations of short-term finance institutions by regulators and members of the public. Management seeks to be transparent in the way it markets its business, takes steps to ensure that all operations are legal and cooperates intensively with regulators, when requested.

(h) Capital management risk

Capital management of the Group is not controlled by any requirements set by regulatory institutions or international bodies. Management reviews its capital position on a regular basis to ensure positive equity in all subsidiaries of the Group and to maintain sufficient funds in order to support the medium- and long-term strategic goals of the Group. Equity is the residual interest in the assets of the Group after deducting all its liabilities.

(5) Use of estimates and judgements

The preparation of consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended 31 December 2014. These included determination of the consolidation group and whether embedded derivatives within financial liabilities require separation. It was determined that embedded derivatives do not require separation. Key sources of estimation uncertainty are:

- Allowances for credit losses on loans and receivables (see Note 15)

Total allowances for impairment on loans and advances are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. Collectively assessed impairment allowances also cover credit losses for portfolios of defaulted loans which are defined as past due 90 days or more. In assessing the need for collective loss allowances, management considers factors such as probability of default, loss given default ("LGD"), portfolio size, delay concentration and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. To assess collective impairment allowances the loan portfolio is grouped based on delay days. The significant assumptions used in determining collective impairment losses for the loan portfolio include:

Management assumes that the Group collects cash from defaulted loans up to 21 months after default for single payment loans and up to 36 months after default for instalment loans.

Management calculates probability of default ratios using historic transition matrices which analyse loan portfolio movements between the delinquency buckets over one month periods. This analysis is undertaken on a monthly basis when the average probability of default ratios of the last six months are recalculated.

Management writes off trade receivables and loans to customers when they are past due more than two years or earlier if deemed to be uncollectible.

Management closely follows recoveries from delinquent loans and revises LGD rates for portfolios based on actual recoveries received. Historical experience supports the use of 21 and 36 months after default as the period over which recoveries are expected to be received. This assumption is used across all countries and is supported by actual past experience across numerous entities within the Group. Where there is insufficient past statistical data, projections of recoveries are used based on the data available and benchmarking of comparable data from other markets where the Group has wider historical data availability. Projected LGD rates vary across the countries depending on the specifics of individual countries.

During the year ended 31 December 2015, Management continually reassessed its impairment allowances for credit losses on loans and receivables. This assessment included a review of historical recovery trends impacting the LGD ratio that underlies the impairment loss allowance calculation. As at 31 December 2015, the weighted average LGD rate across portfolios was 53% (31 December 2014: 47%). The weighted average LGD rate increased due to relative increase in exposure to countries with larger LGD ratio such as Poland and Spain, growth of individual LGD ratios in some countries, as well as management's introduction of a conservative minimum LGD rate for loans overdue by more than a year. As a result, the impairment coverage for the delinquent more than 1 year portfolio improved by 13% (from 57% as at 31 December 2014 to 70% as at 31 December 2015).

An analysis of sensitivity of the Group's net income for the year and equity to changes in LGD rates and a simplified scenario of a 5% increase in LGD ratio for each operating entity would increase loan loss impairment by EUR 10 237 thousand (31 December 2014: EUR 7 300 thousand) and 5% decrease would lead to decrease in the same amount.

- Separation of embedded derivatives

The Group's borrowing notes issued in 2015 and maturing in 2019 have a prepayment option for bond holders to request early redemption in 2017. There is also an early redemption option from the Group's perspective. These prepayment options are judged to be closely related to the host debt instruments characteristics and, therefore, are not separated from the host debt instrument. The Group does not expect these options to be exercised.

- Capitalisation of internal development costs (see Note 17)

During the year Group was developing certain software solutions. The Group had to apply judgment as to which expenditure met the criteria to be capitalized and which had too be expensed to profit or loss. The Group has set up internal processes allowing management to identify different stages of software development and management. Management divides all IT related internal expenses into research, development and maintenance stages. Only those expenses that have been internally assessed as relating to development are capitalized. Information in relation to the amounts capitalized and the type of development costs capitalized have been disclosed in Note 17.

- Deferred tax asset recognition (see Note 18)
- Fair value of financial instruments (see Note 19)
- Valuation of related party loans (see Note 20).

(6) Discontinued operations

The comparative consolidated statement of comprehensive income has been restated to show discontinued operations separately from continuing operations.

In January 2015, a decision to discontinue operations in Estonia was made. The decision was made due to a strategic decision to place greater focus on markets which provide higher return on investment.

In December 2014, a decision to sell the Group's operations in the Russian Federation was made. The decision was primarily driven by political and economic uncertainties in the market. At the same time, the decision to sell its effectively ceased operations in the UK to local management was made.

Operating segments on which a decision by management to sell has been made were classified as held-for-sale as at 31 December 2014. In 2014, the North America business segment was sold to a related party outside the reporting group. The Group gained profit of EUR 2 348 thousand from this sale due to the segment's retained losses.

On 1 January 2015 the Russian Federation business segment was sold to a related party outside the reporting group and all related sales transactions were completed in the first half of 2015. The sale of 85% of the ceased operations in the United Kingdom was effective from 1 January 2015.

(6) Discontinued operations (continued)

The below table includes the operating results of discontinued business segments. All of the discontinued operations results are attributable to shareholders of the Company.

(a) Results of discontinued operation

	2015 EUR'000	2014 EUR'000
Interest income	280	10 562
Interest expenses	(1)	(11)
Impairment allowance	(392)	(4 435)
Net other expenses	(120)	(10 882)
Results from operating activities	**(233)**	**(4 766)**
Income tax	—	(330)
Results from operating activities, net of tax	**(233)**	**(5 096)**
Gain on sale of discontinued operations	6 143	2 348
Profit/(loss) for the period	**5 910**	**(2 748)**

The results from the discontinued operations in 2015 and 2014 are attributable to the owners of the Group.

(b) Cash flows from (used in) discontinued operations

	2015 EUR'000	2014 EUR'000
Net cash from operating activities	339	(439)
Net cash used in investing activities	(330)	—
Net cash flow from financing activities	8	—
Net cash flow for the year	**17**	**(439)**

(c) Effect of disposal on the financial positions of the Group

	1 January 2015 EUR'000
Cash and cash equivalents	(729)
Loans and advances due from customers	(2 886)
Property and equipment	(119)
Intangible assets	(203)
Other assets	(648)
Income tax liabilities	8
Provisions	15
Other liabilities	586
Foreign currency translation differences on foreign operations	728
Net assets	**(3 248)**
Consideration received	**9 391**

Total consideration received for the disposal of the Russian Federation business segment consists of EUR 587 thousand cash and EUR 8 804 thousand loan receivable balance from Piressa Holdings Limited which was outstanding as at 1 January 2015. This resulted in total gain of EUR 6 383 thousand. Subsequently, cash consideration was received and the loan issued was partly repaid (see Note 20).

The Group disposed the United Kingdom operations for no cash consideration. As at 1 January 2015 the fair value of outstanding loan receivable due from the United Kingdom segment was EUR 0 thousand. Total loss from the sale of the United Kingdom operations amounted to EUR 240 thousand.

(7) Interest income

Interest income represents revenue generated during the reporting period from the Group's basic activities – consumer loans. Interest income includes loan commission income and penalty fee income.

Interest income by geographic markets:

	2015 EUR'000	2014 EUR'000
Poland	81 217	61 448
Latvia	44 234	40 817
Georgia	39 653	20 276
Spain	35 580	14 361
Lithuania	35 195	27 035
Sweden	26 170	19 618
Denmark	21 974	12 974
Finland	21 622	19 951
Other	12 640	3 853
	318 285	**220 333**

(8) Interest expense

	2015 EUR'000	2014 EUR'000
Interest expense on notes	26 383	20 887
Interest expense on other loans	1 913	2 331
Interest expense on bank loans	361	531
	28 657	**23 749**

(9) Other income

	2015 EUR'000	2014 EUR'000
Net gain from debt portfolio sale	2 758	922
Interest income	2 050	841
Income from services	1 160	175
Other income	672	212
	6 640	**2 150**

During 2015, the Group sold portfolios in Latvia, Sweden, Finland, Denmark, Lithuania, Georgia. The net carrying amount of the portfolios on the date of sale amounted to EUR 1 265 thousand (2014: EUR 905 thousand). As a result of the sale the Group received consideration in the amount of EUR 4 023 thousand (2014: EUR 1 827 thousand) and it resulted in a gain of EUR 2 758 thousand (2014: EUR 922 thousand loss).

In 2015 interest income consisted of interest income from related parties EUR 1 503 thousand (2014: EUR 779 thousand) and other interest income (see Note 27).

(10) Other expense

	2015 EUR'000	2014 EUR'000
Net foreign exchange loss / (gain)	17 661	(16 581)
Financial assets at fair value through profit or loss - net change in fair value	(10 673)	20 487
Cost of services rendered	1 140	—
Other expense	612	131
	8 740	**4 037**

(11) Net impairment losses on loans and receivables

	2015 EUR'000	2014 EUR'000
Impairment losses on loans	84 748	55 607
Recovery from written-off loans	(4 957)	(1 577)
	79 791	**54 030**

(12) General administrative expenses

	2015 EUR’000	2014 EUR’000
Marketing and sponsorship	50 128	33 796
Personnel costs	39 378	22 810
IT expenses	11 218	3 190
Legal and consulting*	7 458	3 746
Debt collection costs	6 975	3 830
Application inspection costs	3 972	3 704
Communication expenses	3 167	2 351
Rent and utilities	2 481	1 457
Bank services	1 943	1 124
Travel	1 734	843
Depreciation and amortization	1 585	900
Other	3 860	2 269
	133 899	**80 020**

*** Auditor’s fees (part of Legal and consulting)**	2015 EUR’000	2014 EUR’000
Audit fees	424	360
Audit related fees	33	70
Tax related fees	634	94
	1 091	**524**

(12) General administrative expenses (continued)

	2015 EUR'000	2014 EUR'000
Average number of employees		
Senior management/Executives	8	5
Employees	1 240	917
	1 246	**922**

(13) Income tax for the reporting period

	2015 EUR'000	2014 EUR'000
Current tax	17 794	18 474
Deferred tax	(2 111)	(6 835)
	15 683	**11 639**

Reconciliation of effective income tax:

	2015 EUR'000	2014 EUR'000
Profit before corporate income tax	73 838	60 647
Theoretical corporate income tax, 29%	21 413	17 588
CIT relief due to donations	(709)	(324)
Effect of change in deferred tax asset recognition	1 059	(658)
Tax effect of permanent differences related to non-deductible expenses	1 821	1 901
Non-taxable gain on sale of discontinued operations	(1 781)	(681)
Impact of tax rate in other jurisdictions	(6 120)	(6 187)
Corporate income tax for the reporting year	**15 683**	**11 639**

Effective tax rate in 2015 was 21% (2014: 19%).

(14) Cash and cash equivalents

	31.12.2015 EUR'000	31.12.2014 EUR'000
Bank balances	56 862	33 713
Cash and cash equivalents in the statement of financial position	**56 862**	**33 713**
Cash and cash equivalents included in assets held for sale	—	729
Cash and cash equivalents in the statement of cash flows	**56 862**	**34 442**

(15) Loans due from customers

	31.12.2015 EUR'000	31.12.2014 EUR'000
Long-term loans due from customers	20 890	15 730
Impairment of long-term loans due from customers	(4 625)	(3 222)
Long term	**16 265**	**12 508**
Short-term loans due from customers	404 605	301 063
Impairment of short-term loans due from customers	(112 582)	(72 196)
Short term	**292 023**	**228 867**
	308 288	**241 375**

The Group's long-term and short-term loans consist of loan balances not exceeding EUR 3 265 (31 December 2014: EUR 3 200) per loan with maturity of up to 3 years. Average loan size in 2015 is EUR 184 (2014: EUR 174). The loans are not collateralized.

Short-term loans include the Line of Credit portfolio outstanding of EUR 463 thousand as at 31 December 2015. The total credit committed under this product is EUR 569 thousand which includes used and unused amounts.

Movements in the allowance for doubtful debts for the respective periods are as follows:

	31.12.2015 EUR'000	31.12.2014 EUR'000
Allowance for doubtful debts		
Balance at the beginning of period	75 418	42 220
Charge for the period in continued operations	84 748	55 607
Amounts written-off	(36 315)	(16 749)
Derecognised on disposal of portfolio	(2 827)	(1 882)
Reclassified to assets held-for-sale	—	(1 745)
Charge for the period in discontinued operations	(392)	(4 435)
Currency effect	(3 425)	2 402
Balance at period end	**117 207**	**75 418**

(15) Loans due from customers (continued)

Loans by country and currency:

	Gross receivables 31.12.2015	Allowance for doubtful debts 31.12.2015	Net receivables 31.12.2015	Gross receivables 31.12.2014	Allowance for doubtful debts 31.12.2014	Net receivables 31.12.2014
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Poland (PLN)	102 699	(33 594)	69 105	80 718	(26 080)	54 638
Lithuania (LTL/ EUR)	63 181	(10 822)	52 359	45 610	(7 633)	37 977
Latvia (EUR)	61 744	(11 495)	50 249	61 914	(10 717)	51 197
Sweden (SEK)	43 253	(11 244)	32 009	30 634	(6 560)	24 074
Georgia (GEL)	37 993	(11 517)	26 476	26 115	(3 969)	22 146
Denmark (DKK)	31 312	(7 575)	23 737	17 057	(3 863)	13 194
Finland (EUR)	31 536	(9 430)	22 106	26 837	(5 900)	20 937
Spain (EUR)	37 428	(17 310)	20 118	20 868	(9 432)	11 436
Other	16 349	(4 220)	12 129	7 040	(1 264)	5 776
	425 495	**(117 207)**	**308 288**	**316 793**	**(75 418)**	**241 375**

Credit quality of loan portfolio:

	Gross receivables 31.12.2015	Allowance for doubtful debts 31.12.2015	Net receivables 31.12.2015	Gross receivables 31.12.2014	Allowance for doubtful debts 31.12.2014	Net receivables 31.12.2014
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Not overdue	215 438	(5 922)	209 516	159 555	(4 003)	155 552
Overdue less than 90 days	53 008	(18 368)	34 640	48 787	(13 051)	35 736
Overdue more than 90 days	157 049	(92 917)	64 132	108 451	(58 364)	50 087
	425 495	**(117 207)**	**308 288**	**316 793**	**(75 418)**	**241 375**

(16) Property and equipment

	Leasehold improvements EUR'000	Computer equipment EUR'000	Other property and equipment EUR'000	Total EUR'000
Cost				
31 December 2013	**360**	**1 714**	**644**	**2 718**
Additions	41	1 038	279	1 358
Disposals	(46)	(43)	(38)	(127)
Reclassified to assets held for sale	—	(162)	(1)	(163)
Reclassification to intangible assets	—	(7)	(2)	(9)
Effect of changes in foreign exchange rates	(2)	(85)	—	(87)
31 December 2014	**353**	**2 455**	**882**	**3 690**
Accumulated depreciation				
31 December 2013	**160**	**612**	**143**	**915**
Depreciation	57	607	144	808
Disposals	(13)	(30)	(15)	(58)
Reclassified to assets held for sale	—	43	—	43
Reclassification to intangible assets	—	(1)	—	(1)
Effect of changes in foreign exchange rates	—	(112)	(13)	(125)
31 December 2014	**204**	**1 119**	**259**	**1 582**
Balance as at 31 December 2013	**200**	**1 102**	**501**	**1 803**
Balance as at 31 December 2014	**149**	**1 336**	**623**	**2 108**

	Leasehold improvements EUR'000	Computer equipment EUR'000	Other property and equipment EUR'000	Total EUR'000
Cost				
31 December 2014	**353**	**2 455**	**882**	**3 690**
Additions	1 135	2 282	807	4 224
Acquisitions through business combinations	19	9	10	38
Disposals and write-offs	(227)	(632)	(106)	(965)
Effect of changes in foreign exchange rates	(67)	(176)	1	(242)
31 December 2015	**1 213**	**3 938**	**1 594**	**6 745**
Accumulated depreciation				
31 December 2014	**204**	**1 119**	**259**	**1 582**
Depreciation	184	897	214	1 295
Disposals and write-offs	(17)	(360)	(23)	(400)
Effect of changes in foreign exchange rates	(24)	(26)	(10)	(60)
31 December 2015	**347**	**1 630**	**440**	**2 417**
Balance as at 31 December 2014	**149**	**1 336**	**623**	**2 108**
Balance as at 31 December 2015	**866**	**2 308**	**1 154**	**4 328**

(17) Intangible assets and goodwill

	Licenses, trademarks and similar rights EUR'000	Software and other intangible assets EUR'000	Advances EUR'000	Total EUR'000
Cost				
31 December 2013	**482**	**436**	**—**	**918**
Additions	526	5	2 269	2 800
Disposals	(7)	—	—	(7)
Reclassified to assets held for sale	(275)	—	(3)	(278)
Reclassification	129	(139)	—	(10)
Effect of changes in foreign exchange rates	(111)	(25)	2	(134)
31 December 2014	**744**	**277**	**2 268**	**3 289**
Accumulated amortisation				
31 December 2013	**165**	**213**	**—**	**378**
Amortisation	249	27	—	276
Amortisation of disposals	(6)	—	—	(6)
Reclassified to assets held for sale	76	—	—	76
Reclassification	25	(25)	—	—
Effect of changes in foreign exchange rates	(184)	(2)	—	(186)
31 December 2014	**325**	**213**	**—**	**538**
Balance as at 31 December 2013	**317**	**223**	**—**	**540**
Balance as at 31 December 2014	**419**	**64**	**2 268**	**2 751**

(17) Intangible assets and goodwill (continued)

	Licenses, trademarks and similar rights EUR'000	Software and other intangible assets EUR'000	Goodwill EUR'000	Development costs EUR'000	Advances EUR'000	Total EUR'000
Cost						
31 December 2014	**744**	**277**	**—**	—	**2 268**	**3 289**
Additions	1 334	328	—	6 220	2 154	10 036
Additions - internally developed	—	—	—	6 032	—	6 032
Acquisitions through business combinations	—	117	647	—	—	764
Disposals and write-offs	(112)	(423)	—	(81)	(48)	(664)
Reclassification	—	5 991	—	(3 770)	(2 221)	—
Effect of changes in foreign exchange rates	8	(210)	—	(203)	(46)	(451)
31 December 2015	**1 974**	**6 080**	**647**	**8 198**	**2 107**	**19 006**
Accumulated amortisation and impairment						
31 December 2014	**325**	**213**	**—**	—	—	**538**
Amortisation	335	86	—	—	—	421
Disposals and write offs	(80)	—	—	—	—	(80)
Amortization of acquisitions through business combinations	—	68	—	—	—	68
Effect of changes in foreign exchange rates	(7)	36	—	—	—	29
31 December 2015	**573**	**403**	**—**	—	—	**976**
Balance as at 31 December 2014	**419**	**64**	**—**	**—**	**2 268**	**2 751**
Balance as at 31 December 2015	**1 401**	**5 677**	**647**	**8 198**	**2 107**	**18 030**

During 2015, the Group's IT function was expanded to support new countries and products, focusing on in-house development. A new development site was opened, and the Group invested in new IT personnel. New software developments included a new Risk Tool, a new Debt Collection tool, several enhancements to existing solutions, Web Design and building new websites based on User Experience (UX).

Goodwill

During the year 2015 the Group acquired two entities. The goodwill was accounted for based on the facts described below. In April and in May 2015 the Group acquired all of the shares in the following two companies: closed joint stock company GoodCredit Universal Credit Organization operating in Armenia for USD 1.4 million (EUR 1.3 million), and stock corporation Prestamo Movil S.A. operating in Argentina for EUR 200 thousand respectively. Both acquisitions were settled in cash. These acquisitions will enable the Group to expand its activities in Armenia and Argentina.

In the eight months from 1 May to 31 December 2015, GoodCredit Universal Credit Organization contributed a loss of EUR 180 thousand to the Group's results. In seven months from 1 June 2015 to 31 December 2015 Prestamo Movil S.A. contributed a loss of EUR 192 thousand to the Group's results.

(17) Intangible assets and goodwill (continued)

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed of the two acquired entities at the acquisition dates.

	EUR'000
Property and equipment	38
Intangible assets	49
Trade and other receivables	1 276
Deferred tax assets	161
Cash and cash equivalents	85
Loans and borrowings	(589)
Trade and other liabilities	(159)
Total identifiable net assets	**861**

Goodwill arising from the acquisitions was as follows.

	EUR'000
Total consideration transferred	1 508
Fair value of identifiable net assets	(861)
Goodwill	**647**

Development costs and Advances

Development costs and Advances largely relate to new IT development projects. The Group is investing significantly in a number of IT projects including migration of websites to a new front-end platform, a new collection system, a new risk platform, and developing new mobile applications.

(18) Deferred tax asset

Deferred tax relates to the following temporary differences and tax losses carried forward:

Movement in temporary differences and tax losses carried forward during the year ended 31 December 2015:

						31.12.2015	
	Net balance 1 January 2015	**Recognised in profit or loss of continued operations**	**Acquired through business combination**	**Effect of exchange rate fluctuations**	**Net balance 31 December 2015**	**Deferred tax asset**	**Deferred tax liabilities**
Impairment losses on loans and receivables	8 526	276	—	13	8 815	8 815	—
Property and equipment	(100)	134	—	7	41	—	41
Other liabilities	1 267	707	—	34	2 008	2 008	—
Tax loss carry-forwards	1 034	995	161	(113)	2 077	2 077	—
Deferred tax assets (liabilities) before set-off	**10 727**	**2 112**	**161**	**(59)**	**12 941**	**12 900**	**41**
Set-off of tax						41	(41)
Net deferred tax assets						**12 941**	—

Movement in temporary differences and tax losses carried forward during the year ended 31 December 2014:

						31.12.2014	
	Net balance 1 January 2014	**Recognised in profit or loss of continued operations**	**Recognised in profit or loss of discontinued operations**	**Effect of exchange rate fluctuations**	**Net balance 31 December 2014**	**Deferred tax asset**	**Deferred tax liabilities**
Impairment losses on loans and receivables	6 619	1 957	—	(50)	8 526	8 526	—
Property and equipment	(44)	(58)	—	2	(100)	—	(100)
Other liabilities	(2 231)	3 886	(297)	(91)	1 267	1 267	—
Tax loss carry-forwards	11	1 050	—	(27)	1 034	1 034	—
Deferred tax assets (liabilities) before set-off	**4 355**	**6 835**	**(297)**	**(166)**	**10 727**	**10 827**	**(100)**
Set off of tax						(100)	100
Net deferred tax assets						**10 727**	—

The Group has recognized the deferred tax assets of EUR 12 941 thousand (31 December 2014: EUR 10 727 thousand) in Latvia, Lithuania, Sweden, Finland, Sweden, Poland, Georgia, the Czech Republic, Spain, Romania, Armenia, Argentina, Mexico and United States. The tax losses carried forward relate to Argentina, Armenia, Mexico, Romania and United States. EUR 8 297 thousand of the tax losses have expiry period in excess of 5 years, while EUR 399 thousand of the tax losses have expiry period limitation of 5 years. The largest part of tax losses are expected to be realized till 2018. As at 31 December 2015, the Group had not recognised a deferred tax relating to tax losses of EUR 288 thousand (2014: EUR 960 thousand) due to uncertainty around utilisation of these tax benefits.

(19) Financial assets at fair value through profit or loss

To manage the Group's open position in foreign currencies, the Group has entered into forward and option agreements. The purpose of the financial instruments is to limit the Group's exposure to foreign currency fluctuations.

To limit the Group's exposure to USD from notes due in August 2019, the Group has concluded EUR to USD forward agreements and European put options with notional amounts of USD 22 500 thousand, USD 90 000 thousand and USD 72 500 thousand maturing in August 2019, February 2017 and February 2016, respectively. Under the forward agreements, which have been concluded with related parties (refer to Note 27), the Group pays EUR 16 806 thousand and receives USD 22 500 thousand subject to net settlement at maturity. According to these forward agreements, the Group also pays EUR 987 thousand and receives USD 1 321 thousand subject to net settlement at each semi-annual coupon payment date until the maturity of notes due in August 2019. The fair value of these forward agreements as at 31 December 2015 was EUR 4 190 thousand (31 December 2014: EUR 2 444 thousand). Under the European put option, the Group has the right to sell EUR 79 610 thousand for USD 90 000 thousand at the USD/EUR rate of 1.1305 in February 2017 and right to sell EUR 66 617 thousand for USD 72 500 thousand at the USD/EUR rate of 1.0883 in February 2016.

To limit the Group's exposure to PLN from its operating activities in Poland, the Group has concluded a PLN to EUR European call option with maturity in May 2016. Under the European call option, the Group has the right to buy EUR 30 000 thousand for PLN 130 800 thousand at the PLN/EUR rate of 4.36 at maturity.

To limit the Group's exposure to CZK from its operating activities in the Czech Republic, the Group has concluded a CZK to EUR European call option with maturity in October 2016. Under the European call option the Group has the right to buy EUR 5 000 thousand for CZK 135 620 thousand at the CZK/EUR rate of 27.1240 at maturity.

To limit the Group's exposure to GEL from its operating activities in Georgia, the Group has concluded GEL to USD American call options with maturity in February 2016. Under the American call options the Group has the right to buy USD 5 000 thousand for GEL 10 751 thousand at the GEL/USD rate of 2.1503 and to buy USD 5 000 thousand for GEL 10 673 thousand at the GEL/USD rate of 2.1346 until maturity.

Sensitivity of exposures to open currency positions has been presented in Note 4(e). As at 31 December 2015, the fair value of these financial instruments is EUR 10 643 thousand (31 December 2014: EUR 18 626 thousand). The table below reflects the fair value of each financial instrument type separately as well as a bond held by the Group.

	31.12.2015 EUR'000	31.12.2014 EUR'000
EUR to USD forward agreements	4 190	13 310
European style options (USD)	4 906	4 660
European style options (PLN)	302	656
European style options (CZK)	65	—
American call option (GEL to USD)	1 040	—
Bond ARGBON 7 04/17/17 (USD)	140	—
	10 643	**18 626**

(20) Loans to related parties

	31.12.2015 EUR'000	31.12.2014 EUR'000
Loans to related parties	13 732	134
	13 732	**134**

As at 31 December 2015, loans to related parties include a loan issued to Piressa Holdings Limited of EUR 5 100 thousand and accrued interest EUR 539 thousand with an interest rate of 13.75% maturing May 2018, a loan issued to V7 Limited of EUR 3 508 thousand and accrued interest EUR 181 thousand with an interest rate of 13.75% maturing October 2018, a loan issued to 4finance Group S.A. of EUR 1 375 thousand and accrued interest EUR 28 thousand with an interest rate of 13.75% maturing July 2019, and a loan issued to 4finance US Holding Company, Inc of EUR 1 781 thousand and accrued interest EUR 340 thousand with an interest rate of 13.75% maturing December 2019. A loan issued to UAB Credit Service of EUR 68 thousand and accrued interest EUR 1 thousand with an interest rate of 13.75% and maturity December 2020. Accrued interests of EUR 7 thousands against 4finance US Holding Company, Inc. and EUR 804 thousands against 0973915 B.C. Ltd. (maturity date November 2018), and principal amount for both loans was fully repaid in 2015. All loans to related parties are unsecured.

(21) Other assets

	31.12.2015 EUR'000	31.12.2014 EUR'000
Security deposits	1 303	2 120
Funds deposited with trustee	—	44 477
Other receivables	3 939	1 550
	5 242	**48 147**

As at 31 December 2014, the Group had deposits with trustee funds of EUR 44 477 thousand that were used to repay notes due on 31 January 2015. The funds were placed with an EU financial institution with credit rating "A-" and were successfully used in the settlement of the previously issued notes. The deposited funds were acquired from notes issued in August 2014 and were placed with the trustee directly without cash transactions through the Group's bank accounts.

Other receivables include receivables from offline service providers that is the main driver for the increase compared to 31 December 2014. Offline service providers mainly are used in Spain and Georgia, offline service providers offer opportunity for customers to repay loan via payment terminals, increase driven by market growth in these countries.

(22) Loans and borrowings

	31.12.2015 EUR'000	31.12.2014 EUR'000
Long term		
Notes	208 018	157 867
Loans from related parties	700	12 634
Loans from bank	4 709	6 188
	213 427	**176 689**

	31.12.2015 EUR'000	31.12.2014 EUR'000
Short term		
Notes	8 993	50 733
Loans from related parties	3 045	4 202
Loans from bank	1 225	—
Other loans	2 772	—
	16 035	**54 935**
Total	**229 462**	**231 624**

In May 2011, the Company's subsidiary AS 4finance signed a credit line agreement with AS Trasta Komercbanka with a maximum credit line limit of EUR 7 700 thousand maturing in April 2015 and a fixed annual interest rate of 10% for the part of the credit line used and 0.5% for the unused part of the facility.

In May 2015, the credit line agreement with AS Trasta Komercbanka was amended – maximum credit line amount EUR 6 326 thousand and according to the schedule maximum credit line amount gradually decreasing by EUR 100 thousand each month, agreement maturing in April 2018 and a fixed annual interest rate of 7% for the part of credit line used. Additionally, the credit line agreement was amended in November 2015 with maximum credit line amount EUR 6 026 thousand and according to the schedule maximum credit line amount gradually decreasing by EUR 100 thousand each month with final maturity in April 2018.

AS Trasta Komercbanka loans are secured by AS 4finance commercial pledge over all AS 4finance assets. The maximum amount secured by commercial pledge is EUR 16 144 thousand as at 31 December 2015. As at 31 December 2015, AS 4finance is compliant with all covenants included in the credit line agreement with the bank.

In August 2013, AS 4finance listed USD 170 000 thousand (EUR 156 150 thousand) of 13% notes on the Irish Stock Exchange, which were due on 31 January 2015. The notes were fully repaid at maturity.

In August 2014, 4finance S.A. listed USD 200 000 thousand (EUR 183 706 thousand) of 11.75% notes on the Irish Stock Exchange, which are due in August 2019 (2019 Notes). The 2019 Notes are subject to a number of restrictive covenants and are senior to all future subordinated debt.

In March 2015, 4finance S.A. issued SEK 225 000 thousand (EUR 24 485 thousand) of 11.75% notes which are due in March 2018 (2018 Notes). In September 2015, a further SEK 150 000 thousand (EUR 16 323 thousand) of 2018 Notes were issued, bringing the total amount outstanding to SEK 375 000 thousand (EUR 40 808 thousand) out of a total program size of SEK 600 000 thousand (EUR 57 131 thousand). The 2018 Notes were listed on the corporate bond list of Nasdaq Stockholm in August 2015. The 2018 Notes are subject to a number of restrictive covenants and are senior to all of the Group's future subordinated debt. The Group complied with the covenants on its issued debts.

The Group has obtained loans from related parties to finance expansion of its operating activities with annual interest rates between 12% and 15% with maturity in year 2016 and 2017.

(23) Employee benefits

	31.12.2015 EUR'000	31.12.2014 EUR'000
Provisions for unused vacations	2 394	971
	2 394	**971**

(24) Other liabilities

	31.12.2015 EUR'000	31.12.2014 EUR'000
Accrued expenses	6 683	2 994
Deposits from customers	9 121	5 772
Accounts payable to suppliers	6 016	4 106
Taxes payable	1 315	1 180
Other liabilities	2 594	3 292
	25 729	**17 344**

Accrued expenses include accrued expenses for marketing costs, loan, application processing costs, communication expenses, debt collection expenses and IT expenses. The increase in the balance relates mainly to the Group's largest operating entities in Poland, Spain, Denmark, Latvia and the Czech Republic.

In Sweden Group offer deposit-taking services online to individuals for terms of up to three years and also offer call deposits. The maximum amount of any deposit that can be accepted from a customer is limited by Swedish law to SEK 50 000 (approximately EUR 5 400).

Call deposits are offered for an unlimited term and may be withdrawn by a customer at any time without a fee. Call deposits bear a floating interest rate that currently is 6.5% per annum. The minimum amount for call deposits is SEK 1 000 (approximately EUR 115).

Deposits on interest accounts are offered for fixed terms of between three months to three years, and may not be withdrawn early by a customer without the loss of interest accrued on them. Deposits on interest accounts bear a fixed interest rate that currently is between 7.1% and 10% per annum depending on the term of the deposit. The minimum amount required to be deposited in respect of interest accounts is in each case SEK 10000 (approximately EUR 1 150).

(25) Share capital

The share capital of the Company as at 31 December 2015 is EUR 35 750 thousand (31 December 2014: EUR 35 750 thousand) and is divided into 3 575 000 000 ordinary shares (31 December 2014: 3 575 000 000 shares) with the nominal value of EUR 0.01 each (31 December 2014: EUR 0.01), fully paid via contribution-in-kind. As at 31 December 2015 4finance AS, a subsidiary of 4finance Holding S.A., holds one hundred thousand (100 000) non-voting preferred shares with nominal value of one cent of Euro (EUR 0.01) each.

The holders of ordinary shares are entitled to receive dividends as declared from time-to-time and are entitled to one vote per share at annual and general meetings of the Group. All ordinary shares rank equal in their entitlement to the Group's residual assets.

(25) Share capital (continued)

Equity includes a negative reorganization reserve of EUR 32 584 thousand (31 December 2014: EUR 32 584 thousand) which reflects the difference between the share capital of 4finance Holding S.A. and the paid in share capital of AS 4finance prior to the legal reorganization.

The Company's shareholder as at 31 December 2015 was 4finance Group S.A. (100% ownership). At the start of 2015, the Company's shareholders were Tirona Ltd. (75%) and FCI Investments Ltd. (25%). During the first half of 2015, 4finance Group S.A. became the direct shareholder, owned 100% by Tirona Ltd., and the beneficial ownership of Tirona Ltd changed to 25.5% by Mr. Uldis Arnicans, 25.5% by Mr. Edgars Dupats, and 49% by Mrs.Vera Boiko.

(26) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31.12.2015	31.12.2014
	EUR'000	EUR'000
Less than one year	1 169	1 490
Between one and five years	4 214	3 467
More than five years	2 384	—
	7 767	**4 957**

The Group entities lease a number of premises and equipment under operating lease. The leases typically run for an initial period up to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rent rates.

In 2015, EUR 1 067 thousand was recognized as an expense in the income statement in respect of operating leases (2014: EUR 894 thousand).

(27) Related party transactions

(a) Transactions with shareholders and related entities

Receivables from related parties:	31.12.2015	31.12.2014
	EUR’000	EUR'000
Loans issued to related parties	5 639	—
Other receivables	132	—
	5 771	—

Income from related parties:	2015	2014
	EUR’000	EUR’000
Interest income	989	779
Income from services rendered	235	—
	1 224	**779**

(27) Related party transactions (continued)

Borrowings and payables to related parties:	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Loans and borrowings		
- Borrowings and payables at the end of the period	3 745	16 836

Interest expense to related parties:	**2015 EUR'000**	**2014 EUR'000**
Interest expense	1 285	1 946

Gain on sale of North American entities (refer to Note 36):	**2015 EUR'000**	**2014 EUR'000**
Gain on sale of discontinued operations	1 480	—

Financial instruments at fair value through profit or loss	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Financial assets at fair value through profit or loss at the end of the period	4 190	2 444

Gain from revaluing derivatives with related parties:	**2015 EUR'000**	**2014 EUR'000**
Profit from financial instruments at fair value through profit or loss	1 746	2 444

(27) Related party transactions (continued)

(b) Transactions with parent and the related entities

Receivables from related parties:	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Loans issued to related parties	4 279	—
Other receivable	27	—
	4 306	**—**

Income from related parties:	**2015 EUR'000**	**2014 EUR'000**
Interest income	331	—
Income from services rendered	71	—
	402	**—**

(c) Transactions with key management personnel of the Company

Receivables from related parties:	**31.12.2015 EUR'000**	**31.12.2014 EUR'000**
Loans issued to related parties	3 814	131
Other receivable	910	—
	4 724	**131**

Income from related parties:	**2015 EUR'000**	**2014 EUR'000**
Interest income	183	—
Income from services rendered	822	—
	1 005	**—**

(27) Related party transactions (continued)

Gain on sale of discontinued operations (refer to Note 6)	**2015 EUR'000**	**2014 EUR'000**
Gain on sale of discontinued operations	6 143	2 348

Total remuneration included in administrative expenses:

	2015 EUR'000	**2014 EUR'000**
Executive committee and Board members	3 712	1 123

There are no outstanding balances as of 31 December 2015 with members of the Luxembourg Executive committee and Board members.

There are no emoluments granted to the members of the Board and commitments in respect of retirement pensions for former members of the Board.

During the reporting period the 4finance Group S.A., parent company of the Group, launched a long-term management incentive scheme linking incentives to future profitability of 4finance Group S.A. The management incentive scheme is structured in a way that payments are to be settled by 4finance Group S.A. based on the value of its share value, which in turn is linked to the consolidated profits of 4finance Group S.A. Since the Group received the employee services from executive services, then the related expense of EUR 1 352 thousand was recognised in profit or loss of the Group with a corresponding entry in share based payment reserve in equity. Expense recorded for the long-term management incentive scheme is based on the estimated future profitability of the Group and 4finance Group S.A. over the period ending on 31 December 2017.

(28) Personnel costs

	2015 EUR'000	**2014 EUR'000**
Type of costs		
Remuneration	29 068	17 739
Compulsory state social security contributions, pensions and other social security expenses	6 440	3 645
Other personnel costs	3 870	1 426
	39 378	**22 810**

(29) Litigation

In the ordinary course of business, the Group is subject to legal actions. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial condition or the financial results of operations of the Group.

On December 18, 2015, the Bank of Lithuania removed 4finance UAB from the list of consumer credit lenders in Lithuania due to certain breaches of consumer lending regulations. As a result, 4finance UAB cannot issue new consumer loans in its name. The Bank of Lithuania’s Supervision Service determined that 4finance UAB had not acted in accordance with its obligations as a credit lender and had failed to comply with the requirements of the Lithuanian law on consumer credit. The revocation of the license in Lithuania means that 4finance UAB is only able to service existing loans to existing customers in Lithuania.

As a result of close cooperation with the Bank of Lithuania, on the 23 January 2016 4finance group re-launched its consumer credit activities in Lithuania through another group company Credit Service UAB. Credit Service UAB operates in Lithuania under the same brand names and domains used by 4finance UAB. 4finance UAB will only operate to service its existing customers until the products with such existing customers mature or terminate.

(30) Fair value of financial instruments

(a) Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

31 December 2015	Level 1 EUR’000	Level 2 EUR’000	Level 3 EUR’000	Total EUR’000
Financial assets				
Financial instruments at fair value through profit or loss	—	10 643	—	10 643
	—	**10 643**	**—**	**10 643**

31 December 2014	Level 1 EUR’000	Level 2 EUR’000	Level 3 EUR’000	Total EUR’000
Financial assets				
Financial instruments at fair value through profit or loss	—	18 626	—	18 626
	—	**18 626**	**—**	**18 626**

(30) Fair value of financial instruments (continued)

(b) Financial instruments not measured at fair value

The table below analyses the fair values of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2015	**Level 1 EUR'000**	**Level 2 EUR'000**	**Level 3 EUR'000**	**Total fair values EUR'000**	**Total carrying amount EUR'000**
Financial assets					
Cash and cash equivalents	—	—	—	56 862	56 862
Loans due from customers	—	—	319 562	319 562	308 288
Other assets – Other loans to related parties	—	—	14 193	14 193	13 732
Other financial assets	—	—	1 303	1 303	1 303
Financial liabilities					
Loans and borrowings	—	221 942	11 982	233 924	229 462
Other liabilities – Deposits from customers	—	—	8 974	8 974	9 121
Other liabilities – Accounts payable to suppliers	—	—	6 016	6 016	6 016

31 December 2014	**Level 1 EUR'000**	**Level 2 EUR'000**	**Level 3 EUR'000**	**Total fair values EUR'000**	**Total carrying amount EUR'000**
Financial assets					
Cash and cash equivalents	—	—	—	33 713	33 713
Loans due from customers	—	—	249 266	249 266	241 375
Other assets – Other loans to related parties	—	—	130	130	134
Other financial assets	—	46 124	—	46 124	46 124
Assets held for sale	—	—	—	4 418	4 418
Financial liabilities					
Loans and borrowings	—	208 674	23 019	231 693	231 624
Other liabilities – Deposits from customers	—	—	5 656	5 656	5 772
Other liabilities – Accounts payable to suppliers	—	—	4 106	4 106	4 106
Liabilities held for sale	—	—	—	675	675

(30) Fair value of financial instruments (continued)

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used:

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Financial instruments at fair value through profit or loss	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments	Not applicable

Financial instruments not measured at fair value for level 3

Type	Valuation technique	Significant unobservable inputs
Other borrowed funds, loans due from customers, deposits due to customers and other liabilities	Discounted cash flows	Credit spreads

Bonds issued by the Group have been classified as Level 2 fair value measurement given that there are observable market quotations in markets, however, the market for the bonds is not assessed as an active market. Fair value of the bonds has been determined based on the observable quotes.

No level of fair value has been assigned for cash and cash equivalents on the basis that these are available on demand and therefore no modelling of fair value is required.

In 2014 the Group had a deposit with trustee (please see note 21) and given the high credit worthiness of the counterparty this placement was classified as Level 2.

Loans and receivables have been classified as a Level 3 fair value measurement and the fair value is determined based on money market rates adjusted for a relevant credit spread determined by the Group.

Fair value of deposits form customers has been determined with referencing to the Group's borrowing cost and has been determined to be a Level 3 fair value measurement.

Remaining financial assets and financial liabilities have been classified as Level 3 fair value measurement, whilst due to their short term nature no significant fair value difference from carrying amount is expected.

(31) Operating segments

The Group has eight reportable segments, as described below, which are the Group's strategic segments. The strategic segments are primarily jurisdiction-based and offer similar types of products and services in each of the jurisdictions. Each segment is managed separately because they require different marketing strategies. For each of the strategic segments, the Group's Management Board reviews internal management reports on at least a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss, as included in the internal management reports that are reviewed by the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments in relation to other entities that operate within these industries.

Analysis by segment
Information about reportable segments

Segment information for the main reportable business segments of the Group for the year ended 31 December 2015 is set below:

	Latvia	Lithuania*	Finland**	Sweden	Denmark	Poland	Georgia	Spain	All other segments	Total
EUR'000	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**
Interest income	44 234	35 195	21 622	26 170	21 974	81 217	39 653	35 580	12 920	318 565
Interest expense	(14 192)	(2 010)	(2 564)	(3 645)	(847)	(4 548)	(2 160)	(3 107)	(3 881)	(36 954)
Internal revenue	43 108	—	—	—	—	—	—	—	1 013	44 121
Net impairment losses on loans and receivables	(11 693)	(8 402)	(5 474)	(7 790)	(5 801)	(15 893)	(8 316)	(10 992)	(3 886)	(78 247)
Reportable segment profit/ (loss) before tax	35 988	11 680	5 647	9 950	9 264	31 736	26 510	3 183	(23 016)	110 942

*4Finance UAB closed lending operations in December 2015. The Group has re-started lending operations in Lithuania through its subsidiary UAB Credit Service, an approved consumer credit provider, using the Group's internationally recognised brands Vivus and SMSCredit.

**For Finland in Single payment loan portfolio and Interest income also included Line of Credit product

(31) Operating segments (continued)

Segment information for the main reportable business segments of the Group for the year ended 31 December 2014 is set below:

	Latvia	**Lithuania***	**Finland****	**Sweden**	**Denmark**	**Poland**	**Georgia**	**Spain**	**All other segments**	**Total**
EUR'000	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**	**2014**
Interest income	40 817	27 035	19 951	19 618	12 974	61 448	20 276	14 361	14 415	230 895
Interest expense	(19 911)	(1 829)	(2 254)	(2 030)	(870)	(5 621)	(2 091)	(1 669)	(1 016)	(37 291)
Internal revenue	19 040	—	—	3	—	—	—	—	735	19 778
Net impairment losses on loans and receivables	(6 768)	(3 729)	(3 256)	(2 779)	(2 701)	(20 928)	(3 684)	(7 791)	(7 454)	(59 090)
Reportable segment profit/ (loss) before tax	20 958	16 075	6 549	9 183	5 893	13 369	11 945	(5 398)	(7 401)	71 173

*4Finance UAB closed lending operations in December 2015. The Group has re-started lending operations in Lithuania through its subsidiary UAB Credit Service, an approved consumer credit provider, using the Group's internationally recognised brands Vivus and SMSCredit.

**For Finland in Single payment loan portfolio and Interest income also included Line of Credit product

(31) Operating segments (continued)

A segment breakdown of assets and liabilities of the Group for the year ended 31 December 2015 is set out below:

	Latvia	**Lithuania***	**Finland****	**Sweden**	**Denmark**	**Poland**	**Georgia**	**Spain**	**All other segments and unallocated amounts**	**Total**
EUR'000	**31.12.2015**	**31.12.2015**	**31.12.2015**	**31.12.2015**	**31.12.2015**	**31.12.2015**	**31.12.2015**	**31.12.2015**	**31.12.2015**	**31.12.2015**
Reportable segment assets	211 890	56 735	25 416	38 228	27 028	110 587	33 381	23 555	84 689	611 509
Reportable segment liabilities	122 442	30 547	17 223	30 167	18 108	53 290	9 666	28 792	89 572	399 807

A segment breakdown of assets and liabilities of the Group for the year ended 31 December 2014 is set out below:

	Latvia	**Lithuania***	**Finland****	**Sweden**	**Denmark**	**Poland**	**Georgia**	**Spain**	**All other segments and unallocated amounts**	**Total**
EUR'000	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**
Reportable segment assets	253 696	39 092	23 619	29 694	14 604	62 841	28 248	16 907	18 609	487 310
Reportable segment liabilities	188 959	25 846	17 135	22 616	8 261	32 837	17 222	22 045	34 267	369 188

*4Finance UAB closed lending operations in December 2015. The Group has re-started lending operations in Lithuania through its subsidiary UAB Credit Service, an approved consumer credit provider, using the Group's internationally recognised brands Vivus and SMSCredit.

**For Finland in Single payment loan portfolio and Interest income also included Line of Credit product

(31) Operating segments (continued)

A segment breakdown of interest income by products of the Group for the year ended 31 December 2015 is set out below:

EUR'000	Latvia 31.12.2015	Lithuania* 31.12.2015	Finland** 31.12.2015	Sweden 31.12.2015	Denmark 31.12.2015	Poland 31.12.2015	Georgia 31.12.2015	Spain 31.12.2015	All other segments and unallocated amounts 31.12.2015	Total 31.12.2015
Single payment loans	27 103	14 514	18 608	14 746	20 355	76 348	39 653	35 580	12 505	259 412
Instalment loans	17 131	20 681	3 014	11 424	1 619	4 869	—	—	415	59 153

A segment breakdown of interest income by products of the Group for the year ended 31 December 2014 is set out below:

EUR'000	Latvia 31.12.2014	Lithuania* 31.12.2014	Finland** 31.12.2014	Sweden 31.12.2014	Denmark 31.12.2014	Poland 31.12.2014	Georgia 31.12.2014	Spain 31.12.2014	All other segments and unallocated amounts 31.12.2014	Total 31.12.2014
Single payment loans	24 418	15 023	18 318	15 565	12 974	59 953	20 276	14 361	14 415	195 303
Instalment loans	16 399	12 012	1 633	4 053	—	1 495	—	—	—	35 592

*4Finance UAB closed lending operations in December 2015. The Group has re-started lending operations in Lithuania through its subsidiary UAB Credit Service, an approved consumer credit provider, using the Group's internationally recognised brands Vivus and SMSCredit.

**For Finland in Single payment loan portfolio and Interest income also included Line of Credit product

(31) Operating segments (continued)

Reconciliation of reportable segment interest income

	2015	2014
	EUR'000	EUR'000
Total interest income for reportable segments	305 645	216 480
Interest income for other operating segments	12 920	14 415
Elimination of discontinued operations	(280)	(10 562)
Consolidated revenue	**318 285**	**220 333**

Reconciliation of reportable segment profit or loss

	2015	2014
	EUR'000	EUR'000
Total profit or loss for reportable segments	133 958	78 574
Profit or loss for other operating segments	(23 016)	(7 401)
Elimination of inter-segment dividends included in inter-segment profits	(31 194)	(13 274)
Elimination of discontinued operations	(5 910)	2 748
Consolidated profit before tax from continued operations	**73 838**	**60 647**

Reconciliation of reportable segment interest expense

	2015	2014
	EUR'000	EUR'000
Total interest expense for reportable segments	33 073	36 275
Interest expense for other operating segments	3 881	1 016
Elimination of inter-segment transactions	(8 296)	(13 531)
Elimination of discontinued operations	(1)	(11)
Consolidated interest expense	**28 657**	**23 749**

Reconciliation of reportable segment assets

	31.12.2015	31.12.2014
	EUR'000	EUR'000
Total assets for reportable segments	526 820	468 701
Assets for other operating segments	84 689	18 609
Elimination of inter-group loans, investments and other receivables	(217 400)	(143 133)
Unallocated assets	44 097	25 853
Consolidated total assets	**438 206**	**370 030**

Reconciliation of reportable segment liabilities

	31.12.2015	31.12.2014
	EUR'000	EUR'000
Total liabilities for reportable segments	310 235	334 921
Liabilities for other operating segments	89 572	34 267
Elimination of inter-group borrowings and payables	(134 864)	(112 167)
Consolidated total liabilities	**264 943**	**257 021**

(32) Maturity analysis

The table below shows carrying amounts of financial assets and liabilities by remaining contractual maturity dates as at 31 December 2015.

Assets EUR'000	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	More than 1 year	Overdue	TOTAL
Cash and cash equivalents	56 862	—	—	—	—	—	56 862
Loans due from customers	151 122	8 130	10 938	17 552	20 890	99 656	308 288
Loans due from related parties	—	—	—	—	13 732	—	13 732
Financial assets at fair value through profit or loss	—	1 785	302	64	8 492	—	10 643
Other financial assets	1 303	—	—	—	—	—	1 303
Total financial assets	**209 287**	**9 915**	**11 240**	**17 616**	**43 114**	**99 656**	**390 828**

Liabilities EUR'000	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	More than 1 year	Overdue	TOTAL
Loans and borrowings	9 159	3 300	3 059	600	213 344	—	229 462
Deposits from customers	4 713	1 322	1 012	889	1 185	—	9 121
Accounts payable to suppliers	6 016	—	—	—	—	—	6 016
Total financial liabilities	**19 888**	**4 622**	**4 071**	**1 489**	**214 529**	**—**	**244 599**
Net position	**189 399**	**5 293**	**7 169**	**16 127**	**(171 415)**	**99 656**	**146 229**
Net cumulative position	**189 399**	**194 692**	**201 861**	**217 988**	**46 573**		

(32) Maturity analysis (continued)

The table below shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2014.

Assets EUR'000	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	More than 1 year	Overdue	TOTAL
Cash and cash equivalents	33 713	—	—	—	—	—	33 713
Loans due from customers	108 411	7 911	9 335	14 068	19 830	81 820	241 375
Loans due from related parties	—	—	134	—	—	—	134
Financial assets at fair value through profit of loss	10 866	—	—	656	7 104	—	18 626
Other financial assets	46 161	—	—	—	—	—	46 161
Assets held for sale	4 418	—	—	—	—	—	4 418
Total financial assets	**203 569**	**7 911**	**9 469**	**14 724**	**26 934**	**81 820**	**344 427**

Liabilities EUR'000	Demand less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to	More than 1 year	Overdue	TOTAL
Loans and borrowings	50 961	3 500	1 431	5 378	170 354	—	231 624
Deposits from customers	2 585	656	625	873	1 033	—	5 772
Accounts payable to suppliers	4 106	—	—	—	—	—	4 106
Liabilities held for sale	675	—	—	—	—	—	675
Total financial liabilities	**58 327**	**4 156**	**2 056**	**6 251**	**171 387**	**—**	**242 177**
Net position	**145 242**	**3 755**	**7 413**	**8 473**	**(144 453)**	**81 820**	**102 250**
Net cumulative position	**145 242**	**148 997**	**156 410**	**164 883**	**20 430**	**—**	**—**

(33) Analysis of financial liabilities' contractual undiscounted cash flows

The table below presents the cash flows payable by the Group under contractual financial liabilities, including derivative financial liabilities, by remaining contractual maturities as at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows in comparison with the carrying amounts of financial liabilities, comprising discounted cash flows as at the reporting date.

The analysis as at 31 December 2015 was as follows:

31 December 2015	Carrying amount	Total nominal inflow/ (outflow)	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 12 months	More than 1 year
Non-derivative liabilities							
Loans and borrowings	229 462	316 261	163	13 178	3 504	16 364	283 052
Deposits from customers	9 121	9 409	333	6 614	433	782	1 247
Accounts payable to suppliers	6 016	6 016	6 016	—	—	—	—
Total	**244 599**	**331 686**	**6 512**	**19 792**	**3 937**	**17 146**	**284 299**
Credit related commitments	**—**	**1 316**	**1 316**	**—**	**—**	**—**	**—**

(33) Analysis of financial liabilities' contractual undiscounted cash flows (continued)

The analysis as at 31 December 2014 was as follows:

31 December 2014	Carrying amount	Total nominal inflow/ (outflow)	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 12 months	More than 1 year
Non-derivative liabilities							
Loans and borrowings	231 624	303 267	43 805	13 415	1 954	15 621	228 472
Deposits from customers	5 772	6 358	293	3 923	239	672	1 231
Accounts payable to suppliers	4 106	4 106	4 106	—	—	—	—
Liabilities held for sale	675	675	675	—	—	—	—
Total	**242 177**	**314 406**	**48 879**	**17 338**	**2 193**	**16 293**	**229 703**
Credit related commitments	**—**	**1 558**	**1 558**	**—**	**—**	**—**	**—**

(34) Currency analysis

The table below shows the currency structure of financial assets and liabilities as at 31 December 2015:

Assets EUR'000	GEL*	DKK	EUR	SEK	PLN**	USD***	Other	TOTAL
Cash and cash equivalents	2 161	1 684	36 729	2 451	5 030	7 693	1 114	56 862
Loans due from customers	26 476	23 737	144 832	32 009	69 105	—	12 129	308 288
Loans from related parties	—	—	7 110	—	—	2 129	4 493	13 732
Other financial assets	—	108	221	—	78	—	896	1 303
Total financial assets	**28 637**	**25 529**	**188 892**	**34 460**	**74 213**	**9 822**	**18 632**	**380 185**
Off-balance sheet	—	—	30 000	—	—	175 557	5 000	210 557

Liabilities EUR'000	GEL*	DKK	EUR	SEK	PLN**	USD***	Other	TOTAL
Loans and borrowings	—	—	9 679	44 826	—	174 957	—	229 462
Deposits from customers	—	—	—	9 121	—	—	—	9 121
Accounts payable to suppliers	217	218	2 752	94	91	608	2 036	6 016
Total financial liabilities	**217**	**218**	**12 431**	**54 041**	**91**	**175 565**	**2 036**	**244 599**
Off-balance sheet	8 518	—	163 035	—	31 264	—	4 971	207 788
Net position (excluding off-balance sheet)	**28 420**	**25 311**	**176 461**	**(19 581)**	**74 122**	**(165 743)**	**16 596**	**135 586**
Net position (including off-balance sheet)	**19 902**	**25 311**	**43 426**	**(19 581)**	**42 858**	**9 814**	**16 625**	**138 355**

*) The Group manages its net position in GEL using call option contract (refer to Note 19).

**) The Group manages its net position in PLN using option contract (refer to Note 19).

***) In addition to currency swap agreements, which are presented in off-balance line, the Group uses option contracts to manage its net position in USD (refer to Note 19).

Currency risk of the open positions in USD, GEL and PLN is managed through the use of option agreements and forward foreign currency contracts which minimize adverse effect of USD/EUR and PLN/EUR currency exchange rate fluctuations.

The Group monitors on a regular basis its foreign currency exposure to non-euro based currencies and will, if deemed commercial, consider hedging some of any exposure arising.

(34) Currency analysis (continued)

The table below shows the currency structure of financial assets and liabilities as at 31 December 2014:

Assets EUR'000	GEL	LTL	EUR	SEK	PLN	USD	Other	TOTAL
Cash and cash equivalents	4 732	737	7 606	2 797	10 247	5 773	1 821	33 713
Loans due from customers	22 146	37 977	83 570	24 074	54 638	—	18 970	241 375
Other financial assets	—	—	228	28	77	46 124	110	46 567
Assets held for sale	—	—	—	—	—	—	4 418	4 418
Total financial assets	**26 878**	**38 714**	**91 404**	**26 899**	**64 962**	**51 897**	**25 319**	**326 073**
Off-balance sheet	—	—	60 000	—	—	187 562	—	247 562

Liabilities EUR'000	GEL	LTL	EUR	SEK	PLN	USD	Other	TOTAL
Loans and borrowings	—	—	30 283	—	—	201 341	—	231 624
Deposits from customers	—	—	—	5 772	—	—	—	5 772
Accounts payable to suppliers	251	269	1 916	258	382	11	1 019	4 106
Liabilities held for sale	—	—	—	—	—	—	675	675
Total financial liabilities	**251**	**269**	**32 199**	**6 030**	**382**	**201 352**	**1 694**	**242 177**
Off-balance sheet	—	—	169 706	—	63 213	—	—	232 919
Net position (excluding off-balance sheet)	**26 627**	**38 445**	**59 205**	**20 869**	**64 580**	**(149 455)**	**23 625**	**83 896**
Net position (including off-balance sheet)	**26 627**	**38 445**	**(50 501)**	**20 869**	**1 367**	**38 107**	**23 625**	**98 539**

(35) Credit risk

The table below shows the Group's maximum exposure to credit risk for the components of the statement of financial position. Exposures are based on net carrying amounts as reported in the statement of financial position.

The Group's maximum credit exposures are shown gross, i.e. without taking into account of any collateral and other credit enhancement.

	31.12.2015 EUR'000	31.12.2014 EUR'000
Loans due from customers	308 288	241 375
Unused amount of line of credit	106	—
Cash and cash equivalents	56 862	33 713
Financial assets at fair value through profit or loss	10 643	18 626
Other receivables	3 939	1 550
Off-balance sheet credit related commitments	1 316	1 558
Funds deposited with trustee	—	44 477
Assets held for sale	—	4 418
	381 154	**345 717**

In the normal course of business, the Group enters into credit related commitments, comprising undrawn loan commitments.

(36) Reorganisation reserve and restatement of comparatives

a) Reorganisation reserve from the prior years

Prior to 30 April 2014, AS 4finance - the Latvian operating company, currently a subsidiary within the Group - was the parent company of the Group, and 4finance Holding S.A. was one of AS 4finance subsidiaries. On 30 April 2014, after a series of transactions, a Group restructuring was completed, pursuant to which AS 4finance and 4finance Holding S.A. were effectively switched around in the Group structure. As a result 4finance Holding S.A. became the parent company of the Group which included AS 4finance and its subsidiaries that were part of the Group before the reorganization. The reorganization was a business combination under common control since the shareholder structure of AS 4finance before the reorganization was the same as for 4finance Holding S.A. after the reorganization. The Group decided to restate its comparatives and adjusted its 2014 reporting period before the date of the transaction as if 4finance Holding S.A. was the parent company before 1 January 2014. Restructuring was of legal nature and did not affect the beneficial ownership or economic fundamentals of the Group. Legal restructuring was conducted in several steps which are described below. Therefore, an accounting policy choice was made to treat these as common control transactions and perform accounting at book value. There was no impact on the consolidated statement of financial position, statement of profit or loss and comprehensive income, as previously reported in the consolidated financial statements of the Group's Latvian predecessor parent (AS 4finance), except that shareholders' equity was adjusted retrospectively to reflect the legal share capital of 4finance Holding S.A. (the new legal parent of the Group) rather than the legal share capital of AS 4finance (the previously legal parent of the Group - until 30 April 2014).

(36) Reorganisation reserve and restatement of comparatives (continued)

AS 4finance consolidated equity as at 31 December 2013 was stated as follows:

	Share capital	Reserves	Total equity attributable to shareholders of AS 4finance	Non-controlling interests	Total Equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2013	3 166	61 302	64 468	1 308	65 776

As a result of restatement of 4finance Holding S.A. total consolidated equity did not differ from that of AS 4finance. However, share capital was adjusted to reflect that on 31 December 2013, AS 4finance had increased the share capital of 4finance Holding S.A. - at that time a subsidiary of AS 4finance - via a contribution in kind investment of other entities of the Group at book value of AS 4finance investment in these entities. This resulted in an increase of the share capital to EUR 17 524 thousand. There was a corresponding charge to the reorganisation reserve which resulted in a cumulative negative reorganization reserve of EUR 14 358 thousand. The reorganization reserve reflects the difference between the share capital of 4finance Holding S.A. and the paid in share capital of AS 4finance prior to the legal reorganisation.

Further on 30 April 2014, 4finance Holding S.A. share capital was further increased via a contribution in kind of AS 4finance shares. This increased the share capital of 4finance Holding S.A. by EUR 18 226 thousand, increasing it to EUR 35 750 thousand. There was a corresponding charge of EUR 18 226 thousand in the reorganisation reserve with no effect on total equity.

Restated opening consolidated equity and movement in equity of 4finance Holding S.A. equity was stated in 2014 financial statements as follows:

	Share capital	Reorganization reserve	Other reserves	Total equity attributable to shareholders of the Company	Non-controlling interests	Total Equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
1 January 2014 (Restated)	**17 524**	**(14 358)**	**61 302**	**64 468**	**1 308**	**65 776**
Profit for the reporting period	—	—	45 646	45 646	614	46 260
Other comprehensive income	—	—	1 781	1 781	(524)	1 257
Transactions with shareholders recorded directly in equity						
Increase in share capital	18 226	—	—	18 226	—	18 226
Reorganization reserve	—	(18 226)	—	(18 226)	—	(18 226)
Dividends	—	—	—	—	(284)	(284)
31 December 2014	**35 750**	**(32 584)**	**108 729**	**111 895**	**1 114**	**113 009**

On 30 April 2014, 4finance Holding S.A. share capital was further increased via a contribution in kind of AS 4finance shares. This increased the share capital of 4finance Holding S.A. by EUR 18 226 thousand, increasing it to EUR 35 750 thousand. There was a corresponding charge of EUR 18 226 thousand in the reorganisation reserve with no effect on total equity.

Notes to the Consolidated Financial Statements

(36) Reorganisation reserve and restatement of comparatives (continued)

b) Changes in Reorganisation reserve during 2015

Following the legal restructuring of 30 June 2015, as a result of which 4finance Group S.A. (formerly PM LUX S.A.) became the parent company of the Group, it was decided to expand operational activities to North America. It was further decided that these operations will be structured under 4finance Group S.A., but outside 4finance Holding S.A. At that point in time, 4finance Holding S.A. owned two operational entities - 4finance US Holding Company (USA) and 0973915 B.C. (Canada) - which in turn held interests in companies located in the United States of America and Canada. In order to facilitate expansion into North America, 4finance Group S.A. purchased these entities from 4finance Holding S.A. for the nominal value of its shares. Given that the entities had operated with accumulated losses, then on sale of the shares 4finance Holding S.A. made a gain. There were no active operations within the entities at the time of the sale. Given the nature of the assets, it was considered that the carrying amount of these assets approximates their fair value. Therefore, the gain on sale is considered as a transaction with shareholder in their capacity as shareholders rather than an arms' length transaction. Therefore, the gain to the 4finance Holding S.A. amounting to EUR 1 480 thousand is treated as an equity contribution and recorded in the Restructuring reserve within 4finance Holding S.A. equity.

Effect of disposal on the financial positions of the Group

	12 November 2015	**9 July 2015**
	Canada	USA
	EUR'000	EUR'000
Cash and cash equivalents	(64)	(575)
Property and equipment	(238)	—
Other assets	(112)	(543)
Other liabilities	138	—
Foreign currency translation differences on foreign operations	—	(62)
Net assets	(276)	(1 180)
Consideration received	1 775	1 161

Notes to the Consolidated Financial Statements

(37) Group entities

As at 31 December 2015, the Group consisted of the following entities:

Name of entity	Registered office	Ownership
AS 4finance	Lielirbes 17A-8, Rīga, LV-1046, Latvia	100%
4finance EOOD	79 Nikola Gabrovski Str., floor 2, Sofia 1700, Bulgaria	100%
Zaplo Finance s.r.o. (formerly Vivus Finance s.r.o.)	Jankovcova 1037/49, Holešovice, 170 00 Prague 7, Czech Republic	100%
4finance UAB	Jonavos g. 254a, LT-44132, Kaunas, Lithuania	97%
4finance Oy	Mikonkatu 15A, 00100 Helsinki, Finland	100%
4finance AB	Hammarby Alle 47, 120 30, Stockholm, Sweden	97%
4finance ApS	Vesterbrogade 1L, 4., DK-1620, Copenhagen, Denmark	100%
4finance OÜ	Veerenni 58a-V-3, Tallinn city, Harju county, 11314, Estonia	100%
Intersales Services Limited	Icom house 1/5 Irish Town, Suite 3, Second Floor, Gibraltar	100%
International Risk Management OÜ	Roosikrantsi tn.2-K148, Tallina linn, Harju maakond 10119, Estonia	100%
Vivus Finance Sp.z o.o.	ul. 17 Stycznia, nr 56, 02-146 Warsaw, Poland	100%
Vivus Finance SA (formerly Vivus Finance SL)	Principe de Vergara 37, Planta Madrid 28001-Madrid, Spain	100%
4finance LLC	Ts. Dadiani str.7, Commercial unit N b506, Tbilisi, Georgia	100%
4finance Malta branch	40, Villa Fairholme, Sir Augustus Bartolo Street, Ta'Xbiex, XBX 1095, Malta	100%
Global Collection Management Sp.z o.o. SKA (formerly Palkow Sp.z o.o. SKA)	Ul. 17 Stycznia, nr 56, 02-146, Warsaw, Poland	100%
Zaplo Sp.z o.o. (formerly Palkow Sp.z o.o.)	ul.17 Stycznia, nr 56, 02-146, Warsaw, Poland	100%
Global Collection Management Sp.z o.o.	ul. 17 Stycznia, nr 56, 02-146, Warsaw, Poland	100%
4Spar AB	Hammarby Alle 47, 120 30, Stockholm, Sweden	97%
4finance S.A.	9, Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg	100%
SIA Ondo	Lielirbes 17A-10, Rīga, LV-1046, Latvia	100%
SIA Vivus.lv	Lielirbes 17A-9, Rīga, LV-1046, Latvia	100%
4finance IT SIA	Lielirbes 17A-10, Riga, LV-1046, Latvia	100%
4finance IT SIA odštěpný závod v České republice	Jankovcova 1037/49, Holešovice, 170 00 Prague 7, Czech Republic	100%

Name of entity	Registered office	Ownership
4finance IT SIA spółka z ograniczoną odpowiedzialnością Oddział w Polsce	ul. 17 Stycznia, nr 56, 02-146, Warsaw, Poland	100%
4finance IT SIA Lietuvos filialas	Kauno m. sav. Kauno m. Jonavos g., 254 A, Lithuania	100%
Zaplo IFN S.A	49 Nicolae Caramfil Str., 3rd floor, Bucharest, 014142, Romania	100%
4f Sales, Inc.	615 South DuPont Highway, Dover, DE 19901, County of Kent, State of Delaware	100%
4finance S.R.L.	MD-2012, Str. Vlaicu-Parcalab no. 63, etajul 9, biroul "A", mun. Chisinau, Republica Moldova	100%
4finance Media SIA	Lielirbes iela 17A-10, Riga, LV-1046, Latvia	100%
GoodCredit Universal Credit Organization CJSC (Armenia)	58/1 K. Ulnecu str., Yerevan, Armenia	100%
VIVUS, S.R.L.	Calle Agustín Lara No. 41-A, Ensanche Serrallés, Santo Domingo, Dominican Republic	100% (99.9% 4Finance Holding S.A., 0.1% AS 4finance)
4F Serviços de Correspondente Bancário Ltda.	Rua James Watt, 84 – 10th floor, suite 103 office 5, Brooklin Novo, City of São Paulo, State of São Paulo, Zip Code 04576-050, Brazil	100% (99% 4Finance Holding S.A., 1% AS 4finance)
Global Collection Management Sp. z o.o. Spółka jawna	ul. 17 Stycznia, nr 56, 02-146 Warsaw, Poland	100%
Global Collection Management Sp. z o.o. komandytowo – akcyjna spółka jawna	ul. 17 Stycznia, nr 56, 02-146 Warsaw, Poland	100%
Credit Management LLC	Gudiashvili Square N4, Old Tbilisi distric, Tbilisi, Georgia	100%
4finance, S.A. de C.V., SOFOM E.N.R.	Corporativo Prisma, IZA Business Center, Av. Insurgentes Sur 1647 Piso 4, oficina 444, Col. San Jose Insurgentes, CP 03900, Delegacion Benito Juarez, Mexico DF	100% (98% 4Finanance Holding S.A., 2% AS 4finance)
Prestamo Movil S.A.	Humboldt 1550, 1414, CABA, Buenos Aires, Argentina	100% (90% 4Finance Holding S.A., 10% AS 4finance)
SIA 4finance IT branch in UK	Suite 2, 138 Marylebone Road, London, NW1 5PH, UK	100%

All new subsidiaries except for subsidiary in Argentina and Armenia added during the year were established by the Group. Subsidiaries in Argentina and Armenia were acquired in first half of 2015 (refer to Note 17). During the year, the Group disposed of Russian and United Kingdom operations as disclosed in Note 6.

(37) Group entities (continued)

As at 31 December 2014, the Group consisted of the following entities:

Name of entity	Registered office	Ownership
AS 4finance	Lielirbes 17A-8, Rīga, LV-1046, Latvia	100%
4finance EOOD	5 Luchezar Stanchevm floor 14, Sofia 1756, Bulgaria	100%
Zaplo Finance s.r.o. (formerly Vivus Finance s.r.o.)	Jankovcova 1037/49, Holešovice, 170 00 Prague 7, Czech Republic	100%
4finance UAB	Jonavos g. 254a, LT-44132, Kaunas, Lithuania	97%
4finance Oy	Mikonkatu 15B, 00100 Helsinki, Finland	100%
4finance AB	Isafjordsgatan 30 164 40, Kista, Stockholm, Sweden	97%
4finance ApS	Vesterbrogade 124 B 2 tv 1620 København V, Denmark	100%
4finance OÜ	Veerenni 58a-V-3, Tallinn city, Harju county, 13314, Estonia	100%
Intersales Services Limited	Icom house 1/5 Irish Town, Suite 3, Gibraltar	100%
International Risk Management OÜ	Roosikrantsi tn.2-K148, Tallina linn, Harju maakond 10119, Estonia	100%
4finance Ltd	City Tower, 40 Basinghall Street, London EC2V 5DE, United Kingdom	100%
Vivus Finance Sp.z o.o.	ul. 17 Stycznia, nr 56, 02-146 Warsaw, Poland	100%
Vivus Finance SA (formerly Vivus Finance SL)	Principe de Vergara 37, Planta Madrid 28001-Madrid, Spain	100%
AS 4finance Ltd	2900-550 Burrard Street, BC V6C0A3, Vancouver, Canada	100%
0973915 B.C. Ltd	2900-550 Burrard Street, BC V6C0A3, Vancouver, Canada	100%
4finance LLC	Ts. Dadiani str.7, N b506, Tbilisi, Georgia	100%
Piressa Holdings Limited	Nikou Georgiou 6 Block C, Office 704, P.C. 1095, Nikosia, Cyprus	100%
4finance Malta branch	40, Villa Fairholme, Sir Augustus Bartolo Street, Ta'Xbiex, XBX 1095, Malta	100%
Global Collection Management Sp.z o.o. SKA (formerly Palkow Sp.z o.o. SKA)	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%
Gala Resources Limited	Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands	100%
OOO Gefest-MSK	Proizvodstvennaya street, house 6, building 35, Moscow, 119619, Russia	100%
4finance ZAO	115201 Kotlyakowskaya street, bld 3/13, room 402, Moscow, Russia	100%
Zaplo Sp.z o.o. (formerly Palkow Sp.z o.o.)	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%
Global Collection Management Sp.z o.o.	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%
4Spar AB	Isafjordsgatan 30 164 40, Kista, Stockholm, Sweden	97%

Notes to the Consolidated Financial Statements

Name of entity	Registered office	Ownership
4finance S.A.	560A rue de Neudorf, L-2220, Luxembourg, Grand Duchy of Luxembourg	100%
SIA Ondo	Lielirbes 17A-10, Rīga, LV-1046, Latvia	100%
SIA Vivus.lv	Lielirbes 17A-9, Rīga, LV-1046, Latvia	100%
4finance US Holding Company, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%
4finance Illinois, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%
4finance Ohio, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%
4finance Texas, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%
4finance Missouri, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%
4finance Delaware, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%
4finance IT SIA	Lielirbes 17A-10, Riga, LV-1046, Latvia	100%
4finance IT SIA odštěpný závod v České republice	Jankovcova 1037/49, Holešovice, 170 00 Prague 7, Czech Republic	100%
4finance IT SIA spółka z ograniczoną odpowiedzialnością Oddział w Polsce	at 17 Stycznia street 56, 02-146 Warsaw, Poland	100%
4finance IT SIA Lietuvos filialas	Kauno m. sav. Kauno m. Jonavos g., 254 A, Lithuania	100%
Zaplo IFN S.A	Bucharest, district 1, 69-71 Soseaua Bucuresti-Ploiesti, 1st floor, room 36 , Romania	100%

(38) Non-controlling interest in subsidiaries

Non-controlling interest in subsidiaries have the same proportion of voting rights as their ownership interest held. The table below summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations as at 31 December 2015:

EUR'000	**Lithuania**	**Sweden**	**Total**
NCI percentage	**3%**	**3%**	
Cash and cash equivalents	1 522	2 432	3 954
Loans due from customers	52 359	32 009	84 368
Property and equipment	113	97	210
Intangible assets	1	8	9
Deferred tax asset	67	2 492	2 559
Other assets	117	118	235
Loans and borrowings	(21 408)	(15 797)	(37 205)
Corporate income tax payable	(923)	(1 966)	(2 889)
Other liabilities	(2 956)	(11 251)	(14 207)
Net assets	**28 892**	**8 142**	**37 034**
Carrying amount of NCI	**867**	**244**	**1 111**
Revenue	35 195	26 170	61 365
Profit	12 005	7 842	19 847
Total comprehensive income	**12 005**	**7 842**	**19 847**
Profit allocated to NCI	**360**	**235**	**595**
Cash flows from operating activities	(3 003)	7 667	4 664
Cash flows from investment activities	(68)	(67)	(135)
Cash flows from financing activities, before dividends to NCI	4 238	(7 604)	(3 366)
Cash flows from financing activities - cash dividends to NCI	(399)	(209)	(608)
Net increase / (decrease) in cash and cash equivalents	**768**	**(213)**	**555**

(38) Non-controlling interest in subsidiaries (continued)

The table below summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations as at 31 December 2014:

EUR'000	**Lithuania**	**Sweden**	**Total**
NCI percentage	**3%**	**3%**	
Cash and cash equivalents	754	2 645	3 399
Loans due from customers	37 977	24 074	62 051
Property and equipment	110	67	177
Intangible assets	9	10	19
Deferred tax asset	77	1 554	1 631
Other assets	165	328	493
Loans and borrowings	(7 575)	(13 093)	(20 668)
Corporate income tax payable	(684)	(1 532)	(2 216)
Other liabilities	(914)	(6 841)	(7 755)
Net assets	**29 919**	**7 212**	**37 131**
Carrying amount of NCI	**898**	**216**	**1 114**
Revenue	27 035	19 618	46 653
Profit	13 209	7 276	20 485
Total comprehensive income	**13 207**	**7 276**	**20 483**
Profit allocated to NCI	**396**	**218**	**614**
Cash flows from operating activities	11 547	2 589	14 136
Cash flows from investment activities	(40)	(55)	(95)
Cash flows from financing activities, before dividends to NCI	(11 621)	(674)	(12 295)
Cash flows from financing activities - cash dividends to NCI	(72)	(212)	(284)
Net increase in cash and cash equivalents	**(186)**	**1 648**	**1 462**

(39) Subsequent events

On 18 December 2015, the Bank of Lithuania removed the Group's local operating entity, 4finance UAB, from the list of consumer credit lenders in Lithuania. According to the opinion of the Bank of Lithuania Group's local operating entity, 4finance UAB, was not in full compliance with certain consumer lending regulations. As a result, the Group could not issue new consumer loans in the name of 4finance UAB in Lithuania. Following successful discussions with the Lithuanian authorities on the steps required to resume issuing new loans, the Group re-started its lending operations in Lithuania in January using UAB Credit Service, a licensed entity that was transferred to 4finance Holding S.A., previously owned by 4finance Group S.A.. This entity will be added as a guarantor to the 2019 Notes and 2018 Notes in due course. The financial performance of the Lithuanian business segment for the twelve month period ended 31 December 2015 is disclosed in Note 31.

On 4 February 2016, v7 Limited, a UK company in which the Group has a 15% interest, received full FCA authorisation to operate as an online consumer lender in the UK and has started lending at www.vivus.co.uk.

New regulatory changes have now been implemented in Latvia (from 1 January 2016), Lithuania (from 1 February 2016) and Poland (from 11 March 2016). The Group's products are fully compliant with these new regulations.

In February 2016, two Luxembourg based category A directors were appointed to the Group's board, Stéphane Sabella and Philip Cesar Pascual, to replace directors Marc Chong Kan and Livio Gambardella.

(39) Subsequent events (continued)

The Group has incorporated companies in the Dominican Republic and Brazil to support pre-opening activities ahead of intended launches in those countries.

No other significant subsequent events have occurred that would materially impact the consolidated financial statements presentation.

KPMG

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To the Shareholders of
4finance Holding S.A. (formerly 4finance Holding S.à r.l.)
6, rue Guillaume Schneider
L-2522 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of 4finance Holding S.A. (formerly 4finance Holding S.à r.l.), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. 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 judgement of the Réviseur d'Entreprises agréé, 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 Réviseur d'Entreprises agréé 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 the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of 4finance Holding S.A. (formerly 4finance Holding S.à r.l.) as of 31 December 2015, and of its consolidated financial performance and its consolidated 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

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Luxembourg, 1 April 2016

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

M. Weber

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