Ferratum™
More than money to everyone

Ferratum Group

Interim Condensed Consolidated Financial Report

for the Period 1.1.2014 to 30.6.2014

Contents

Business Overview 1st Half-Year 2014

JT Family Holding Oy and its subsidiaries form a group, Ferratum Group, which is one of the leading microloan companies globally. Ferratum Group is a privately owned independent group; it does not belong to any other group in the financial or commercial sector. The group commenced its activities in May 2005 and has grown rapidly in 24 countries across Europe and the APAC region.

Ferratum Group is operating under generally accepted ethical principles, and is one of the leading players in developing the credibility of microloan businesses and common industry processes. Ferratum Group has developed its business model and processes to be efficient and customer-oriented. The identification and scoring of customers are key factors in the business globally.

Financial Highlights

Financial highlights	1HY 2014	1HY 2013
Revenue	30,831,540	27,026,958
Operating profit	5,317,433	3,738,952
Profit before tax	3,631,260	2,342,820
Net cash flows from operating activities	(5,670,668)	(3,102,609)
Net cash flows from investing activities	(75,497)	(480,780)
Net cash flows from financing activities	(1,312,821)	5,813,349
Net increase/decrease in cash and cash equivalents	(7,058,985)	2,229,960
Account receivables - microloans	50,880,750	42,355,311
Cash and cash equivalents	10,283,764	4,944,578
Total assets	70,681,492	54,476,235
Non-current liabilities	28,077,949	22,023,528
Current liabilities	24,699,619	18,039,815
Equity	17,903,923	14,412,892
Equity ratio %	25.3%	26.5%
Net debt to equity ratio	2.37	2.44
Profit before tax %	11.8 %	8.7 %

Key actions and developments

In the first six months of 2014 Ferratum continued its positive growth trend and recorded its best half-year heretofore with revenues increasing by 14,0% to EUR 30,8 million in the respective period (HY1 2013: EUR 27,0 million). After March was recorded as Ferratum's best month so far in terms of revenues Ferratum achieved a stable growth trend based on which also the following months April to June always set a new record level of revenues.

During the first half-year of 2014 Ferratum worked continuously on strengthening and expanding its market position internationally. In concrete terms, the company focused on the following measures which already contributed to the Group's growth and profitability:

- With all preconditions being fulfilled, Ferratum was able to commence its operations in Romania in February 2014 and in Germany in March 2014. For this purpose, the Group invested a portion of the proceeds from the bond issued in Germany with a volume of EUR 25 million in October 2013 as was originally planned.

- In 2013 Ferratum Group has successfully launched its credit business under a credit institution license issued by Malta Financial Services Authority in Poland and Slovakia. The credit institution license elevates the existing level of the company's trustworthiness. Furthermore it provides access to a new external banking scoring database as well as to markets where a banking license is required to enter the loan lending business. In HY1 2014 the bank launched its operations in Germany (Q1), Estonia (Q2) and Latvia (Q2).

- In the reporting period, Ferratum also further invested in the development of the software-based testing method on the customer's creditworthiness. Additionally, Ferratum further improved usability for customers especially on mobile devices. Just like in 2013, Ferratum has assigned the Finnish subsidiary, Personal Big Data Oy, to improve its risk management capabilities. Based on newly acquired software the latter subsidiary ensures an improved analysis of a broad range of customer data.

- During the HY1 of 2014 Ferratum has successfully diversified its product portfolio. In addition to the established microloan, Ferratum offers an installment loan (PlusLoan) with larger credits amounts and longer payback times, as well as a credit limit product. The expansion of the product portfolio provides Ferratum with the opportunity to attain better market access thus profiting from an increased number of customers. Especially the credit limit product that showed a very strong performance has been rolled out in two more countries in Q2 and more countries are expected to offer it in HY2 2014.

Treasury Update

Ferratum Group ended the year 2013 with a record cash position of EUR 17.5 million. The existing credit lines were mostly unused. In May 2014 Ferratum issued a new 3 years Bond (series B2) in Poland and paid back three bonds (series A1, A3 and A5) in May and June – all denominated in PLN. The strong liquidity position of the group allowed Ferratum to slightly reduce hereby the refinancing volume in PLN. As at June 30th 2014 the cash position was EUR 10.3 million.

Customer base

	1HY 2014	1HY 2013	Growth-%
Customer Base	2 444 917	1 651 456	48.0 %
Registered customers	1 595 725	961 901	65.9 %
Existing customers	849 192	689 555	23.2 %
New customers	44 220	53 056	-16.7 %

SUBSEQUENT EVENTS

July was again (after March, April, May and June) recorded as best month so far in terms of revenues. Ferratum Bank Limited has launched its operations in Bulgaria in July 2014.

CONSOLIDATED INCOME STATEMENT

	Note	6 months ended 30 June 2014 (unaudited)	2013 (unaudited)
Revenue	5	30,831,540	27,026,958
Other income		289,914	37,352
Operating expenses:			
Selling, marketing and administration	6	(11,943,587)	(10,319,974)
Impairments on loans		(9,489,113)	(8,955,918)
Depreciations and amortization	7	(270,756)	(275,065)
Other operating expenses	8	(4,100,565)	(3,774,402)
Operating profit		5,317,433	3,738,952
Finance income	9	92,644	13,071
Finance costs	10	(1,778,816)	(1,409,203)
Finance costs – net		(1,686,173)	(1,396,132)
Profit before income tax		3,631,260	2,342,820
Income tax expense		(617,314)	(316,228)
Profit for the period		3,013,946	2,026,592
Profit attributable to:			
- owners of the parent company		3,013,946	2,026,592
- non-controlling interests		0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended 30 June 2014 (unaudited)	2013 (unaudited)
Profit for the period		3,013,946	2,026,592
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation difference		(94,147)	81,437
Total items that may be reclassified to profit or loss subsequently		(94,147)	81,437
Total comprehensive income		2,919,799	2,108,028
Allocation of total comprehensive income to:			
- owners of the parent company		2,919,799	2,108,028
- non-controlling interests		0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30-Jun-2014 (unaudited)	30-Jun-2013 (unaudited)	31-Dec-2013 (audited)
Assets				
Non-current assets				
Property, plant and equipment	11	266,429	328,453	282,051
Intangible assets	12	3,304,807	2,637,249	3,104,905
Deferred income tax assets		1,885,328	2,324,440	1,865,580
Total Non-Current Assets		5,456,564	5,290,142	5,252,535
Current assets				
Accounts receivable – microloans	13	50,880,750	42,355,311	44,683,369
Other receivables		3,078,186	1,577,439	3,963,145
Income tax assets		982,227	308,766	335,643
Cash and cash equivalents (excluding bank overdrafts)	14	10,283,764	4,944,578	17,528,034
Total current assets		65,224,928	49,186,093	66,510,192
Total assets		70,681,492	54,476,235	71,762,727
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	15	10,000	10,000	10,000
Treasury shares	15	(142,315)	(81,530)	(142,315)
Reserves	15	1,828	(26,955)	(171,135)
Unrestricted equity reserve	15	2,372,952	3,067,590	3,067,590
Retained earnings		15,661,458	11,443,787	12,914,623
Total equity		17,903,923	14,412,892	15,678,763
of which relate to Non-controlling interests				
Liabilities				
Non-current liabilities				
Borrowings	16	27,909,119	21,660,327	26,244,738
Other payables		14,188	21,938	17,479
Deferred income tax liabilities		154,642	341,263	154,866
Total non-current liabilities		28,077,949	22,023,528	26,417,083
Current liabilities				
Income tax liabilities		965,909	438,082	455,909
Borrowings	16	16,475,015	5,478,463	19,538,425
Trade payables	17	3,285,444	9,208,366	7,282,034
Other current liabilities	17	3,973,251	2,914,904	2,390,513
Total current liabilities		24,699,619	18,039,815	29,666,882
Total liabilities		52,777,568	40,063,343	56,083,965
Total equity and liabilities		70,681,492	54,476,235	71,762,727

CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended 30 June	
	2014 (unaudited)	**2013 (unaudited)**
Cash flows from operating activities		
PROFIT/LOSS FOR THE PERIOD	2,433,971	2,026,592
Adjustments for:		
Depreciation, amortization & impairment loss	270,756	275,065
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	-	-
Unrealized foreign exchange gains (-) and losses (+)	(307,799)	-
Finance income and expenses	1,993,972	1,396,132
Tax on income from operations	792,825	716,228
Transactions without cash flow	(119,652)	-
Working capital changes:		-
Increase (-) /decrease(+) in trade and other receivables	770,590	3,171,026
Increase (+) / decrease (-) in trade payables	(2,812,552)	1,842,038
Interest paid	(1,183,525)	(1,759,633)
Interest received	76,941	13,071
Other financing items	(33,206)	(251,468)
Income taxes paid	(762,829)	(1,531,218)
Loans granted	(87,379,090)	(73,421,423)
Proceeds from repayments of loans	80,588,930	64,420,982
Net cash from operating activities	**(5,670,668)**	**(3,102,609)**
Cash flows from investing activities		
Purchase of tangible and intangible assets	(75,730)	(558,197)
Proceeds from sale of tangible and intangible assets	234	77,418
Disposal of subsidiaries, net of cash disposed of		
Proceeds from sale of investments		
Net cash used in investing activities	**(75,497)**	**(480,780)**
Cash flows from financing activities		
Purchase of own shares		(65,400)
Proceeds from short-term borrowings	5,290,397	5,452,626
Repayment of short-term borrowings	(5,908,590)	(414,169)
Proceeds from long-term borrowings		2,513,440
Repayment of long-term borrowings		(882,582)
Dividends paid	(694,628)	(790,567)
Net cash used in financing activities	**(1,312,821)**	**5,813,349**
Net increase/decrease in cash and cash equivalents	**(7,058,985)**	**2,229,960**
Cash and cash equivalents at the beginning of the period	17,528,034	2,670,730
Exchange gains/(losses) on cash and cash equivalents	(185,285)	43,888
Net increase/decrease in cash and cash equivalents	(7,058,985)	2,229,960
Cash and cash equivalents at the end of the period	10,283,764	4,944,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity 1 - 6 / 2013 (unaudited)	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance 01/01/2013 (audited)	10,000	(16,130)	3,067,590	1,610	3,709	10,093,483	13,160,263	-	13,160,263
Comprehensive income									
Profit or loss						2,026,592	2,026,592	-	2,026,592
Other comprehensive income									
Currency translation difference:				(26)	(32,249)	113,712	81,437	-	81,437
Total comprehensive income				(26)	(32,249)	2,140,304	2,108,028	-	2,108,028
Transactions with owners									
Dividend distribution						(790,000)	(790,000)	-	(790,000)
Acquisition of treasury shares		(65,400)					(65,400)	-	(65,400)
Transfers between items									
Share based payments									
Total transactions with owners		(65,400)				(790,000)	(855,400)	-	(855,400)
Total equity 30/06/2013 (unaudited)	**10,000**	**(81,530)**	**3,067,590**	**1,584**	**(28,539)**	**11,443,787**	**14,412,892**	**-**	**14,412,892**

Changes in equity 1 - 6 / 2014 (unaudited)	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance 01/01/2014 (audited)	10,000	(142,315)	3,067,590	1,829	(172,964)	12,914,623	15,678,763	-	15,678,763
Comprehensive income									
Profit or loss						3,013,946	3,013,946	(0)	3,013,946
Other comprehensive income									
Currency translation difference:				(1)	172,964	(267,111)	(94,147)	-	(94,147)
Total comprehensive income				(1)	172,964	2,746,835	2,919,799	(0)	2,919,799
Transactions with owners									
Dividend distribution			(694,638)				(694,638)	-	(694,638)
Acquisition of treasury shares									
Transfers between items									
Share-based payments									
Total transactions with owners			(694,638)				(694,638)	-	(694,638)
Total equity 30/06/2014 (unaudited)	**10,000**	**(142,315)**	**2,372,952**	**1,828**	**(0)**	**15,661,458**	**17,903,923**	**0**	**17,903,923**

1. General information

Ferratum Group is one of the leading microloan companies globally. Is a privately owned independent group and it doesn't belong to any other group in the financial or commercial sector. Is operating under generally accepted ethical principles, and is one of the leading players in developing the credibility of microloan businesses and common industry processes, has developed its business model and processes to be efficient and customer-oriented. The identification and scoring of customers are key factors in the business globally.

The parent company, JT Family Holding Oy (business identity code 1950969-1), is headquartered in Helsinki, Finland. The registered address is Ratamestarinkatu 11 A, FI-00520 Helsinki.

A copy of the consolidated financial statements can be obtained from the head office of Ferratum Group at Ratamestarinkatu 11 A, FI-00520 Helsinki.

2. Summary of significant accounting policies

2.1 Basis of preparation

Ferratum Group's financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The application of the company's accounting policies also requires the management to exercise its judgment in the process of applying the group's accounting policies. Areas that to a large extent contain such discretionary assessments or a high level of complexity or areas in which assumptions and estimates are important to the consolidated financial statements are disclosed in note 4.

Standards, interpretations and amendments to published standards which are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial. Ferratum Group has not early adopted these revisions to the requirements of IFRSs as approved by the EU and the group's directors are of the opinion that, with the exception of IFRS 9, 'Financial instruments', there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application.

IFRS 9, 'Financial instruments', addresses the classification and measurement of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. Ferratum Group controls an entity when the group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to Ferratum Group's accounting policies.

Business combinations

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Ferratum Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management team that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

The financial statements of the individual entities in the Group are prepared using the currency which is mainly used in the economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euro (EUR), which is both the functional currency and presentation currency of the parent company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the

transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income (or P&L).

2.5 Property, plant and equipment

Property, plant and equipment are recognised in the financial statements at their cost of acquisition less depreciation (carrying amount). The cost of acquisition includes costs directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Fixed assets are depreciated according to the straight-line method, so that the assets’ original cost is depreciated to the residual value over the estimated useful life, which is:

Fixtures, fittings and equipment: 3 – 8 years
Vehicles: 3 – 5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within Other operating (expenses)/income (net) in the income statement.

2.6 Intangible assets

Intangible assets of Ferratum Group are mainly representing immaterial rights (licences, trademark etc.) and capitalized software development costs.

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which are:

IT software: 2 – 10 years
Trademarks: 3 – 5 years
Licenses: 2 – 10 years
Development costs: 2 – 5 years

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Ferratum Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs, that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs recognised as assets are amortised over their estimated useful lives.

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

2.8 Financial assets

2.8.1 Classification

Ferratum Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'account receivables - microloans', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Impairment of financial assets

Ferratum Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

The criteria that Ferratum Group uses to determine that there is objective evidence of impairment loss include:

(a) a significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider or

(d) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Ferratum Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that consider on the basis of the group's grading process asset type, past-due status and other relevant factors). Each entity of Ferratum Group tracks its historical data of collected amounts and unpaid amounts on receivables. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

2.10 Accounts receivable – microloans

Upon initial recognition in the statement of financial position, microloans are measured at their fair value. When measured subsequently, microloans are valued at an amortized cost determined using the effective interest rate method, less provisions for impairment of loan receivables.

The provisions for impairments of loan receivables are recognized in the financial statements based on historical trends and collective assessment of groups of microloans with similar credit risk characteristics. When receivables are impaired, the receivable's carrying amount is reduced to the receivable's recoverable amount.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Ferratum Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Revenue recognition

Revenues comprise process, prolonging and reminder fees related to microloans issued.

The recognition of revenues is based on effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

2.17 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except microloans, are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.18 Other income from operations

Revenues that are not part of actual net sales, such as revenue from the sale of non-current assets are recorded under other income from operations.

2.19 Share-based payments

Over time selected individuals and employees have been offered opportunity to invest in the shares of the parent company of Ferratum Group. The individuals have purchased the shares at their fair value. According to IFRS 2 (Share based payment) due to the fact that these individual investors are also employed by Ferratum Group certain expenses needs to be recorded in the income statement as equity settled share based payments although the share ownership doesn't have any expense or cash impact on the company. These expenses reflect the potential upside for the minority shareholders in terms of value increase of the shares. The fair value of this potential increase calculated is recognized annually as expenses over the vesting period. The valuation of the shares is made on the date of the grant using Black and Scholes -model, adjusted to take into account the terms and conditions upon which the shares were granted (except for vesting conditions).

2.20 Derivative instruments

All derivative contracts are initially recognized at fair value on the date they are entered into operation. Subsequent measurement is also based at their fair value. The fair value of interest rate swaps is calculated by discounting the future cash flows at current interest rate at the balance sheet date. Interest rate swaps are part of group's risk management policy, but the group does not apply hedge accounting under IAS 39 to derivative instruments. The derivatives are included in the balance sheet as other receivables and payables. Unrealized and realized gains and losses arising from changes in fair value are recognized in the income statement in financial income and expenses in the period during which they arise. Accumulated interest income or expenses from interest rate swaps that have taken place during the financial period are also recognized in the income statement under financial items.

3. Financial risk management

3.1 Financial risk factors

Ferratum Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Ferratum Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Ferratum Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board is responsible for the overall effectiveness of the risk management function, which function is however carried out by all the members of the group's management.

(a) Credit risk

Ferratum Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the group by failing to discharge an obligation. Credit risk is the most important risk for the group's business; accordingly management carefully manages its exposure to this risk. Credit exposures arise principally through the group's participation in short-term lending, and through its investments in debt securities and exposures arising from its investing activities.

The Group's principal credit risk exposures relating to on-balance sheet financial assets analysed by IAS 39 categorisation, reflecting the maximum exposure to credit risk before collateral held or other credit enhancements, are as follows:

	30-Jun-2014	30-Jun-2013	31-Dec-2013
Loans and receivables:			
Cash at bank	10,283,764	4,944,578	17,528,034
Loans and advances to customers	50,880,750	42,355,311	44,683,369
Other receivables	3,078,186	1,577,439	3,963,145
	64,242,700	**48,877,328**	**66,174,549**

The exposures set out in the table above are based on carrying amounts as reported in the statement of financial position for on-balance sheet financial assets. The fair value of loans and receivables are equivalent to their carrying amounts. The table represents a worst case scenario of credit risk exposure to the Group at 30th June 2014 and 2013, without taking account of any collateral held or any other credit enhancements attached.

Loans and advances to customers

Credit risk is managed centrally. Scoring and credit policies in are centrally steered by the Risk team. Measuring and monitoring the performance of the Countries credit portfolio´s actual risk KPI´s is done on different aggregation levels on a Daily, Weekly and Monthly rhythm. Credit Risk is managed and controlled on the basis of established credit processes, and within a framework of credit policy. Credit grading and monitoring systems are in place to accommodate the early identification and management of deterioration in loan quality. Credit decisions are always based on the ethical principles set by the central risk team and the business credit policy as well as being in accordance to the rules of crediting. Every agreement of crediting requires an individually shaped decision. To assess the potential customers' creditworthiness, the credit score is calculated for each new application received. An application scorecard is used for the assessment of new customers and a behavior scorecard is used for the assessment of repeated customers. Based on the obtained credit score, customers are grouped into risk classes that determine the possible credit decision.

Ferratum Group centrally calculates reserving needs for group accounting purposes and also supports subsidiaries in calculating their local reserving requirements. The reserving requirements are calculated based on Gross Roll Rate Model and Transition Matrices (mathematical model of Markov Chains), which measures the probability of delinquency based on payment behavior and calculates the required risk provisions for impairment of loan receivables (reserves) accordingly. The reserving needs based on the reserve model get impaired with the market value of bad debt, i.e. expected or recent sales prices for overdue loans.

(b) Market risk

Ferratum Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

(c) Foreign exchange risk

Ferratum Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require Ferratum Group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the group treasury.

Currency exposure arising from the net assets of the Ferratum Group’s foreign operations is managed primarily through borrowings in local currencies or occasionally hedging with financial instruments.

Ferratum Group’s net loan receivables denominated in EUR and non-EUR currencies:

	30-Jun-2014	30-Jun-2013
EUR	21,774,241	17,410,109
Non-EUR currencies	29,106,509	24,945,202
	50,880,750	**42,355,311**

Ferratum Group treasury's risk management policy is to hedge the main FX exposures in non-euro currencies.

	1HY 2014	1HY 2013
Foreign exchange gain/(loss) through profit and loss	259,759	(44,881)
Foreign exchange gain/(loss) through equity	(94,147)	81,437
	165,612	36,555

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Ferratum Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose Ferratum Group to cash flow interest rate risk which is partially offset by having a short term loan portfolio as main asset in the group. Increasing refinancing cost can be potentially covered by according price changes in new lending whereby the spread between lending interest and borrowing interest is comparably high anyway. During HY1 2014 and HY1 2013, Ferratum Group's borrowings at variable rate were denominated in PLN and EUR.

Ferratum Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, Ferratum Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the group occasionally manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. As per end of HY1 2014 the credit line from Nordea had a floating-to-fixed interest rate swap. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

(d) Liquidity risk

Cash flow forecasting is performed in the operating entities of Ferratum Group in and aggregated by Ferratum Group finance. Ferratum Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the group treasury. Ferratum Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the group held money market funds of that are expected to readily generate cash inflows for managing liquidity risk.

Ferratum Group possesses a number of factoring agreements, mainly in home country Finland. The amount of retained risks and benefits related to such agreements is appropriately measured and recognized in liabilities (trade payables) and assets (accounts receivables) of the group.

3.2 Capital management

Ferratum Group's objectives when managing capital are to safeguard Ferratum Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for the Group's stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Ferratum Group may adjust the amount of dividends paid to shareholders, issue new bonds or sell assets to reduce debt.

Ferratum Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total liabilities (including 'current and non-current liabilities' as shown in the consolidated balance sheet) less cash and cash equivalents.

During HY1 2014, Ferratum Group's strategy, which was unchanged from 2013, was to maintain the gearing ratio below 3.

Gearing ratio	**30-Jun-2014**	**30-Jun-2013**	**31-Dec-2013**
Total liabilities	52,777,568	40,063,343	56,083,965
Less: cash and cash equivalents	10,283,764	4,944,578	17,528,034
Net debt	42,493,804	35,118,766	38,555,931
Total equity	17,903,923	14,412,892	15,678,763
Gearing ratio	2.4	2.4	2.5

4. Critical accounting estimate and judgments

The amounts recognised in the financial statements are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of financial statements. The judgements made by management in applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements, together with information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are either disclosed below or in the remaining notes to the financial statements.

4.1 Impairment losses on loan and advances

Ferratum Group reviews its loan portfolio on an on-going basis to assess whether there is any objective evidence of impairment. Objective evidence that individual loans and advances are impaired includes observable data that comes to the attention of the group about loss events, such as repayments falling into arrears. Objective evidence that a group of loans and receivables may be impaired include probabilities of default associated with the credit status of that group and measurable economic conditions which may influence future cash flows from the assessed loans. Management uses estimates based on historical loss experience for assets with credit risk characteristics similar to those in the assessed group when forecasting future cash flows. The methodology and assumptions for estimating the amount and timing of future cash flows are reviewed regularly in the light of actual loss experience.

4.2 Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

Over time selected individuals and employees have been offered the opportunity to invest in the shares of the parent company of Ferratum Group. The individuals have purchased the shares at their fair value. According to IFRS 2 (Share based payment) due to the fact that these individual investors are also employed by Ferratum Group certain expenses needs to be recorded in the income statement as equity settled share based payments although the share ownership doesn't have any expense or cash impact on the company. These expenses reflect the potential upside for the minority shareholders in terms of value increase of the shares. The fair value of this potential increase calculated is recognized as expenses over the vesting period. The valuation of the shares is made on the date of the grant using Black and Scholes -model, adjusted to take into account the terms and conditions upon which the shares were granted (except for vesting conditions).

4.3 Income tax of the interim period

Interim period income tax is accrued based on estimated annual effective income tax rate of 17% for the Ferratum Group.

5. Segment information

Ferratum Group has two operating reportable segments. Operating segments are based on Group's management structure which consists of two geographical regions: West and East. The West region includes Australia, New Zealand, Canada, UK, Spain, Netherlands, Belgium, Sweden, Denmark, Germany and Finland. The East region includes Estonia, Lithuania, Latvia, Poland, Czech, Slovakia, Croatia, Bulgaria, Russia and Romania.

5.1 Business segments HY1 2014

	6 months ended 30 June			
	West	East	Other*	Group
Revenue	17,746,168	13,085,372	-	30,831,540
Other income	29,009	260,905	-	289,914
Operating expenses:				
Selling, marketing and administration	(6,605,622)	(4,608,573)	(729,392)	(11,943,587)
Impairments on loans	(5,226,353)	(4,262,761)	-	(9,489,113)
Depreciations and amortisation	(118,936)	(42,567)	(109,253)	(270,756)
Other operating expenses	(1,248,831)	(1,274,361)	(1,577,373)	(4,100,565)
Operating profit	4,575,436	3,158,014	(2,416,017)	5,317,433
Total segment assets	37,280,732	30,756,089	2,644,670	70,681,492
Total segment liabilities	32,702,653	11,918,562	8,156,353	52,777,568

5.2 Business segments HY1 2013

	6 months ended 30 June			
	West	East	Other*	Group
Revenue	14,566,032	12,460,926	-	27,026,958
Other income	22,438	14,914	-	37,352
Operating expenses:				
Selling, marketing and administration	(7,272,735)	(1,914,442)	(1,132,797)	(10,319,974)
Impairments on loans	(3,835,743)	(5,120,175)	-	(8,955,918)
Depreciations and amortisation	(129,098)	(28,279)	(117,687)	(275,065)
Other operating expenses	(1,417,386)	(915,117)	(1,441,900)	(3,774,402)
Operating profit	1,933,509	4,497,827	(2,692,384)	3,738,952
Total segment assets	32,013,238	20,092,550	2,370,447	54,476,235
Total segment liabilities	15,288,049	14,052,565	10,722,729	40,063,343

*Includes administration and other services of the parent company, as well as all other income and expenses, assets and liabilities not allocated to operating segments.

5.3 Geographical areas

	1HY 2014	1HY 2013
Revenue, abroad	24,875,006	21,959,504
Revenue, domestic	5,956,534	5,067,455
Total Revenue	30,831,540	27,026,958

6. Selling, marketing and administration

	1HY 2014	1HY 2013
Personnel expenses:	(5,004,377)	(4,253,264)
Salaries and other employee benefits (incl. bonuses)	(3,985,452)	(3,311,949)
Employee pension expenses	(149,014)	(247,227)
Other personnel expenses	(869,912)	(694,088)
Share-based payments equity settled*		
Selling and marketing expenses	(3,871,832)	(3,180,202)
Lending expenses	(1,852,214)	(1,368,241)
Other administrative expenses	(1,215,164)	(1,518,267)
Total Selling, marketing and administration	**(11,943,587)**	**(10,319,974)**

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7. Depreciation and amortization

	1HY 2014	1HY 2013
Depreciation and Amortization		
Tangible assets		
Machinery & Equipment	(55,899)	(76,960)
Other tangible assets		-
	(55,899)	(76,960)
Intangible assets		
Trademark and licenses	(110,240)	(110,139)
Internally generated software development costs		
IT Software	(104,617)	(87,966)
	(214,857)	(198,105)
Total depreciation and amortization	**(270,756)**	**(275,064)**

* The calculation of equity settled share-based payments is done only at the end of the year (for details please refer to 2.19 and 4.2).

8. Other operating expenses

	1HY 2014	1HY 2013
Rent and other office expenses	(706,507)	(563,364)
Travel expenses	(526,588)	(647,251)
Professional fees (excl. Audit)	(1,160,861)	(962,609)
Audit fees	(170,430)	(96,208)
Other expenses	(1,536,180)	(1,504,971)
Other operating expenses	**(4,100,565)**	**(3,774,402)**

9. Finance income

	1HY 2014	1HY 2013
Other interest income from others	92,644	13,071
Foreign exchange gain on liabilities, realized	-	-
Derivative held for trading – gain / (loss)	-	-
Total finance income	92,644	13,071

10. Finance expenses

	1HY 2014	1HY 2013
Interest on borrowings from others	(2,037,691)	(1,157,735)
Derivative held for trading – gain / (loss)	-	-
Other financing expenses paid to borrowings from others	(884)	(206,587)
Foreign exchange loss on liabilities, realised	259,759	(44,881)
Total finance expenses	(1,778,816)	(1,409,203)

11. Property, plant and equipment

	Machinery & Equipment	Other tangible assets	Total
Cost, opening balance, as of 1 January 2014	486,214	1,203	**487,417**
6 months ended 30 June 2014:			
Additions of the period	40,793	(0)	**40,793**
Disposals of the period			
Cost, closing balance, as of 30 June 2014	527,007	1,203	**528,210**
Cumulative depreciation, opening balance, as of 1 January 2014	(204,920)	(446)	**(205,366)**
6 months ended 30 June 2014:			
Cumulative depreciation of disposals			
Depreciation for the period	(55,899)		(55,899)
Impairments	(515)		(515)
Cumulative depreciation, closing balance, as of 30 June 2014	(261,334)	(446)	**(261,781)**
Net book amount, opening balance, as of 1 January 2014	**281,294**	**757**	**282,051**
Net book amount, closing balance, as of 30 June 2014	**265,673**	**757**	**266,429**
Cost, opening balance, as of 1 January 2013	558,201	69,308	**627,508**
6 months ended 30 June 2013:			
Additions of the period	175,865		175,865
Disposals of the period	(77,749)		(77,749)
Reclassification during the period	56,435	(56,435)	-
Cost, closing balance, as of 30 June 2013	712,752	12,872	**725,624**
Cumulative depreciation, opening balance, as of1 January 2013	(327,091)	(2,058)	**(329,150)**
6 months ended 30 June 2013:			
Cumulative depreciation of disposals	8,939		8,939
Depreciation for the period	(76,960)		(76,960)
Reclassification during the period	(400)	400	-
Cumulative depreciation, closing balance, as of 30 June 2013	(395,512)	(1,658)	**(397,171)**
Net book amount, opening balance, as of 1 January 2013	**231,109**	**67,249**	**298,359**
Net book amount, closing balance, as of 30 June 2013	**317,239**	**11,214**	**328,453**

12. Intangible assets

	Immaterial rights	Internally generated software development costs	Computer Software	Total
Cost, opening balance, as of 1 January 2014	**1,104,102**	**1,752,643**	**1,377,776**	**4,234,521**
6 months ended 30 June 2014:				
Additions of the period		414,758		414,758
Disposals of the period				
Cost, closing balance, as of 30 June 2014	**1,104,102**	**2,167,401**	**1,377,776**	**4,649,279**
Cumulative depreciation, opening balance, as of 1 January 2014	**(661,823)**	**-**	**(467,792)**	**(1,129,615)**
6 months ended 30 June 2014:				
Cumulative depreciation of disposals				
Depreciation for the period	(110,240)		(104,617)	(214,857)
Impairment				
Cumulative depreciation, closing balance, as of 30 June 2014	**(772,063)**	**-**	**(572,409)**	**(1,344,472)**
Net book amount, opening balance, as of 1 January 2014	**442,278**	**1,752,643**	**909,984**	**3,104,905**
Net book amount, closing balance, as of 30 June 2014	**332,039**	**2,167,401**	**805,367**	**3,304,807**
Cost, opening balance, as of 1 January 2013	**1,103,505**	**904,661**	**1,179,216**	**3,187,381**
6 months ended 30 June 2013:				
Additions of the period		375,614		375,614
Disposals of the period				
Cost, closing balance, as of 30 June 2013	**1,103,505**	**1,280,275**	**1,179,216**	**3,562,996**
Cumulative depreciation, opening balance, as of 1 January 2013	**(441,449)**	**-**	**(286,193)**	**(727,642)**
6 months ended 30 June 2013:				
Cumulative depreciation of disposals				
Depreciation for the period	(110,139)		(87,966)	(198,105)
Cumulative depreciation, closing balance, as of 30 June 2013	**(551,588)**	**-**	**(374,159)**	**(925,747)**
Net book amount, opening balance, as of 1 January 2013	**662,056**	**904,661**	**893,023**	**2,459,739**
Net book amount, closing balance, as of 30 June 2013	**551,917**	**1,280,275**	**805,057**	**2,637,249**

13. Account receivables – microloans

	30-Jun-2014	30-Jun-2013	31-Dec-2013
Loan receivables	90,510,111	67,875,586	82,371,449
Less: provision for impairment of loan receivables	(39,629,361)	(25,520,275)	(37,688,079)
Loan receivables – net	50,880,750	42,355,311	44,683,369

The ageing analysis of these loan receivables is as follows:

	30-Jun-2014			31-Dec-2013		
	GBV	Impairments	NBV	GBV	Impairments	NBV
Not due	24,931,855	(1,881,593)	23,050,262	17,768,761	(1,314,774)	16,453,987
1-90 days due	14,941,659	(3,658,460)	11,283,199	11,770,407	(3,106,821)	8,663,586
91-180 days due	6,487,807	(3,199,011)	3,288,796	10,992,578	(4,067,267)	6,925,311
> 181 days due	44,148,790	(30,890,297)	13,258,493	41,839,702	(29,199,218)	12,640,485
	90,510,111	(39,629,361)	50,880,750	82,371,449	(37,688,079)	44,683,369

14. Cash and cash equivalents

	31-Mar-2014	31-Mar-2013	31-Dec-2013
Cash at bank and in hand	10,283,764	4,944,578	17,528,034
Short-term bank deposits			
Cash and cash equivalents (excluding bank overdrafts)	10,283,764	4,944,578	17,528,034

15. Share capital and other reserves

	Number of shares	Share capital	Treasury share	Unrestricted equity reserve	Other reserves
At 1-Jan-2013	11,112	10,000	(16,130)	3,067,590	5,320
Share issue					
Acquisition of treasury shares			(126,186)		
Currency translation differences					(176,455)
At 31-Dec-2013	11,112	10,000	(142,315)	3,067,590	(171,135)
Share issue					
Distribution of funds				(694,638)	
Currency translation differences					172,964
At 30-Jun-2014	11,112	10,000	(142,315)	2,372,952	1,828

The cumulative translation differences EUR 172.9 thousand in the Statement of changes in consolidated shareholders' equity contain the translation differences arising from translating the financial statements of non-Euro area business units.

On June 30th, 2014 Ferratum Group had 86 treasury shares in its possession which represent approximately 0.8 % of the share capital and voting rights. No consideration is paid to the treasury shares in a distribution of equity. The treasury shares are to be used for share purchase plans.

The unrestricted equity reserve contains the amount paid for shares in a share issue and the amount when converting convertible capital notes to shares.

Other reserves include legal reserves in Ferratum Group companies.

16. Interest bearing liabilities

	30-Jun-2014	30-Jun-2013	31-Dec-2013
Non-current interest bearing liabilities			
Bank borrowings	-	7,464,266	-
Bonds issued	27,909,119	14,196,061	26,244,738
Total Non-current interest bearing liabilities	27,909,119	21,660,327	26,244,738
Current interest bearing liabilities			
Bank borrowings	7,615,561	5,478,463	4,717,276
Bonds issued	7,497,113		14,821,149
Deposits from customers	1,362,341		
Total Current interest bearing liabilities	16,475,015	5,478,463	19,538,425
Total interest bearing liabilities	**44,384,134**	**27,138,790**	**45,783,163**

17. Current non-interest bearing liabilities

	30-Jun-2014	30-Jun-2013	31-Dec-2013
Current tax liabilities	965,909	438,082	455,909
Trade payables	3,285,444	9,208,366	7,282,034
Factoring trade payables	1,844,513	7,637,922	4,806,779
Other trade payables	1,440,931	1,570,444	2,475,255
Other current liabilities	3,973,251	2,914,904	2,390,513
Derivatives	45,449	56,094	45,449
Interest liabilities	1,411,761	954,955	559,147
Accrued employee expenses	616,704	603,155	568,918
Other current accrued liabilities on expenses, interest-free	1,899,338	1,300,701	1,217,000
Total current non-interest bearing liabilities	**8,224,604**	**12,561,352**	**10,128,457**

18. Related party disclosure

Ferratum Group is controlled by Jorma Jokela, who owns 83% of the parent company's shares. The remaining shares are held by investors and key management personnel.

Related parties of JT Family Holding group are members of the board, senior management team, their close family members and the companies in which the member of the board or senior management team has significant influence.

Transactions with related parties

	1HY 2014	1HY 2013
Purchase of goods from related parties		
purchase of services from related parties	373,632	363,851

Ferratum Group has business relationships with related party companies. The acquired services include administration services, project management, advisory and consulting services, IT services, legal counseling, flight travel services and warehousing services. Related party transactions have been carried out on generally accepted market terms and they have been based on market price of goods and services.

19. Group companies

Ownership in group companies	Country	Group share of holding	Parent company share of holding
Ferratum Finland Oy	Finland	100%	100%
Ferratum Estonia OÜ	Estonia	100%	100%
Ferratum Latvia SIA	Latvia	100%	100%
UAB Ferratum	Lithuania	100%	100%
Ferratum Sweden AB	Sweden	100%	100%
Ferratum Czech s.r.o.	Czech Republic	100%	100%
Ferratum Poland Sp. Z.o.o.	Poland	100%	100%
Ferratum Finance Sp. Z.o.o.	Poland	100%	100%
Ferratum Spain SL	Spain	100%	100%
Ferratum Bulgaria EOOD	Bulgaria	100%	100%
Ferratum Finance d.o.o.	Slovenia	100%	100%
Ferratum Slovakia s.r.o.	Slovakia	100%	100%
Ferratum Denmark ApS	Denmark	100%	100%
Ferratum Belgium BVBA	Belgium	100%	99.99%
Ferratum UK Ltd	Great Britain	100%	100%
Ferratum Capital Oy	Finland	100%	100%
Global Guarantee OÜ	Estonia	100%	100%
Ferratum d.o.o.	Croatia	100%	100%
Ferratum Capital Poland S.A.	Poland	100%	100%
Ferratum New Zealand Ltd.	New Zealand	100%	100%
Ferratum Finance B.V.	Netherlands	100%	100%
Pelegrat B.V.	Netherlands	100%	100%
Ferratum Australia Pty Ltd	Australia	100%	100%
Ferratum Singapore Pte.	Singapore	90%	90%
Numeratum d.o.o.	Croatia	100%	100%
OOO Ferratum Russia	Russia	100%	100%
Rus-Kredit Ltd	Russia	100%	100%
Ferratum Bank (Malta) Limited	Malta	100%	0.00001 %
Ferratum (Malta) Holding Limited	Malta	100%	99.99999 %
Ferbuy Singapore Pte. Ltd.	Singapore	90%	90%
Swespar AB	Sweden	100%	100%
Nereida Spain S.L.	Spain	100%	100%
Ferratum Capital Germany GmbH	Germany	100%	100%
Ferratum Germany GmbH	Germany	100%	100%
Ferratum Romania I.F.N.S.A.	Romania	99%	99%
Personal Big Data Oy	Finland	100%	100%
Sideways Sp z.o.o	Poland	100%	0%
Highways Sp z.o.o	Poland	100%	0%
Highways Sp. Kom	Poland	100%	0%
Ferratum Canada Inc	Canada	100%	100%

20. Signing of Semi-Annual report

The Ferratum Group Semi-Annual Report (6 months to June 30th, 2014) is submitted by the Company's Management Board composed of:

Erik Ferm

Chairman of the Board

Lea Liigus

Member of the Board

Jorma Jokela

CEO, Member of the Board

Kai Becker

Member of the Board

Juhani Vanhala

Member of the Board