

**4finance S.A.**  
*Société anonyme*

**Half – yearly financial report**  
**For the period from 1 January 2018 till**  
**30 June 2018**

**Registered office:**  
**8-10 Avenue de la Gare, L-1610**  
**Grand Duchy of Luxembourg**  
**Luxembourg Trade and Companies Register number: B173403**

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To the sole shareholder of **4finance S.A.** (“the Company”):

AS “4finance”, having its registered office at Lielirbes iela 17 a – 8, Riga LV – 1046, Latvia.

In accordance with our duties as Directors of 4finance S.A. we hereby submit the balance sheet as of June 30, 2018 and the related statement of profit and loss for the 6 month period then ended (the “Period”).

At the end of the Period, the balance sheet amounts to EUR 563 million and the result of the Period was a loss of EUR 8 million.

4finance S.A., a Luxembourg based company, presents its unaudited half-yearly financial report together with the half-yearly accounts for the six-month period ending June 30, 2018.

The share capital of 4finance S.A. as at June 30, 2018 is EUR 100,000,000.

The Company is part of a group of companies owned by 4finance Group S.A. (collectively, the “Group”). The Group is one of Europe’s largest digital consumer lending group with operations in 17 countries. The Company lends to various entities within the Group to finance their operations. The Company is largely financed via issued bonds listed on European stock exchanges.

The Company has one branch, based in Malta.

#### **Important events from January 1, 2018 until June 30, 2018 and future developments**

During the Period, the Company continued its lending activities to companies within the Group. It is the intention of the management of the Company to continue the current lending activities.

#### **Review and development of the Company’s business and financial position**

Income for the period January 1, 2018 until June 30, 2018 amounted to EUR 34.9 million, compared with EUR 33.0 million for the same period in 2017. Since its incorporation, the Company has granted various loans to operating companies within the Group. The Company acts as a lender and all loans bear interest at various rates. Interest income in the period from January 1, 2018 until June 30, 2018 in relation with these loans amounted to EUR 33.3 million, compared to EUR 30.0 million for the same period in 2017.

As of June 30, 2018, the aggregate principal of the loans granted by the Company amounted to EUR 430.3 million and the related accrued interest amounted to EUR 81.3 million, compared to EUR 460.3 million and EUR 68.1 million, as at December 31, 2017.

During the Period, the Company generated a loss of EUR 8.0 million, compared to EUR 26.1 million for the six months ended June 30, 2017. The results of the Company are further consolidated into 4finance Holding S.A and 4finance Group S.A..

#### **Principal risks and uncertainties**

As part of the Group, the Company applies Group principles for overall risk management, and Group policies covering specific areas such as credit risk, liquidity risk, market risks, operational risks and reputational risks.

The principal risks and uncertainties of the Company relate to its main assets – loans to companies within the Group. Recoverability of these loans is dependent on the performance of the underlying companies. The Company is not exposed to interest rate risk as the loans are at fixed rates. These loans are denominated in various currencies. In addition, liabilities largely consist of bonds denominated in various currencies.

The Company has developed new FX hedging relationships following the debt refinancing in the second quarter of 2017, e.g. for USD/EUR forwards and continues to develop its ability to effectively hedge currency risk.

## **Employees**

The company employed 2 employees during the financial year, 1 for the Malta branch and 1 for the registered office in Luxembourg (joined in November 2016).

## **Research and development**

The Company does not undertake any research or development activities.

## **Corporate Governance**

Strong corporate governance is an integral part of the Group's core values, supporting the Group's vision of moving towards a sustainable future.

Our executive committee is composed of a team that works with the senior leaders across the Group to evaluate the importance of the core values throughout the Group by promoting and fostering a corporate culture of the highest ethical standards, internal controls, and legal compliance.

### *Capital structure of the Company / 4finance Group*

At the reporting period the Company is entirely held by AS 4finance (Latvia), a Latvian based company whose share capital is wholly owned by 4finance Holding S.A. ("Holdco"), a Luxembourg Société anonyme. The parent holding company of the Group and direct shareholder of Holdco is 4finance Group S.A. (Luxembourg) which holds 100% of Holdco. With a 100% shareholding in 4finance Group S.A., Tirona Limited (Cyprus) is the indirect shareholder of the Group, ultimately owned by Loucas Andreou, who is a trustee (i.e. holding shares on behalf) of Vera Boiko (49%), Edgars Dupats (29.5%) and various minority shareholders, each holding less than 10% (21.5%), all having a significant ultimate ownership of the Group. As a result, these individuals have and will continue to have the power to affect the legal and capital structure and the day-to-day operations of the Group, as well as the ability to elect and change the board of directors and approve other changes to the Group's operations, through their holdings in Tirona Limited. Corporate governance, management and control of the Company is apportioned between the sole shareholder and the board of directors (the "Board"), in accordance with all relevant provisions of Luxembourg laws and in particular the law of August 10, 1915 on commercial companies, as amended (the "Luxembourg laws") so as the Company's articles of association (the Articles of Association"). The Company does not apply additional requirements in addition to those required by the above.

### *Powers of the sole shareholder*

The sole shareholder of the Company exercises all the powers granted by the Luxembourg laws to the general meetings of shareholders, including (i) appointing and removing the directors (the "Directors") and the statutory or independent auditor of the Company as well as setting their remuneration and discharging them from liability, as the case may be, (ii) approving the annual financial statements of the Company, (iii) amending the Articles of Association, (iv) deciding on the dissolution and liquidation of the Company, and (v) changing the nationality of the Company.

### *General Powers of the Directors / the Board*

The Company is currently managed by a Board composed of two directors of category A and two directors of category B, elected by the Company's sole shareholder. In accordance with Luxembourg laws, each Director may be removed by the sole shareholder at any time without cause.

Directors of each category are vested with the same individual powers and duties. Directors of category A are Luxembourg residents, whereas directors of category B are not Luxembourg residents and at the same time generally hold positions within the Group entities.

The Board is responsible for conducting and managing the business affairs of the Company in accordance with the Luxembourg laws and the Articles of Association. The Board is convened as often as required in the Company's interest.

The Directors participate in all discussions but may however not vote or deliberate on any items in which they have a conflict of interest. In such a case, the concerned Director(s) must declare the nature of such conflict, which declaration is recorded in the minutes of the meeting. Any conflict of interest are further reported to the sole shareholder in accordance with Luxembourg laws.

The Board may delegate certain functions, but not their responsibility, to third parties, subject to the supervision and Directors, i.e. the managing directors(s), commit the management of the affairs of the Company to one or more Directors or give special powers for determined matters to one or more proxy holders.

In accordance with the Articles of Association, when composed of several categories of directors (as it is currently the case), the Board is bound by the joint signatures of one Director of each category. Thus the “four eyes” principle is established.

#### *Specific Powers of the Directors / the Board*

##### - Financial Reporting Process

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company’s financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The Board is obliged to maintain proper books and records as required by Luxembourg laws. These include appointing Company management to maintain the accounting records and prepare for review and approval by the Board and annual accounts providing a true and fair view of the financial situation and result of the Company. The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the external auditor’s performance, qualifications and independence.

##### - Risk Assessment

The Board is fully responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company’s Annual Accounts.

The risk appetite of the Company is set by the Board of Directors. In line with the principles of the 3 lines of defense, the Company has a governance process enabling the business to understand, assess and manage risks in accordance to its defined risk appetite. The Company ensures a formal process of regular portfolio reviews, enabling the identification of risks associated with the portfolio, the definition and implementation of any corrective action, whenever required, consistent with the risk/reward approach set by the Board.

##### - Monitoring

The Board is directly responsible for establishing a sound control environment.

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditor(s).

The internal audit department of the Group currently reports directly to the Group’s audit committee (the “Audit Committee”) and regularly performs an independent assessment of the Group’s processes. The assessment is designed to ensure that all key aspects of risk management are of a high quality.

The Audit Committee oversees the Group’s financial reporting process to ensure the transparency and integrity of published financial information, the effectiveness of the Group’s internal control and risk management systems, the effectiveness of the internal audit function, the effectiveness of independent audit processes including recommending the appointment and assessing the performance of the external auditor, and the effectiveness of the process for monitoring compliance with laws and regulations affecting financial reporting codes of business conduct (where applicable).

##### - Control Activities

The Board is responsible for designing and maintaining control structures to manage the risks which are significant for internal control over financial reporting. These control structures include appropriate divisions of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for all significant captions written in the Annual Accounts and related notes therein.

**Important events since the balance sheet date**

The company has changed its representatives. Daniel Roca has replaced the previous Category A management board member on the 4finance S.A. board. This change is effective as of July 13, 2018. Oyvind Oanes has replaced the previous Category B management board member on the 4finance S.A. board. This change is effective as of August 1, 2018.

***We recommend that you:***

1. Approve the interim accounts as of June 30, 2018 as presented to you.

Luxembourg, September 27, 2018.

On behalf of the Board of Directors



**Paul Andrew Goldfinch**

Category B director and Chairman of the Board of Directors

ASSETS	Notes	30.06.2018 EUR	31.12.2017 EUR
<b>A. Subscribed capital unpaid</b>		-	-
<b>I. Subscribed capital not called</b>		-	-
<b>II. Subscribed capital called but unpaid</b>		-	-
<b>B. Formation expenses</b>		-	-
<b>C. Fixed assets</b>		-	-
<b>I. Intangible assets</b>			
<b>II. Tangible assets</b>			
<b>III. Financial assets</b>			
<b>D. Current assets</b>		<b>563,358,423.56</b>	<b>561,154,500.65</b>
<b>I. Stocks</b>		-	-
<b>II. Debtors</b>		<b>526,618,130.57</b>	<b>540,825,345.05</b>
1. Trade debtors			
2. Amounts owed by affiliated undertakings:	3	515,096,770.15	531,667,720.82
a. Becoming due and payable within one year	3	515,096,770.15	531,667,720.82
b. Becoming due and payable after more than one year		-	-
3. Amounts owed by undertakings with which the company is linked by virtue of interests		-	-
a. Becoming due and payable within one year		-	-
b. Becoming due and payable after more than one year		-	-
4. Other debtors	4	11,521,360.42	9,157,624.23
a. Becoming due and payable within one year		-	-
b. Becoming due and payable after more than one year	4	11,521,360.42	9,157,624.23
<b>III. Investments</b>		-	-
1. Shares in affiliated undertakings		-	-
2. own shares		-	-
3. other investments		-	-
<b>IV. Cash at bank and in hand</b>		<b>36,740,292.99</b>	<b>20,329,155.60</b>
<b>E. Prepayments</b>	<b>5</b>	<b>98,333.54</b>	<b>60,650.35</b>
<b>TOTAL (ASSETS)</b>		<b><u>563,456,757.10</u></b>	<b><u>561,215,151.00</u></b>

CAPITAL, RESERVES AND LIABILITIES	Notes	30.06.2018 EUR	31.12.2017 EUR
<b>A. Capital and reserves</b>	<b>6</b>	<b>15,674,441.13</b>	<b>23,695,191.68</b>
<b>I. Subscribed capital</b>		<b>100,000,000.00</b>	<b>100,000,000.00</b>
<b>II. Share premium account</b>		-	-
<b>III. Revaluation reserve</b>		-	-
<b>IV. Reserves</b>		<b>51,865.70</b>	<b>51,865.70</b>
1. Legal reserve		51,865.70	51,865.70
2. Reserve for own shares		-	-
3. Reserve provided for by the articles of association		-	-
4. Other reserves, including the fair value reserve		-	-
<b>V. Profit or loss brought forward</b>		<b>(76,356,674.02)</b>	<b>(22,015,355.39)</b>
<b>VI. Profit or loss for the financial period</b>		<b>(8,020,750.55)</b>	<b>(54,341,318.63)</b>
<b>VII. Interim dividends</b>		-	-
<b>VIII. Capital investment subsidies</b>		-	-
<b>B. Provisions</b>		-	-
<b>D. Creditors</b>		<b>547,782,315.97</b>	<b>537,519,959.32</b>
<b>1. Debenture loans</b>		<b>535,093,720.39</b>	<b>525,493,874.20</b>
a) Convertible loans		-	-
b) Non convertible loans	7	535,093,720.39	525,493,874.20
a. Becoming due and payable within one year		9,288,673.74	9,112,260.37
b. Becoming due and payable after more than one year		525,805,046.65	516,381,613.83
<b>2. Amounts owed to credit institutions</b>		-	-
<b>3. Payments received on account of orders as far as they are not shown separately as deductions from stocks</b>		-	-
<b>4. Trade creditors</b>		-	-
<b>5. Bills of exchange payable</b>		-	-
<b>6. Amounts owed to affiliated institutions</b>	8	<b>11,802,970.16</b>	<b>11,286,518.00</b>
a. Becoming due and payable within one year		651,155.05	134,702.81
b. Becoming due and payable after more than one year		11,151,815.11	11,151,815.19
<b>7. Amounts owed to undertakings with which the undertaking is linked by virtue of participation interests</b>		-	-
<b>8. Other Creditors</b>		<b>885,625.42</b>	<b>739,567.12</b>
a) Tax authorities		803,125.59	643,107.80
b) Social security authorities		-	-
c) Other creditors		82,499.83	96,459.32
a. Becoming due and payable within one year	9	82,499.83	96,459.32
b. Becoming due and payable after more than one year		-	-
<b>E. Deferred income</b>		-	-
<b>TOTAL (CAPITAL,RESERVES AND LIABILITIES)</b>		<b>563,456,757.10</b>	<b>561,215,151.00</b>



	Notes	01.01.2018- 30.06.2018 EUR	01.01.2017- 30.06.2017 EUR
<b>1 Net turnover</b>		-	-
<b>2 Variation in stocks of finished goods and work in progress</b>		-	-
<b>3 Variation in stocks of finished goods and work in progress</b>		-	-
<b>4 Other operating income</b>		-	-
<b>5</b>			
<b>Raw materials and consumables and other external expenses</b>	<b>10</b>	<b>(1,420,699.52)</b>	<b>(19,580,633.87)</b>
a) Raw materials and consumables		-	-
b) Other external expenses		(1,420,699.52)	(19,580,633.87)
<b>6 Staff costs</b>	<b>11</b>	<b>(116,556.25)</b>	<b>(117,856.02)</b>
a) Wages and salaries		(108,629.89)	(109,827.78)
b) Social security costs		(7,926.36)	(8,028.24)
c) Other staff costs		-	-
<b>7 Value adjustments</b>		-	-
a) in respect of formation expenses and of tangible and intangible fixed assets		-	-
b) in respect of current assets		-	-
<b>8 Other operating expenses</b>		-	-
<b>9 Income from participating interests</b>		-	-
a) derived from affiliated undertakings		-	-
b) other income from participating interests		-	-
<b>10 Income from other investments and loans forming part of the fixed assets</b>		-	-
a) derived from affiliated undertakings		-	-
b) other income not included under a)		-	-
<b>11 Other interest receivable and similar income</b>	<b>12</b>	<b>34,988,004.51</b>	<b>33,045,282.57</b>
a) derived from affiliated undertakings		33,383,980.36	30,047,657.56
b) other interest and similar income		1,604,024.15	2,997,625.01
<b>12 Share of profit or loss of undertakings accounted for under the equity method</b>		-	-
<b>13 Value adjustments in respect of financial assets and of investments held as current assets</b>		-	-
<b>14 Interest payable and similar expenses</b>	<b>13</b>	<b>(41,456,507.66)</b>	<b>(39,476,842.94)</b>
a) concerning affiliated undertakings		(615,062.85)	(1,719,368.12)
b) other interest and similar expenses		(40,841,444.81)	(37,757,474.82)
<b>15 Tax on profit or loss</b>	<b>14</b>	<b>(10,176.63)</b>	<b>(3,428.77)</b>
<b>16 Profit or loss after taxation</b>		<b>(8,015,935.55)</b>	<b>(26,133,479.03)</b>
<b>17 Other taxes not shown under items 1 to 16</b>	<b>14</b>	<b>(4,815.00)</b>	<b>(4,815.00)</b>
<b>18 Profit or loss for the financial period</b>		<b>(8,020,750.55)</b>	<b>(26,138,294.03)</b>

## **NOTE 1 GENERAL INFORMATION**

4finance S.A. – hereafter the “Company” – was incorporated on December 6, 2012 as a “Société anonyme” within the definition of the Luxembourg Law of August 10, 1915, as amended, on commercial companies for an unlimited period of time.

The Company’s registered office is established in Luxembourg.

The financial year of the Company runs from January, 1 until December, 31 of each year.

The purpose of the Company is to finance the activities of 4finance Group S.A. and subsidiaries. The Company may in particular acquire by subscription, purchase, and exchange or in any other manner any stock, shares and other securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever, including partnerships. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

The Company may borrow in any form. It may issue notes, bonds and debentures and any kind of debt which may be convertible and/or equity securities. The Company may lend funds including the proceeds of any borrowings and/or issues of debt securities to its subsidiaries, affiliated companies or to any other company.

The Company may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against currency fluctuations, interest rate fluctuations and other risks.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly further or relate to its purpose.

On January 23, 2013, the Company established a branch in Malta in accordance with the laws of the Republic of Malta, address at 40, Villa Fairholme, Sir Augustus Bartolo Street, Ta’Xbiex XBX1095, Republic of Malta.

The Company is not required to prepare consolidated accounts as it is not a parent company according to Article 309 of the Luxembourg Law of August 10, 1915, as amended, on commercial companies.

The Company is included in the consolidated accounts of 4finance Group S.A. RCS Luxembourg: B195.643, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of 4finance Group S.A. is 8-10 Avenue de la Gare, L-1610 Luxembourg, where the consolidated accounts are available. Hereinafter 4finance Group S.A. and its subsidiaries in Europe (incl. the Company), North America and South America together are referred as the Group.

The Company is included in the consolidated accounts of 4finance Holding S.A. RCS Luxembourg: B171.059, forming the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking.

At the reporting period the registered office of 4finance Holding S.A. is 8-10 Avenue de la Gare, L-1610 Luxembourg, where the consolidated accounts are available.

## **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **General principles**

The Company maintains its books and records in Euro (“EUR”) and prepares its annual accounts in accordance with applicable laws and regulations in Luxembourg as well as with the generally accepted accounting principles in force in the Grand Duchy of Luxembourg. The annual accounts are prepared in accordance with the going concern principle.

The provisions of the law of December 18, 2015 on annual and consolidated accounts and the grand-ducal regulation of December 18, 2015 on the layout of balance sheet and profit and loss accounts, amending the law of December 19, 2002, have been followed in the preparation of these annual accounts.

The layout and the headings of certain balance sheet and profit and loss account captions have been modified accordingly. Some comparative figures have been reclassified for the same reason.

### **Main valuation rules**

The main valuation rules applied by the Company are the following:

#### Debtors

Debtors are stated at their nominal value.

A value adjustment is recorded when the estimated realizable value is lower than the nominal value. The realizable value is estimated on the basis of the information available to the Board of Directors. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

#### Derivative financial instruments

The Company is engaged in hedging activities, in particular the hedging of foreign currency exposure. Derivative financial instruments are initially recorded at cost. In the case of hedging of an asset or a liability that is not recorded at fair value, unrealized gains or losses are deferred until the recognition of the realized gains or losses on the hedged item.

Premiums of the hedge deals are accounted in other debtors.

#### Foreign currency translation

The Company maintains its accounting records in euros (EUR) and the annual accounts are prepared in this currency. Transactions made in another currency than EUR are translated into EUR at the exchange rate prevailing at the transaction date.

- cash and cash equivalents are valued at the exchange rate applicable at the balance sheet date, considering exchange rate differences as realized;
- all other assets expressed in another currency than EUR are valued individually at the lower of the value determined using the historical exchange rate or the value determined using the exchange rate prevailing at the balance sheet date;
- all liabilities expressed in another currency than EUR are valued individually at the higher of the value determined using the historical exchange rate or the value determined using the exchange rate prevailing at the balance sheet date;
- income and expenses expressed in currencies other than EUR are converted at the exchange rate applicable at the date of the transactions.

Consequently only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

#### Prepayments

This asset item includes expenditures incurred during the financial period but relating to a subsequent financial period.

#### Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined, and at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

#### Current tax provision

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years are recorded under the caption "Other creditors".

**NOTE 3 AMOUNTS OWED BY AFFILIATED UNDERTAKINGS**

	a) Becoming due and payable after less than one year	b) Becoming due and payable after more than one year	Total 30.06.2018 EUR	Total 31.12.2017 EUR
Principal of the loans granted	430,362,820.23	0.00	430,362,820.23	460,251,857.82
Accrued interest	81,327,041.26	0.00	81,327,041.26	68,102,149.09
Other receivables	3,406,908.66	0.00	3,406,908.66	3,313,713.90
<b>Total</b>	<b>515,096,770.15</b>	<b>0.00</b>	<b>515,096,770.15</b>	<b>531,667,720.82</b>

Since its incorporation, the Company granted various loans to the operating entities of the 4finance Group. The Company acts as a lender and all the loans bear interest at various rates. However, prior to the maturity, the lender may request the repayment of the loan or the borrower may repay it at any time.

The interest income of the period in relation with these loans amounted to EUR 33,383,980.36.

Other receivables mainly consist of compensation invoices.

**NOTE 4 OTHER DEBTORS**

	a) Becoming due and payable after less than one year	b) Becoming due and payable after more than one year	Total 30.06.2018 EUR	Total 31.12.2017 EUR
Receivable from tax and social security	0.00	49,437.20	49,437.20	43,738.50
Payments for derivative agreements	0.00	11,471,923.22	11,471,923.22	9,113,885.73
<b>Total</b>	<b>0.00</b>	<b>11,521,360.42</b>	<b>11,521,360.42</b>	<b>9,157,624.23</b>

During the period, the Company had the following option contracts as detailed below:

Currency	Amount purchased	Currency	Amount sold	Maturity date	Fair value EUR	Variation recorded in (profit ) and loss account EUR
USD	2,963,000.00	EUR	2,213,175.98	14.08.2019	(289,286.00)	
USD	40,000,000.00	EUR	35,298,270.38	31.10.2019	2,468,382.00	
USD	40,000,000.00	EUR	35,096,955.34	31.10.2019	2,264,875.00	
USD	80,000,000.00	EUR	69,979,006.30	18.11.2019	4,421,276.00	
USD	6,050,000.00	EUR	5,000,000.00	09.08.2019	6,705.00	
USD	20,000,000.00	EUR	24,494,000.00	22.06.2020	306,764.00	
					9,178,716.00	-

**NOTE 5 PREPAYMENTS**

	<b>Total</b> <b>30.06.2018</b>	<b>Total</b> <b>31.12.2017</b>
	<b>EUR</b>	<b>EUR</b>
Legal fees	98,333.54	60,650.35
	<u>98,333.54</u>	<u>60,650.35</u>

**NOTE 6 CAPITAL AND RESERVES**

**Subscribed capital**

As of June 30, 2018, subscribed capital amounted to EUR 100,000,000.00, represented by 100,000,000.00 shares of nominal value of EUR 1.00 each. The share capital is fully paid up.

	<b>30.06.2018</b> <b>EUR</b>	<b>Number of</b> <b>Shares</b>	<b>Total number</b> <b>of shares</b>
Subscribed capital - opening balance	100,000,000.00	100,000,000	100,000,000
Subscriptions for the period	-	-	-
Redemptions for the period	-	-	-
<b>Subscribed capital - closing balance</b>	<u>100,000,000.00</u>	<u>100,000,000</u>	<u>100,000,000</u>

**Legal reserve**

In accordance with Luxembourg Law of August 10, 1915, as amended, on commercial companies, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the sole shareholder.

**Movements for the year on the reserves**

	<b>Legal</b> <b>reserve</b>	<b>Reserve for own</b> <b>shares</b>	<b>Other</b> <b>reserves</b>	<b>Total</b>
<b>As at the beginning of the year 2017</b>	<u>51,865.70</u>	-	-	<u>51,865.70</u>
<u>Allocation of the prior year's result:</u>	-	-	-	-
Appropriation to the legal reserve	-	-	-	-
Dividend distribution	-	-	-	-
Other movements	-	-	-	-
Result for the financial year	-	-	-	-
<b>As at 30.06.2018</b>	<u>51,865.70</u>	-	-	<u>51,865.70</u>

**Movements for the year on the profit/loss items**

	<b>Profit or loss</b> <b>brought forward</b>	<b>Profit or loss</b> <b>for the financial</b> <b>year</b>	<b>Interim</b> <b>dividends</b>	<b>Total</b>
<b>As at the beginning of the year 2017</b>	<u>(22,015,355.39)</u>	<u>(54,341,318.63)</u>	-	<u>(76,356,674.02)</u>
<u>Allocation of the prior year's result:</u>	(54,341,318.63)	54,341,318.63	-	-
Appropriation to the legal reserve	-	-	-	-
Dividend distribution	-	-	-	-
Other movements	-	-	-	-
Result for the financial period	-	(8,020,750.55)	-	(8,020,750.55)
<b>As at 30.06.2018</b>	<u>(76,356,674.02)</u>	<u>(8,020,750.55)</u>	-	<u>(84,377,424.57)</u>

## NOTE 7 DEBENTURE LOANS

### b) Non-convertible loans

The Company has issued following currently outstanding notes:

In August 2014, the Company issued USD 200.0 million of 11.75% notes (the '2019 Notes') which are listed on the Irish Stock Exchange and are senior to all of the Group's future subordinated debt. The 2019 Notes will mature in August 2019. Following the tender offer conducted in April 2017, an amount of USD 68 million remains outstanding.

In May 2016, the Company issued EUR 100.0 million of 11.25% notes (the '2021 Notes') which are senior to all of the Group's future subordinated debt. The 2021 Notes are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange. In November 2016, a further EUR 50.0 million of 2021 Notes were issued at par. The 2021 Notes will mature in May 2021.

In April 2017, the Company issued USD 325.0 million of 10.75% notes (the '2022 Notes') which are listed on the Irish Stock Exchange and will mature in May 2022.

	<b>i) Becoming due and payable after less than one year</b>	<b>ii) Becoming due and payable after more than one year</b>	<b>Total 30.06.2018 EUR</b>	<b>Total 31.12.2017 EUR</b>
Bonds	0.00	525,805,046.65	525,805,046.65	516,381,613.83
Bond coupons	9,288,673.74	0.00	9,288,673.74	9,112,260.37
<b>Total</b>	<b>9,288,673.74</b>	<b>525,805,046.65</b>	<b>535,093,720.39</b>	<b>525,493,874.20</b>

## NOTE 8 AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	<b>Becoming due and payable after less than one year</b>	<b>Becoming due and payable after more than one year</b>	<b>Total 30.06.2018 EUR</b>	<b>Total 31.12.2017 EUR</b>
4SPAR AB	100,399.00	11,151,815.19	11,252,214.19	11,261,025.39
4finance AS	550,751.49	0.00	550,751.49	25,488.05
4f Group S.A.	4.56	0.00	4.56	4.56
<b>Total</b>	<b>651,155.05</b>	<b>11,151,815.19</b>	<b>11,802,970.24</b>	<b>11,286,518.00</b>

## NOTE 9 OTHER CREDITORS

Other creditors consist of Tax and social security debts amounting to EUR 885,625.42 (2017: EUR 643,107.80). The rest of the amount relate to various payables to financial advisors, auditors, brokers and other service providers.

#### NOTE 10 OTHER EXTERNAL EXPENSES

	<b>01.01.2018 - 30.06.2018</b>	<b>01.01.2017 - 30.06.2017</b>
	<b>EUR</b>	<b>EUR</b>
Management and consulting fees	946,704.75	53,237.98
Other professional fees	206,847.32	50,619.62
Legal fees	178,660.26	182,606.29
Bank fees	42,658.85	29,134.28
Audit and accounting fees	27,138.29	24,441.35
Tax advisory fees	11,936.81	13,761.54
Rental charges	6,753.24	10,360.00
Fees related to bonds issue	0.00	19,216,472.81
<b>Total</b>	<b><u>1,420,699.52</u></b>	<b><u>19,580,633.87</u></b>

#### NOTE 11 STAFF COSTS

	<b>01.01.2018 - 30.06.2018</b>	<b>01.01.2017 - 30.06.2017</b>
	<b>EUR</b>	<b>EUR</b>
Wages and salaries	108,629.89	109,827.78
Social security costs	7,926.36	8,028.24
	<b><u>116,556.25</u></b>	<b><u>117,856.02</u></b>

The company employed 2 employees during the financial year, 1 for the Malta branch and 1 for the registered office in Luxembourg (joined in November 2016).

#### NOTE 12 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<b>01.01.2018 - 30.06.2018</b>	<b>01.01.2017 - 30.06.2017</b>
	<b>EUR</b>	<b>EUR</b>
a) Derived from affiliated undertakings	33,383,980.36	30,047,657.56
b) Other interest and similar income	1,604,024.15	2,997,625.01
	<b><u>34,988,004.51</u></b>	<b><u>33,045,282.57</u></b>

The other interest and similar income mainly consists of realized exchange gains amounting to EUR 1,551,529.49.  
The position also includes bank interest on deposits amounting to EUR 52,494.66.

**NOTE 13 INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>01.01.2018 - 30.06.2018</b>	<b>01.01.2017 - 30.06.2017</b>
	<b>EUR</b>	<b>EUR</b>
Interest expense on bonds	26,199,230.89	23,968,165.48
Loss on exchange differences	14,641,663.92	11,651,441.55
Loss on derivatives	0.00	2,012,711.30
Interest expense concerning affiliated undertakings	615,062.85	1,719,368.12
Penalties	550.00	11.75
Interest expense on loans	0.00	105,000.01
Loss on bank accounts closing	0.00	19,631.98
Bank interest	0.00	512.75
<b>Total</b>	<b><u>41,456,507.66</u></b>	<b><u>39,476,842.94</u></b>

**NOTE 14 TAXES**

The Company is subject to the general tax regulation applicable to commercial companies residing in Luxembourg. The Company is also liable to relevant taxes in Malta through its Malta Branch.

The tax charges consist of the following:

Tax on profit or loss

	<b>01.01.2018 - 30.06.2018</b>	<b>01.01.2017 - 30.06.2017</b>
	<b>EUR</b>	<b>EUR</b>
Corporate Income Luxembourg	10,167.57	0.00
Malta tax on Malta Branch revenue	9.06	1,440.97
Malta withholding tax	0.00	1,987.80
	<b><u>10,176.63</u></b>	<b><u>3,428.77</u></b>

Other taxes

	<b>01.01.2018 - 30.06.2018</b>	<b>01.01.2017 - 30.06.2017</b>
	<b>EUR</b>	<b>EUR</b>
Net Wealth Tax	4,815.00	4,815.00
	<b><u>10,176.63</u></b>	<b><u>3,428.77</u></b>

**NOTE 15 ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES**

During the interim period ended June 30, 2018, the Company did not grant any loans to the management or supervisory bodies (2017: nil)

**NOTE 16 EMOLUMENTS AND COMMITMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES**

During the interim period ended June 30, 2018, the Company did not grant any emoluments to the management or supervisory bodies nor were any commitments arisen in respect of retirement pensions for former members of those bodies.



**NOTE 17 IMPORTANT EVENTS SINCE THE BALANCE SHEET DATE**

The company has changed its representatives. Daniel Roca has replaced the previous Category A management board member on the 4finance S.A. board. This change is effective as of July 13, 2018. Oyvind Oanes has replaced the previous Category B management board member on the 4finance S.A. board. This change is effective as of August 1, 2018.

The Management of 4finance S.A. is responsible for the preparation of the condensed interim financial statements of 4finance S.A.

The condensed interim financial statements are prepared on a going concern basis. The applicable set of accounting standards, provisions of the law of December 18, 2015 on annual and consolidated accounts and the grand-ducal regulation of December 18, 2015 on the layout of balance sheet and profit and loss accounts, amending the law of December 19, 2002, have been followed in the preparation of these condensed interim financial statements.

To the best of Management's knowledge, the condensed interim financial statements present a true and fair view of the assets, liabilities, financial position and profit or loss of 4finance S.A. as at June 30, 2018 and December 31, 2017 and the results of their operations, changes in shareholders' equity for the six months periods ended June 30, 2018 and June 30, 2017.

The management report set out on pages 2 to 5 presents a fair review of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, as well as the principal risks and uncertainties for the remaining six months of the financial year.

On behalf of the Board of Directors



**Paul Andrew Goldfinch**

Category B director and Chairman of the Board of Directors