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Annual Report
2009

FOLKIA

FOLKIA™

REPORT OF THE BOARD OF DIRECTORS FOR 2009

Folkia presents its consolidated financial statements in accordance with IFRS, cf section 3-9 of the Norwegian Accounting Act. The company's financial statements are presented in accordance with NGAAP and the Regulation on annual accounts of banks and financing companies dated 16 December 1998. The report of the board of directors also covers the Group's operations, cf section 3-3a of the Norwegian Accounting Act.

ABOUT THE GROUP

The Folkia Group is a leading finance group that provides everyday financial services in the Nordic and Baltic regions. In 2009, the company's main service was microloans – small unsecured loans with a short term to maturity for temporary needs. In addition the company offers small unsecured consumer loans with maturity up to three years.

As at 31 December 2009, the Group consisted of the parent company, Folkia AS, and its subsidiaries Folkia AB in Sweden, DFK Holding ApS, with its subsidiary Dansk Finansieringskompagnie ApS, in Denmark and Monetti Oy in Finland, with its Estonian subsidiary Monetti AS.

The company's head office is at C.J. Hambros plass 2c, NO-0164 Oslo. The Group's operational head office for all markets is located in Stockholm.

THE OPERATIONS IN 2009

2009 was a turbulent and demanding year, characterised by financial unrest and a decline in economic activity in all the company's markets. Despite this, Folkia continued to consolidate the Group and the operations in all the markets improved. Unlike the rest of the finance sector, Folkia significantly reduced its relative credit losses in 2009 by developing its own sophisticated scoring models based on analyses of more than 50,000 customers.

In Norway, the company has chosen to stop offering microloans until further notice since it is changing its technical platform and developing new products. The company expects to be active in the Norwegian market during the second half of 2010.

The acquisitions of DFK Holding ApS and its subsidiary Dansk Finansieringskompagnie ApS and of Monetti OY and its subsidiary Monetti AS were carried out in January 2009 following approval by Finanstilsynet (the Financial Supervisory Authority of Norway). As a prerequisite for these approvals, Finanstilsynet stipulated that the companies must be converted into branches of Folkia AS. These conversions are expected to take place at the end of the second quarter of 2010.

GOALS AND STRATEGY

Folkia aims to be the leading provider of everyday financial services in the Nordic and Baltic regions. The company's services are to be simple and easy to access and understand. Through commercial and technical innovation, the company is to offer services that are clearly different to established financial services in that they have fixed transparent prices as well as providing standardised products and unbeatable service to its customers.

Folkia's goal is to be leading in relation to public requirements too, and intends to at all times comply with the highest legal, regulatory and industry standards.

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Operating revenues

The Group made operating revenues of MNOK 109 in 2009, up from MNOK 59 in 2008. The increase of MNOK 50 was due to the consolidation of the acquired companies and to sales trends which continued to be positive.

The parent company achieved operating revenues of MNOK 6,6 in 2009, compared to MNOK 7 in 2008. The parent company's operating revenues were mainly linked to interest income on intercompany loans. In addition, the company recognised as revenue a gain of MNOK 7 on the sale of a financial derivative.

Operating expenses

The Group's operating expenses were MNOK 104 in 2009 compared to MNOK 74 in 2008. The Group has had a strong focus on cost control and the costs increased relatively much less than the revenues. The costs relating to marketing have in particular been significantly reduced. In 2009, the company carried out several large projects that were considerable cost drivers, including the acquisitions, restructuring of the Group and conversion to IFRS.

The parent company's operating expenses were MNOK 13 in 2009, compared to MNOK 10 in 2008. This increase is partly linked to the remuneration paid to the employees, directors and Control Committee – a total of MNOK 4,5. The other operating expenses are mainly linked to the projects referred to above.

Goodwill impairment

The goodwill carrying amount in the consolidated financial statements is assessed annually for any impairment in value. There was no impairment in value in 2009.

Credit loss

The Group's realised credit loss in 2009 came to MNOK 2,8. In 2008, this figure was MNOK 0,8. The change is due in part to the increase in the consolidated operations and in part to a change to the principles for ascertaining loss. The credit losses are expected to decrease during 2010.

The Group's provisions for bad debt as at 31 December 2009 came to MNOK 27,3.

BALANCE SHEET, LIQUIDITY AND FINANCING

The Group's balance sheet total as at 31 December was MNOK 203 in 2009, up from MNOK 155 in 2008.

The Group is mainly financed by the equity in the parent company. The Group has a credit facility of MSEK 50 in Sweden and MEUR 3 in Finland with Svea Ekonomi.

The Group's liquidity situation is good and the credit facilities with Svea have only partly been utilised. At 31 December 2009, the Group had cash holdings of MNOK 32.

The Group's accumulated loss as at 31 December was MNOK -15,7 in 2009.

The Group's cash flow has improved during 2009, mainly from the operating activities and the financial activities.

The parent company's balance sheet total as at 31 December was MNOK 154 in 2009, up from MNOK 134 in 2008. The parent company has only a minor balance sheet item of MNOK 2,3 for current liabilities.

The parent company's accumulated loss as at December was MNOK -9,3 in 2009.

The parent company's cash flow shows a negative cash flow of MNOK 4,6. This is partly due to investments in financial non-current assets.

RISKS AND CAPITAL ADEQUACY

The Group is exposed to various types of financial risks. In relation to the Group's balance sheet as at 31 December 2009 these are: foreign-exchange risks and credit risks linked to loans in local currencies in the Group's markets, foreign-exchange risks linked to intercompany loans, credit risks linked to surplus liquidity and trade debtors, and in part the liquidity risk linked to the repayment of loans. The Group has introduced routines and policies for handling the various risks, and these are described in further detail in note 3 to the consolidated financial statements.

The Group's capital adequacy ratio as at 31 December was 26,8 % in 2009, compared to 50,0% in 2008. This reduction is mainly due to more foreign-exchange risks, the expanded operations and intangible assets in the balance sheet. The parent company's capital adequacy ratio as at 31 December was 161,1% in 2009, compared to 63,1% in 2008. The capital adequacy ratio is significantly higher than the minimum requirement of 8%.

CORPORATE GOVERNANCE

The Board held seven meetings in 2009. Strategy, the acquisitions, the Group's development and structure, improving efficiency and development projects have been key issues. The Board also dealt with a number of policy documents relating to compliance with public requirements.

The Credit Committee, which is a subcommittee of the Board, meets regularly every second month and reviews the company's credit risk relating to the loan portfolios and the levels of provisions for losses.

EXTERNAL ENVIRONMENT

There are no factors in the operations, including input factors or products that may lead to a not insignificant effect on the external environment.

THE WORKING ENVIRONMENT

In 2009, Folkia made systematic efforts to improve its working environment. There was a particular focus on ergonomics, improving the air quality and measures to prevent swine flu during the year. The sickness absence rate was 1,6%. There were no work-related injuries or accidents.

GENDER EQUALITY

Folkia places emphasis on giving women and men the same opportunities for professional and personal development, salaries and promotion. The Group has flexible schemes which make it easier to combine a career with family life. Of the Group's 25 employees, 10 are women.

FUTURE PROSPECTS

The Board considers the company's outlook for 2010 to be good. We expect a higher or stable demand for our products. The Group also plans to launch new services in line with the company's business plan in order to reach new customer groups and further diversify the revenue.

However, the Board wishes to make it clear that there is normally considerable uncertainty linked to the assessment of future circumstances. In the Board's opinion, several uncertain factors must be taken into account. These are particularly linked to the repercussions of the financial crisis, especially in the markets that have been hardest hit. In addition, there is some uncertainty in that work to amend legislation and other public processes is taking place in some markets.

PROPOSAL FOR THE TREATMENT OF THE RESULT

The board proposes transferring the result for the year for the parent company and group of NOK 298.769 and MNOK -1,3 respectively to other equity.

GOING CONCERN

The Board confirms that Folkia is a going concern and that the annual financial statements have been prepared on this basis.

FOLKIA™

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Oslo, 8th June, 2010

The Board of Folkia AS

Hördur Bender Chairman of the Board	Eilif Bjerke Director	Leif Bernhard Bjørnstad Director
Nils Otto Nielsen Director	Stig Magnus Herbern Director	Finn Terje Schøyen Director
Petri Ari-Pekka Kanervo Director	Per Spångberg CEO	

In NOK (all Financial Statements)
Consolidated statement of comprehensive income

	Note	2009	2008
Interest and similar income on loans to and receivables due from customers	32	108 150 197	54 791 729
Fees for arranging loans		358 002	4 529 572
Other income		530 998	-
Total interest income and similar income		**109 039 197**	**59 321 301**
Salaries and administrative expenses	21	21 617 629	13 156 064
Amortisation intangible assets	6	5 619 313	2 365 108
Ordinary depreciation	5	894 236	-
Losses on loans	10	19 976 755	10 967 501
Other operating expenses	22, 32	55 260 113	46 784 255
Impairment of shares available for sale	8	499 882	464 280
Total operating expenses		**103 867 928**	**73 737 208**
Operating result		**5 171 269**	**-14 415 907**
Financial income	23	7 716 543	5 766 628
Financial expenses	23	- 12 216 469	-6 373 774
Net financial items		**- 4 499 926**	**- 607 146**
Result before tax		**671 343**	**-15 023 053**
Tax	24	1 911 588	-3 248 068
Result for the year		**-1 240 245**	**- 11 774 985**
Other comprehensive income			
Net foreign exchange gain/(loss)	20	-72 208	-
Other comprehensive income for the year, net of tax		**-72 208**	**-**
Total comprehensive income for the year		**-1 312 454**	**-11 774 985**

Consolidated balance sheet

	Note	2009-12-31	2008-12-31	2008-01-01
ASSETS				
Fixed assets				
Tangible fixed assets	5	2 614 241	2 419 151	116 912
Software and scoring model	6	9 323 227	6 261 266	5 259 996
Trademarks/brands and licences	6	10 200 675	8 348 487	8 336 000
Customer relationships	6	10 387 743	1 040 585	1 304 396
Goodwill	6	45 889 905	21 117 972	21 117 972
Deferred tax assets	24	5 611 660	5 359 404	2 232 980
Capitalised costs relating to acquisitions 09	17	-	5 439 095	-
Advance payment – acquisition of subsidiary	14	-	6 053 652	-
Financial assets available for sale	8	175 181	549 736	937 066
Loans to employees and deposits	10	542 914	724 925	344 119
		84 642 826	**57 314 273**	**39 649 441**
Current assets				
Microloans and other receivables	7a, 7b, 10, 32	81 431 325	66 321 771	3 942 673
Other loans	19	-	11 660 389	2 001 563
Pre-paid costs and deposits	10	2 043 411	3 615 771	1 515 912
Income accrued but not received	10	2 366 819	2 923 788	4 635 118
Cash and cash equivalents	7a, 7b	32 688 370	13 416 455	84 371 916
		118 529 925	**97 938 174**	**96 467 182**
Total assets		**203 172 752**	**155 252 447**	**136 116 624**

	Note	2009-12-31	2008-12-31	2008-01-01
EQUITY				
Equity attributable to the company's shareholders				
Share capital	12	87 034 580	60 706 620	60 706 620
Own shares	12	-814 580	-550 870	- 1 765 000
Share premium	12	73 999 898	73 999 897	69 160 375
Retained earnings	13,32	-15 674 243	-13 826 861	-2 051 876
Total equity		**144 545 655**	**120 328 786**	**126 050 119**
LIABILITIES				
Long-term liabilities				
Deferred tax liability	24	7 481 374	2 735 846	2 857 490
Loans	7a, 16	-	421 750	-
		7 481 374	**3 157 596**	**2 857 490**
Current liabilities				
Accounts payable and other current liabilities	15, 32	7 229 686	4 174 570	7 209 015
Deferred income	15	4 630 957	3 285 374	-
Accrued expenses	15, 18	3 618 064	3 104 110	-
Loans (credit facility)	7a, 16	35 667 016	15 375 168	-
Derivatives	7a, 7b, 9	-	5 826 843	-
		51 145 723	**31 766 065**	**7 209 015**
Total liabilities		**58 627 097**	**34 923 661**	**10 066 505**
Total equity and liabilities		**203 172 752**	**155 252 447**	**136 116 624**

Oslo, 8th June, 2010
Board of Folkia AS

Hördur Bender
(Chairman of the board)

Leif Bernhard Bjørnstad
(Director)

Terje Finn Schøyen
(Director)

Stig Magnus Herbern
(Director)

Eilif Bjerke
(Director)

Nils Otto Nielsen
(Director)

Petri Ari-Pekka Kanervo
(Director)

Per Spångberg
(CEO)

Statement of changes in the Group’s equity

	Note	Share capital	Share premium	Retained earnings	Total equity
Equity as of 1 January 2008		**58 941 620**	**69 160 375**	**-2 051 876**	**126 050 119**
Sale of own shares		1 214 130	4 839 522		6 053 652
Result for the year				-11 774 985	-11 774 985
Equity as of 31 December 2008	**32**	**60 155 750**	**73 999 897**	**-13 826 861**	**120 328 786**
Registered share capital		60 706 620			
- own shares		-550 870			
Equity as of 1 January 2009					
Contribution in kind		26 327 960			26 327 960
Currency translation difference				-275 585	-275 585
Purchase of treasury shares		-263 710		-259 344	-523 054
Result for the year				-1 312 454	-1 312 454
Equity as of 31 December 2009	**12,13**	**86 220 000**	**73 999 897**	**-15 674 243**	**144 545 655**
Registered share capital		87 034 580			
- own shares		814 580			

Consolidated cash flow statement for the Group

	2009	2008
Cash flow from operations		
Result before tax including OCI	599 135	-8 477 845
Tax payable	-2 163 844	-
Ordinary depreciation/amortisation	5 619 313	2 365 108
Amortisation of intangible assets	894 236	-
Interest received	-554 736	-1 875 217
Interest paid	3 548 546	181 653
Impairment of shares available for sale	499 882	464 280
Currency translation differences	1 163 388	-
Foreign exchange effect shares available for sale	-	-76 950
Foreign exchange effect consolidation	-	-9 089
Acquired own shares in Folkia AS	-523 054	-
Changes in accounts receivable	-15 109 554	-71 670 321
Changes in accounts payable	3 055 116	-4 231 103
Change in accrued expenses	513 954	-
Change in accrued income received	556 969	-
Changes in other current receivables	1 572 360	3 554 144
Changes in other current assets and other liability items	1 345 583	6 390 484
Net cash flow from operations	**1 017 294**	-73 384 856
Cash flow from investing activities		
Investments in tangible fixed assets	-986 607	- 2 835 635
Investments in intangible assets	-	-2 573 572
Purchase of shares	-125 327	-
Goodwill	-24 771 933	-
Customer relationships	-12 013 710	-
Trademarks	-1 978 484	-
Software	-7 063 687	-
Acquisition costs paid 2008	5 439 095	-
Advance purchase of subsidiary DFK Holding	6 053 652	-
Capitalised costs relating to acquisitions	-	-5 439 095
Advance payment – acquisition of subsidiary	-	6 390 484
Net cash flow used for investing activities	**-35 447 001**	-4 457 818

Cash flow from financing activities		
Issuance of ordinary shares	26 064 250	-
Incorporation and share-issue costs	-	-
Loans relating to the acquisition of companies	11 660 389	-9 658 826
Sale (purchase)/Purchase of own shares	-	-6 390 484
Costs of non-cash capital contributions	-	-
Long-term liabilities	-421 750	421 750
Deferred tax	4 745 528	
Interest received	554 736	1 875 217
Interest paid	-3 548 546	-181 653
Change in credit facility	20 291 848	15 375 168
Derivatives	-5 826 843	5 826 843
Changes in loans to employees/deposits	182 011	-380 806
Net cash flow used for financing activities	**53 701 622**	6 887 209
Change in cash, cash equivalents	**19 271 915**	-70 955 465
Cash, cash equivalents,	13 416 455	84 371 920
Cash, cash equivalents as of 31 December	**32 688 370**	13 416 455

Notes to the consolidated financial statements

1 General information

Folkia AS (*the Company*) and its subsidiaries (together called the *Group*) offer simple, everyday financial services at fixed prices and on conditions which are clear to customers. Folkia offers short-term microloans with 30-day terms and also arranges "Folklån", with terms ranging from one to three years.

Folkia acquired Folkia AB in December 2007 and in January 2009 Folkia acquired Monetti Oy and DFK Holding ApS with subsidiaries Monetti AS and Dansk Finansieringskompagni ApS, all of which have similar operations. Folkia is established in Norway, Sweden, Denmark, Finland and Estonia.

The Company is a private limited company registered and resident in Norway, with its head office at C J Hambros plass 2C in Oslo.

The company had three wholly owned subsidiaries in 2009 (which will be converted into branches in 2010).

Folkia AB, Medborgarplatsen 3, 118 26 Stockholm, Sweden.
Dansk Finansieringskompagni ApS, Overgaden neden Vandet 19, 1414 Copenhagen K, Denmark

Monetti Oy, Mekaanikonkatu 7 c, 00880 Helsinki / Peterburi tee 2F, 11415 Tallinn
Registrikood 110149

The consolidated financial statements were approved by the company's board on 8th June 2010.

2 Summary of significant accounting policies

Below is a statement of the most significant accounting policies applied when preparing the consolidated financial statements. These policies were applied in the same way in all the periods that are presented.

2.1 Basis for preparation

Folkia AS' consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU.

The consolidated financial statements have been prepared under the historical cost convention with the following modifications:
- Fair value adjustments of financial assets that are available for sale and financial assets
- Liabilities (including financial derivatives) valued at fair value through profit and 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 judgements 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.

Note 1: Adoption of new and revised International Financial Reporting Standards and Interpretations

1.1 Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards [and Interpretations] have been adopted in the current period and have affected the amounts reported in these financial statements. The changes relate to presentation and disclosures and have not had an impact on the recognition and measurement of assets and liabilities.

IAS 1 (as revised in 2007) *Presentation of Financial Statements*	**IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In additi revised Standard has required the presentation of a third statement of financial position January 2008, because the entity has applied new accounting policies retrospectively/ reclassified certain items in the balance sheet, see Statement of changes in the Group's e equity**
IFRS 8 *Operating Segments*	IFRS 8 is a disclosure Standard that has resulted in a re-designation of the Group's repo segments.
Amendments to IFRS 7 *Financial Instruments: Disclosures -Improving Disclosures about Financial Instruments*	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

1.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised or amended Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Standard/ Interpretation	Title	Date of issue	Applicable to accounting periods commencing on
IAS 23 amendment	*Borrowing Costs*	March 2007	1 January 2009
IFRS 2 amendment	*Share-based payment: Vesting Conditions and Cancellations*	January 2008	1 January 2009
IAS 32 and IAS 1 amendment	*Puttable Financial Instruments and Obligations Arising on Liquidation*	February 2008	1 January 2009
IFRS 1 and IAS 27 amendment	*Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate*	May 2008	1 January 2009
IAS 39 amendment	*Reclassification of Financial Assets: Effective Date and Transition*	November 2008	1 July 2008
Various	*Improvements to IFRSs*	May 2008	1 January 2009[1]
IFRIC 9 and IAS 39 amendment	*Embedded derivatives*	March 2009	1 January 2009
IFRIC 11 (later replaced by amendment to IFRS 2)	*IFRS 2 - Group and treasury Share Transactions*	November 2006	1 March 2008
IFRIC 13	*Customer Loyalty Programmes*	June 2007	1 January 2009
IFRIC 14	*IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interactions*	July 2007	1 January 2009

[1] The implementation dates for the various improvements vary; the earliest mandatory date is 1 January 2009.

1.3 Standards and Interpretations in issue but not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations had been issued by the IASB but were not effective for the financial year ended 31 December 2009:

Standard/ Interpretation	Title	Date of issue	Applicable to accounting periods commencing on
IFRS 3 revised	*Business Combination*	January 2008	1 July 2009
IAS 27 revised	*Consolidated and Separate Financial Statements*	January 2008	1 July 2009
IAS 39 amendment	*Financial Instruments: Recognition and Measurement: Eligible Hedged items*	July 2008	1 July 2009
IFRS 2 amendment[2]	*Group Cash-settled Share-based Payment Transactions*	June 2009	1 January 2010
IFRS 1 amendment	*First time adoption of IFRS*	November 2008	1 January 2010
IFRS 1 amendment[2]	*Additional Exemptions for First-time Adopters*	July 2009	1 January 2010
Various[2]	*Improvements to IFRSs*	April 2009	1 January 2010[3]
IFRIC 12	*Service Concession Arrangements*	November 2006	29 March 2009
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*	July 2008	1 July 2009
IFRIC 15	*Agreements for the Construction of Real Estate*	July 2008	1 January 2010
IFRIC 17	*Distributions of Non-Cash Assets to Owners*	November 2008	1 November 2009
IFRIC 18	*Transfers of Assets from Customers*	January 2009	1 November 2009

The directors anticipate that these Standards and Interpretations will be adopted in the Group's financial statements for the period beginning 1 January 2010. Effective dates are as applicable for IFRSs as adopted by the European Union as these in some cases will deviate from the effective dates as issued by the IASB. The directors have not yet considered the potential impact of the adoption of these new and revised/amended Standards and Interpretations.

The following Standards and Interpretations have a later date of mandatory adoption. The directors have not yet considered the potential impact of the adoption of these new and amended/revised Standards and Interpretations.

Standard/ Interpretation	Title	Date of issue	Applicable to accounting periods commencing on
IAS 32 amendment	*Classification of Rights Issues*	October 2009	1 February 2010
Amendment of IFRS 1[2]	*Limited Exemption from comparative IFRS 7 Disclosures for First-time Adopters*	January 2010	1 July 2010
IFRIC 19[2]	*Extinguishing Financial Liabilities with Equity Instruments*	November 2009	1 July 2010
Amendment to IFRIC 14[2]	*Prepayments of a Minimum Funding Requirement*	November 2009	1 January 2011
Revised IAS 24[2]	*Related Party Disclosures*	November 2009	1 January 2011
IFRS 9[2]	*Financial Instruments*	November 2009	1 January 2013

[2] As at the date of the issue of the financial statements, these standards and interpretations listed above were not endorsed by the EU

[3] The implementation dates for the various improvements vary; the earliest mandatory date is 1 January 2010.

2.2 Consolidation principles

Subsidiaries

Subsidiaries are all entities in which the Group has the power to govern the entity's financial and operational strategy through owning more than half of the voting capital. Subsidiaries are consolidated from the date when control is transferred to the Group and are excluded from consolidation when control ceases.

The purchase method of accounting is used when recognising the acquisition of subsidiaries. The original cost in the case of an acquisition is measured as the fair value of assets given, equity instruments issued, liabilities incurred or assumed at the date of exchange plus costs directly attributed to the acquisition itself.

Identifiable purchased assets, debt that has been taken over and contingent commitments that have been acquired or incurred are recognised in the accounts at their fair value on the acquisition date. The excess cost of the acquisition over the fair value of identifiable net assets in the subsidiary is recognised in the balance sheet as goodwill.

Intercompany transactions, balances and unrealised profits have been eliminated.

2.3 Segment reporting

The Group is not subject to any requirement of separate segment reporting.

2.4 Translation of foreign currencies

(a) *Functional currency and presentation currency*

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

(b) *Transactions and balances*

Transactions in foreign currencies are translated into the functional currency using the transaction exchange rate. Foreign exchange gains and losses which arise on the payment of such transactions and when monetary items (assets and liabilities) in foreign currencies are translated at the year-end at the balance sheet date exchange rate are recognised in the balance sheet.

(c) *Group companies*

The income statement and balance sheet for Group entities (none with hyperinflation) whose functional currency differs from their presentation currency are translated as follows:

(a) the balance sheet is translated at the closing rate on the balance sheet date

(b) the income statement is translated at the average rate (if the average does not provide a reasonable estimate of the accumulated effects of using the transaction rate, then the transaction rate is used)

(c) translation differences are recognised directly in equity and specified separately

Goodwill and fair value adjustments to assets and liabilities when a foreign entity is acquired are treated as assets and liabilities in the acquired entity and translated at the balance-sheet date exchange rate.

2.5 Tangible fixed assets

Tangible fixed assets are recognised in the accounts at their original cost minus depreciation (carrying amount). The original cost includes costs directly linked to the acquisition of the asset.

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

Vehicles	3-5 years
Fixtures, fittings and equipment	3-8 years

The fixed assets useful life and residual value are assessed on each balance sheet date and changed if necessary.
When a fixed asset's carrying amount is higher than the estimated recoverable amount, the value is written down to the recoverable amount. Gains and losses on disposals are recognised net in the income statement under other (losses)/gains, and comprise the difference between the sales price and carrying amount.

2.6 Intangible assets

(a) *Goodwill*

Goodwill is the difference between the original cost of the purchase of a company and the fair value of the Group's share of the net identifiable assets in the company on the acquisition date. When a subsidiary is acquired, the goodwill is classified as an intangible asset. Goodwill is tested annually for impairment and is recognised in the balance sheet at its original cost minus impairments. Goodwill impairments are not reversed. Gains or losses on the sale of a company include the carrying amount of the goodwill relating to the sold company.

For the later testing of the need for goodwill impairment, this is allocated to relevant cash generating units. The amount is allocated to the cash generating units or groups of cash generating units that are expected to benefit from the acquisition in which the goodwill arose, identified according to operating segments.

(b) *Trademarks (brands) and licences*

Trademarks/brands and licences that have been acquired separately are recognised in the accounts at their historical cost. Trademarks/brands and licences that have been acquired through a business combination are recognised in the balance sheet at their fair value on the takeover date. Trademarks/brands and licences have a limited useful life and are recognised in the balance sheet at their original cost minus accumulated amortisation. Trademarks/brands and licences are amortised according to the straight-line method over their estimated useful life (15-20 years).
Trademarks with indefinite useful lives are not amortised, but tested for impairment annually.

Software licences that have been acquired are recognised in the balance sheet at the original cost (including the costs of making the programs operative) of the specific program. These costs are amortised over the estimated useful life (3 to 5 years).

(c) *Contractually regulated customer relationships*

Contractually regulated customer relationships acquired through business combinations are recognised in the balance sheet at their fair value on the acquisition date. The contractually regulated customer relationships have a limited useful life and are recognised in the balance sheet at their original cost minus accumulated amortisation. Amortisation takes place in a straight line over the estimated life of the customer relationship.

(d) *Software*

The costs of maintaining software are charged to expenses as they are incurred. Development expenses that are directly attributable to the design and testing of identifiable and unique software that is controlled by the Group are recognised in the balance sheet as intangible assets provided the following criteria's are met:

- it is technically possible to complete the software so that it will be available for use;
- the management intends to complete the software and to use or sell it;
- it is possible to use or sell the software;
- it can be shown how the software will generate probable future economic benefits;

- sufficient technical, financial or other resources are available for completing and using or sell the software
- the costs can be measured reliably.

Other development expenditures which do not meet these criteria are charged to expenses as they are incurred.
Development expenses that have originally been charged to expenses cannot be recognised in the balance sheet as an asset at a later date.
Software that is recognised in the balance sheet is amortised in a straight line over its estimated useful life (max. of 5 years).

2.7 Impairment of non-financial assets

Intangible assets with an indefinite useful life, such as goodwill, are not amortised and are assessed each year for any impairment. Tangible fixed assets and intangible assets that are depreciated are reviewed for impairment when there are indications that future earnings cannot justify the asset's carrying amount.
Impairment is recognised in the income statement as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. When assessing impairment, the fixed assets are grouped at the lowest level where it is possible to identify independent cash flows (cash generating units). Non financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal at each reporting date.

Goodwill and intangible assets with an indefinite useful life are allocated to individual cash generating units to test the impairment, which in this context refers to the company in Sweden (Folkia AB), Finland (Monetti Oy) and Denmark (DFK Holding ApS). Refer to the note on Business Combinations.

2.8 Noncurrent assets (or disposal groups) held for sale

Noncurrent assets (or disposal groups) are classified as held for sale when their carrying amount will mainly be realised through a sales transaction and a sale is considered to be highly probable. They are measured at the lower of the carrying amount and fair value less costs to sell if the carrying amount is mainly to be realised through a sales transaction and not continued usage.

2.9 Financial assets

2.9.1 Classification

The Group classifies financial assets in the following categories:

- At fair value through profit and loss – applies to forward exchange contracts (do not qualify for hedge accounting) - 2008
- Loans and receivables – applies to microloans and loans to Dansk Finansieringskompagni ApS (DFK) - 2008
- Assets that are available for sale – applies to a share investment in Xtracom - 2008

The classification depends on the purpose of acquiring the asset. The management classifies financial assets when they are acquired.

(a) *Financial assets at fair value through profit and loss*
Financial assets at fair value through profit and loss are financial assets held for trading purposes. A financial asset is classified in this category if it has primarily been acquired with the aim of providing a profit from short-term price fluctuations. Derivatives are classified as held for trading purposes unless they are part of a hedge. Assets in this category are classified as current assets.

(b) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or definable payments that are not traded in an active market. They are classified as current assets unless they fall due more than 12 months after the balance sheet date, in which case they are classified as fixed assets. Loans and receivables are classified as Microloans, "other receivables" and "other loans" in the balance sheet.

(c) *Financial assets that are available for sale*
Financial assets that are available for sale are non-derivative financial assets that Folkia chooses to place in this category or which are not classified in any other category. They are included in the fixed assets unless the management intends to sell the investment within 12 months after the balance sheet date.

2.9.2 Recognition and measurement

Loans and receivables are recognised in the accounts at their amortised cost. Loans and receivables are very short-term and charges are taken to income over their term to maturity (simplified effective interest rate method).

Financial assets that are available for sale and financial assets at fair value through profit and loss are valued at their fair value after initial recognition in the balance sheet. When securities that are classified as available for sale are sold or written down, the total adjustment in value that has been recognised in equity is recognised in the income statement as a gain or loss on investments in securities.

The effective interest on interest-bearing instruments, calculated using the effective interest rate method, is recognised in the income statement under other incomes.

On each balance sheet date, the Group assesses whether there are objective indicators that indicate a fall in the value of individual assets or groups of financial assets. A fall in the value of shares and equivalent instruments recognised in the income statement is not reversed through the income statement. The impairment test for accounts receivable is described in a separate note.

2.10 Derivatives

Derivatives do not qualify for hedge accounting. Derivatives are recognised in the balance sheet at their fair value on the date when the derivatives contract is entered into and thereafter continuously at their fair value. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement as changes in financial derivatives.

2.11 Accounts receivable– microloans

Upon initial recognition in the balance sheet, short-term loans are measured at their fair value. When measured later on, microloans are valued at an amortised cost determined using the effective interest rate method (simplified), minus provisions for incurred losses. The provisions for losses are recognised in the accounts based on separate, individual assessments.

2.12 Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits, other short-term, easily sold investments with a maximum original term of three months and amounts drawn on an overdraft facility. In the balance sheet, overdrafts are included in loans under current liabilities.

2.13 Share capital and share premium

Ordinary shares are classified as equity.

Expenses which are linked directly to the issuance of new shares or options with a tax deduction are recognised as a reduction in the payment received in the equity.

When own shares are bought, the payment, including any transaction costs minus tax, is recognised as a reduction in the equity (allocated to the company's shareholders) until the shares are annulled or reissued. If own shares are later reissued, the payment, minus direct transaction costs and associated tax effects, is recognised as an increase in the equity allocated to the company's shareholders.

2.14 Accounts payable

Accounts payable are measured at their fair value when initially recognised in the balance sheet. When recognised later on, accounts payable are valued at their nominal value (amortised cost).

2.15 Loans

A loan is recognised in the accounts at its fair value when it is paid out. In subsequent periods, the loan is recognised at amortised cost.
Loans are classified as current liabilities unless there is an unconditional right to postpone the payment of the debt for more than 12 months after the balance sheet date.
Should any convertible loan be issued in which a fixed amount can be converted into a fixed number of shares, the fair value of the debt part is calculated by using the market interest rate for a corresponding non-convertible loan. This amount is classified as debt and recognised at its amortised cost until it expires due to conversion or falls due on the loan's maturity date. The remainder of the payment is allocated to the conversion option and included in the equity, minus tax.

2.16 Tax payable and deferred tax

The tax for a period consists of the tax payable and deferred tax. Tax is recognised in the income statement apart from when it relates to entries that have been recognised directly in equity. If this is the case, the tax is also recognised directly in equity.

The tax is calculated in accordance with the tax laws and regulations that have been adopted, or on the whole adopted, by the tax authorities on the balance sheet date. It is the body of laws in the countries where the Group's subsidiaries or associates operate and generate taxable income that applies to the calculation of the taxable income. The management evaluates the Group's tax positions for each period with regard to situations where the prevailing tax laws are the subject of interpretation. Provisions for estimated tax payments are made based on the management's assessment.

Estimated deferred tax on all the temporary differences between the values of assets and liabilities for tax purposes and consolidated financial statement purposes has been recognised in the income statement using the debt method. If deferred tax arises on the initial balance sheet recognition of a liability or asset in a transaction that is not a Business Combination and which on the transaction date does not affect the results for accounting purposes or the results for tax purposes, it is not recognised in the balance sheet. Deferred tax is determined using tax rates and tax laws that have been adopted or on the whole adopted on the balance sheet date and which are assumed to be applicable when the deferred tax asset is realised or the deferred tax is paid.

Deferred tax assets are recognised in the balance sheet to the extent that it is probable that future taxable income will exist and that the temporary differences can be deducted from this income.

Deferred tax is calculated on temporary differences from investments in subsidiaries and associates, apart from when the Group has control over the date when the temporary differences will be reversed and it is probable that they will not be reversed in the foreseeable future.

2.17 Pension commitments, bonus schemes and other employee compensation schemes

(a) *Pension commitments*

The Group has no pension schemes in the form of defined benefit plans. Nor are there any formal contribution plans apart from the fact that the Group has, as part of the employees' salary contracts, undertaken to set aside 10% of the employees' salaries for future pension benefits or as contributions to pension schemes.

(b) *Other commitments linked to former employees*

The Group has one commitment linked to a former employee and present shareholder.

(c) *Share-based remuneration*

The Group has not formalised any scheme involving share-based remuneration.

(d) *Severance pay*

None of the Group companies has separate severance pay schemes.

(e) *Profit sharing and bonus plans*

The Group has no pre-agreed profit-sharing schemes or bonus plans.

2.18 Provisions

Provisions are measured as the present value of estimated payments to redeem the liability. A discount rate before tax that reflects the current market situation and risk specific to the liability is used. Provisions for current liabilities are not discounted.

2.19 Revenue recognition

Incomes from arranging loans are valued at the fair value of the payment.

(a) *Sale of services*

The Group sells services in the form of arranging long-term loans (Folklåns), and the Group receives an arrangement fee in the form of a profit share from the lender. This agreement means that commission is not paid until the lender has received interest and charges from the borrower. Thus, the income is not recognised until the commission has been finally accrued and paid. According to a contract with the lender, Folkia has no credit risk linked to the loans which it arranges.

(b) *Interest incomes / charges*

Interest incomes/charges are recognised in the income statement proportionately over time in accordance with the effective interest rate method. When receivables are impaired, the receivable's carrying amount is reduced to the receivable's recoverable amount. The recoverable amount is the estimated future cash flow discounted by the original effective interest rate. After the impairment, interest incomes are recognised in the income statement based on the amortised cost and original effective interest rate.

2.20 Leases

Leases where a significant part of the risk and return linked to ownership continues to lie with the lessor are classified as operating leases. Rent paid on operating leases (minus any financial incentives provided by the lessor) is charged to expenses in a straight line over the lease period.

Leases linked to tangible fixed assets where the Group on the whole has all the risk and return linked to the ownership are classified as financial leases. The Group has no such leases.
Liabilities linked to operating leases are shown in the note on nominal value.

3 Financial risk management

3.1 Financial risk factors

The Group's activities involve various types of financial risk. In relation to the Group's balance sheet as of 31 December 2009, these are:

- foreign exchange risks and credit risks linked to microloans in SEK (Sweden), DKK (Denmark), EUR (Finland) and EEK (Estonia)
- foreign exchange risks linked to intercompany balances
- credit risks linked to the investment of excess liquidity (banks) and to receivables related to microloans
- liquidity risks linked to meeting agreed commitments

The Group's overall risk management plan focuses on the capital markets' unpredictability and tries to minimise the potential negative effects on the Group's financial results. The Group has used financial derivatives to hedge against certain risks and also uses bank accounts in different currencies.

(a) *Market risk*

(i) Foreign exchange risk
The Group operates internationally and is exposed to a foreign exchange risk in several currencies. After the acquisition of operations in 2009 the risk relates to NOK, SEK, DKK, EEK and EUR. Foreign exchange risks arise on balance-sheet assets and liabilities and net investments in foreign operations. The management has prepared guidelines which order Group companies to manage the foreign exchange risk linked to the companies' functional currencies. In order to manage the foreign exchange risk arising from balance-sheet assets and liabilities, the Group entities have used forward exchange contracts. The foreign exchange risk arises when future trading transactions or balance-sheet assets or liabilities are nominated in a currency that is not the entity's functional currency.

(ii) Price risk
The Group is exposed to a price risk in relation to the share prices of investments classified in the balance sheet as available for sale.

(iii) Cash flow and fair value interest rate risk
The Group deposits its excess liquidity in the bank at a floating interest rate with periodic adjustments. The Group has short-term lending linked to microloans with fixed charges. The cash flow from operations is mainly independent of changes to the market interest rate.
The Group's interest rate risk is linked to a small fixed rate loan and a credit facility with agreed fixed conditions. The fixed rate loan exposes the Group to a fair value interest rate risk. The fair value risk linked to the fixed rate loan is not regarded as being significant. The credit facility conditions are closely linked to a contract relating to factoring and/or the arrangement of loans, and the conditions are renegotiated regularly.
Short-term changes to the market interest rate will not have any significant effect on the Group's results.

(b) *Credit risk*

A credit risk arises in transactions involving bank deposits and linked to microloans to customers. The Group has no credit risk linked to the arrangement of long-term loans (Folklåns).
As regards the investment of excess liquidity, banks with a rating which is better than A-1 are used.
The company has maximum lending limits for microloans and standard credit rating requirements, and has developed its own scoring model for the credit rating of private customers. Loans are not given to existing customers until previous loans have been repaid. Refer to the more detailed description in note 7b.

(c) *Liquidity risk*

Cautious management of the liquidity risk means maintaining a sufficient holding of liquid assets and marketable securities, having financing opportunities in the form of a sufficient number of secure drawing rights and having the ability to close market positions.
The management monitors the Group's liquidity reserve (which consists of a loan facility and cash equivalents) through revolving forecasts based on the estimated cash flow. This is normally carried out at Group level.
The table below specifies the Group's loans and derivative financial commitments with net settlement, classified in accordance with the maturity structure. The classification is in accordance with the maturity date stipulated in the contract. The amounts in the table are undiscounted contractual cash flows. Balances that fall due within 12 months are equivalent to the carrying amounts, since the effect of discounting is not significant.

31 December 2009	**< 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
Credit facility Svea Ekonomi	35 667 016			
Accounts payable and other liabilities	15 478 707			
	51 145 723			

31 December 2008	**< 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
Credit facility Svea Ekonomi	15 375 168			
Fixed rate loan, Frick and Frick		421 750		
Accounts payable and other liabilities	16 390 897			
	31 766 065	**421 750**		

The credit facility provided by Svea Ekonomi has no specified maturity date. Loan from Frick and Frick was repaid during the year.

(d) *Sensitivity analysis*

The table below gives an indication of the most important factors effecting Folkia's operating result for the year 2009. The factors that have the most significant impact on the group results are the currency exposure to SEK, DKK and EUR.

	Change	**Result, KNOK**
Currency, NOK/SEK	+/- 5%	+/- 666
Currency, NOK/DKK	+/- 5%	+/- 135
Currency, NOK/EUR	+/- 5%	+/- 394

3.2 Capital Risk Management

The Group's asset management goals are to ensure continued operations in order to ensure a return to the owners and other interested parties and to maintain an optimal capital structure to reduce the capital costs.
In order to improve the capital structure, the Group can adjust the level of dividend paid to shareholders, repay capital to the shareholders and issue new shares.
In the same way as for other companies in this industry, the asset management is monitored based on the level of gearing in the Group. The gearing is calculated by dividing the net liabilities by the total assets. The net liabilities are calculated by deducting cash and cash equivalents from the total liabilities (including loans, accounts payable and other liabilities, as shown in the balance sheet). The total assets are calculated as being the total equity, as shown in the balance sheet, plus the net liabilities.

The Group's strategy is to keep the gearing under 20%. The gearing as at 31 December 2009 and 31 December 2008 is shown below.

	2009	2008
Total loans	51 145 723	31 766 065
Minus cash and cash equivalents	32 688 370	13 416 455
Net loans	**18 457 353**	**18 349 610**
Total equity	**144 545 655**	**120 328 786**
Total assets	**163 003 008**	**138 678 396**
Gearing	**11%**	**13 %**

The gearing in 2009 is on the same level as last year.

3.3 Fair value estimation

Financial instruments comprise, in addition to bank deposits (cash equivalents):

- microloans to customers
- structured product (certificate SIP Nordic)
- credit facility Svea Ekonomi
- shares that are available for sale (Xtracom)

The fair value of financial instruments traded in active markets (such as securities that are available for sale or held for trading purposes) is based on the market price on the balance sheet date. The market price used for financial assets is the prevailing bid price; for financial liabilities the prevailing offer price is used. Shares in Xtracom were written down to zero.

The nominal value minus impairments to take account of losses incurred on accounts receivable and accounts payable is assumed to equal the items' fair value. The fair value of financial liabilities (which are calculated for note purposes) is estimated by discounting future contractually agreed cash flows using the Group's alternative market interest rate for corresponding financial instruments. The alternative interest rates for fixed rate loans and the credit facility are estimated to be unchanged.

4 Critical accounting estimates and judgements

Estimates and discretionary assessments are evaluated regularly and are based on past experience and other factors, including expectations of future events that are regarded as being probable in the present circumstances.
The Group prepares estimates and makes suppositions/assumptions relating to the future. The accounting estimates that follow from this will by definition rarely fully agree with the final outcome. Estimates and suppositions/assumptions which represent a considerable risk of significant changes in the carrying amount of assets and liabilities during the next financial year are discussed below.
The Group has not identified crucial discretionary assessments when applying accounting principles.

Estimated impairment in goodwill and other assets
The Group conducts annual tests to assess the impairment of goodwill and intangible assets with unidentified lifetimes. The recoverable amount from cash-flow generating units is determined by calculating the value in use. These are calculations which require the use of estimates.
In addition, other assets are tested for impairment if there is any indication of a fall in value.
Provisions for losses on microloans.
The Group makes regular provisions for estimated loans on microloans. The company has developed and maintains a scoring model that is used as a basis for provisions. Provisions are made for groups of loans depending on whether they have fallen due, are being monitored, have been sent for debt-collection, etc.

Deferred tax assets
The Group has recognised deferred tax assets linked to losses in 2007 and 2008 in its balance sheet. Budgets and forecasts approved by the management show earnings which justify deferred tax assets being recognised in the balance sheet.

5 Tangible fixed assets

	Machinery, fixtures, fittings and vehicles	Total
2008 financial year		
Carrying amount 01.01.08	116 912	116 912
Translation differences	8 117	8 117
Additions due to the acquisition of companies	2 835 634	2 835 634
Additions	-	-
Disposals	-	-
Depreciation during the year	-541 512	-541 512
Carrying amount 31.12.08	**2 419 151**	**2 419 151**
As of 31 December 2008		
Original cost	2 953 635	2 953 635
Accumulated depreciation	- 542 601	- 542 601
Translation differences	8 117	8 117
Carrying amount 31.12.08	**2 419 151**	**2 419 151**
2009 financial year		
Carrying amount 01.01.09	2 419 151	2 419 151
Additions due to the acquisition of companies	1 011 482	1 011 482
Additions	384 788	384 788
Translation difference	-306 944	-306 944
Impairment charge	-23 467	-23 467
Depreciation during the year	-870 769	-870 769
Carrying amount 31.12.09	**2 614 241**	**2 614 241**
As of 31 December 2009		
Original cost	4 112 240	4 112 240
Accumulated depreciation and impairment	-1 497 999	-1 497 999
Carrying amount 31.12.09	**2 614 241**	**2 614 241**

The tangible assets (vehicles) has been written down by NOK 23 467 (0 in 2008) in 2009. Impairment charges are recognised in the consolidated statement of comprehensive income.

6 Intangible assets

	Goodwill	Software (includingscoringmodell and licenses)	Customer relationships	Trademarks	Total
2008 financial year					
Carrying amount 01.01.08	21 117 972	5 259 996	1 304 396	8 336 000	36 018 364
Additions	-	2 614 791	-	-	2 614 791
Translation differences	-	-	-	-	-
Amortisation during the year	-	-1 456 673	-263 810	-47 119	-1 767 603
Carrying amount 31.12.08	21 117 972	6 418 115	1 040 585	8 288 881	36 865 553
As of 31 December 2008					
Original cost	21 117 972	8 207 894	1 319 052	8 420 363	39 065 282
Accumulated amortisation	-	-1 789 780	-278 467	-131 483	-2 199 729
Carrying amount 31.12.08	21 117 972	6 418 115	1 040 585	8 288 881	36 865 553
2009 financial year					
Carrying amount 01.01.09	21 117 972	6 418 115	1 040 585	8 288 881	36 865 553
Additions	24 771 933	7 063 687	12 013 710	1 978 484	45 827 814
Translation differences	-	-1 258 689	-	-13 844	-1 272 533
Amortisation during the year	-	-2 899 915	-2 666 552	-52 846	-5 619 313
Carrying amount 31.12.09	45 889 905	9 323 199	10 387 743	10 200 675	75 801 521
As of 31 December 2009					
Original cost	45 889 905	14 586 865	13 332 762	8 420 363	82 229 895
Accumulated amortisation	-	-5 263 666	-2 945 019	1 780 311	-6 428 374
Carrying amount 31.12.09	45 889 905	9 323 227	10 387 743	10 200 675	75 801 521

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-flow generating units that are identified as the operations of the former Folkia AB, Monetti Oy and DFK Holding ApS. Impairment tests have been carried out in accordance with the prerequisites stated in note 2.7.

The recoverable amount is determined on the basis of an estimated value in use. The starting point is projected cash flows based on a budget and forecasts approved by the management for a five-year period. Discount rates before tax of 11,5 per cent (Folkia), 11,7 per cent (Monetti Oy) and 12,4 per cent (DFK) have been used.

Cash flows in excess of the five-year period are extrapolated using a growth rate of 2.5 per cent. This growth rate does not exceed the long-term average growth rate in the markets in which Folkia operates.
The management does not believe that any changes in the assumptions on which the calculation of recoverable amounts is based will lead to the accounting value exceeding the recoverable amount.

7a Financial instruments by category

	Lending and receivables	Assets measured at fair value through profit and loss (held for trading)	Available for sale	Total
As of 31 December 2009				
Assets				
Financial assets available for sale			175 181	175 181
Accounts receivable and other receivables (long-term)	542 914			542 914
Microloans and other receivables, excl. advance payments and deposits (short-term)	81 431 325			81 431 325
Loans to DFK Holding	-			-
Cash and cash equivalents	32 688 370			32 688 370
Total	**114 662 610**		**175 181**	**114 837 791**

	Liabilities measured at fair value through profit and loss (held for trading)	Other financial liabilities at amortised cost	Total
Liabilities			
Loans (long-term)	-	-	-
Loans (credit facility)	-	- 35 667 016	- 35 667 016
Derivatives	-	-	-
Accounts payable and other liabilities, excl. mandatory liabilities	-	-15 478 707	-15 478 707
Total	**-**	**-51 145 723**	**-51 145 723**

	Lending and receivables	Assets measured at fair value through profit and loss (held for trading)	Available for sale	Total
As of 31 December 2008				
Assets				
Financial assets available for sale			549 736	549 736
Accounts receivable and other receivables (long-term)	724 925			724 925
Microloans and other receivables, excl. advance payments and deposits	71 670 321			71 670 321
Loans to DFK Holding	11 660 389			11 660 389
Cash and cash equivalents	13 416 455			13 416 455
Total	**97 472 090**		**549 736**	**98 021 826**

	Liabilities measured at fair value through profit and loss (held for trading)	Other financial liabilities	Total
Liabilities			
Loans (long-term)		-421 750	-421 750
Loans (credit facility)		-15 375 168	-15 375 168
Derivatives	-5 826 843		-5 826 843
Accounts payable and other		-10 564 054	-10 564 054

liabilities, excl. mandatory liabilities			
Total	-5 826 843	-26 360 972	-31 766 065

7b Credit quality of financial assets

The credit risk involved in financial instruments that have not fallen due or which have not been subject to impairment can be assessed by using external credit ratings (if available) or historical information on breaches of credit conditions.

	2009	2008
Accounts receivable		
Microloans and other receivable	81 431 325	66 321 771
Other loans	-	11 660 389
Total accounts receivable	**81 431 325**	**77 982 160**

The company has maximum lending limits for microloans and standard credit rating requirements and has developed its own scoring model to determine the credit rating of private customers. Loans are not given to existing customers until previous loans have been repaid. The credit risk will thus be limited.

Bank deposits		
AA- (Nordea, SHB, Pohjala)	12 049 005	40 363
A+ (DnB NOR, Sampo Bank)	12 017 098	13 376 092
A (Swedbank, Danske Bank, Sampo)	3 642 321	-
A-1(SEB)	220 523	-
Cash/collateral etc.	4 759 424	-
	32 688 370	**13 416 455**

Financial assets available for sale without an external credit rating		
SIP Nordic 100	175 181	-
Xtracom	-	549 736
	175 181	**549 736**

Derivatives		
A - 1 (Currency contracts DnB NOR)	**-**	**- 5 826 843**
,	**-**	**- 5 826 843**

8 Financial assets available for sale

	2009	2008
Carrying amount 01.01	**549 736**	**937 066**
Acquisition of assets	**175 181**	-
Exchange rate difference	**-49 854**	76 950
Impairment	**-499 882**	- 464 280
Carrying amount 31.12		
Of which classified as fixed assets	**175 181**	**549 736**
Of which classified as current assets		-

The financial assets that are available for sale consist of:

	2009	2008
Shares listed on Euroinvestor (Stockholm)		
SIP Nordic 100	175 181	-
Xtracom Consulting Group AB	-	549 736

Financial assets that are classified as available for sale are quoted in the following currencies:

	2009	2008
SEK	**175 181**	549 736

The financial assets of shares were written down by NOK 499 882 (464 280 in 2008) in 2009. The structured product's value has been set at their market price at 31 December 2009.

9 Derivatives

	2009		2008	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward exchange contracts – at fair value through profit and loss				
Forward exchange contracts. Bought NOK – sold SEK	-	-	-	**4 490 410**
Forward exchange contracts. Bought NOK – sold DKK	-	-	-	**1 336 433**
Total carrying amounts	-	-	-	**5 826 843**
Of which current liabilities:	-	-	-	**5 826 843**

Derivatives which are held for trading are classified as current assets or liabilities. All the fair value of the derivative is classified as a long-term asset or liability if the remaining term to maturity is more than 12 months and as a current asset or liability if the remaining term to maturity is less than 12 months. The derivatives are valued according to level 2 in the fair value hierarchy (IFRS 7). Folkia no longer has derivatives on its balance sheet.

10 Microloans and other receivables

	2009	2008
Microloans	107 242 495	76 461 194
Impairment due to probable losses on microloans	-27 293 540	-10 139 424
Net microloans	**79 948 955**	**66 321 770**
Other receivables	1 482 370	
Income accrued but not received *	2 366 819	2 923 788
Pre-paid costs and deposits	2 043 411	3 615 771
Loans to employees and deposits	542 914	724 925
Loans to DFK Holding	-	11 405 654
Total accounts receivable and other receivables	**86 384 469**	**84 991 908**
Of which fixed assets (long-term)	542 914	724 925

Current assets

The fair value of microloans and other receivables is as

	2009	2008
Microloans **	75 317 998	63 036 397
Loans to employees and deposits	542 914	724 925
	75 860 912	**63 761 322**

* The loan brokering contract with Collector was terminated as of 31 December 2007. The income accrued but not received as of 31 December 2008 is related to a dispute regarding the outstanding account.
** The fair value of microloans is reduced by the income accrued but not received.
Microloans that have fallen due for payment but whose due date is less than 46 days in the past are not regarded as being impaired.

	2009	2008
Not fallen due	54 960 414	51 721 323
1 – 30 days after the due date	13 956 687	6 702 950
31 - 60 days after the due date	3 346 669	3 512 429
61 - 90 days after the due date	2 391 322	2 153 112
> 91 days after the due date	32 587 403	12 371 379
	107 242 495	76 461 193

As of 31 December 2009, NOK 30 944 256 (10 967 501) in accounts receivable had been written down (impaired), of which NOK 10 967 501 was related to 2008 and 2007 (the accounting impairment in 2007 was NOK 0). The size of the provision was NOK 27 293 540 (2008: NOK 10 139 424) as of 31 December 2009 (2007: NOK 0).

Recognised value of the Group's microloans, per currency:

	2009	2008
SEK	65 162 794	83 244 750
NOK	308 191	551 606
EUR	2 160 231	-
DKK	3 788 451	-
EEK	8 236 404	-

The change in the provisions for the impairment of accounts receivable is as follows:

	2009	2008
As at 1 January		
Provisions for the impairment of receivables	10 139 424	10 967 501
Provision during the year	19 976 755	
Net receivables that have been written off as losses during the year	-2 822 639	-828 077
Reversal of unused amounts	-	-
As at 31 December	**27 293 540**	**10 139 424**

The impairment and reversal of impairment of accounts receivable are included in the losses on loans in the income statement. Amounts recognised in the provisions account are written off when there is no expectation of collecting any further cash amounts.

The other classes of accounts receivable and other receivables do not contain any impaired assets.

The maximum exposure to credit risk on the reporting date is the fair value of each class of accounts receivable stated above. The Group has no charge as security.

11 Cash and cash equivalents

	2009	2008
Cash and bank deposits	32 688 370	13 416 455
Short-term bank deposits	-	-
Total	**32 688 370**	**13 416 455**

The cash and cash equivalents in the cash flow statement comprise the following:

	2009	2008
Cash and cash equivalents	32 688 370	13 416 455
Total	**32 688 370**	**13 416 455**

Of the bank deposits 2008, the amount of NOK 5 095 391 was tied as security for forward exchange contracts.

12 Share capital and share premium

	No. of shares	**Nominal share capital**	**Share premium**	**Total**
Carrying amount 1.1.08	**11 788 324**	**58 941 620**	**69 160 375**	**128 101 996**
Sale of own shares	242 826	1 214 130	4 839 523	6 053 652
Carrying amount 31.12.08	**12 031 150**	**60 155 750**	**73 999 898**	**134 155 647**
Contribution in kind (Acquisition of subsidiary)	5 265 592	26 327 960	-	26 327 960
Purchase of treasury shares	-52 742	-263 710	-	-263 710
Carrying amount 31.12.09	**17 244 000**	**86 220 000**	**73 999 898**	**160 219 898**

The company has used own shares (treasury shares) in connection with the purchase of the subsidiary in Denmark, DFK Holding – closing January 09. As of 31 December 2009, the number of shares was 17 406 916 of which 162 916 are the company's own shares.

13 Retained earnings

As of 1 January 2008	**-2 051 877**
Result for the year 2008	-11 774 985
Carrying amount 31.12.08	**-13 826 861**
As of 1 January 2009	**-13 826 861**
Currency translation difference	-275 585
Purchase of treasury shares	-259 344
Result for the year 2009	-1 312 454
Carrying amount 31.12.09	**-15 674 243**

14 Advance payment for the purchase of a subsidiary

	2009	2008
Advance payment – purchase of Dansk Finansieringskompagni ApS	-	6 053 562
Total	-	6 053 562

The advance payment has been recognised in the accounts at its fair value when paid and thereafter at its amortised cost. The advance payment has been tested for impairment as of 31 December 2008.

15 Accounts payable and other current liabilities

	2009	2008
Accounts payable	3 673 131	2 005 214
Income accrued but not received	4 630 957	3 285 374
Govt. charges and special taxes	3 341 518	2 060 996
Holiday pay due	215 037	108 360
Accrued expenses	3 618 064	3 104 109
Total	**15 478 707**	**10 564 054**

16 Loans

	2009	2008
Long-term loans		
Loans from credit institutions (1)	-	421 750
	-	**421 750**
Short-term loans		
Loans from credit institutions (credit facility) (2)	35 667 016	15 375 168
	35 667 016	**15 375 168**

(a) Loans from credit institutions

(1) The loan fell due on 31 January 2010 and had a fixed interest rate of 10% per annum. This loan was unsecured. The loan has been paid back under 2009.

(2) The loan has a fixed interest rate of 7, 75 % (8, 75%). The loan has no maturity date, security is provided in that an amount equal to 10% of the borrowed amount is in a frozen account and there is a charge on microloans for the remaining amount.

The Group is exposed to interest rate changes on these loans based on the following repricing structure:

	2009	2008
6 months or less	-	-
6-12 months	-	-
1-5 years	-	421 750
More than 5 years	-	-
No agreed maturity date	35 667 016	15 375 168
Total loans	**35 667 016**	**15 796 918**

Carrying amount and fair value of loans:	**2009**	2008
Carrying amount		
Long-term loans	-	421 750
Credit facility with a credit institution	35 667 016	15 375 168
Total carrying amount	**35 667 016**	**15 796 918**
Fair value		
Long-term loans	-	421 750
Credit facility with a credit institution	35 667 016	15 375 168
Total fair value	**35 667 016**	**15 796 918**

Long-term loans relate to a long-term loan of SEK 500 000 provided by Frick & Frick. This loan was provided at a market rate of 10% without any additional security. It is stated that the fair value, ie, the relevant lending terms as of 31 December 2008, will be the same. The fair value of the loan was therefore the same as the book value.

The credit facility with a credit institution is linked to an agreement with Svea Ekonomi relating to the collection of microloans. The credit facility is provided at a fixed interest rate of 7.75% (8.75%). The fair value, ie, the relevant lending terms as of 31 December 2009, will be the same. The fair value of the loan is therefore the same as the book value.

The carrying amounts of the Group's loans in various currencies are as follows:

	2009	2008
NOK	-	-
SEK	35 667 016	15 796 918
Total loans	**35 667 016**	**15 796 918**

The Group has the following unutilised borrowing facilities:

	2009	2008
Fixed interest rate – No expiry date agreed on (SEK)	3 034 795	11 750 832

The facilities which expire within one year are annual facilities that must be renewed on various dates in 2009.

17 Capitalised acquisition costs

	2009	2008
Dansk Finansieringskompagni ApS	-	1 095 802
Monetti Oy	-	4 343 293
	-	**5 439 095**

Subsidiaries in Denmark and Finland (Estonia) have been bought with accounting effect for the Group (closing) in January 2009.

18 Pensions and similar liabilities

	2009	2008
Balance-sheet liability:		
– Pension benefits	**989 067**	527 406
Costs debited to the income statement		
– Pension costs	**745 796**	384 540

In Norway and Finland, the minimum defined contribution pensions (compulsory company pensions) are paid as they become due. In Sweden, provisions have been made for accrued pension commitments. Denmark and Estonia has no pension cost or pension benefits.
As part of their salary contracts, the Group's managers have the opportunity to take out their own insurance contracts (cash pension premiums) up to a total limit of 10% of their fixed salary (contributions to the Compulsory Company Pension are deductible). In Norway, this is paid out regularly to an insurance company or the employee and is treated as salary for tax and employers' national insurance contribution/public charges purposes.

19 Other loans

	2009	2008
Dansk Finansieringskompagni ApS (DFK)	-	11 660 389
	-	**11 660 389**

Folkia has per balance date no other loans.

20 Foreign exchange losses/gains – net

	2009	2008
Exchange gains	1 340 472	-
Exchange losses	-1 412 680	-
Foreign exchange (losses)/gains – net	**-72 208**	**-**

21 Wages and salaries

	2009	2008
Salaries	14 932 005	6 915 899
Employers' national insurance contributions	3 582 509	2 259 477
Pension costs – the year's provisions for defined contribution based pension schemes	800 414	384 540
Other benefits	2 302 700	3 596 148
	21 617 629	**13 156 064**
No. of employees	**26**	**23**

22 Other operating expenses

	2009	2008
Rental expenses	3 668 743	2 973 894
Marketing	14 498 496	23 529 668
Administrative expenses	37 092 874	20 280 693
	55 260 113	**46 784 255**

23 Financial income and expenses

	2009	2008
Interest income –bank deposits	70 045	1 875 217
Other interest income	484 690	-
Gain derivatives	7 035 935	-
Other currency gain	125 871	3 891 411
Interest expenses	-3 548 546	-
Change in the fair value of financial derivatives	-48 263	- 5 826 842
Other currency lost	-8 619 660	-546 931
Net financial items	**-4 499 926**	**-607 146**

24 Tax – Deferred tax – Deferred tax assets

Tax:

	2009	2008
Tax payable	1 335 316	-
Change in deferred tax	576 272	-3 248 068
Total tax on result	**1 911 588**	**-3 248 068**
Total tax including OCI	**1 911 588**	**-3 248 068**

	2009	2008
Tax payable for the year	1 335 316	0
Total tax payable	**1 335 316**	**0**

Reconciliation of the effective tax rate:

	2009	2008
Result before tax including OCI	599 135	-15 023 053
Tax calculated at 28%	-22 870	-4 206 455
Loss for the year without deferred tax asset	-	-
This year's deficit without deferred tax assets	1 492 833	784 622
Use of loss carried forward that has not previously been recognized in the accounts	-398 815	-
Non-deductible costs	1 804 427	173 765
Not taxable income	-963 987	-
Tax	**1 911 588**	**-3 248 068**
Tax in the income statement	1 911 588	-3 248 068
Tax discontinued operations	**-**	**-**
Tax	**1 911 588**	**-3 248 068**

Deferred tax and deferred tax assets and specification of the tax effect of temporary differences and losses carried forward:

		31 December
	2009	2008
Deferred tax assets		
Income Adjustment according to IFRS	376 764	-

Loss carried forward	4 801 884	3 097 424
Financial derivatives	-	1 631 516
Receivableles	97 948	295 400
Other	335 064	335 064
Deferred tax assets	**5 611 660**	**5 359 404**
Deferred tax liability		
Intangible assets	5 890 042	2 735 846
Receivables	1 591 332	-
Deferred tax liability - gross	**7 481 374**	**2 735 846**
Deferred tax liability - net	**-1 869 714**	**2 623 558**

Deferred tax assets are capitalized based on future income.

It appears that Folkia AB has a previous loss to be carried forward, but that this has not been taken into account when calculating the deferred tax assets. A requirement has been stipulated regarding a conversion to a branch in 2010 and the remaining loss cannot thus be carried forward in any case.

Deferred tax is due in its entirety to the allocation of added value to identifiable intangible assets in connection with the acquisition of Folkia AB in December 2007. Deferred tax is reversed at Group level through future depreciation/amortisation.

25 Liabilities

a) Guarantees and charges:

Folkia has no guarantees or charges.

b) Operating leases – liabilities where a Group company is the lessee

The future total minimum payments linked to non-terminable leases are as follows:

	2009	2008
Due date within 1 year	1 842 989	2 475 803
Due date between 1 and 5 years into the future	1 048 813	2 732 173
Due date more than 5 years into the future	-	-
	2 891 803	**5 207 976**

The Group’s operating leases are in Sweden and Norway, consisting of premises- and support agreements.

26 Business combinations

Acquisition of Dansk Finansieringskompagni ApS

In accordance with an Asset and Share Purchase Agreement dated 11 December 2007, Folkia AS acquired all the shares in Dansk Finansieringskompagni ApS (through DKF Holding ApS). Dansk Finansieringskompagni ApS carries out similar activities in Denmark.

According to the agreement, the payment was a cash payment plus shares equal to 2% of the share capital of Folkia AS. The agreement also contained a condition regarding an adjustment of the purchase price depending on the future results achieved, equivalent to an additional 3.5% of the share capital in Folkia AS.

The acquisition required the approval of the authorities and the final transfer of the shares was agreed to be conditional on such approval. Final approval was given in a letter from Finanstilsynet (the Financial Supervisory Authority of Norway) on 21 October 2008.

An advanced payment of NOK 6 053 562 was made in 2008. The advance payment was recognised in the accounts at its fair value when paid and thereafter at its amortised cost.

Negotiations have later taken place regarding the interpretation of the clause relating to the adjustment of the purchase price. Final agreement was not reached until January 2009. The prerequisite for adjusting the purchase price was not met and own shares that had been provided as security were returned. The shares in Dansk Finansieringskompagni are registered as having been transferred to Folkia AS in January 2009.

The acquisition has been accounted for in the consolidated financial statements as per 1 January 2009. Closing date was set on date of the final agreement in January 2009.

The net assets and goodwill that have been acquired are as follows (figures in NOK 1 000):

Cash payment	-
Direct acquisition costs	1 096
Fair value of issued shares	6 054
Original cost	7 149
Book equity 1 January 2009 (negative)	3 479
Added value on acquired net assets	10 628

The assets and liabilities linked to the acquisition closed in January 2009 are as follows
Figures in NOK 1 000

	Fair value	**The acquired company's carrying amounts**
Cash and cash equivalents	780	780
Tangible fixed assets	1 152	1 152
Customer relationships	1 724	-
Trademarks/brands	592	-
Scoring model	-	-
Software	-	-
Net working capital	6 914	6 914
Fair value of net assets	11 162	8 846

Goodwill	8 311	-
Goodwill (workforce)	-	-
Goodwill (deferred tax identifiable intangible assets)	648	
	20 121	8 486
Deferred tax	- 648	-
Liabilities	- 12 325	- 12 325
Acquired net assets	7 148	-3 479
Added value paid	10 629	-
Cash payment on the acquisition	-	-

Allocation of added value paid	
Goodwill	8 960
Trademarks/brands	593
Software / scoring model	1 724
Less deferred tax on identified intangibles	-648
Added value paid	10 629

Goodwill is assigned to Dansk Finansieringskompagni's position and profitability in the market and employees (that cannot be allocated separately to other intangible assets).

The fair value of acquired assets in excess of their book value is allocated to identifiable intangible assets in accordance with own acquisition analyses.

Goodwill and trademarks are not subject to amortisation but are tested for impairment and impaired if the values are not sustained through testes based on budgets and forecasts approved by management.

The result for 2009 from Dansk Finansieringskompagni shows a loss before tax of KNOK 4 536.

Acquisition of Monetti Oy

In accordance with a Share Purchase Agreement dated 31 July 2008, Folkia AS acquired all the shares in Monetti Oy. Monetti Oy carries out similar operations in Finland and Estonia (through a wholly owned subsidiary).

A cash payment of NOK 2 632 796 has been made. In addition, a private placement aimed at the shareholders in Monetti Oy has been carried out. The closing took place in January 2009 at NOK 26 327 960, equivalent to NOK 5.00 per share. Following the transaction, the former shareholders of Monetti Oy own 30.25% of the shares in Folkia AS.

Moreover it was agreed in the SPA that the shareholders of Monetti were paid a dividend of € 596 376 prior to the closing of the acquisition.

The acquisition required the approval of the authorities and the final transfer of the shares was agreed to be conditional on such approval. Final approval was given in a letter from Finanstilsynet (the Financial Supervisory Authority of Norway) on 29 October 2008.

The acquisition has been accounted for in the consolidated financial statements as per 1 January 2009. Closing date was set on date of the final agreement in January 2009.

The net assets and goodwill that have been acquired are as follows (figures in NOK 1 000):

- Cash payment	2 632
- Direct acquisition costs	4 800
Fair value of issued shares	26 328
Original cost	33 760
Book equity 1 January 2009 – subsequent to payment of dividend	9 541
Added value on acquired net assets	24 219

The assets and liabilities linked to the acquisition closed in January 2009 are as follows:
(Figures in NOK 1 000)

	Fair value	**The acquired company's carrying amounts**
Cash and cash equivalents	7 098	7 098
Tangible fixed assets	52	52
Customer relationships	10 290	-
Trademarks/brands	1 386	-
Software	5 500	5 500
Net working capital	2 791	2 791
Fair value of net assets	27 117	15 441
Goodwill	11 025	-
Goodwill (workforce)	1 518	-
Goodwill (deferred tax identifiable intangible assets)	3 269	
	42 929	15 441
Deferred tax	- 3 269	
Liabilities	-1 933	-1 933
Agreed dividend to previous shareholders	-5 900	-5 900
Acquired net assets	31 827	7 608
Added value paid	24 219	
Cash payment on the acquisition	2 632	

Allocation of added value paid	
Goodwill	17 745
Customer Relationship	10 290
Trademarks/brands	1 386
	29 420
Less deferred tax on identified intangibles	-3 269
Added value paid	26 152

Goodwill is assigned to Monetti's position and profitability in the market and employees (that cannot be allocated separately to other intangible assets).

The fair value of acquired assets in excess of their book value is allocated to identifiable intangible assets in accordance with own acquisition analyses.

Fair value of software and licences were set at carrying value being approximately NOK 2million lower than values identified in the analyses. The value of goodwill is reduced accordingly.

Goodwill and trademarks are not subject to amortisation but are tested for impairment and impaired if the values are not sustained through testes based on budgets and forecasts approved by management.

The acquisition of Monetti was settled in January 2009 and values (shares and cash) calculated at a currency rate of NOK 9.76 per Euro. As of 31 December 2009 the currency rate is NOK 8.315 per Euro. On the investment changes in currency approximates NOK 2 million included in currency effects.

Currency adjustments are charged directly to change in equity.

The result for 2009 from Monetti shows a profit before tax of KNOK 8 659.

Acquisition of Folkia AB

In accordance with a Share Purchase Agreement dated 27 November 2007, Folkia AS (formerly Folkefinans AS) acquired all the shares in Folkia AB. As payment for the shares in Folkia AB, shares in Folkia AS worth NOK 27.5 million were issued. Through this share issue, the shareholders in Folkia AB acquired an ownership share of 78%. The shareholders in Folkia AB did not comprise a controlling group and the transaction has been treated as an ordinary acquisition, with Folkia AS identified as the acquiring company. The increase in capital was approved at an extraordinary general meeting on 11 December 2007.

Reference is made to disclosures of Business Combinations in the consolidated financial statements for 2008.

27 Related parties

The Group has been involved in transactions with the following related parties:

Nexia DA
This is owned by, among others, the former chairman of the board and now director and shareholder Finn Terje Skøyen, the former director and shareholder Harald Nicolai Nordstrand and the shareholder Jan Morten Ruud.

Fivado AS
Fully owned by Ove Dag Alsaker, who is the former Head of Compliance and a shareholder in Folkia AS.

Interactive á Íslandi
Owned by the current Chairman of the board and main shareholder Hördur Bender.

Xtarola Limited
Owned by the current Chairman of the board and main shareholder Hördur Bender.

Viadella Investment OÜ
The former owner of DFK Holding AS, the owner of Dansk Finansieringskompagni ApS (DFK).

a) Sales of goods and services

No goods or services have been sold to any of these companies.

b) Purchase of goods and services

Purchase of services from related parties (in NOK 1000):	**2009**	2008
Nexia DA	-	932
Fivado AS	-	935
Interactive á Íslandi	251	1 050
Viadella Investments OÜ	116	460
Xtarola Limited	844	-
	1 211	3 377

The above amounts are inclusive of value added tax where relevant.

c) Remuneration to senior employees

The senior employees comprise the group management and directors. The remuneration to senior employees is shown below:

	2009	2008
Salaries and other short-term employee benefits	6 373	4 752
Severance pay	-	-
Pension benefits *	351	342
Other long-term benefits	-	-
Share-based remuneration	-	-
	6 724	5 094

Specification	**2009**	
Name	**Salary and other short-term benefits**	**Pension benefits**
Per Spångberg, CEO	1 531	-
Other Management	2 315	133
Subtotal Sweden in SEK	**3 846**	**133**
Exchange rate (average 2009)	0,8222	0,8222
Subtotal Sweden in NOK	**3 162**	**109**
Other Management	-	9
Subtotal Finland in EUR	-	9
Exchange rate (average 2009)	8,7285	8,7285
Subtotal Finland in NOK	**-**	**79**
Other Management and employees in Folkia AS	1 932	163
Board members	1 079	-
Control Committee	200	-
Subtotal Norway	**3 211**	**163**
Total	**6 373**	**351**

The Group has one other commitment linked to a former employee. This commitment concerns a termination agreement which benefits the former employee with the amount of SEK 637 250 excluding social costs. The amount is to be paid out during 2010.

d) Balance sheet items resulting from the purchase and sale of goods a
services

Receivables due from related parties:	**2009**	2008
- Top parent company	**-**	-
- Close family members of senior employees	**-**	-
- Associates	**-**	-
- Enterprises controlled by senior employees *	**-**	750
Total	**-**	**750**

Debts to related parties :		
- Closest parent company	**-**	**-**
- Associates	**-**	**-**
- Senior employees *	**-**	532
- Enterprises controlled by senior employees **	**-**	58
Total	**-**	**590**

* Receivables and debts are linked and are due to the fact that the fee payable to the executive chairman of the board was initially invoiced by Interactive á Íslandi. This fee was later credited and converted into salary and tax was deducted in accordance with the rules governing remuneration to the board. These items have been settled in 2009.
No provisions have been made for bad debts concerning related parties.

** Short-term debts from 2008 to related parties arose from the purchase of services and fell due for payment within two months after the balance sheet date. This debt was not interest-bearing.

e) Loans to related parties

	2009	**2008**
Loans to the group management (and their families):		
Carrying amount 01.01	**750 000**	**750 000**
Loans granted during the year	-	-
Loans repaid during the year	-240 000	-
Interest income	-	-
Interest received	**-**	**-**
Carrying amount in SEK	**510 000**	**750 000**
SEK/NOK exchange rate 31.12	0,8099	0,9042
Carrying amount 31.12	**413 049**	**678 150**

Loans to associates in 1000 NOK		
Carrying amount 01.01	**11 660**	**2 001**
Loans granted during the year	-	9 205
Loans repaid during the year	-	-
Interest income	-	454
Interest received	-	-
Loans, reclassified as intercompany loans	-11 660	-
Carrying amount 31.12	**-**	**11 660**

The above loans were to Dansk Finansieringskompagni ApS, a company in which Folkia AS gained full control over all the shares in January 2009.

The loans to the group management are on the following terms and conditions:

Name and loan amount, all in SEK	2009	2008
Nickolaus Karlsson	240 000	240 000
Per Spångberg	-	240 000
Marcus Lindström	150 000	150 000
Madeleine Astell	120 000	120 000
Total	**510 000**	750 000

Terms and conditions

The loans are to be repaid by 31.12.2012. No loans have been given to directors.

Interest rate

The interest rate is the Swedish state loan interest rate + 1% throughout the term of the loan.The interest is capitalised and is to be paid when the loan falls due.

Loans to associates are within the framework credit limit and are in force until they are cancelled. The interest rate is 10% p.a. with monthly capitalisation.

The fair value of the loans is regarded as equivalent to the loans' book value.

It has not been necessary to make provisions for losses on loans to directors, senior employees and associates in 2009 or previous years.

f) Remuneration to the auditors and other related costs	**2009**	2008
Statutory audit	1 352 042	329 912
Other assurance services	-	-
Tax advice	-	8 500
Other services	802 733	198 500
Total	**2 154 775**	536 912

Remunations are including VAT.

28 Events after the balance sheet date

The Group is going through a restructuring process. The acquisitions of Monetti Oy and its subsidiary Monetti AS, and DFK Holding ApS and its subsidiary Dansk Finaniseringskompagnie ApS were closed in January 2009.

Finanstilsynet (the Financial Supervisory Authority of Norway) stipulated as a condition for the approval of the acquisition of the companies that they were to be converted into branches of Folkia AS.

The restructuring was started in 2009 and the establishment of the branches are expected to be finalised Q2 2010. The Monetti companies are converted into branches by way of cross border mergers with Folkia AS; Folkia AB and the Danish companies by way of asset transfers follow by liquidations of the companies.

No other events causing special statement have occurred after balance sheet date.

29 Permits and conditions

Folkia AS has been given permits by Finanstilsynet (the Financial Supervisory Authority of Norway) to acquire all the shares in
- Folkia AB – Sweden (14 November 2008)
- DFK Holding ApS – Denmark (8 November 2008)
- Monetti Oy – Finland (29 October 2008)

For DFK Holding ApS, permission to enter into a cooperation agreement had been given in advance (25 April 2008).

All the permits assume that an application to establish a branch office in the respective countries will be submitted within six months and that the operations will be transferred to the respective branch offices.

30 Share capital and shareholder information

The share capital in the parent company as of 31 December 2009 consists of:

	No. of shares	Nominal value	Book value
Shares	17 406 916	5	87 034 580
Total	**17 406 916**	**5**	**87 034 580**

All the shares have equal voting rights.

Ownership structure

The largest shareholders in the company as of 31 December 2009

	Shares	Ownership share
Interactive A Islandi EHF	1 753 095	10,1%
Euroclear Bank S.A./N.V. ('BA')	1 735 355	10,0%
CNHL Ltd	1 706 297	9,8%
Landshyn EHF	1 301 974	7,5%
Einar Sveinsson	1 214 000	7,0%
UBS (Luxembourg) S.A	1 166 000	6,7%
R.R. Varad OÜ	869 902	5,0%
Brandberg OÜ	868 757	5,0%
Nebraska Invest OY	496 356	2,9%
Six Sis AG	433 320	2,5%
Ilkka Arto Tapani Paatero	381 637	2,2%
Jess International OÜ	343 473	2,0%
Carnegie Investment Bank AB	328 943	1,9%
UBS (Luxembourg) S.A	273 409	1,6%
Berasco Limited	242 869	1,4%
Oü Viadella Investments	242 826	1,4%
Societe Generale Global Sec Serv.	238 276	1,4%
Fivado AS	222 287	1,3%
Jan Erik Dyvi	200 500	1,2%
RBC Dexia Investor Services Bank	200 500	1,2%
Total for owners with at least a 1% ownership share	14 219 876	81,7%
Own shares, Folkia AS	110 174	0,6%
Own shares, Folkia AB	52 742	0,3%
Total other owners	3 024 124	17,4%
Total no. of shares registered	17 406 916	100%

Shares owned by directors and the general manager directly or through own companies:

Name	Position		No. of shares
Hördur Bender	Chairman of the Board		1 753 095
Leif Bernhard Bjørnstad	Director		172 097
Terje Finn Schøyen	Director		164 432
Stig Magnus Herbern	Director		25 000
Eilif Bjerke	Director		39 000
Nils Otto Nielsen	Director		36 600
Petri Ari-Pekka Kanervo	Director	(1)	-
Per Spångberg	CEO	(2)	100 000

(1) Petri Ari-Pekka Kanervo does not have direct ownership of any shares, but owns 50% of Gateway Finland Oy. Gateway Finland Oy owns 50% of Nebraska Invest Oy, which has 496 356 shares in Folkia AS.
(2) Per Spångberg owns 7 238 shares indirectly through Sebitna AB.

31 Capital adequacy

Capital adequacy 31 December (Group)

Equity and subordinated loan capital

	2009	**2008**
Share capital	86 220 000	60 706 620
Other equity	58 325 655	59 622 166
Equity	144 545 655	120 328 786
Deductions:		
Intangible assets	-75 801 550	-48 261 057
Deferred tax assets	-5 611 660	-5 359 404
Core capital	63 132 445	66 708 325
Net equity and subordinated loan capital	63 132 445	66 708 325

Minimum requirement equity and subordinated loan capital

Credit risk		
Of which:		
Institutions	-	187 000
Mass market commitments	6 040 720	4 909 000
Commitments that have fallen due	2 487 520	1 217 000
Other commitments	562 320	819 000
Total minimum requirement credit risk	9 090 560	7 132 000
Settlement risk	-	-
Foreign exchange risk	4 803 053	988 000
Total minimum requirement market risk	4 803 053	988 000
Operational risk	4 980 975	2 563 500

Minimum requirement equity and subordinated loan capital	18 874 588	10 683 500
Capital adequacy		
Capital adequacy ratio	26,8%	50,0%
Core capital adequacy ratio	26,8%	50,0%

The capital adequacy for 2009 and 2008 has been calculated in accordance with new capital requirement regulations.

32 Adjustments of previous year financial statement

A change due to errors in previous year financial statement has been corrected in the Annual report for 2009. The nature of the error is causes by an overstatement of accounts receivable in Folkia AB for the year 2008. Hence the error is part of previous years accounting and should not reflect profit and loss for 2009. The correction is made in 2008 in "Interest and similar income on loans to and receivables due from customers" and "Microloans and other receivables" with effect on "Retained earnings". Total effect of the correction is a reduction of equity with NOK 5 348 550.

A change due to an on-going tax audit has also been corrected in the Annual report for 2009. The nature of this change is caused by a likely tax liability in Folkia AB for the year 2008. This change is part of previous years accounting and should not reflect profit and loss for 2009. The correction is made in 2008 in "Other operating expenses" with effect on "Retained earnings". Total effect after tax of the correction is a reduction of equity with NOK 861 594.

Folkia AS

Annual Financial Statements

2009

Folkia AS
Income Statement

NOTE	INTEREST AND CREDIT COMMISSION INCOME	2009	2008
	Interest income and similar incomes		
	Interest and similar incomes from loans to and receivables from credit institutions	66.702	815.937
	Interest and similar incomes on loans to and receivables from customers	269.200	492.800
	Other interest income and similar incomes	6.310.967	5.744.504
	Total interest income and similar incomes	**6.646.869**	**7.053.241**
	Interest expenses and similar expenses		
	Other interest expenses and similar expenses	53.500	42.046
	Total interest expenses and similar expenses	**53.500**	**42.046**
	Net interest and credit commission income	**6.593.369**	**7.011.194**
	Net change in value and gain/loss on currencies and securities that are current assets		
4	Net change in value and gain/loss on shares, currencies and financial derivatives	7.035.936	-5.826.843
	Total net change in value and gain/loss on currencies and securities that are current assets	**7.035.936**	**-5.826.843**
	Total other operating revenues	**7.035.936**	**-5.826.843**
	OTHER OPERATING EXPENSES		
	Salaries and general administrative expenses		
	Salaries, etc	4.544.589	2.301.605
	Total salaries and general administrative expenses	**4.544.589**	**2.301.605**
	Depreciation, etc, of tangible fixed assets and intangible assets		
3	Ordinary depreciation	376.250	280.000
	Total depreciation, etc, of tangible fixed assets and intangible assets	**376.250**	**280.000**
	Other operating expenses		
2, 17	Other operating expenses	8.465.355	7.631.320
	Total other operating expenses	**8.465.355**	**7.631.320**
	Total depreciation and other operating expenses	**13.386.194**	**10.212.925**
	Losses on loans, guarantees, etc		
14	Losses on loans	-180.166	1.055.000
	Total losses on loans, guarantees, etc	**-180.166**	**1.055.000**
	Result on ordinary operations before tax	**423.277**	**-10.083.574**
16	Tax on result on ordinary operations	-124.508	2.791.360
	RESULT FOR THE YEAR	**298.769**	**-7.292.214**
	TRANSFERS AND ALLOCATIONS		
7	Transferred to (from) other equity	298.769	-7.292.214
	Total transfers and allocations	**298.769**	**-7.292.214**

Folkia AS

Balance Sheet at 31 December

NOTE	ASSETS	2009	2008
	Loans to and receivables from credit institutions		
9, 10	Loans to and receivables from credit institutions without an agreed term or cancellation period	2.134.913	6.765.637
	Total net loans to and receivables from credit institutions	**2.134.913**	**6.765.637**
	Loans to and receivables from customers		
9, 10, 14	Repayment loans	658.006	1.606.606
9, 10, 14	Specified loss reserves	-349.815	-1.055.000
	Total net loans to and receivables from customers	**308.191**	**551.606**
	Ownership interests in group companies		
5, 11	Shares	69.814.960	28.904.993
	Total ownership interests in group companies	**69.814.960**	**28.904.993**
	Intangible assets		
16	Deferred tax assets	4.899.832	5.024.340
3	Other intangible assets	1.218.750	1.595.000
	Total intangible assets	**6.118.582**	**6.619.340**
	Other assets		
9, 10, 15	Receivables	75.690.424	91.001.152
	Total other assets	**75.690.424**	**91.001.152**
	TOTAL ASSETS	**154.067.069**	**133.842.728**

Folkia AS
Balance Sheet at 31 December

NOTE	EQUITY AND LIABILITIES	2009	2008
	Liabilities		
4	Financial derivatives	0	5.826.843
18	Other liabilities	2.313.680	2.889.225
	Total other liabilities	**2.313.680**	**8.716.067**
	Total liabilities	**2.313.680**	**8.716.067**
	Equity		
	Equity contributed		
6, 7	Share capital (17.406.916 shares of NOK 5)	87.034.580	60.706.620
6, 7	Own shares	-550.870	-550.870
7	Share premium account	74.614.565	74.614.565
	Total equity contributed	**161.098.275**	**134.770.315**
	Retained earnings		
7	Other equity	-9.344.885	-9.643.654
	Total retained earnings	**-9.344.885**	**-9.643.654**
	Total equity	**151.753.389**	**125.126.661**
	TOTAL EQUITY AND LIABILITIES	**154.067.069**	**133.842.728**

Oslo, 8th June, 2010
The Board of Directors of Folkia AS

Hördur Bender chairman	Finn Terje Schøyen vice chairman	Leif Bernhard Bjørnstad
Stig Magnus Herbern	Nils Otto Nielsen	Eilif Bjerke
Petri Ari-Pekka Kanervo	Per Spångberg general manager	

Folkia AS

Cash flow statement

	2009	2008
Cash flow from operations		
Loss on ordinary operations before tax	423.277	-10.083.574
Ordinary depreciation/amortisation	376.250	280.000
Net change in value and gain/loss on financial derivatives	5.826.843	-5.826.843
Change in accounts receivable	243.415	-551.606
Change in other receivables	-486.579	-24.542.027
Change in intercompany balances/external financing	3.598.015	-49.356.593
Change in accounts payable	-325.464	267.114
Net cash flow from operations	**-1.997.929**	**-78.159.843**
Cash flow from investing activities		
Payments from sale/buy of property, plant and equipment	0	-1.875.000
Payments due to investments in financial non-current assets	-2.632.796	0
Net cash flow from investing activities	**-2.632.796**	**-1.875.000**
Cash flow from financing activities		
Payments received on new long-term liabilities	0	421.750
Purchase of own shares	0	6.053.652
Net cash flow from financing activities	**0**	**6.475.402**
Net change in bank deposits, cash, etc	-4.630.725	-73.559.441
Bank deposits, cash, etc, at 1 January	6.765.637	80.325.076
Bank deposits, cash, etc, at 31 December	**2.134.913**	**6.765.635**

Folkia AS
Notes to the 2009 Financial Statements

Note 1 Accounting principles

Folkia AS was founded at 2 January 2007.
The annual financial statements have been prepared in accordance with the Norwegian Accounting Act of 17 July 1998, the regulations concerning annual financial statements, etc, for banks and finance companies of 16 December 1998 and generally accepted accounting practices in Norway.

Folkia's consolidated financial statements have been prepared in accordance with IFRS and are published in a separate document.

Main rule for assessing and classifying assets and liabilities
The balance sheet complies with the regulations concerning annual financial statements for banks and finance companies.
Assets that are determined to be for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within one year are classified as current assets.
When classifying current and long-term liabilities, corresponding criteria have been used.

Current assets are valued at their original cost or their fair value, whichever is lower.

Fixed assets are valued at their original cost, but are written down to their recoverable amount if this is less than their book value and the impairment in value is not expected to be temporary. Fixed assets with a limited economic life are depreciated systematically.

Other long-term liabilities and current liabilities are valued at their nominal amount.

Assets and liabilities in foreign currencies
Monetary items in foreign currencies are converted in the balance sheet at the rate applicable on the balance sheet date.
Forward exchange contracts are recognised in the balance sheet at their fair value on the balance sheet date.

Intangible assets
The costs of in-house production of intangible assets, including the costs of own research and development work, are recognised in the balance sheet when it is probable that the future economic benefits linked to the assets will accrue to the company and the original cost can be measured reliably.

Intangible assets that are bought individually are recognised in the balance sheet at their original cost. Intangible assets acquired when a company is bought are recognised in the balance sheet at their original cost when the criteria for balance sheet recognition are met.

Intangible assets with a limited economic life are amortised systematically. Intangible assets are written down to their recoverable amount if the estimated economic benefits do not cover the balance sheet value and any remaining production costs.

Financial derivatives
Derivatives do not qualify for hedge accounting. Derivatives are recognised in the balance sheet at their fair value on the date when the derivatives contract is entered into and thereafter at their fair value. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement as changes in financial derivatives. The fair value of derivatives contracts is determined using valuation methods.

Shares in subsidiaries
Investments in subsidiaries are valued according to the cost method. The investments are written down to their fair value if the impairment is not temporary and this must be regarded as being necessary according to generally accepted accounting practices.

Income and expense recognition
Interest and commissions are recognised in the income statement as these are accrued as incomes or incurred as expenses. Charges which are a direct payment for services carried out are recognised as income when they accrue.

Accounts receivable - microloans
Short-term lending is measured at fair value for initial balance sheet recognition purposes. In later measurements, microloans are valued at their amortised cost determined using the effective interest rate method (simplified) minus provisions for incurred losses.
All of the loans sent for debt collection are recognised in the balance sheet as provisions for losses.

Other receivables
Other receivables are entered at their nominal value after deducting provisions for estimated losses. Provisions for losses are determined on the basis of an individual assessment of each receivable.

Bank deposits, cash, etc
Bank deposits, cash, etc, include cash, bank deposits and other means of payment with a due date which is less than three months from the date of procurement.

Tax
The tax cost is placed together with the accounting result before tax. Tax linked to equity transactions is recognised in equity. Tax consists of tax payable (tax on the year's direct taxable income) and changes in net deferred tax. Deferred tax and deferred tax assets are presented net in the balance sheet.

Note 2 Payroll costs, number of employees, allowances, loans to employees, etc

Payroll costs	**2009**	**2008**
Salaries	3.723.846	1.866.909
National Insurance contributions	481.440	284.704
Pension costs	168.391	34.311
Other benefits	170.912	115.682
Total	**4.544.589**	**2.301.605**

The amounts include salaries to senior employees.

Number of man-years employed during the financial year	2	2
Number of employees	2	4

A minimum Compulsory Company Pension (OTP) has been taken out for one of the company's two permanent employees. In addition, these two permanent employees have been able to use 8% of their permanent salary for their own pension savings schemes.

Directors' renumeration	Salaries	Pension costs	Other allowances
General manager (CEO)	0	0	0
Chairman of the Board	828.000	0	0
Members of the Board	250.000	0	0
Credit Committee	51.000	0	0
Control Committee	200.000	0	0
Total	**1.329.000**	**0**	**0**

The CEO carries out most of his work in Folkia AB and is paid by this company.

Loans and security granted to senior employees, shareholders, etc

		Amount	Interest rate	Repayment schedule
Chairman of the Board	Outstanding amount	0	0	0

Transactions with related parties

Folkia AS has been involved in transactions with the following related parties.

Nexia DA
Owned by, among others, the former chairman of the board and now director and shareholder Finn Terje Skøyen, the former partner and shareholder Harald Nicolai Nordstrand and the shareholder Jan Morten Ruud.

Fivado AS
Fully owned by Ove Dag Alsaker, who is Head of Compliance and a shareholder in Folkia AS.

Interactive á Íslandi
Owned by the current chairman of the board and main shareholder Hördur Bender.

Viadella Investment OÜ
The former owner of DFK Holding AS, which owns Dansk Finansieringskompagni ApS (DFK), which was still in the process of being bought up by the Group on the balance sheet date, but over which Folkia has full control in 2009.

Xtarola Limited
Owned by the current chairman of the board and main shareholder Hördur Bender.

Purchase of services from related parties:	2009	2008
Nexia DA	0	931.875
Fivado AS	0	934.500
Interactive á Íslandi	251.250	1.050.000
Viadella Investments OÜ	116.091	460.416
Xtarola Limited	843.750	0
Total	**1.213.100**	**3.376.791**

The above amounts are inclusive of value added tax where relevant.

Auditor
The remuneration paid to Deloitte AS and their associates is as follows (excluding value added tax):

	2009	**2008**
Mandatory audit	560.000	191.000
Other assurance services	235.500	0
Tax couselling	0	8.500
Other non-assurance services	337.000	198.500
Total	**1.132.500**	**398.000**

Note 3 Other Intangible assets

	Software, licenses
Original cost 01.01.2009	1.875.000
Original cost 31.12.2009	**1.875.000**
Acc. depreciation 01.01.2009	-280.000
Additions	**-376.250**
Acc. depreciation 31.12.2009	**-656.250**
Book value 31.12.2009	**1.218.750**
Depreciation during the year	**376.250**
Economic life	5 years
Depreciation schedule	Straight line

Folkia AS
Notes to the 2009 Financial Statements

Note 4 Derivatives

Financial instruments assessed at their fair value

	2009		2008	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward exchange contracts Bought NOK - sold SEK	0	0	0	4.490.410
Forward exchange contracts Bought NOK - sold DKK	0	0	0	1.336.433
Total balance sheet values	**0**	**0**	**0**	**5.826.843**
Of which current liabilities	0	0	0	5.826.843
Original cost	0	0	0	0
Change recognised in the income statement in the period	**0**	**7.035.936**	**0**	**-5.826.843**

Derivatives that are held for trading are classified as current assets or liabilities. All the fair value of the derivative is classified as a long-term asset or liability if the remaining term to maturity is more than 12 months, and as a current asset or liability if the remaining term to maturity is less than 12 months.

The nominal amount of outstanding forward exchange contracts was NOK 0 at 31 December 2009 (2008: NOK 80.000.000), due to sale of the derivative in 2009.

Note 5 Subsidiary

Company	**Acquired on (date)**	**Consolidated (yes/no)**	**Registered office**	**Voting share**	**Ownership share**
Folkia AB	Dec 2007	YES	Stockholm	100 %	100 %
Dansk Finansierings-kompagni ApS	Jan 2009	YES	Copenhagen	100 %	100 %
DFK Holding ApS	Jan 2009	YES	Copenhagen	100 %	100 %
Monetti Oy	Jan 2010	YES	Helsinki	100 %	100 %
Monetti AS	Jan 2010	YES	Tallin	100 %	100 %

Note 6 Share capital and shareholder information

At 31 December 2009, the share capital in the parent company consists of:

	Amount	Nominal value	Book value
Shares	17.406.916	5	87.034.580
Sum	17.406.916		87.034.580

All the shares have equal voting rights.

Ownership structure
The largest shareholders in the company at 31 December 2009:

	Shares	Ownership share
INTERACTIVE A ISLANDI EHF	1.753.095	10,1%
EUROCLEAR BANK S.A./N.V. ('BA')	1.735.355	10,0%
CNHL LTD	1.706.297	9,8%
LANDSYN EHF	1.301.974	7,5%
EINAR SVEINSSON	1.214.100	7,0%
UBS (LUXEMBOURG) S.A.	1.166.000	6,7%
R.R. VARAD OÜ	869.902	5,0%
BRANDBERG OÜ	868.757	5,0%
NEBRASKA INVEST OY	496.356	2,9%
SIX SIS AG	433.320	2,5%
ILKKA ARTO TAPANI PAATERO	381.637	2,2%
JESS INTERNATIONAL OÜ	343.473	2,0%
CARNEGIE INVESTMENT BANK AB	328.943	1,9%
UBS (LUXEMBOURG) S.A.	273.409	1,6%
BERASCO LIMITED	242.869	1,4%
OÜ VIADELLA INVESTMENTS	242.826	1,4%
SOCIETE GENERALE GLOBAL SEC. SERV.	238.276	1,4%
FIVADO AS	222.287	1,3%
JAN ERIK DYVI	200.500	1,2%
RBC DEXIA INVESTOR SERVICES BANK	200.500	1,2%
Total for owners with at least a 1% ownership share	**14.219.876**	**81,7%**
Own shares, Folkia AS	110.174	0,6%
Own shares, Folkia AB	52.742	0,3%
Total other owners	3.024.124	17,4%
Total no. of shares registered	**17.406.916**	**100 %**

In connection with the purchase of Monetti 31 January 2009, a capital increase of NOK 26.327.960 was completed.

Shares owned by directors and the CEO directly or through own companies:

Name	Post	Shares
Hördur Bender	Chairman of the Board	1.753.095
Leif Bernhard Bjørnstad	Director	172.097
Terje Finn Schøyen	Director	164.432
Stig Magnus Herbern	Director	25.000
Eilif Bjerke	Director	39.000
Nils Otto Nielsen	Director	36.600
Petri Ari-Pekka Kanervo (1)	Director	0
Per Spångberg (2)	CEO	100.000

(1) Petri Ari-Pekka Kanervo does not have direct ownership of any shares, but owns 50 % of Gateway Finland Oy. Gateway Finland Oy owns 50 % of Nebraska Invest Oy, which has 496 356 shares in Folkia AS.

(2) Per Spångberg owns 7.238 shares indirectly through Sebitna AB.

Note 7 Equity

Equity contributed	**Share capital**	**Share premium account**	**Total equity contributed**
Equity contributed 01.01.2009	**60.155.750**	**74.614.565**	**134.770.315**
Change in equity during the year:			
Contribution in kind Monetti	26.327.960		26.327.960
Equity contributed 31.12.2009	**86.483.710**	**74.614.565**	**161.098.275**

Other equity	**Other equity**
Other equity 01.01.2009	**-9.643.654**
Change in equity during the year::	
Profit for the year	298.769
Other equity 31.12.2009	**-9.344.885**

Note 8 Financial market risk

The company's activities entail various types of financial risks. In relation to the company's balance sheet at 31 December 2009, these are:

- a currency risk and interest rate risk linked to a fixed rate borrowing in SEK (Sweden), DKK (Denmark) and EUR (Finland)
- a credit risk linked to the investment of excess liquidity (banks) and to microloan receivables
- an interest rate and credit risk linked to other lending and receivables
- a liquidity risk linked to servicing commitments that have been entered into

The company complies with the Group's principal risk management plan.

The Group's risk management is handled by a central finance department in accordance with guidelines set forth by the Board of Directors. The Group's finance department identifies, evaluates and hedges the financial risks in close cooperation with the different operating units.

Market risk

(i) Currency risk

A currency risk arises on trading transactions, balance sheet assets and liabilities and net investments in foreign companies.

(ii) Risk linked to floating interest rates and fixed rates

Folkia AS deposits its excess liquidity in the bank at a floating interest rate that is regularly adjusted. The company has short-term lending linked to microloans with fixed charges. The cash flow from loans to customers is on the whole independent of changes in the market interest rate. Cash flows from other receivables have mainly been entered into at a floating interest rate and the company's incomes will depend on the market interest rate.

Credit risk

A credit risk arises in transactions involving bank deposits, lending and microloans to customers.
The company has maximum loan limits for microloans and standard credit rating requirements, and has developed its own scoring model for the credit rating of private customers. Loans are not given to existing customers until previous loans have been repaid.

Liquidity risk

The management of the liquidity risk entails maintaining a sufficient stock of liquid assets.

The management monitors the Group's liquidity reserve, which consists of a loan facility and cash equivalents, through revolving forecasts based on the estimated cash flow. This is normally carried out at Group level.

Folkia AS
Notes to the 2009 Financial Statements

Note 9 Residual term to maturity as at 31 December

Assets	Up to 1 month	From 3-12 months	From 1 to 5 years	Without an agreed residual term to maturity	Total
Loans to and receivables from credit institutions*					
NOK				2.134.913	2.134.913
Loans to and receivables from customers					
NOK	308.191				308.191
Ownership in other Group companies					
foreign currency				69.814.960	69.814.960
Intangible assets					
NOK				1.218.750	1.218.750
Other assets					
NOK			567.293	79.342.768	79.910.061
foreign currency		24.931	655.264		680.195
Total assets	**308.191**	**24.931**	**1.222.557**	**152.511.391**	**154.067.069**
NOK	308.191		567.293	82.696.431	83.571.915
foreign currency		24.931	655.264	69.814.960	70.495.155

Equity and liabilities					
Other liabilities					
NOK	2.054.955	210.606			2.265.561
foreign currency	48.119				48.119
Equity					
NOK				151.753.389	151.753.389
Total equity and liabilities	**2.103.074**	**210.606**		**151.753.389**	**154.067.069**
NOK	2.054.955	210.606		151.753.389	154.018.950
foreign currency	48.119				48.119
Net liquidity exposure balance sheet items	**-1.968.383**	**-185.675**	**1.222.557**	**931.501**	**0**
NOK	-1.920.264	-210.606	567.293	-69.133.540	-70.697.117
foreign currency	-48.119	24.931	655.264	70.065.041	70.697.117

* Relates to bank accounts in various banks. See also note 13 relating to secured debt.

Folkia AS
Notes to the 2009 Financial Statements

Note 10 Period prior to the change in interest rate at 31 December

Assets	Up to 1 month	From 1 to 3 months	Items without interest rate exposure	Total
Loans to and receivables from credit institutions				
NOK	2.134.913			2.134.913
Loans to and receivables from customers				
NOK			308.191	308.191
Ownership in other Group companies				
foreign currency			69.814.960	69.814.960
Intangible assets				
NOK			1.218.750	1.218.750
Other assets				
NOK		73.805.484	6.104.576	79.910.060
foreign currency		655.264	24.931	680.195
Total assets	**2.134.913**	**74.460.748**	**77.471.408**	**154.067.069**
NOK	2.134.913	73.805.484	7.631.517	83.571.914
foreign currency		655.264	69.839.891	70.495.155

Equity and liabilities				
Other liabilities				
NOK			2.265.561	2.265.561
foreign currency			48.119	48.119
Equity				
NOK			151.753.389	151.753.389
Total equity and liabilities			**154.067.069**	**154.067.069**
NOK			154.018.950	154.018.950
foreign currency			48.119	48.119
Net liquidity exposure balance sheet items	**2.134.913**	**74.460.748**	**-76.595.661**	**0**
NOK	2.134.913	73.805.484	-146.387.433	-70.447.036
foreign currency		655.264	69.791.772	70.447.036

Note 11 Currency positions at 31 December

Currency	Balance sheet		
	Assets	***Equity and liabilities***	**Net position**
NOK	84.252.109	154.067.069	-70.065.041
SEK	28.904.993	0	28.904.993
DKK	7.149.454	0	7.149.454
EUR	33.760.513	0	34.010.594
Total	**154.067.069**	**154.067.069**	**0**

Folkia AS
Notes to the 2009 Financial Statements

Note 12 Capital adequacy at 31 December

Equity and subordinated loan capital

	2009	2008
Share capital	87.034.580	60.706.620
Other equity	64.718.809	64.420.041
Egenkapital	**151.753.389**	**125.126.661**
Deductions		
Intangible assets	-1.218.750	-1.595.000
Deferred tax assets	-4.899.832	-5.024.340
Core capital	**145.634.808**	**118.507.321**
Net equity and subordinated loan capital	**145.634.808**	**118.507.321**
Minimum requirement equity and subordinated loan capital		
Credit risk		
Of which:		
Institutions	1.191.120	1.248.640
Mass market commitments	39.520	96.400
Commitments that have fallen due	42.000	126.640
Other commitments	5.782.560	3.476.720
Total minimum requirement credit risk	**7.055.200**	**4.948.400**
Settlement risk	0	0
Currency risk	0	7.512.720
Total minimum requirement market risk	**0**	**7.512.720**
Operational risk	177.600	2.563.500
Minimum requirement equity and subordinated loan capital	**7.435.640**	**15.024.620**
Capital adequacy		
Capital adequacy ratio	161,08 %	63,1 %
Core capital adequacy ratio	161,08 %	63,1 %

Note 13 Secured debt and guarantees, etc.

Book value of assets provided as security for book liabilities

	2009	2008
Bank deposits – cash deposits	0	5.095.391
Total	**0**	**5.095.391**

In 2008, Folkia AS entered into an agreement regarding an uncommitted framework for forward exchange trading in return for security in a cash deposit. In 2009, this forward contract was sold.

Folkia AS has entered into a lease in Sweden on behalf of Folkia AB. This lease expires on 30 September 2011. The annual rent is NOK 1,404,000.

Note 14 Accounts receivable (microloans)

	2009	2008
Microloans	658.006	1.606.600
Impairment for probable losses on microloans	-349.815	-1.055.000
Net microloans	**308.191**	**551.600**

The fallen-due dates of the microloans were as follows at 31 December 2009:
These loans are to private customers. For a more detailed description of the credit risk, refer to the note on financial risk.

The fair value of loans are considered to be equal to book value, as all loans have short term to maturity and probable losses have been written down.

	2009	2008
Not fallen due	0	226.832
Fallen due 1-30 days ago	0	130.950
Fallen due 31-60 days ago	32.441	90.050
Fallen due 61-90 days ago	20.132	280.328
Fallen due more than 90 days ago	605.433	878.440
Total	**658.006**	**1.606.600**

At 31 December 2009, the provisions were NOK 349.815.

The movements in the provisions for the impairment of accounts receivable are as follows:

	2009	2008
Specified loan loss provisions at 1 January	1.055.000	0
Ascertained loss during the year for which provisions have	0	0
previously been made	0	0
Increased specified loan loss provisions during the year	0	0
New specified provisions during the year	79.000	1.055.000
Write-back of specified loan loss provisions during the period	-784.185	0
Specified loan loss provisions at 31 December	**349.815**	**1.055.000**

	2009	2008
Unspecified loan loss provisions at 1 January	0	0
Unspecified loan loss provisions during the period	0	0
Unspecified loan loss provisions at 31 December	0	0

	2009	2008
The change in specified loan loss provisions during the period	79.000	1.055.000
The ascertained losses during the period for which specified loan loss provisions have been made in previous years	- 259.166	0
The loss costs for the period	**-180.166**	**1.055.000**

The amount recognised in the provisions account is written off when there is no expectation of recovering additional cash. The maximum credit risk exposure on the reporting date is the fair value of the accounts receivable stated above. The company has no charge granted as security.

Note 15 Other receivables

	2009	2008
Loans to Group companies	73.805.484	66.108.073
Intercompany accounts with Group companies	637.453	272.490
Loans to Dansk Finansieringskompagni ApS (DFK)	0	11.660.389
Pre-paid investment in DFK, including capitalised acquisition costs	0	7.149.454
Capitalised acquisition costs Monetti Oy	0	4.343.293
Pre-paid costs and deposits	1.247.487	717.453
Accruals	0	0
Other receivables	0	750.000
Total other receivables	**75.690.424**	**91.001.152**

Other receivables do not contain impaired assets.

Loans to Group companies are used to finance the operations of Folkia AB. The loans have no agreed term to maturity, the interest rate is 8% and the loan agreements contain a contractual clause stating that the borrower cannot provide the loan portfolio, based on this liquidity, as security to a third party. The balance includes accrued interest.

Loans have been given to DFK and Monetti Oy in connection with the acquisition of this company. The loans have no agreed term to maturity, the interest rate is 10% and the loan agreements contain a contractual clause stating that the borrower cannot provide the loan portfolio, based on this liquidity, as security to a third party. The balance includes accrued interest.

Capitalised acquisition costs equal NOK 456.464. These relate to the acquisition of the Monetti Oy subsidiary (Finland/Estonia), with accounting effect for the Group (closing) in January 2009.

Note 16 Tax

The tax payable for the year is calculated as follows:	**2009**	**2008**
Change in deferred tax assets	-124.508	2.791.360
Tax on the result on ordinary operations	-124.508	2.791.360

Reconciliation from the nominal to the actual tax rate	**2009**	**2008**
Result for the year	423.277	-10.083.574
Estimated income tax according to the nominal tax rate	118.517	-2.823.401
The tax effect of the following items:		
Non-deductible expenses	5.991	32.042
Tax	**124.508**	**-2.791.360**
Effective tax rate	**29,4%**	**27,7 %**

Specification of the tax effect of temporary differences and carry-forward loss:

	2009		**2008**	
	Benefit	**Obligation**	**Benefit**	**Obligation**
Financial derivatives	0	0	1.631.516	0
Receivables	97.948	0	295.400	0
Carry-forward loss	4.801.883	0	3.097.424	0
Total	**4.899.832**	**0**	**5.024.340**	**0**
Net deferred tax assets in the balance	**4.899.832**		**5.024.340**	

The deferred tax assets are stated on the basis of future revenues.

Note 17 Other operating expenses

Specification of other operating expenses	2009	2008
Fees services/external advisors	6.404.879	5.481.870
Leasing of premises	663.180	630.067
Other costs	1.397.296	1.519.383
Total	**8.465.355**	**7.631.320**

The fees relate to financial and legal assistance in connection with acquisitions, etc, audits and accounting.

The leasing of premises relates to the leasing of the Regus Business Centre.

Note 18 Other liabilities

Specification of other liabilities	2009	2008
Foreign currency loan SEK	0	432.096
Accounts payable	487.937	951.631
Govt. charges and special taxes	416.913	864.337
Salaries owed, etc	1.408.829	641.160
Total	**2.313.680**	**2.889.225**

Note 19 Events after balance sheet day

The Group is going through a resturcturing process. The acquisitions of DFK Holding ApS and its subsidiary Dansk Finansieringskompagnie ApS and of Monetti OY and its subsidiary Monetti AS were carried out in January 2009 following approval by Kredittilsynet (the Financial Supervisory Authority of Norway). As a prerequisite for these approvals, Kredittilsynet stipulated that the companies must be converted into branches of Folkia AS. These conversions are expected to take place at the end of the second quarter of 2010.