



Arrow Global Guernsey Holdings Limited ("Arrow Global" or "the Group" or "the Company")

Arrow Global, a leading data-driven purchaser of defaulted consumer debt in the UK and Portugal, is pleased to announce its results for the three months ended 31 March 2013 which saw it acquire debt portfolios with a face value of £804.7 million and increase assets under management to £8.6 billion including purchased portfolios of £6.6 billion.

Financial Highlights

- Total revenue up 44.7% to £22.0 million (Q1 2012: £15.2 million).
- Adjusted EBITDA up 31.9% to £19.0 million (Q1 2012: £14.4 million).
- Adjusted EBITDA ratio 69.4% (Q1 2012 69.8%).
- Total collections¹ up 18.3% to £30.4 million (Q1 2012: £25.7million).
- Core collections² up 33.0% to £27.4 million (Q1 2012: £20.6 million).
- 84-month Estimated Remaining Collections ('ERC') up 54.1% to £507.2 million at 31 March 2013 (31 March 2012: £329.1 million).
- 120-month ERC up 54.6% to £590.6 million at 31 March 2013 (31 March 2012: £381.9 million).
- Successfully raised £220 million with issue of 7.875% coupon senior secured notes due 2020.
- Net debt at 31 March 2013: £200.8 million, with a leverage ratio (net debt/84-month ERC) of 39.6%.

Operating Highlights

- Acquired UK debt portfolios with face value of £804.7 million for a purchase price of £33.4 million with 91% of purchase price underpinned by paying accounts.
- Following these investments the total assets under management has increased to £8.6 billion at 31 March 2013 (31 December 2012: £7.6billion).
- Owned customer accounts increased to 4.7 million accounts (31 December 2012: 3.6 million accounts).
- The current paying face value of accounts that have paid Arrow Global in the last three months has increased to £1.0 billion at 31 March 2013, representing two times 84-Month ERC.
- Q2 2013 started strongly with the completion of four portfolios including a significant UK financial services portfolio, an acquisition from BNP Paribas Personal Finance of Effico Portugal's assets and a second investment in student loans.

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- Arrow Global continues to invest in new data sources including the extension of its strategic relationship with Experian to 2023.
 - During the period Arrow has continued to work with new contributors to its Pilot Collections Bureau³ (“PCB”) increasing its access to 12 million records at 31 March (1 December 2012: 11 million records).

Tom Drury, Chief Executive of Arrow Global, commented:

“I am delighted to announce an excellent performance by Arrow Global in the first quarter of the current financial year. Core collections were up 33% and adjusted EBITDA was up 32% as we maintained our Adjusted EBITDA ratio at 69%. In what is traditionally a quiet quarter, we added debt portfolios with a face value of £805 million, bringing the face value of assets under management to £8.6 billion, including purchased portfolios of £6.6 billion. In addition 84-month and 120-month ERC increased substantially to £507 million and £590 million respectively.

“Our stated strategy is to utilise our data capability to invest in portfolios underpinned by paying accounts, with the opportunity to convert non-paying accounts. In line with this we have invested £33.4m in acquiring one million accounts at an average price of 16.2p for paying accounts and 0.5p for non-paying accounts. We believe this approach provides the best means of optimising our risk adjusted returns as evidenced in our cumulative gross collections being 103% of our underwriting projection.

“We continue to build our data assets, including our PCB, which had 12 million records at 31 March. This is highly beneficial to our business, enabling us to provide a better service to the customer, in line with current guidelines, as well as to make better informed decisions when pricing new portfolios. We welcome the industry move to the FCA in April 2014 and are continuing to invest in our strong conduct risk management culture so that we can lead in compliance and best practice.

“The successful placing of our £220 million bond in January was an important strategic step for the Group, increasing our financial strength and giving us the liquidity and flexibility to continue to expand our business, including into Europe. Together with similar bond issues from other leading players, it also demonstrates that capital markets recognise the extent to which our industry has matured.

“Q2 has started strongly. With our data-driven approach, established creditor relationships and highly scalable platform we believe that we are well positioned to benefit from an increasing flow of attractive portfolio opportunities coming to market.”

30 May 2013

Notes:

1. Total collections – core collections plus collections from third party assets under management.
2. Core collections – collections on our purchased loan portfolios
3. Developed in conjunction with Experian, the PCB is one of the UK’s first debt collection bureaus. Arrow Global uses the data capability within the PCB to maximise underwriting accuracy and to optimise collections by matching missing and incomplete customer data.

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There will be a conference call for investors today at 3pm (UK time). Dial in details below:

Participant Dial-In Number: 0800 6940257
Participant Dial-in International: +44 (0) 1452 555566
Conference ID: 87406568

**About Arrow Global (for further information please visit the company website:
www.arrowglobal.net)**

Arrow Global is a leading data-driven purchaser of defaulted consumer debt in the UK and Portugal, with £8.6 billion under management, including £6.6 billion of purchased assets.

One of the largest, fastest growing and most innovative debt purchasers in Europe, Arrow Global is committed to facilitating positive outcomes, and strongly believes that what is good for the customer is also good for business. Its intensive data analysis, account segmentation and compliance focused and customer centric business model help to ensure that each customer is offered the most suitable solution for their individual circumstances.

Forward looking statements

This announcement contains statements that constitute forward-looking statements relating to the business, financial performance and results of the Company and the industry in which the Company operates. These statements may be identified by words such as “expectation”, “belief”, “estimate”, “plan”, “target”, or “forecast” and similar expressions or the negative thereof; or by forward-looking nature of discussions of strategy, plans or intentions; or by their context. All statements regarding the future are subject to inherent risks and uncertainties and various factors could cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this document or the underlying assumptions. The forward-looking statements in this document speak only as at the date of this document and the Company assumes no obligation to update or provide any additional information in relation to such forward-looking statements.

BUSINESS & FINANCIAL REVIEW

Business Review

	31-Dec-12	31-Mar-13	31-Mar-12
	£m	£m	£m
84-month ERC	464.4	507.2	329.1
120-month ERC	551.3	590.6	381.9
Purchases of loan portfolios	83.9	33.4	6.9
Number of accounts (thousand)	3562	4737	3289
Number of loan portfolios	96	99	78
Core collections	88.7	27.4	20.6
Collection activity costs	19.6	6.1	4.7
Collection activity cost ratio (%)	22.1%	22.4%	22.6%
Adjusted EBITDA	61.9	19.0	14.4
Adjusted EBITDA ratio	69.8%	69.4%	69.9%

ERC and portfolio acquisitions

At 31 March 2013, 84-Month ERC and 120-Month ERC have increased to £507.2 million and £590.6 million, respectively, as compared to £329.1 million and £381.9 million, respectively, as at 31 March 2012. Of the 84-month ERC at 31 March 2013 of £507.2 million, 93% was in the UK consisting of 89 loan portfolios and 7% was in Portugal consisting of 10 loan portfolios. 84% of the ERC was in financial services assets, which are of higher average balance and have a longer tail.

During Q1 2013, we acquired debt portfolios with a face value of £804.7 million for a purchase price of £33.4 million. 91% of the purchase price is underpinned by £188m of paying face value accounts mitigating the downside risk whilst using our data asset to penetrate the £617m of non-paying accounts.

	Face Value	Purchase Price	% of Investment
Paying Accounts	£188m	16.2p	91%
Non-paying accounts	£617m	0.5p	9%
Total	£805m	4.2p	100%

These acquisitions, net of amortisation, have increased the balance sheet value of our purchased loan portfolios to £237 million at 31 March 2013 (31 December 2012: £208million).

Collections

Core collections for the quarter increased to £27.4 million (Q1 2102: £20.6 million), reflecting the increased size of our loan portfolios. Collections for the quarter are in line with our ERC forecast and cumulatively 103% of our original underwriting forecast.

Funding

In January 2013, we raised £220m with the issue of senior secured notes ("the Bond") with a coupon of 7.875% and a maturity date of 2020. The proceeds of the Bond were used for the repayment of existing liabilities with residual cash of £40m for use in operating activities. In addition, our £40m Revolving Credit facility remained undrawn at 31 March 2013.

Financial Review

Revenue

During the quarter ended 31 March 2013, total revenue increased to £22.0 million (Q1 2012: £15.2 million), due mainly to a significant rise in income from purchased loan portfolios to £19.0 million (Q1 2012: £14.6 million) and a portfolio write-up of £2.6 million during the period, driven by the strong performance of the portfolios purchased in 2011.

Operating profit

Operating profit increased to £13.1 million (Q1 2012: £8.0 million), due to the increase in revenue driven by our core collections. Our collection activity cost ratio has been maintained, driving the increase in Adjusted EBITDA to £19.0 million (Q1 2012: £14.4 million) with an Adjusted EBITDA ratio at 69.4% (Q1 2012: 69.8%).

Finance costs

Finance costs were £0.7 million higher at £5.1 million (Q1 2012: £4.3 million) due primarily to interest on bond financing of £3.0 million, following the placing of the £220 million Bond in January. This was partially offset by a £2.1 million reduction in shareholder interest expense to £1.3 million (Q1 2012: £3.5 million). The shareholder loans were repaid or converted into equity on issuance of the Bond. Our cash cover ratio (Adjusted EBITDA/bond interest) was 3.8 times for the quarter ended 31 March 2013.

Profit / (Loss) before Tax

After taking into account Bond issuance and restructuring costs of £8.8 million our loss before tax for the quarter ended 31 March 2013 was £0.8 million (Q1 2012 profit: £3.6 million).

Taxation

The taxation charge on ordinary activities decreased by £0.2 million to £0.3 million (Q1 2012: £0.4 million).

Profit / (Loss) for the year attributable to equity shareholders

After taking into account the Bond issuance and restructuring costs of £8.8 million, our loss for the year attributable to equity shareholders was £1.1 million (Q1 2012 profit: £3.3 million).

Cash flow and net debt

Net cash flow from operating activities before purchases of purchased loan portfolios increased to £8.9 million (Q1 2012: £8.6 million). Following the Bond issue and the repayment of shareholder loans and bank loans, at 31 March 2013 net debt was £200.8 million (31 December 2012: £90.4 million). Our leverage ratio (Net Debt/84-month ERC) was 39.6%.

Recent Developments

Q2 2013 started strongly, with the completion of four portfolios including a significant UK financial services portfolio and the acquisition from BNP Paribas Personal Finance of Effico's assets and a second investment in student loans. We also extended our strategic contract with Experian to 2023 and increased the number of records in the PCB, giving us access to 12 million customer records.

Outlook

We have continued to invest in building our data analysis, risk and compliance teams to ensure that we remain at the forefront of the industry, and during the quarter we increased our head count from 97 to 102 full time, highly skilled employees.

With our data-driven approach, established creditor relationships and highly scalable platform, we believe that we are well positioned to benefit from an increasing flow of attractive portfolio opportunities coming to market. We look forward to the future with confidence.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months to 31 March 2013

	<i>Note</i>	Year Ended 31 December 2012 £000	3 Months Ended 31 March 2013 £000	3 Months Ended 31 March 2012 £000
Continuing operations				
Revenue				
Income from purchased loan portfolios	5	62,261	19,029	14,591
Portfolio write up		1,241	2,610	-
Profit/(loss) on portfolio and loan note sales		520	-	-
		64,022	21,639	14,591
Income from asset management		1,818	375	591
Total revenue		65,840	22,014	15,182
Operating expenses				
Collection activity costs		(19,645)	(6,115)	(4,653)
Professional fees and services		(3,162)	(783)	(447)
Other expenses		(9,817)	(2,065)	(2,103)
Total operating expenses		(32,624)	(8,963)	(7,203)
Operating profit (Pre-exceptional Costs)		33,216	13,051	7,979
Exceptional Costs		(1,879)	(8,795)	-
Operating profit (Post-exceptional Costs)	5	31,337	4,256	7,979
Finance costs	6	(19,189)	(5,052)	(4,339)
Profit before tax		12,148	(796)	3,640
Taxation charge on ordinary activities		(2,736)	(337)	(384)
Profit for the year attributable to equity shareholders		9,412	(1,133)	3,256
Foreign exchange translation difference arising on revaluation of foreign operations		133	42	263
Total comprehensive income for the year attributable to equity shareholders		9,545	(1,091)	3,519

UNAUDITED CONSOLIDATED BALANCE SHEETS

As at 31 March 2013

<i>Assets</i>	<i>Note</i>	31-Dec-12 £000	31-Mar-13 £000	31-Mar-12 £000
<i>Non-current assets</i>				
Goodwill		1,968	1,968	1,968
Other intangible assets		1,755	1,773	2,029
Property, plant & equipment		252	222	360
Purchased loan portfolios	9	163,079	185,450	118,058
Deferred tax asset		9	9	139
Total non-current assets		167,063	189,422	122,554
<i>Current assets</i>				
Cash and cash equivalents		9,610	19,193	9,369
Other receivables	7	7,006	8,707	5,668
Derivative asset		143	31	70
Purchased loan portfolios	9	45,092	51,278	32,644
Current tax asset		38	-	-
Total current assets		61,889	79,209	47,751
<i>Total purchased loan portfolios</i>	9	<i>208,171</i>	<i>236,728</i>	<i>150,702</i>
Total assets		228,952	268,631	170,305
<i>Equity</i>				
Share capital		10	30,536	10
Share premium		3	3	3
Retained earnings/(deficit)		12,868	11,735	6,712
Translation reserve		(326)	(284)	(196)
Total equity attributable to shareholders		12,555	41,990	6,529
<i>Liabilities</i>				
<i>Non-current liabilities</i>				
Non-controlling interest loan		2,619	-	2,351
Bank loan		97,381	-	60,466
Shareholders' loan		106,585	-	95,158
Bond financing	10	-	214,631	-
Total non-current liabilities		206,585	214,631	157,975
<i>Current liabilities</i>				
Trade and other payables	8	7,728	10,227	3,294
Derivative liability		451	499	-
Current tax liability		1,633	1,284	2,507
Total current liabilities		9,812	12,010	5,801
Total liabilities		216,397	226,641	163,776
Total equity and liabilities		228,952	268,631	170,305

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months to 31 March 2013

	Ordinary shares*	Share premium	Retained earnings	Translation reserve	Total
Balance at 31 December 2011	10	3	3,456	(459)	3,010
Profit for the year	-	-	9,412	-	9,412
Exchange differences	-	-	-	133	133
Total comprehensive income for the year	-	-	9,412	133	9,545
Balance at 31 December 2012	10	3	12,868	(326)	12,555
Share issue	30,526				30,526
Profit for the period	-	-	(1,133)	-	(1,133)
Exchange differences	-	-	-	42	42
Total comprehensive income for the year	-	-	(1,133)	42	(1,091)
Balance at 31 March 2013	30,536	3	11,735	(284)	41,990

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months to 31 March 2013

	Year Ended 31 December 2012 £000	3 Months Ended 31 March 2013 £000	3 Months Ended 31 March 2012 £000
Cash flows from operating activities	<i>Note</i>		
Profit/(loss) before tax	12,148	(796)	3,640
Non-cash movements:			
Portfolio write up	(1,241)	(2,610)	-
Income on purchased loan portfolios	(62,261)	(19,029)	(14,591)
(Profit)/loss on disposal of purchased loan portfolios	(520)	-	-
Amortisation of legal acquisition fees	230	2,725	179
Depreciation and amortisation	835	180	137
Increase in rolled up interest on shareholders' loans	14,882	1,291	3,454
Increase in rolled up interest on non-controlling interest loans	349	31	117
Foreign exchange losses/(gains)	348	(152)	44
Loss/(gain) on fair values on derivatives	424	160	460
Operating cash flows before movement in working capital	(34,806)	(18,200)	(6,560)
Increase in other receivables	(1,602)	(1,701)	125
Increase/(decrease) in trade and other payables	31	2,499	(4,403)
Payment of deferred consideration	(1,065)	-	(1,065)
Collections in the year	88,720	27,353	20,603
Proceeds from disposal of purchased loan portfolios	1,137	-	-
Cash generated by operations	52,415	9,951	8,700
Income taxes and overseas taxation paid	(3,173)	(1,087)	(52)
Net cash flow from operating activities before purchases of purchased loan portfolios	49,242	8,864	8,648
Purchases of purchased loan portfolios	(84,431)	(33,585)	(6,942)
Net cash used in operating activities	(35,189)	(24,721)	1,706
Investing activities			
Purchase of property, plant and equipment	(40)	(4)	(6)
Purchase of intangible assets	(679)	(164)	(398)
Net cash used in investing activities	(719)	(168)	(404)
Financing activities			
Proceeds from additional loans	92,921	1,884	9,202
Proceeds from Bond (net of capitalised transaction fees)	-	214,500	-
Repayment of bank loan	(53,814)	(101,859)	(7,589)
Repayment of shareholder loans	-	(80,000)	-
Net cash flow generated by financing activities	39,107	34,525	1,613
Net increase/(decrease) in cash and cash equivalents	3,199	9,636	2,915
Cash and cash equivalents at beginning of year	6,440	9,610	6,440
Effect of exchange rates on cash and cash equivalents	(29)	(53)	14
Cash and cash equivalents at end of period	9,610	19,193	9,369

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The annual financial statements of Arrow Global Guernsey Holdings Limited are prepared in accordance with IFRSs as adopted by the European Union. The group's interim results for the 3 months ended 31 March 2013 were approved by the board of directors on 1 May 2013, and have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those disclosed in the annual report for the year ended 31 December 2012.

The financial information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of those accounts has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

2. Going Concern

The financial statements have been prepared under the going concern basis, which the Directors believe to be appropriate. The Directors are satisfied that the Group has adequate resources to continue to trade for the foreseeable future and the going concern basis continues to be appropriate for preparing the financial statements. In making this assessment, detailed trading forecasts have been prepared which support the going concern assumptions being applied. The decline in the economic climate has seen increased amounts of charged-off, unsecured debt being placed into the marketplace by large financial institutions and this trend looks set to continue for the foreseeable future. This presents an opportunity for the Group to acquire portfolios of debt during this time for purchase considerations significantly lower than the debt's face value.

In January 2013, Arrow Global Finance plc, a public limited company was incorporated and issued a bond for £220,000,000 of senior secured notes. The proceeds of the bond were used for the repayment of existing liabilities with residual cash of £40m for use in operating activities.

3. Critical Accounting Policies and Estimates

The Group's significant accounting policies are described below. The application of these accounting policies requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for turnover and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. On an ongoing basis, we evaluate our estimates, which are based on historical experience and market and other conditions, and on assumptions that we believe to be reasonable. We have chosen to highlight certain policies that we consider critical to the operations of our business and understanding our consolidated financial information. The following areas are considered to involve a significant degree of judgment or estimation.

Revenue recognition

Purchased loan portfolios are financial instruments that are accounted for under IAS 39 and are measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a purchased loan portfolio and of allocating interest income over the expressed life of the portfolio; the allocated interest income is recorded as income from purchased loan portfolios in the financial statements. The EIR is the rate that exactly discounts estimated future purchased portfolio cash receipts through the expected life of the purchased portfolio asset. The EIR is determined at the time of purchase of the loan portfolio and then refreshed after 12 months although this adjustment has historically not resulted in any material impact on income from purchased loan portfolios.

3. Critical Accounting Policies and Estimates (*continued*)

Cash flow forecasts

Estimates of cash flows that determine the effective interest rate are established for each purchased portfolio over 12 months old and are based on our collection history with respect to portfolios comprising similar attributes and characteristics such as date of purchase, original credit grantor, type of receivable, customer payment histories, customer location, and time since original charge-off. Revaluations of portfolios are based on the 84-month estimated remaining collections ("ERC"). The ERC is updated with the actual collections experience to date on a monthly basis using a proprietary model. ERC represents an estimate of the undiscounted cash value of our purchased loan portfolios as a point in time.

Revenue on assets under management

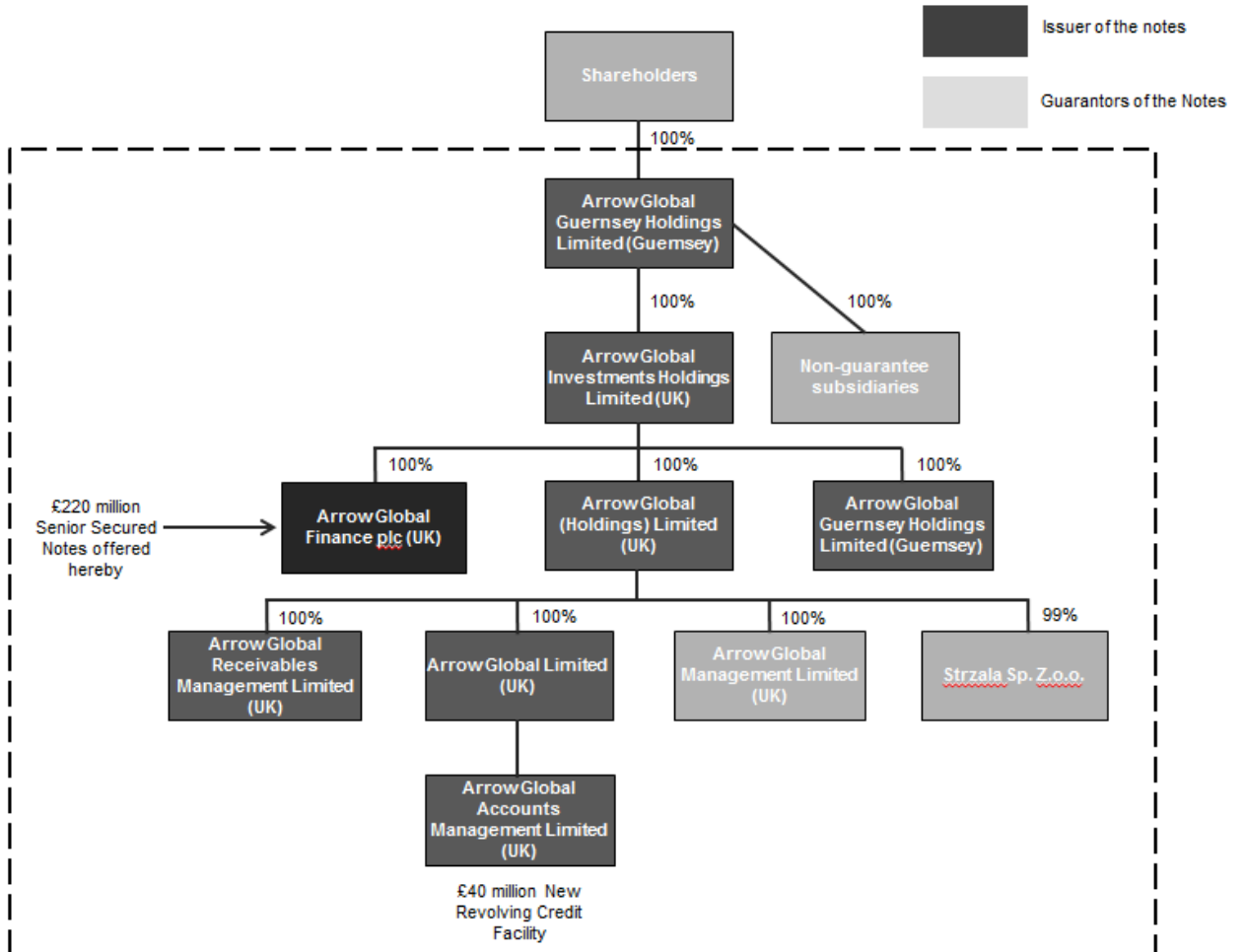
In accordance with IAS 18, we recognise revenue on our managed services contracts when it is probable that the economic benefits associated with the transaction will be received and the amount can be measured reliably. The right to receive such revenue is measured in reference to services rendered based on the stage of completion, regardless of milestone payments received.

Impairment of purchased loan portfolios

The portfolios are reviewed for any possible indications of impairment at the balance sheet date in accordance with IAS 39. Where portfolios exhibit objective evidence of impairment, an adjustment is recorded to the carrying value of the portfolio. If the forecast portfolio collections exceed initial estimates, a portfolio basis adjustment is recorded as an increase to the carrying value of the portfolio and is included in income from purchased loan portfolios. Where portfolios have been newly acquired, we identify an incubation period, during which time the portfolio is reviewed for signs of impairment but for which the EIR is not formally set. The incubation period lasts for no more than 12 months subsequent to acquisition date of the portfolio.

4. Corporate structure

At 31 March 2012, Arrow Global's corporate structure was as follows:



5. Reconciliations to Adjusted EBITDA

Reconciliation of Net Cash Flow to adjusted EBITDA	Year Ended 31December 2012 £000	3 Months ended 31 March 2013 £000	3 Months ended 31 March 2012 £000
Net cash flow used in operating activities	(35,189)	(24,721)	1,706
Purchases of loan portfolios	84,431	33,585	6,942
Proceeds from disposal of loan portfolios	(1,137)	-	-
Income taxes paid	3,173	1,087	52
Working capital adjustments	2,406	(361)	5,178
Profit/(loss) on disposal of purchased loan portfolios	520	-	-
(Loss)/gain on fair value derivatives	(424)	(160)	(460)
Amortisation of acquisition and bank facility fees	2,323	231	212
Foreign exchange (gains)/losses	a) 451	(205)	(14)
Interest payable	3,507	720	768
Exceptional costs	b) 1,879	8,795	-
Adjusted EBITDA	61,940	18,971	14,384

Reconciliation of Core Collections to adjusted EBITDA	Year Ended 31December 2012 £000	3 Months ended 31 March 2013 £000	3 Months ended 31 March 2012 £000
Income from loan portfolios	62,261	19,029	14,591
Portfolio amortisation	26,459	8,324	6,012
Core collections	88,720	27,353	20,603
Profit/(loss) on portfolios	520	-	-
Other income	1,818	375	591
Operating expenses	(34,503)	(17,758)	(7,203)
Depreciation and amortisation	835	180	137
Foreign exchange (gains)/losses	a) 348	(205)	44
Amortisation of acquisition and bank facility fees	2,323	231	212
Exceptional costs	b)		

	1,879	8,795	-
Adjusted EBITDA	61,940	18,971	14,384
Reconciliation of Operating Profit to adjusted EBITDA	Year Ended 31 December 2012	3 Months ended 31 March 2013	3 Months ended 31 March 2012
Profit/(loss) for the period attributable to equity shareholders	9,412	(1,133)	3,256
Interest expense	19,189	5,052	4,339
Taxation charge on ordinary activities	2,736	337	384
Operating profit	31,337	4,256	7,979
Portfolio amortisation	c) 26,459	8,324	6,012
Portfolio write-up	(1,241)	(2,610)	-
Depreciation and amortisation	835	180	137
Foreign exchange (gains)/losses	a) 348	(205)	44
Amortisation of acquisition and bank facility fees	2,323	231	212
Exceptional costs	b) 1,879	8,795	-
Adjusted EBITDA	61,940	18,971	14,384

a) Foreign exchange (gains)/losses include costs related to the retranslation of euro-denominated loan portfolios.

b) Exceptional costs include items that, by virtue of their nature, are not considered to be representative of the performance of our business. We believe these amounts should be disclosed separately to assist in the understanding of our liquidity and performance. For the year ended December 31, 2012 these costs included £1.6 restructuring costs and £0.3m employee exceptional costs. For the 3 months to March 31, 2013 these costs included £4.9m in relation to the Bond issuance, £0.9m in RCF cancellation fees and £3.0m in RCF arrangement and legal fee write offs.

c) Portfolio amortization represents Core Collections in excess of income from purchased loan portfolios.

6. Finance costs

	Year Ended 31 December 2012 £000	3 Months Ended 31 March 2013 £000	3 Months Ended 31 March 2012 £000
Interest on minority interest loans	349	31	117
Interest on bank loans	3,507	701	768
Interest on Bond financing	-	2,962	-
Other interest	-	19	-
Shareholder interest expense	14,882	1,291	3,454
Total interest expense	18,738	5,004	4,339
Fair value losses on interest rate swaps	451	48	-
	19,189	5,052	4,339

7. Other receivables and prepayments

	31-Dec-12 £000	31-Mar-13 £000	31-Mar-12 £000
Prepayments	5,742	7,007	4,660
Other debtors	1,219	1,654	967
Deposits	45	46	42
	7,006	8,707	5,668

8. Trade and other payables

	31-Dec-12 £000	31-Mar-13 £000	31-Mar-12 £000
Trade payables	3,146	4,006	1,706
Taxation and social security	69	141	209
Other liabilities and accruals	4,513	6,081	1,379
	7,728	10,227	3,294

9. Purchased loan portfolios

	31-Dec-12 £000		31-Mar-13 £000		31-Mar-12 £000
As at 1 January	150,005		208,171		150,005
Portfolios acquired during the year	84,431	2)	33,585	1)	6,942
Collections in the year	(88,720)		(27,353)		(20,603)

Income from purchased loan portfolios	62,261	19,029	14,591
Exchange gain on purchased loan portfolios	(200)	686	(233)
Amortisation of legal acquisition fees on portfolios	(230)	-	-
Disposal of purchased loan portfolios	(617)	-	-
Portfolio write up	1,241	2,610	-
As at 31 December	208,171	236,728	150,702

(1) March 2013 portfolio acquisitions includes £152k of portfolio costs capitalisation.

(2) 2012 portfolio acquisitions includes £453k of portfolio costs capitalization.

10. Bond covenants

In January 2013, Arrow Global Finance plc, a public limited company was incorporated and issued a bond for £220,000,000 of senior secured notes ("the bonds") with a coupon of 7.875% and a maturity date of 2020. The principal covenants relating to this issue are as follows:

	Covenant	31 March 2013
SLTV ¹	25%	-
LTV ²	75%	39.6%

Notes:

1. Net drawn position of revolving credit facility less cash on balance / 84-Month ERC.
2. Net debt / 84-Month ERC.