



TrustBuddy International AB

Company Description 2011

Disclaimer

References to “the Company Description” pertain to this document containing information for investors in conjunction with the Company’s application of admission to trading on NASDAQ OMX Stockholm AB’s First North list (“First North”). The Company Description has not been registered or approved by any governmental or regulatory agency in Sweden. The Company Description has been prepared by the Board of Directors of TrustBuddy International AB (“TrustBuddy”) as information for the shareholders before the intended listing of the Company on the First North list. The shares are not subject to trade or distribution or application in any other country than Sweden. In consequence, the shares are not registered for trade or distribution in the USA, Canada or any other country than Sweden. This Company Description may not be distributed to, or within, any country in which such distribution requires any additional registrations, filings, review or other measures than those required under Swedish law. Any and all information in this Company Description shall be carefully considered, particularly the specific factors mentioned in the sector “Risk factors”. Statements in this Company Description regarding future prospects or other future conditions are made by the Company and based on current market conditions and other current factors. Such statements, as all statements regarding the future, are subject to uncertainty. This Company Description also contains information regarding market growth, market development and industry estimates, including information regarding the size of the markets on which the Company is operating. That information is based on the Company’s knowledge about its operations and markets and on information compiled by a number of external sources. The Company believes that such external sources are credible, but has not made any independent verification of information provided from them. Therefore, there can be no assurance that such information is accurate or complete. Some numbers and amounts in this Company description have been rounded up. Any dispute regarding the contents of this Company Description or any related legal issues shall be subject to Swedish substantive law and be settled exclusively by the Swedish public courts.

First North Disclaimer

First North is an alternative marketplace operated by an exchange within the OMX group. Companies on First North are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a Company on First North may therefore be higher than investing in a company on the main market. All Companies with shares traded on First North have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

Definitions and Abbreviations:

TrustBuddy or the Company:

TrustBuddy International AB with corporate registration number 556510-9583.

Mangold Fondkommission:

Mangold Fondkommission AB, corporate registration number: 556585-1267

Financial Calendar:

Quarterly report for Q2:

31st of August 2011

Quarterly report for Q3:

30th of November 2011

Preliminary report:

28th of February 2012

Annual general meeting:

26th of June 2012

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Summary

TrustBuddy International AB, a Swedish P2P lending facilitation company uses in-house developed technology and proprietary mobile-/web-based financing solutions which facilitates smaller short-term loans between private consumers. The company does not lend out its own money, pooled loan-portfolio investors provide funding. TrustBuddy has already reached close to 40,000 registered members in Norway and Sweden, of which more than 20,000 are active customers. The business model is to charge fees on the facilitation process, whereby charges occur throughout the application process, through repayment or debt collection, and through administration fees, collection fees and premium SMS revenues. The business is conducted in the subsidiary, TrustBuddy AB. The parent company, TrustBuddy International AB, will soon as the company full-fills all the listing requirements be listed on NASDAQ OMX First North.

The online P2P lending market has been in massive growth since 2005. A multitude of providers exist, which all have similar products, both web based, SMS-based and/or MobileApp-based. A few have become international giants (i.e. Prosper.com, Lendingclub.com and Zopa.com), but most are small to medium sized local companies.

TrustBuddy owns its proprietary software, websites and brands. The main customer interface is two-way communication software, linking TrustBuddy's CRM-systems, customer databases, credit checks and payments. The software is using an open MS-based interface. The software receives the loan applications by SMS, determining and checking the client for personal credentials through the BankID system, checking credit-worthiness with the linked third-party credit-check, and cross-referencing the information, before declining or issuing loans. There are no physical offices available to the public, and the transactions TrustBuddy facilitate are not human-labor intensive, so launches in new countries is basically a matter of technology and local licensing.

TrustBuddy is online in Sweden, Norway and Slovenia. In 2011, TrustBuddy will go online in Germany, Denmark and Austria.

Background and reasons

TrustBuddy AB, a subsidiary to TrustBuddy International AB, was founded in 2009. TrustBuddy AB is registered as a "financial institute", with the Swedish Finance Authority "Finansinspektionen". Both the subsidiary and the parent company have its main office in Stockholm. TrustBuddy AB bought and fully incorporated the Loanland portfolio in late 2010.

360 Holding AB (publ) is a Swedish company, listed on the NASDAQ First North stock exchange in Stockholm. 360 Holding's primary business is online gaming where the company owned or licensed poker sites, casino sites, arbitrary gaming software solutions, sports betting, professional poker staking software, and a range of brand names. Since its listing in 2007, when 360 Holding's valuation was as high as SEK 140 million, the company has been through numerous challenges. The share price has declined steady since the listing as an effect of these challenges. These challenges include lack of

profitability, failed marketing and performance-increasing efforts, failed purchases, key shareholders coming into financial problems and dumping their shares in the marketplace, and a general setback in the segments of gaming they were most active within. A reduction in market value from SEK 140 million to SEK 5 million has meant that refinancing, recouping lost values and company reconstruction efforts have all failed. Attempts of rescue were further halted by the company debt being higher than the value of the assets, making it impossible to sell parts of the company to salvage the remaining parts.

In the spring of 2011 the management of the 360 Holding decided to change their business idea in order to protect the remains of shareholder values. This was done by changing the fundamentals of the company. This meant selling out current assets and bringing something new into the company by leveraging their position as a listed entity with close to 500 shareholders, their tax-deductible losses and their market position. With a debt of more than twice the value of the whole company, management reached a hard-fought agreement with its creditors whereby debt and assets were exchanged and the company avoided being bankrupted, paving the way for a reverse merger opportunity. Carrying the listing and company credentials forward, the company reached an agreement with TrustBuddy to purchase all the shares in TrustBuddy, utilizing their current customer base of more than 50,000 customers and their position as a listed company in order to recoup more value than the company was previously priced at while simultaneously reducing the debt from SEK 11.6 million to zero. The deal was closed the 1st of July 2011, creating new hope and new values in all the involved companies, and favoring existing shareholders. 360 Holding's management and board of directors have stepped down and have been replaced by TrustBuddy's current management and board of directors. All previous business is removed from 360 Holding, and 360 Holding has as of the 1st of July 2011 become TrustBuddy International AB. TrustBuddy International AB will be, if the company full-fills First North's listing requirements, listed on First North. The business is conducted in the subsidiary, TrustBuddy AB.

The reason for the decision to apply for admission to trading

TrustBuddy has the ambition to be listed on the NASDAQ OMX First North stock exchange in Stockholm (Sweden), through a reverse merger with 360 Holding AB. The listing will give the Company a whole new set of tools which will make it easier for TrustBuddy to do funding, make acquisitions and leverage strong figures in terms of company value. The Company is not aiming to raise huge amounts of funding. Instead, a small amount is raised before the merger takes place, and a larger amount might be raised during the fall of 2011, depending on the needs of the company.

Risk factors

Investors should carefully consider the risks associated with TrustBuddy's business. These risks relate to, among other things, but not limited to, to the macro-economy factors, as the legal system, local banking systems, other country-related risks and risks related to the P2P lending platform. Furthermore there are risks related to the operation; customers who may reach maturity, unsecured microloans, opportunity cost, reliance on key personnel, need for additional capital, interest-rate risks, currency risk and interest-rate risk. These risks are not ranked and do not claim to be comprehensive. All risk factors relevant to The Company cannot be described in the summary why each potential subscriber must also consider other information in the Company Description and make their own assessment of its importance to the Company's future development, results and financial position, and make a general assessment of the environment. For more detailed information, see "Risk factors" in the Company Description.

TrustBuddy in Short

Business concept

The TrustBuddy business strategy is to manage a social finance network, where loan issuers and lenders come together and do business.

Vision

TrustBuddy's vision is to become a leading actor in P2P lending. TrustBuddy's view is that the market has an increasing need for offers of better deposit interest rates among lenders as well as easier access to fewer amounts instantly for borrowers.

Strategy

The Company's strategy is to meet the lenders and the borrowers' needs at one convenient location in order to become the leader in P2P lending. TrustBuddy's intention will be to continually develop the concept to adapt with a focus on integrations and custom solutions.

The Market

The world is slowly turning towards a complete mobile finance platform and TrustBuddy believes they have identified an increasing need for "payday-loans" where the effects of the finance crunch are hitting hard on families and on young people.

Competition

Within the world of finance there are a multitude of competitors to the main TrustBuddy product and the competition is getting stronger and is growing fast. As the industry matures and microloans with high interests will become a mainstream operation, the financial industry giants will enter the market.

Products

The main TrustBuddy product is instant loans, based on TrustBuddy's own web-based/mobile application platform. The prospective client applies for a loan of between

500 and 5000 SEK (or the local equivalent), and virtually instantly based on his/her credit rating and other checks, the system automatically performs a check and the prospective client receives a reply on whether he/she is approved as an instant-loan customer. If approved, the requested loan is transferred to the customer's account immediately, although it might take up to a few hours before the receiving bank registers the transfer.

The secondary product is the flipside of instant loans, in other words issuing of loans as an investment opportunity. Again, this is based on the same mobile application platform that TrustBuddy uses for their small-loan facilitation. They are then given their own private lending platform, where they may invest money and have it borrowed out through a pooling concept to lenders.

Short-term targets

In the short-term, the Company plans to:

- Secure a listing which will give the company a whole new set of tools
- Launch services in 2011 in Germany, Denmark and Austria
- Target three new markets in 2012: Spain, England and the Netherlands
- Secure TrustBuddy financially

Long-term targets

The long-term roadmap aims at creating a multinational next-generation social finance platform offering cyber banking, integrating a number of new products and services, catering for the emerging segments of young wireless application based user groups.

Financial targets

The financial strategy is to maintain a solid revenue stream from operations, to regulate growth to maintain a positive cash flow of the combined operations including new market efforts and to invest in branding and marketing. Furthermore investments will be done in order to own its own software platform, to provide industry leading financial terms to customers, to maintain control over the loan portfolio financial structure and the actual costs of business on a daily basis, and to attract further funding and attention to the company through being listed.

The board of directors, management, advisers and auditors

360 Holding's management and board of directors have stepped down and have been replaced by TrustBuddy's current management and board of directors. Mangold Fondkommission is the Company's certified adviser and liquidity provider. The chartered accountant is Roger Mattsson whom is working for KPMG AB.

Ownership structure

The ownership structure will be as follows, if no other changes are done, as soon as the 250 million new shares are issued.

SHAREHOLDERS TRUSTBUDDY INTERNATIONAL AB	NB. OF SHARES	%
Cisk AS	250 000 000	95,14%
Carlowbay Holding Limited	2 306 583	0,88%
SEB Securites Services Corporate Actions	1 558 500	0,59%
Jeckelson Investments Limited	1 417 431	0,54%
Nordea Bank AB	914 111	0,35%
Anders Holmstedt	810 204	0,31%
Remarx AB	652 839	0,25%
Corecap AB	581 997	0,22%
Global Direct Partners AB	492 000	0,19%
Others	4 005 238	1,54%
Total	262 738 903	100,00%

General information

TrustBuddy International AB, with corporate registration number 556510-9583, was registered at the Swedish Companies Registration Office on the 6th of April in 1995. The Company's legal form of business entity is limited liability company and is regulated by the Companies Act (2005:551). The provisions in the articles of association are not more far-reaching than those in the Companies Act as far as it comes to changing the shareholder rights. The shares in the Company are freely transferrable. The TrustBuddy business strategy is to manage a social finance network, where loan issuers and lenders come together and do business. The registered office is in Stockholm municipality, after starting up in Gothenburg. Except as described in the section "Legal issues and Additional Information "under" Disputes and legal relations" the Company is not, and has not during the last twelve months been, been a party to any court or arbitration proceedings, which have recently had or have had significant effects on the Company financial position or profitability. The company is not aware of any other legal proceedings or arbitration proceedings which may arise. Address can be found in the "Addresses" in the Company Description. Annual reports, year-end, quarterly reports, press releases and other information there, during the entire duration of the Company Description; available on the Company website <http://trustbuddyinternational.com/>. The documents can also be ordered from the Company.

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<http://trustbuddyinternational.com/>

Risk factors

Below is a description of a number of risks that may have an effect on the operations and future development of the Company. The order in which these risks are presented is not intended to indicate their likelihood of occurrence, significance or potential effect on the Company's operations, performance or financial position. The description of risk factors is not exhaustive and contains only examples of such risk factors which an investor should consider together with the other information provided in this Company Description. Thus, further risk factors that are currently not known or not considered to be significant for the moment could also influence the Company's operation, performance or financial position. The value of an investment in the Company may be materially affected if any of the below risks materializes. Investors should make their own assessment of the significance of the below risk factors and other potential risk factors for the Company's operations and future development. This Company Description also contains forward-looking statements that are subject to future events, risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of many different factors, including but not limited to the risks described below and elsewhere in the Company Description.

Market-related risks

General remark

This overview of the various risk factors related to the Company's business represents what the Company, in its absolute discretion, considers to be of material importance in relation to its present and future operations. While the Company considers the following to be a fair, full and comprehensive disclosure of all relevant risk factors, this overview is not a substitute for the rest of the Company Description and should not be perceived as such. A full and accurate assessment of the Company's operations may only be made on the basis of the entire Company Description. Furthermore, the operations of the Company may be affected by risks that are either not known or have not materialised by the date of this Company Description. Should such risks emerge, the value of the investment made in shares may suffer.

Risks related macroeconomics factors

A negative outlook for the world economy and disruptions on the global capital markets may affect the Company's operations and may make the possibilities to finance the Company more difficult in the future. One macroeconomic factor that could have a negative impact on the Company's operations, cash flows and results is the interest rate risk. This risk takes into consideration that the values of fixed-interest loan portfolios tend to fall as interest rates rise which can have an impact on TrustBuddy's customer who has been issuing loans as an investment opportunity.

Risks related to the legal system

The legal aspect of using SMS communication as a legally binding loan application is depending on the legal acceptance for performing an approval by SMS. The loan is

verified by using the SMS communication but the loan terms and conditions are located on the internet.

Lately, the P2P industry has been the target of multiple sanctions, in the form of restrictive measurements, like having to disclose actual interest rates (including costs) on a year-calculation which makes short term loans look bizarre. To curb the P2P boom, many local markets have introduced measures like minimum capital standards, risk information programs, checks on risk controls to preclude lending to riskier borrowers, using unscrupulous lenders or misleading consumers about lending terms. Several countries have also introduced (or have always had) high barriers of entry to their financial markets. P2P sites are often judged as full financial institutions, qualifying them to meet the several-million dollar minimum in share capital, strict compliance routines and other measures to avoid loan sharking and illicit players entering the market.

The local banking system

The local banking system and its acceptance to instant transfers can have an impact on TrustBuddy's business. The main product of the Company is the instant loans and if the local banking system fails to accomplish instant transfers can this be a risk for TrustBuddy this can have a negative effect on the operation, cash-flow and result.

Other country-related risks

There are several variables that will or may differ from market to market, primarily around feasibility and legality, restrictions to the range of the lending, local implementations with regard to legal technicalities such as mobile-based contract signature validation, interest rate caps, usury laws and other restrictions, which makes P2P lending difficult or too risky to introduce.

In new markets, the average loans can be expected to be somewhat lower, primarily with regard to the total amounts paid in each loan transaction. In Lithuania the maximum loan will probably be lower than in Scandinavia, in accordance with general averages in terms of average wages and price indexes.

P2P lending

P2P lending can create problems, mostly revolving around bad debt, flawed business models and several different legal issues. Problems also arise where some companies take part in the transaction either through part-financing or full-financing of loans, questions raised once bad debt goes to collection on who actually owns the legal right to the debt (the facilitator or the issuers), which different companies handle differently. There are also several companies that have been unsuccessful in this game, due to said flawed business models, faulty risk calculation and/or bad market circumstances.

Opportunity cost

The opportunity cost reflects the risk that an increase in value of the loan portfolio can relative to the general market underperform which could have a negative impact on TrustBuddy's operation, cash-flow and result.

Risks related to TrustBuddy's operations

Customers may reach maturity

TrustBuddy believes a penetration of between 0.5 and 1.5 percent of the population should be considered a general target both in home markets and in new markets, with a lead time of 12-24 months depending on marketing efforts and competition. Within this segment, a certain percentage of customers will reach maturity and move on to other financial solutions. A few of these will return to TrustBuddy occasionally. TrustBuddy believes that a steady wave of newcomers will replace the loss, and the rest of the customer base will remain customers on an on-and-off basis but there is always a risk of a decrease of newcomers which will have a negative impact on TrustBuddy's operation, cash-flow and result.

Unsecured microloans

According to a study done by *Intrium Justitia* the estimated loss occurrence over time on unsecured microloans is between two to three percent which can have an impact on the Company. This can decrease the average interest on loans from twelve percent to nine to ten percent per issued loan. *Intrium Justitia* argues that around 30 percent of outstanding loans are repaid before or on due-date. Within seven days after due-date, 50 percent have been repaid in full, and more than 90,5 percent are repaid within the first three months. If the study done by *Intrium Justitia* is correct the impact of the loss occurrence over time will be limited. However, if the loss occurrence over time is more than three percent the impact on the average interest rate will be much higher which can have a negative impact on TrustBuddy's operation, cash-flow and result.

Reliance on Key Personnel

The Company's development is to a great extent dependent on existing management and organization and their ability to recruit and retain experienced personnel for the future operations. In order to achieve these goals great demand is put on the professional board of directors.

Financial risks

Need for additional capital

TrustBuddy may need to, depending on the performance of the business, require financing from external sources, including from the sale of equity and debt securities. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to TrustBuddy. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of TrustBuddy may be diluted.

Interest-rate risks

Since TrustBuddy is financed through equity the interest-rate risk is low. This could change in the future if the Company needs to raise debt.

Currency risk

TrustBuddy has significant costs, assets and liabilities in the Swedish krona (SEK), which creates a currency exposure in the income statement, balance sheet and cash flow statement since the two largest markets at the moment are Sweden and Norway. During 2011 TrustBuddy will launch the service in Germany, Denmark and Austria which will make TrustBuddy exposed to Euro and the Danish krone.

Interest-rate risk

TrustBuddy is to a relatively small extent exposed to interest rate risk, since the Company currently only has a small portion of loan financing. Interest income and cost is also affected by changes in interest rates.

Other risks

Shareholders with significant influence

Only a few of the shareholders inside the Company owns the majority of the stocks. Consequently will these shareholders, single or together, have a possibility to substantially influence all cases that requires approval by the shareholders. This includes appointment and removal of board members, any proposed mergers and consolidation or sale of almost all of TrustBuddy's assets. This ownership structure could be negative for other shareholders whose interests are different. The shareholders who hold the majority could for example delay or prevent a merger or an acquisition even if the transaction should benefit the other shareholders.

Fall in stock market

An investment in TrustBuddy is related to risk. Even if the Company fulfils the listing requirements of First North, there are no guarantees for the share price to increase. The market could fall for many reasons like interest rate increase, political changes, currency changes and worse economic system. Psychology factors affect the market. A share like TrustBuddy's could be affected similar as other shares could, which could be hard to predict.

Limited liquidity in the TrustBuddy share

Even though the Company fulfils the listing requirements of First North, there may in the future be insufficient trading volume in the share, and potential investors may therefore face difficulties in realizing the underlying value of their investment by selling their shares in TrustBuddy.

No previous dividends

It shall be noted that it may be for a foreseeable period of time the only way of obtaining any return on the investment for an investor in TrustBuddy's shares is a possible capital gain, if the Company does not plan to distribute any dividends within a foreseeable future.

Fluctuations in share price for TrustBuddy

The Company's share price may in the future fluctuate significantly, partly as a result of quarterly variations in the results, the general economic situation and changes in capital market interest in the Company. In addition, the stock market in general could react with extreme price and volume fluctuations which are not necessarily related or proportionate to operational results of individual companies.

Background and reasons

TrustBuddy International AB is a Swedish company and the parent company, TrustBuddy AB is registered as a “financial institute”, with the Swedish Finance Authority “Finansinspektionen”. Both the subsidiary and the parent company have its main office in Stockholm.

360 Holding AB (publ) is a Swedish company, listed on the NASDAQ First North stock exchange in Stockholm. 360 Holding’s primary business is online gaming where the company owned or licensed poker sites, casino sites, arbitrary gaming software solutions, sports betting, professional poker staking software, and a range of brand names. Since its listing in 2007, when 360 Holding’s valuation was as high as SEK 140 million, the company has been through numerous challenges. The share price has declined steady since the listing as an effect of these challenges. These challenges include lack of profitability, failed marketing and performance-increasing efforts, failed purchases, key shareholders coming into financial problems and dumping their shares in the marketplace, and a general setback in the segments of gaming they were most active within. A reduction in market value from SEK 140 million to SEK 5 million has meant that refinancing, recouping lost values and company reconstruction efforts have all failed. Attempts of rescue were further halted by the company debt being higher than the value of the assets, making it impossible to sell parts of the company to salvage the remaining parts.

In the spring of 2011 the management of the 360 Holding decided to change their business idea in order to protect the remains of shareholder values. This was done by changing the fundamentals of the company. This meant selling out current assets and bringing something new into the company by leveraging their position as a listed entity with close to 500 shareholders, their tax-deductible losses and their market position. With a debt of more than twice the value of the whole company, management reached a hard-fought agreement with its creditors whereby debt and assets were exchanged and the company avoided being bankrupted, paving the way for a reverse merger opportunity. Carrying the listing and company credentials forward, the company reached an agreement with TrustBuddy to purchase all the shares in TrustBuddy, utilizing their current customer base of more than 50,000 customers and their position as a listed company in order to recoup more value than the company was previously priced at while simultaneously reducing the debt from SEK 11.6 million to zero. The deal was closed the 1st of July 2011, creating new hope and new values in all the involved companies, and favoring existing shareholders. 360 Holding’s current management and board of directors are stepping down and are replaced by TrustBuddy’s current management and board of directors. All previous business is removed from 360 Holding, and 360 Holding has as of the 1st of July 2011 become TrustBuddy International AB. TrustBuddy International AB will be, if the company full-fills First North’s listing requirements, listed on First North. The business is conducted in the subsidiary, TrustBuddy AB.

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description

is not subject to any omissions that may serve to distort the picture of the Company Description is to provide, including all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Stockholm, the 1st of July 2011
TrustBuddy International AB
The Board of Directors

A word from the CEO

Dear prospective investor, customer or partner; thank you for your time and interest in our companies. The idea behind TrustBuddy was born early in 2009, after intensive weeks of discussions. Seeing the need for “payday-loans” rising – and the effects of the finance crunch hitting hard on families and especially on young people – we really wanted to put together a low-risk alternative to getting oneself drowned in debt through strained overdrafts and credit cards. Instead of having to contact your bank, spending many hours preparing long loan applications and filling in forms, backed by lots of copies of paperwork, we wanted to create an online/mobile marketplace that would relieve all the stress involved. We wanted to create instant loans; small but helpful, discreet and simple. TrustBuddy shall never replace banks when you want a long-term financial solution. TrustBuddy is here to help out in the minor emergencies, when problems or opportunities arise and it is necessary for normal people to lend a hand – or in this case, borrow some money. We want to be that “Buddy” you can always come to when you are in need of extra cash. Yes, there are costs involved, and our loans carry a rather high cost in terms of an annual interest percentage – but we hope that it is still worth it for our “Buddies”. Then again; if you calculated the hours of time lost and all the cost involved in getting a few thousand in unsecured credit from your bank, the cost of doing so would probably be far higher. Therefore, we feel good about our loans. We feel good about our rates, and we feel good about our products. Judging from the feedback we get, and all the troublesome situations we hear we have helped our buddies out of, our customers obviously feel good about our products too. Investors that have supplied the lending capital have more than 15 percent average annual profit on their investment with almost no risk, which is a pretty good deal. I funded the first TrustBuddy loans myself, in 2010. My TrustBuddy-account currently shows a profit of more than 25 percent p.a., which I am very happy with. In short, we feel that we have created a win-win-win situation. This is exactly what we wanted to achieve when we started the monumental task of developing the business behind TrustBuddy, and we feel proud of the result. After reading this memorandum, I personally hope that you as a reader or prospective investor will feel the same.

Mr. Jens Glasø, Founder and CEO

Introduction to TrustBuddy

Business concept

The TrustBuddy business strategy is to manage a social finance network, where loan issuers and lenders come together and do business. TrustBuddy acts as an intermediary; ensuring a safe and sound environment, following up on and concluding all business done through the web site, and protecting all parties involved. On one side, funding investors make capital available for borrowers, and get a solid rate of interest on their money. On the other side, borrowers apply for loans, and get a 30 day loan if their application is approved. In the middle, TrustBuddy handles everything from the transactions, credit checks, the paperwork and the collection/repayment of loans. Therefore TrustBuddy will not lend its own capital and does not have access to the lending capital except from the guidelines and authorizations the creditors (depositors) have given TrustBuddy.

The strategy for attracting lending capital investors is to offer a high interest (minimum 12 percent per loan), low risk (risk diluted through a widespread lending portfolio), easy access to funds, complete transparency in relation to loans and repayments, a complete online “my page” portal showing every necessary detail, and a good service and support facility.

Strategy and targets

The strategy for attracting new customers and keeping existing ones, is to provide instant feedback on loan applications, instant/live or fast support and service, rapid payments, a complete online “my page” portal giving all necessary information and revealing actual costs and benefits, plus avoiding massive documentation and forms to fill in. The financial strategy is to maintain a solid revenue stream from operations, to regulate growth to maintain a positive cash flow of the combined operations including new market efforts, to invest in branding and marketing, to invest in and own its own software platform, to provide industry leading financial terms to customers, to maintain control over the loan portfolio financial structure and the actual costs of business on a daily basis, and to attract further funding and attention to the company through being listed. The strategy for international growth is to establish new markets quickly and with rapid positive cash flow, to grow both organically and non-organically, and to work with partners both up- and downstream that can at some point be either purchased by TrustBuddy or where TrustBuddy can become a potential acquisition target.

Short-term targets

The first main target is to secure a listing, which will give the company a whole new set of tools. There are several positive effects of a listing which will make it easier for TrustBuddy to do funding, make acquisitions and leverage strong figures in terms of company value. The listing process is expected to take one to two months to complete, and an additional month for the company to implement the necessary changes in routines, reporting etc.

The secondary target is to launch services in new countries; in 2011, Germany, Denmark and Austria will be targeted. Germany and Austria have been worked with since late

2010, and the Danish market is already 90 percent in place, awaiting adaptation of a credit check facilitation interface and other minor details.

The targets for 2012 are Spain, England and the Netherlands. In Spain have several advances been made. England is dependent on the competitive situation and where TrustBuddy is well connected. In the Netherlands there are both acquisition targets and easy access, along with other opportunities.

An underlying target is to secure TrustBuddy financially, and to make the company strong enough in terms of economy and share capital that new country launches are not held back for financial reasons. Doing so could include inviting larger investors into the company, or by issuing new shares in private/public placements.

Long-term targets

The long-term roadmap aims at creating a multinational next-generation social finance platform offering cyber banking, integrating a number of new products and services, catering for the emerging segments of young wireless application based user groups.

Market overview

There are many segments in the P2P market, with numerous business strategies, profit models, risk assessments, approaches and a multitude of different solutions. There are secured and unsecured loans, different kinds of collateral, fixed or floating interest rates, “Dutch auction” based rate negotiations, and a broad variation of themes on the P2P lending scenario.

Sweden is one of the largest European markets for online lending due to high Internet, mobile, online banking penetration and the access to databases etc. allowing for the TrustBuddy business model to work very well. The Swedish market is also very established where the need to educate customers on the product is very low

The Asian market has its fair share of microloans, reaching from personal loans to illicit gang-oriented loan-shark chains. In the past few years, several more or less professional microloan websites have seen the light of day, doing business in much the same way as the US based companies. Lenders and investors meet on sites such as Lendesk.com, as through an online “marketplace for micro loan lending” in Indian states. Korea has a local “loan-board online” in Moneyauction.co.kr, catering for their local markets. Even relatively closed markets like China have their own online-based P2P lending sites, like Qifang.cn which present themselves as a stealth P2P lending site for Chinese student loans. Donjoy.net is also an active competitor in the Chinese market, which is the one Asian competitor sector analysts bring up when referring to the Asian market.

There are several P2P lending sites in Russia, including WebMoney.ru, Lendmoney.ru and Ontransfer.ru. Most markets in the former Soviet republic have their own P2P industries, more or less regulated.

The P2P market

The person-to-person lending market (also known as peer-to-peer lending, peer-to-peer investing, and social lending; abbreviated frequently as P2P lending and the P2P market) is a social lending based financial transaction method, occurring between individuals or "peers" with only a brief intermediation of a traditional financial institution (or no intervention at all). The P2P market is the modern version of the oldest mechanism of trade; one private individual trading goods and services with another, based on a common platform of shared values. When the financial market had its crisis setback starting in 2007, P2P lending blossomed. It has also taken on momentum as it is superbly shaped for the emerging mobile technological platforms, facilitated by mobile- and handheld devices. As the world gets smaller and more intense with business through the internet, and then yet more intensive with the mobile platforms, the financial mastodons of the past were no longer able to maintain their positions as technological leaders. With the rapid growth of technology and new solutions that we see today, they do not necessarily want to be in that position either. They protect their brands, and watch the young booming companies that burst onto new stages with their new technologies. Once a new platform is accepted and new standards have been set, old industry leaders will pick up either through massive investments or through acquisitions of the new technology

leaders. The first-comers in this sector (which still survive) were Zopa, Prosper and Lending Club which are all into the 100's of millions (£'s and \$'s, respectively) of loan volumes. Other countries were late-comers, many only starting up in 2010 (Canada and many countries in Europe). Several markets where legal or technological restrictions have laid barriers of entry, along with most underdeveloped markets, are only now starting to see the first companies enter the market. Most of the latter have an unofficial P2P lending service that are not online, but which is facilitated through friends, families or private individuals aptly named "loan sharks". It is expected that a legalization of P2P lending in these markets will be welcomed, once it is possible to launch such services there.

Once P2P lending got legitimized, larger financial industry players got attracted and have started to invest in it. The latest transactions in P2P loan funding shows that the market is reaching maturity very quickly because of the size of the transactions.

As P2P lending becomes mainstream, there will be an overlap period where P2P services slowly link up with secondary services like credit card issuing, mobile phone based credit products and specific sales directed P2P services. Eventually, P2P lending may prove to become a mainstream lending method and not just a niche market product. There are obviously several instances where P2P lending may be done without the intermediary function, or a P2P broker. Still, the pitfalls of doing "private" P2P lending are so many and so problematic, that many opt to using a professional intermediary. Problems with collecting monies from friends or families, taking the full risk of each loan instead of a minute risk over hundreds of loans, and personally sensitive counterparts, are the key problems in terms of risk management. In addition to this, creating documentation, following up on reclaim and debt collection are other factors that make private P2P transactions less desirable, making people flock to the officially organized P2P sites.

Various models and variations of person-to-person lending services have evolved based on different combinations of secured/unsecured lending, direct/indirect lending and P2P loans for specific groups. Examples are Qifang.cn in China, a P2P lending site for Chinese student loans, Lendfriend which is a site assisting friend/family-based lending without credit checks, or Lendesk.com which is an open marketplace does P2P lending with other instruments involved such as interest-based auctions.

The move towards mobile banking

The world is slowly turning towards a complete mobile finance platform, but the challenges are many. Some of the key components in the chase for becoming the ultimate mobile bank lie in the changing needs and possibilities that come with modern trendy user groups in combination with small screens and high demands for action and usable functionality. Most banks are being forced to make their business mobile, sinking huge costs and developing many applications for a future customer segment they don't really know, and are approaching the mobile market cautiously to protect their existing brands and customer habits. This is where one of the real triggers behind TrustBuddy's social lending platform is hidden.

Using SMS as a business communication tool might not sound very fashionable. Still, when SMS was launched in the mid nineties even the most optimistic Telephone

Operators were taken by surprise. Text messaging rocketed off the charts on even the most optimistic estimates. With regard to the possibilities in the system and the opportunities it gives, SMS proves to be the most accessible business enhancing asset available at a very cheap price. SMS turned out to be the marketing channel, communication channel and commerce channel nobody thought possible. Since its mid-nineties boom, SMS business has gone from strength to strength where new business models have pushed the market into newer more profitable areas by the month. In combination with the increased bandwidth of mobile networks; SMS is still a key method of generating revenues, unlocking applications, communicating and initiating business or contact. Mobile hardware with increasing screen sizes and a huge specter of applications has pushed the limits even further. The mobile phone is now a photo studio, a television, a radio, a poker client, a casino, a gaming-machine, an internet surfing pod, a payment service, and finally a full banking service for sophisticated users. As the handheld devices have developed into full internet browsing platforms and most users are getting emails to their mobiles, it is expected that SMS as a platform is getting close to the end of its feasibility. To take over the SMS position, wide arrays of options are presenting themselves. The common denominator for these is that they use mobile data traffic as a carrier, and web-based mobile application software as their main platform.

Many banks are tapping into the market, with carefully packaged “light versions” of banking product access. Even with the applications offered, in varyingly successful variations, there are still key problems preventing the average user from getting, installing, configuring and/or using them. There are technological barriers, practical barriers, download problems, problems with interfaces; differences in screen sizes, brands, operator specifications, security solutions; vulnerability to identity theft, hacking, spoofing, phishing and other variables. As a result of this, most banks are currently holding back on launching a full mobile interface, awaiting market maturity. Banks could technically offer all their services through distributed mobile applications, but they do not. Again, the expected development is that frontrunners and the new generation of users are going to pave the way, and the major players will be taking over the lead in these sectors once they are proven profitable, either by acquisitions or by massive investments once the technology is readily available. This move is largely not only dependent strategy, but also on each company creating their own application(s), product interfaces and security solutions. Some already provide a live bank account status report, others allow some interaction. While the whole finance sector is preparing for small-screen banking on a complete level, this is both a threat and an advantage for P2P companies. P2P customers are generally dominated by the young trendy change-willing and technologically adaptive customer segments, and it is expected that any new type of mobile software applications will rapidly penetrate these segments and validate new business models in a short timeframe. Therefore, both in terms of experimenting with technology and in terms of finding out which mobile services customers actually want and will use. Therefore P2P companies have a leading edge on traditional banks which they may exploit in the forthcoming years. With a successful technological implementation, such forefront P2P companies should become far more valuable, both in terms of customer-rating and –satisfaction, but also as prospective takeover candidates.

The instant cash B2P service is the fastest growing profit sector within online finance services. This is a market which is easily targetable; where there are low barriers of entry; numerous players in each market; fees are high and the competition is based on old technology. There are a handful of competitors already established in the same market which are experiencing a virtual explosion in business and there are room for many brands and players in each market.

The competition

Within the world of finance there are a multitude of competitors to the main TrustBuddy product (micro-finance), both regular credit facilities (banks, credit unions) and through other credit companies (credit card issuers). Still, few are mobile and even fewer have instant action. However, this is a multinational marketplace, and there are strong direct and indirect competitors both locally and internationally, and the technological barriers are easy to overcome on a large budget. As the company grows internationally there is a high risk of running into strong. When it comes to evaluating the market and the group's positioning, the Company identifies only mobile-based P2P lending companies as their direct competition.

Of the main P2P lending companies, there are a few that are the definitive market leaders. These are Prosper.com and LendingClub.com, that both have passed US\$ 200 million in issued loans, with around 1 million customers. Both these are US based, and neither are active in TrustBuddy's market. In Europe, three large companies exist; English Zopa.com and Wonga.com, and German Smava.de. In addition to these there are multiple smaller and local P2P lenders. Still, the industry is so fragmented that the industry players are very different, despite being in the same market and catering for the same customers. There are also geographical and/or demographic differences both in terms of legislation, regulations and customer preferences that direct comparison give results that are in some cases incoherent and/or meaningless. There are also key differences in business models, where US companies by and large have opted for the syndicated loan finance packages, while the European companies seem to have selected partnerships or private funding behind their portfolios.

American competitors

Lendingclub.com

Lendingclub.com considers itself the industry leader, by merit of issuing more than USD 15 million in microloans each month. They have the huge benefit of being in a strategic business relationship with Facebook, guaranteeing them a steady flow of customers. It considers itself the leading online social lending network. Lending Club won the Webby Award in 2008 for the "Best Banking Website" and has been nominated for "Top 100 Innovators" by The Industry Standard. It was recently recognized as one of the 20 "Breakthrough Ideas for 2009" by Harvard Business Review. Lending Club provides its own funding through the issue of "Member Payment Dependent Notes". From their balance sheet their growth is evident; by March 31st 2010 they had 56 million US dollars in issuable note-loans, and 2.5 million US dollars in cash. Six months later (30th September 2010) the figures had risen to 99 million US dollars in issuable note-loans, and 21 million US dollars in cash. The latest issue of these "notes" was somewhat massive, totaling 60 billion US dollars in principal amount, which was filed with the SEC

on November 15, 2010. Transactions in microloan funding of this size show that the market is reaching maturity very quickly. Despite being an industry giant and being closely linked with Facebook, Lending Club is not currently profitable.

Prosper.com

Prosper.com is another industrial giant that considers itself as the industry leader, in terms of the number of customers which have just passed one million. Founded in 2006, Prosper raised 40 million US dollars from Accel Partners, Benchmark Capital, DAG Ventures, Fidelity Ventures, Meritech Capital Partners and Omidyar Network. They have a similar way of financing their own loans as LendingClub, and in terms of size (both in relation to customers and loan volumes) they are more or less identical. As with LendingClub, Prosper comply with SEC regulations, with as many as 20 different risk tiers with different rates and structures.

Other competitors operating from the US

In the US, there are also several newcomers, including companies like Peerform.com and GreenNote. Peerform.com is a pure P2P platform, but the noticeable thing with Peerform is that it is created by a group of finance company executives, seeing an opening in the market developing rapidly, again showing that this is an industry about to undergo some massive changes. GreenNote is a newcomer which combines microfinance and social networking, which is a variety of fundraising for college education. Like the others in the US, the company is backed by prominent institutions and venture capital. There is also pure philanthropy in the industry such as LendFriend, which is based on an industrialization of buddy-based lending. The website enables friends and family to successfully borrow and lend money between them, letting LendFriend “assist during the loan’s creation, proposal, approval, and repayment, without ever doing a single credit check”. The loan issuer approved the customer, set terms, and takes all the risk. There are also friend-/family-based sites like LendingKarma, a site facilitating loans between family members or personal friend. It formalizes and tracks personal loans, creating legally binding documents and provides online loan payment tracking. Social lending is not just a phenomenon in the United States, social lending sites have cropped up in Australia, Japan, and the United Kingdom. One of those sites, CommunityLend, is the first social lending site based out of Canada. CommunityLend offers borrowers an opportunity for lower rates than commercial Canadian banks. The site provides borrowers with a social network that can fund their loan through auctions and bidding. Competition for loans through the online bidding process can frequently can lower rates for borrowers, yet keep rates of return attractive for investors. Current loan rates range from 6 percent on AA-rated loans to 20 percent on C-rated loans. People Capital is a similar operation in the US, allowing philanthropically driven investments in college programs for US citizens.

European competitors

In Europe, there are several direct competitors to TrustBuddy, mostly based on the persons-lending-to-persons model or the lending company itself issuing the loan capital in connection with a financial institution.

Zopa

Zopa is the most important European player. They were close to launching a similar operation in the US, but withdrew at the last moment. Launched in March 2005, they started with just 300 members, but within just a few months had grown to more than 25,000 users which is much like TrustBuddy. By the end of 2006 more than 120,000 people had signed up, and more than 100,000 pound sterling was being lent every day. They are in cooperation with a financial institution, issuing their lending capital base and as such they have virtually no limitations in size. The company received funding from Benchmark Capital (which also backed eBay at an early stage), Bessemer Venture Partners (whom also backed Skype initially), Wellington Partners and private investors. 6 million pound sterling was raised in October 2004 for UK activities, US\$15 million US dollars in February 2006 for US activities (activities which were later cancelled), and 5 million US dollars in May 2006 for ongoing UK activities.

Smava

Smava was the first German P2P company, founded in 2005 but not launching their first website until 2007. They own a few brands (www.smava.de and www.p2p-kredite.com), but currently contain themselves to the German markets. Smava is backed by local institutional investors like Earlybird Fund and Neuhaus Partners. In its first year of business, Smava had issued more than € 4 million in loans, catering for customers borrowing between 4,000 and 10,000 Euro, and basing their funding on private investment capital in pooling (like TrustBuddy). Figures show that Smava, despite their massive presence and marketing, has had constant operational losses, more than 2 million Euro from their last published accounts.

Wonga

Wonga is another key European player, based in the UK. They provide short term loans for up to 30 days, while allowing the customer to choose exactly how much money they want to borrow and for exactly how many days. In other ways, they are almost identical to the Zopa.com operation described above. Wonga is however not a P2P competitor.

Virgin Money

Virgin Money is an international conglomerate with a UK Banking license, active in England, South Africa and Australia. Apart from regular banking services, it facilitates and manages loans between relatives and friends as a P2P service. The site lets borrowers and lenders negotiate their own loan terms on small business loans, education loans and tuition financing. Virgin Money provides users a personalized promissory note and online loan setup for a 99 US dollar fee. They issue their own Visa-cards and have a huge banking service sector, so they are not primarily a P2P competitor.

RateSetter

RateSetter is a new site in the United Kingdom that acts as a matchmaker between borrowers and lenders. Users chose their borrowing or lending rate and await an approved match. All borrowers are screened for credit worthiness, but this is the only thing that equals the TrustBuddy model. Loans completed on RateSetter are paid in 36 equal monthly installments; lending rates currently range from 2.9 percent to 6.4 percent, while borrowing rates vary from 6 percent to 12.2 percent. Here we see P2P lending getting close to regular banking terms.

Other competitors operating from Europe

There are too many others to mention, primarily local operations with limited resources and only one-country focus. Almost all of them report growing figures. This shows that there will be a booming market for this kind of service all through Europe in the forthcoming years. However, some are needed to be mentioned. Of the mentionable ones is RTF, a Finnish company which later was purchased by an Irish investment group. This investment group owns sites like www.fastloan.fi, www.famoslaina.fi, www.easylaina.fi. German Auxmoney (founded in 2007), is a P2P auction-based site, claiming to have ran more than 20,000 engagements with close to 40 million Euro in tenders from investors and 15 million Euro in actual contracts. Most countries in Europe have a few web-based P2P sites along with one or two SMS-/mobile-based ones.

Competitors operating from Asia

The Asian market has its fair share of microloans, reaching from personal loans to illicit gang-oriented loan-shark chains. In the past few years, several more or less professional microloan websites have seen the light of day, doing business in much the same way as the US based companies. Lenders and investors meet on sites such as Lendesk.com, as through an online “marketplace for micro loan lending” in Indian states. Korea has a local “loan-board online” in Moneyauction.co.kr, catering for their local markets There are too many of these, and too many business models (or non-profit systems), to mention here. Even relatively closed markets like China have their own online-based P2P lending sites, like Qifang.cn which present themselves as a stealth P2P lending site for Chinese student loans. Donjoy.net is also an active competitor in the Chinese market, which is the one Asian competitor sector analysts bring up when referring to the Asian market.

Conclusively, there is a multitude of international and local varieties of the P2P lending sites, which again proves the market niche for these services. It is also expected that several internet-based lending sites, like UK giant yes-secure.com, will move towards a mobile platform, bringing more attention to the P2P mobile segment and helping the move of customers from the purely web-based traditional platform to the emerging mobile finance universe. There are also some websites that target P2P finance from the opposite direction, like Smartypig.com, which is slowly moving traditional banking customers in the youth-segment over towards a social networking platform, encouraging family and friends to contribute to financial goals, earning a decent percentage on their savings account in the process. TrustBuddy expects to see many crossover products emerging in the near future, and is monitoring such initiatives closely for a possible incorporation in its existing systems

It also has to be added that not all the providers in this segment makes it. Perturity Direct is a P2P lending base that was following another business model than TrustBuddy, which closed down in 2009 after having created a social lending platform over more than two years. Loanland, which was purchased by TrustBuddy in 2010, also followed an unsuccessful business model and incurred huge losses from their operations.

As we can see from the above summary, the competition is strong and growing. As the industry matures and microloans with high interests will become a mainstream operation, the financial industry giants will enter the market and a period of consolidation will commence.

The business

The main TrustBuddy product is instant loans, based on TrustBuddy's own web-based/mobile application platform. The prospective client applies for a loan of between 500 and 5000 SEK (or the local equivalent), and virtually instantly, based on his/her credit rating and other checks the system automatically performs, receives a reply on whether he/she is approved as an instant-loan customer. If approved, the requested loan is transferred to the customer's account immediately, although it might take up to a few hours before the receiving bank registers the transfer.

The process itself is dependent on a number of criteria being met, which are important both to lower risk of bad debt and to comply with legal issues. There are lower limits for age and credit rating, and there are restrictions with regard to SMS as the only means of communications where TrustBuddy customers have to go online and verify their details (using BankID), after which TrustBuddy has collected all the necessary information and verified age/personal data/account ownership in a non-disputable way. Without this precaution, there would be a lot more customers but a lot more bad debt. The product is branded under the same name in each market. It is primarily a web-interfaced service, TrustBuddy has developed a "mobile app" platform application which will be launched in the near future; simplifying the lending process even further once the customers are registered and approved.

The TrustBuddy loans can only be granted for a period of 30 days, but the customer is offered to avoid paying interest if the loan is repaid within the first 14 days. Interest rates are fixed at 12 percent per loan, plus an establishment fee, which equal 30 days. After the initial 30 day period, customers are given a choice by receiving two options in the invoice sent by e-mail. One option is to pay the full amount, while the other option is to pay a renewal fee and extend the loan for another 30 days. If they want to renew the loan, they may opt to only pay the administration fee and interest invoice, and leave the main loan balance for another 30 days. A separate message with this offer is sent to each borrower two days before due date. If accepted (and paid), after another 28 days, a new administration fee and interest invoice is sent out, leaving the customer with the same renewal offer. After three renewals, the customer must repay the whole amount. Once the amount is fully paid, the customer is free to apply for a new loan.

If the customers fail to repay loans, a three stage reclaim process is initiated. Firstly, two reminders are issued at T + 2 days and T + 4 days. At T + 5, the customer is contacted by phone for discussing a payment plan if the customer has a difficult financial situation. Once these options fail, the bad credit customers are transferred to debt collection, which happens at T + 10, which results in the debt collecting company claiming the outstanding debt at T + 14 days. This is the minimum legal time requirement. Quite a few percent of customers end up going to collection; often as high as 20-25 percent of all customers, but of these almost 80 percent are solved. Troublesome loans are quickly reduced, and after T + 30 days only about 4 percent remain outstanding. During the first year of business only ten loans have been written off completely.

The secondary TrustBuddy product is the flipside of instant loans; issuing of loans as an investment opportunity. Again, this is based on the same mobile application platform that TrustBuddy uses for their small-loan facilitation. The prospective client registers through BankID, as with the borrowers. They are then given their own private lending platform, where they may invest monies and have them borrowed out through a pooling concept to lenders. There is a high profitability and a low risk in this segment, where interest rates are up to 12 percent per year or more, but tend to be higher. Currently, TrustBuddy investors have seen returns of more than 20 average p.a. on average, with between 60 to 80 percent of their funds at risk at any given time. The software provides each investor with a homepage on the internet, showing their current performance and even their issued loans individual performance (anonymously).

Funds may be invested at any time, and may be withdrawn at any time. There is however a specific “security amount”, where a small percentage of the invested funds are retained and locked in until the full invested amount is recouped. Funds are free up to 90 percent, and the remainder is retained by TrustBuddy until all outstanding loans are settled (or written off, whereby the losses are deducted from the retained percentage). The collateral is limited to a maximum of 10 percent of the loans issued by the investor’s pooling fund share at any time. If loans are not repaid within 200 days they are written off in full (normal completed payback time is around 90 days). Profits through interest on loans collected after an investor has withdrawn his/her funds are transferred to the new counterpart which “takes over” each loan engagement. For practical purposes, this means that 10 percent of every investor’s funds have a delayed payment time of around three months.

In general – investors get a high-return low-risk investment opportunity, which in itself should be regarded as a real gem. If one adds in the possibility of gearing the initial amount; returns on invested equity will be extraordinarily high. TrustBuddy does currently not offer any gearing, but this might very well become a new line of business for the company at a later stage.

The technology

The technology used by TrustBuddy is developed in-house in 2010, based on existing modules used and new applications tailored for the fully owned TrustBuddy applications. The source code is based Microsoft-technology (.NET/C#/MSSQL), and has virtually limitless scalability.

The technical platform utilizes the open-source WordPress code for publishing, based on PHP script and a MySQL database. Despite being open-source, all TrustBuddy applications on this platform have been tailor made for TrustBuddy. It mirrors the TrustBuddy back office, publishing, broadcasting financial information including the “My Page” information, managing deposits and withdrawals, and more. The back office applications are developed in java and are being run in a Debian GNU/Linux environment, with at PostgreSQL 8.4 database. Database interface are done through FluentNHibernate/MySQL. The system has three main parts; web pages, SMS handlers, and a communication interface handler which do all third party connections (like credit checks).

For security reasons, TrustBuddy uses third party hosting for their proprietary business applications, and all web servers, communication ports and other hardware are being kept and maintained by partners. The platform allows for a high degree of control and manual interaction, if one desires. Each loan generates a warning message to management, facilitating second-after-second control and risk minimization. TrustBuddy is currently using SMS and PremiumSMS for various communications with end users. One of the problems with this is the high fees imposed by mobile network owners, which reduces the profit on these messages by more than 50 percent. The main technology which is expected to take over for SMS is not another messaging platform, but online mobile applications through mobile internet. TrustBuddy welcomes this development, as it will improve the company's margins and overall profit. This is presently a booming market, where most players are establishing presence or are planning to enter the market in forthcoming years. TrustBuddy will be watching new developments on this scene closely, and will – depending on customer needs and requests – be implementing new platforms instead of SMS when new technologies gain momentum. Several “mobile-app” applications for smart-phones have already been developed, to facilitate a rapid move to new platforms once this is feasible and necessary.

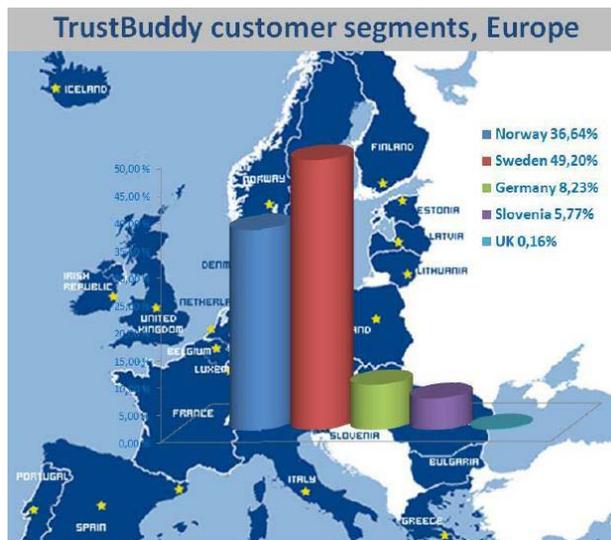
The business strategy

There is a virtually limitless market for P2P lending services. To ensure a stable and simple product launch, the market is segmented with priority on Europe and mature markets which provide the safety tools needed to maintain the high quality. The secondary segmentation is dependent on the legislative restrictions imposed on the business launch in each country. Thus, there are the first priority markets where TrustBuddy may initiate business immediately, the secondary business areas where TrustBuddy needs to meet certain demands or initiate certain partnerships, and the third tier markets where the company needs to have a full banking license or another specific financial institution rating before launching its operations.

Other practical details have also been a part of the roll-out evaluation, namely the size of the target group in each country, the available systems for identification (like BankID in Scandinavia) the legal aspects of using SMS communication as a legally binding loan application, the acceptance legally for having an approval by SMS verifying loan terms and conditions located on the internet, the local banking system and its acceptance to instant transfers, number of local partners, enforceability of reclaiming bad loans, market maturity and other variables.

In Europe, the market is for practical reasons divided into three categories; Class A, Class B, and Class C markets. Class A markets are countries TrustBuddy are targeting within the first 24-36 months of operations, due to being legally and practically easy to target, accessible and with low financial demands. Class B markets are countries with the same low barriers of entry as in the A Class category, but where the countries for specific reasons fall outside the key target group. This may depend on market circumstances; markets that are either strictly regulated, demanding in terms of financial demands, difficult to secure in connection with credit checks or control/compliance software, have slow banking systems prohibiting fast transfers, or with a difficult to reach (or too small)

target audiences. However, TrustBuddy is already active in one such country, Slovenia, but only on the investment product side. If this operation proves successful, the lending pool business may also be opened in other peripheral markets, keeping the primary “instant loan” product on hold and only collecting interest from prospective customers for future use. These are countries that may be targeted through local partners or at a later stage, or that may be upgraded to Class A if circumstances change. The third category, Class C markets, is markets that fall outside of TrustBuddy’s feasibility for a number of reasons. All countries not mentioned in Classes A and B fall into this category. For countries outside Europe, there are several countries that are interesting for P2P lending. These are highly diverse, ranging from Australia/New Zealand through African countries like South Africa, Asian countries with a high living standard, to the vast markets in most states in the USA (and Canada). As TrustBuddy is not yet officially targeting any of these markets, they all fall into Class C. Bearing in mind that TrustBuddy is also planning growth through un-organic growth; selected countries outside Europe may be upgraded to Class A markets on short notice.



Class A markets; Europe’s normally regulated countries

With its registration with the financial authorities as a financial services company, TrustBuddy may establish local branch offices (or services) in virtually any other EU/EFTA county, but must notify local authorities and abide by local legislative adaptations. The countries where TrustBuddy is active or is to establish presence, and may immediately initiate business, are (in order of launch or planned launch); Sweden, Norway, Germany, Austria, Denmark, Spain, Ireland, Portugal, Switzerland, Finland, the BeNeLux counties and France.

Class B markets; Europe’s remaining countries

The non-priority Class B markets, in no specific order, include Poland, Russia, most Eastern European countries, Italy, and countries with a population of less than two million inhabitants.

Class C markets; the rest of the world

The Class C markets, deemed outside the TrustBuddy scope (in no specific order), include the whole of Asia, Africa, South America and all countries not specified in the above classes.

TrustBuddy's Revenue model

TrustBuddy's revenue model revolves around fees and administration costs on loans. As an addition to these revenues, income from premium SMS services is also important for the company. As most customers extend their loans, incur extra fees and charges and are repeat customers, the average profit per customer have historically been very high. It is expected to decline over time, but presently the figure is standing at around 1,000.00 SEK per customer per year for active customers (and around 180.00 SEK for inactive customers due to the Premium SMS revenues and membership fees). The revenue stream originates from the following profit centers:

1: Administration fees

Once an applicant is granted a loan, the user is asked to verify the terms and conditions, and to send the account number the loan is to be issued to. Terms and conditions constitute a full loan contract to the fullest extent allowed in each jurisdiction, and authorize a handling fee, interest rates and other charges. Costs include opening a TrustBuddy account, a loan application handling fee, a credit check with Creditinform/Dun&Bradstreet (agency may differ between markets) an express payment transfer charge, a bank transaction charge and obviously an interest on the loan (which is not shared by TrustBuddy, see below). In total, the charges will add up to between 5 and 10 percent of the loan amount, depending on the size of the loan amount, based on a one-month repayment schedule.

2: Premium SMS revenues

An important revenue stream comes from the mobile operations, through Premium SMS charges. Premium SMS is an overcharged SMS that is billed to the phone user's account when sent or received, varying in size between €0.25 and €5 depending on local regulations and the type of premium SMS. Most interactions (checks, approval messages, verifications etc.) incur Premium SMS charges (or in some cases, two Premium SMS charges).

3: Interest from loans

Currently, the borrower interest rate is fixed at 12 percent per loan, effectively 12 percent per 30 days, plus costs added by TrustBuddy as described above. As loans are granted using client funds, and to avoid being considered as a banking institution, any form of interest on client funds goes directly to the client owning the funds. This alleviates all risk involved with bad debt, but a huge earnings potential is left untouched. At some future point, depending on size of the company, size of the market and average performance over time, the company may opt to alter this situation. Still, for a foreseeable future, interest on loans will be neither a revenue stream nor a profit centre for TrustBuddy.

In addition to the current TrustBuddy product lines, there are a number of envisioned future profit centers for the company. With a youth focused, purchase intensive buyer group, other sidelining products can be added to the product mix. Such sidelining

products could be offering mobile gaming services such as poker or casino gaming, mobile phone virtual operators or regular network operator brands, IP telephone brands, credit cards linked to their respective TrustBuddy accounts, SMS-based marketing, auction services, event marketing, news publishing services, WebTV-to-mobile services and a wide range of others. TrustBuddy has not yet investigated the feasibility or the rate of acceptance for such third party products, but it should reveal a lot of hidden potential with regard to leveraging the customer base in terms of value.

For the investor side of the TrustBuddy group, one could envision sending IPO offerings at a discount to get a large number of new investors, along with a wide range of other investment services. As mentioned above; gearing the initial amount invested could be an option that would be a separate product line, and other third party offerings such as high profile credit cards, VIP services, high-end event marketing and so forth.

Key factors for success:

TrustBuddy sees the following factors as its key factors for success:

- Better interest for pooled lending investors rates than those available from traditional banks
- Freedom to withdraw funds up to 90 percent at any time
- Option to “roll” loans another 30 days for borrowers
- 7 days interest free test period
- 24-hour online availability
- Modern, friendly way of banking with a human touch
- Convenient, fast electronic payment processing
- Focus on high quality borrowers through BankID control and credit checks
- Efficient distribution channels with user friendly layout and interfaces, online communities and social networks
- Superior proprietary technology
- Structured growth in new markets
- Proven international technology platform
- Fully compliant with finance authority regulations

Organization and employees

As of July 21, 2011, the Company had a permanent staff of eight persons. Two of these work part-time. Furthermore, three consultants work with technical tasks and two other consultants work on design related tasks. The Board of directors consists of six persons.

TrustBuddy AB is to 100 percent owned by TrustBuddy International AB. As stated before, the business is carried out in the subsidiary and the parent company will be listed on First North as soon as the Company full-fills all the listing requirements. TrustBuddy AB. The Company's primary organizational chart is shown below:



Summarized financial development

The following summarized financial information has not been subject to review or audit by the company's auditor.

Income Statement

		(Proforma) Trustbuddy AB & 360 Holding AB	(Proforma) Trustbuddy AB & 360 Holding AB
	Trustbuddy AB 2009-11-25 2010-12-31	2010-01-01 2010-12-31	2011-01-01 2011-06-30
(KSEK)			
Revenue	330	330	1 543
Other external expenses	-435	-816	-1 754
Personel costs	0	-495	-37
EBITDA	-105	-981	-248
depreciations & Amrotzation	-4	-13	0
Interest income	0	31	54
Interest expense	0	-68	-39
Taxes	0	-12	0
Net Income	-109	-1 043	-233

Balance Sheet

(KSEK)	(Proforma)		(Proforma)	
	Trustbuddy AB 2010-12-31	Trustbuddy AB & 360 Holding AB 2010-12-31	Trustbuddy AB & 360 Holding AB 2011-06-30	TrustBuddy International AB 2011-07-01
<u>Assets</u>				
Intangible assets	3 101	3 101	3 101	3 101
Goodwill	0	0	0	82 834
Equipment, tills and installations	0	26	0	0
Long-term receivables	0	1 500	0	0
Deferred tax receivables	0	3 009	3 009	3 009
Accounts receivables	94	94	172	172
Other current receivables	6	32	423	423
Prepayment	0	0	112	112
Liquid assets	1 072	1 091	757	757
Total Assets	4 273	8 853	7 574	90 408
<u>Equity</u>				
Share capital	100	500	500	10 312
Non-restricted equity	2 554	4 021	4 536	82 026
Net loss/profit for the year	-101	-1 043	-233	-4 701
Total Equity	2 553	3 478	4 803	87 637
<u>Liabilities</u>				
Accounts payable to suppliers	416	1 212	1 057	1057
Other current liabilities	1 205	3 680	1 003	1003
Accruals and deferred income	99	483	711	711
Total Liabilities	1 720	5 375	2 771	2 771
Total Equity & Liabilities	4 273	8 853	7 574	90 408

Audit reports



Revisionsberättelse

Till årsstämman i TrustBuddy AB

Org nr 556794-5083

Jag har granskat årsredovisningen och bokföringen samt styrelsens förvaltning i TrustBuddy AB för räkenskapsåret 2009-11-25 – 2010-12-31. Det är styrelsen som har ansvaret för räkenskapshandlingarna och förvaltningen och för att årsredovisningslagen tillämpas vid upprättandet av årsredovisningen. Mitt ansvar är att uttala mig om årsredovisningen och förvaltningen på grundval av min revision.

Revisionen har utförts i enlighet med god revisionssed i Sverige. Det innebär att jag planerat och genomfört revisionen för att med hög men inte absolut säkerhet försäkra mig om att årsredovisningen inte innehåller väsentliga felaktigheter. En revision innefattar att granska ett urval av underlagen för belopp och annan information i räkenskapshandlingarna. I en revision ingår också att pröva redovisningsprinciperna och styrelsens tillämpning av dem samt att bedöma de betydelsefulla uppskattningar som styrelsen gjort när den upprättat årsredovisningen samt att utvärdera den samlade informationen i årsredovisningen. Som underlag för mitt uttalande om ansvarsfrihet har jag granskat väsentliga beslut, åtgärder och förhållanden i bolaget för att kunna bedöma om någon styrelseledamot är ersättningsskyldig mot bolaget. Jag har även granskat om någon styrelseledamot på annat sätt har handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen. Jag anser att min revision ger mig rimlig grund för mina uttalanden nedan.

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och ger en rättvisande bild av bolagets resultat och ställning i enlighet med god redovisningssed i Sverige. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Jag tillstyrker att årsstämman fastställer resultaträkningen och balansräkningen, disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

2011-06-30

Roger Mattsson
Auktoriserad revisor



Revisionsberättelse

Till årsstämman i 360 Holding AB (publ)

Org nr 556510-9583

Jag har granskat årsredovisningen, koncernredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning i 360 Holding AB (publ) för år 2010. Det är styrelsen och verkställande direktören som har ansvaret för räkenskapshandlingarna och förvaltningen och för att årsredovisningslagen tillämpas vid upprättandet av årsredovisningen och koncernredovisningen. Mitt ansvar är att uttala mig om årsredovisningen, koncernredovisningen och förvaltningen på grundval av min revision.

Revisionen har utförts i enlighet med god revisionssed i Sverige. Det innebär att jag planerat och genomfört revisionen för att med hög men inte absolut säkerhet försäkra mig om att årsredovisningen och koncernredovisningen inte innehåller väsentliga felaktigheter. En revision innefattar att granska ett urval av underlagen för belopp och annan information i räkenskapshandlingarna. I en revision ingår också att pröva redovisningsprinciperna och styrelsens och verkställande direktörens tillämpning av dem samt att bedöma de betydelsefulla uppskattningar som styrelsen och verkställande direktören gjort när de upprättat årsredovisningen och koncernredovisningen samt att utvärdera den samlade informationen i årsredovisningen och koncernredovisningen. Som underlag för mitt uttalande om ansvarsfrihet har jag granskat väsentliga beslut, åtgärder och förhållanden i bolaget för att kunna bedöma om någon styrelseledamot eller verkställande direktören är ersättningsskyldig mot bolaget. Jag har även granskat om någon styrelseledamot eller verkställande direktören på annat sätt har handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen. Jag anser att min revision ger mig rimlig grund för mina uttalanden nedan.

Årsredovisningen och koncernredovisningen har upprättats i enlighet med årsredovisningslagen och ger en rättvisande bild av bolagets och koncernens resultat och ställning i enlighet med god redovisningssed i Sverige. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Jag tillstyrker att årsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och för koncernen, disponerar vinsten i moderbolaget enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

2011-06-30

Roger Mattsson
Auktoriserad revisor

Financial resources and working capital

On the 1st of July 2011, TrustBuddy International AB's cash and cash equivalents amounted to 757 KSEK. The board of directors estimates that existing working capital is sufficient to cover TrustBuddy's capital requirements during the next twelve months from the date of this company description. Although the Board believes that the Company will be able to generate sufficient profits to cover future funding needs it cannot be excluded that the company may be forced to seek new external capital.

Other financial information

Additional historical financial information is available on TrustBuddy's website: www.trustbuddyinternational.com.

Share capital and ownership

The share and share capital

The share capital of TrustBuddy amounts as of the 18th of July 2011 to 10,312,461.874 SEK allocated on 262,738,903 fully issued and paid shares. The quota value of the shares is 0,039 SEK. All shares participate equally in TrustBuddy's assets, net income and potential surplus in a liquidation. All shares have the same voting rights at a general meeting and each shareholder is entitled to vote for the full number of shares owned or represented at a general meeting. All shares also give the same preferential right to subscribe for share in an issue of new shares in TrustBuddy unless the general meeting, or the Board under an authorization from a general meeting, resolves to deviate from the preferential rights of the shareholders. The existing shares are denominated in SEK, and the new shares will be denominated in SEK. The existing shares are not and have not been subject to an offer which is given pursuant to a compulsory requirement to give an offer, redemption right or redemption obligation. There have been no public offers to acquire the shares of the Company during the current or previous financial year. According to the articles of association the minimum share capital shall be 6,000,000 SEK and the maximum share capital shall be 24,000,000 SEK and the minimum number of shares shall be 160,000,000 and the maximum number of shares shall be 640,000,000.

Ownership structure

Before the reversed merger, 360 Holding AB had on the 23rd of June 2011 12,738,903 shares divided on 1076 shareholders. The Company decided at the annual general meeting on the 1st of July 2011 that the reversed merger should be carried out. The Company decided that a total of 250 million new shares will be issued in the near future which will make a total amount of shares of 262,738,903. TrustBuddy International AB's largest shareholder is Cisk AS. The ownership structure will be as follows, if no other changes are done, as soon as the 250 million new shares are issued.

SHAREHOLDERS TRUSTBUDDY INTERNATIONAL AB	NB. OF SHARES	%
Cisk AS	250 000 000	95,14%
Carlowbay Holding Limited	2 306 583	0,88%
SEB Securites Services Corporate Actions	1 558 500	0,59%
Jeckelson Investments Limited	1 417 431	0,54%
Nordea Bank AB	914 111	0,35%
Anders Holmstedt	810 204	0,31%
Remarx AB	652 839	0,25%
Corecap AB	581 997	0,22%
Global Direct Partners AB	492 000	0,19%
Others	4 005 238	1,54%
Total	262 738 903	100,00%

Marketplace

NASDAQ OMX First North is an alternative market, operated by the different exchanges within NASDAQ OMX. It does not have the legal status as an EU-regulated market. Companies at First North are subject to the rules of First North and not the legal requirements for admission to trading on a regulated market. The risk in such an investment may be higher than on the main market.

Certified Adviser

As soon as The Company fulfills NASDAQ OMX First North's listing requirements the Certified Adviser will be Mangold Fondkommission.

Liquidity Provider

Mangold Fondkommission and TrustBuddy have entered into an agreement regarding liquidity guarantee. This agreement will only be carried out if TrustBuddy will be listed on First North. Under the liquidity guarantee Mangold Fondkommission undertakes to on an ongoing basis and on its own account quote buy and sell rates for TrustBuddy within a certain interval and agreed volume.

Dividend policy

It shall be noted that for a foreseeable period of time, the only way of obtaining any return on the investment for an investor in TrustBuddy's shares is a possible capital gain, since the Company does not plan to distribute any dividends within a foreseeable future.

Share-based incentive programs

As at the date of this Company Description there are no share-based incentive programs in place.

Employee stock options

As at the date of this Company Description there are no employee stock options in place.

Convertible loans

As at the date of this Company Description there are no convertible loans in place.

Corporate governance

Organization

The parent company is responsible for the group strategy and manages the subsidiaries, while performing intra-group functions such as financing, external information, financial reporting and the management of certain agreements. TrustBuddy's registered office is in Stockholm municipality. As of the 1st of July 2011, the management and board of directors of 360 Holding have stepped down and have been replaced by TrustBuddy's current management and board of directors. As of the 1st of July 2011 TrustBuddy had 6 full-time employees.

The Board of Directors

Mr. Eivind Jørundland – Chairman of the board (born 1960)

Mr. Jørundland (MBA) has an extensive career spanning management positions in the finance industry and in government agencies. He career started up with eight years as a manager in the Norwegian Competition Authority and one year as a national expert in the EFTA Surveillance Authority (Brussels). Later, he has spent 13 years developing and leading businesses in the financial sector and participated in the establishment of Acta (Investment funds and other financial services) offices in Kristiansand. He was a significant player in the development of Fund management company Optimum ASA for seven years, leading the company through the Norwegian Finance Authority licensing process (MIFID). He is currently working as CEO at Moementum AS, alongside being an active part of the TrustBuddy board. Eivind Jørundland owns through Cisk AS as of the 1st of July 2011 3.54 percent of TrustBuddy International AB.

Mr. Jens Glasø - CEO (born 1971)

Mr. Glasø has founded several technology companies, and has worked many years in the financial sector. He has been a stock broker, trader and advisor for SMEs, and wealthy individuals. In 2005 he was hired as Executive Vice President for Optimum ASA and was head of the offices in Kristiansand and Brussels. While he was working for Optimum the company experienced a significant increase in revenues and the increased its managed capital with 2 billion NOK. He commenced as CEO for TrustBuddy in November 2009. Jens Glasø owns through Cisk AS as of the 1st of July 2011 27,74 percent of TrustBuddy International AB.

Mr. Trond R. Ramslie – marketing management (born 1973)

Mr. Ramslie has worked for and managed several companies in printing and advertising businesses, before coming to TrustBuddy's design partner Adsign Reklamebyrå in 2006. He became a part of the TrustBuddy management group in 2010, through project development, and is currently also on the board of directors in TrustBuddy. Trond Ramslie owns 33,33 percent of Adsign Reklamebyrå which owns through Cisk AS, as of the 1st of July 2011, 11.72 percent of TrustBuddy International AB.

Mr. Rune Glasø - board member (born 1962)

Mr. R. Glasø was educated at the Norwegian School of Hotel Management and has been managing Norwegian hotels Dr Holm's Hotel, Reso Caledonien Hotel and the company Scandinavian Servicepartner. He is a competent project manager and has been working with internal organizational processes. Mr. R. Glasø has also worked in the borderline between sports and businesses for several years. He is currently using his knowledge towards companies in order to increase the experienced value in the use of internal and external meeting places. Rune Glasø has worked as a project manager for the Varner Group, Terra Real Estate, Aktiv Real Estate, Alliance Boots, the Rimi groceries retail chain and the bank Sparebanken Vest. When not working for the TrustBuddy board of directors, he focuses on national and international retail companies. Rune Glasø owns through his company, Etos Patos Logos AS, through Cisk AS 9.72 percent of TrustBuddy International AB as of the 1st of July 2011.

Mr. Linus L. Lönnroth - board member (born 1970)

Mr. Lönnroth has 14 years experience from the financial sector, including being an executive vice president for 8 years at the Oslo Stock Exchange until 2006. From here he went to Optimum (Fund managers) as an Executive Vice President with responsibility for the Swedish market, where he was until 2009. Lately, Mr. Lönnroth has been working as General Manager with Loft investments, as well as being on the board of (amongst others) TrustBuddy. Linus Lönnroth owns as of the 1st of July 2011 no shares in TrustBuddy International AB.

Mr. Alf Erik Skuland – board member (born 1961)

Mr. Skuland has more than 10 years experience from the finance sector, both as a consultant and manager. He has 13 years experience within the IT business as a project leader with responsibility of implementing MRO systems for customers, consultant tasks and the last five years as sales manager. Recently Mr. Skuland is responsible for managing properties in Lærdal Holding AS. Alf Erik Skuland owns through Cisk AS as of the 1st of July 2011 0,89 percent of TrustBuddy International AB.

Management

Mr. Jens Glasø - CEO (born 1971)

Mr. Glasø has founded several technology companies, and has worked many years in the financial sector. He has been a stock broker, trader and advisor for SMEs, and wealthy individuals. In 2005 he was hired as Executive Vice President for Optimum ASA and was head of the offices in Kristiansand and Brussels. While he was working for Optimum the company experienced a significant increase in revenues and the increased its managed capital with 2 billion NOK. He commenced as CEO November 2009. Jens Glasø owns through Cisk AS of the 1st of July 2011 27,74 percent of TrustBuddy International AB.

Mr. Bård Bjerkås – CFO (born 1971)

Mr. Bjerkås has a degree in Law from the University of Law in Oslo, Norway, and is the legal expert in TrustBuddy. He is also experience in the finance sector, having worked as a financial advisor in Norwegian giant Storebrand, and with real estate investments for many years. Mr. Bjerkås is no stranger to the world of mobile applications either, having worked extensively with mobile applications and co-founded several of the companies in

the sector. Mr. Bjerås is the key legal aide in TrustBuddy, closely monitoring legislative changes and the local circumstances in the countries where the TrustBuddy JV's operate and applying updates and changes to comply with any and all regulations applicable. Bård Bjerås owns shares in TrustBuddy through two companies which he is involved in. He is CEO and board member for Janus Invest AS which owns 2.51 percent of TrustBuddy International AB. Furthermore, Bård Bjerås is a board member of Smiley Communication which owns through Cisk AS 4.4 percent of TrustBuddy International AB.

Mr. Eivind Nag – Design management (born 1974)

Mr. Nag has been working for Hitec ASA, National Oilwell and HitecVision. He has been founding and developing companies such as Tryllefilm AS (2000), Datalageret AS (sold to Mamut ASA) and is currently working for Adesign Reklamebyrå AS. Mr. Nag is the creator of the key elements in the TrustBuddy brand, including the humanoid trustbuddies, the logos and “TrustBuddy – The Movie”. Eivind Nag owns 33,33 percent of Adsign Reklamebyrå which owns through Cisk AS, as of the 1st of July 2011, 11.72 percent of TrustBuddy International AB.

Mr. Trond R. Ramslie – Marketing management (born 1973)

Mr. Ramslie has worked for and managed several companies in printing and advertising businesses, before coming to TrustBuddy's design partner Adsign Reklamebyrå in 2006. He became a part of the TrustBuddy management group in 2010, through project development, and is currently also on the board of directors in TrustBuddy. Trond Ramslie owns 33,33 percent of Adsign Reklamebyrå which owns through Cisk AS, as of the 1st of July 2011, 11.72 percent of TrustBuddy International AB.

Mr. Patrik Fredriksson – Support managements (born 1981)

Mr. Fredriksson is a contractor within the service areas that have used the internet as a marketing and sales channel in the past four years. He was previously employed by Loanland, and has continued his work for TrustBuddy. Support is done using email or SMS, in combination with an internet-based product support module and an online FAQ. Patrik Fredriksson owns as of the 1st of July 2011 no shares in TrustBuddy International AB.

Auditors

Roger Mattsson, born in 1950, is a chartered accountant working for KPMG AB.

Address for KPMG Gothenburg:
Norra Hamngatan 22
Box 11908
SE 404 39 Göteborg

Other information regarding the board and management

Jens Glasø, has been involved in Byrebakk AS, which has filed a voluntary petition for bankruptcy in November 2010. The bankruptcy was completed in September 2011 and has not resulted in any liability claim, recovery order or any other financial claim against Jens Glasø. Neither has Jens Glasø been subject to investigation or suspicion of crime of any kind in connection with this.

None of the members of the board or management have been convicted in any fraud related cases in the past five years. There are also no allegations and/or sanctions from authorities against any of these persons and none of them have during the past five years been prohibited to be a member of the administration, management or control function of a company or to have a management position in a company. None of the members of the board or management is entitled to any benefits in relation to the cessation of their assignment as members of the board or management.

Within the Board of Directors, Jens Glasø and Rune Glasø are cousins. There are no cross ownership between the cousins according to Jens Glasø. Except for that no board members or management has any family relations to any other board member or management. The Company is not aware of any conflicts of interest between board members' or management's obligations towards the Company and such board members' or management's private interest and/or other obligations. All members of the board and management can be reached via the address of the Company that can be found in the end of the Company Description.

Legal matters and additional information

General information

The P2P market is partially or fully regulated in all the markets where TrustBuddy operates, or plan to operate in the future. In its home market, Sweden, TrustBuddy is registered with the financial authorities, granting them the right to conduct business as it is run today. It also implies restrictions on operating like a bank, including keeping customers funds in accounts, part-taking in profits from interests paid to private investors, and other technicalities to which TrustBuddy are strictly abiding. With the EU agreements in place, this gives TrustBuddy freedom to open business in most European countries. Still, local restrictions may demand TrustBuddy to register with local financial authorities, to collaborate with one or more local banks, to report in relation to their own rules and regulations, and to abide by local EU law exceptions.

Disputes and legal matters

TrustBuddy is not part of any court proceedings or arbitration proceedings (including not yet settled matters or matter that the Company is aware may arise) during the last twelve months and which recently had or may have significant effect on the Company's financial position or profitability.

Litigation and other liability proceedings

Neither the Company nor its material subsidiaries and material properties are subject to any material legal proceedings or regulatory actions.

Related party transactions

The Company has as of the date of the Company Description no related party transactions.

Significant agreements

TrustBuddy has entered into agreement with Lindorff Sverige AB to ensure that any that outstanding payments are refunded to the lender. A part from this agreement, the Company has as of the date of the Company Description no other significant agreements.

Insurance

TrustBuddy's Board of Directors considers that the company's current insurance coverage is suitable with the nature of the Company's operation.

Intangible rights

The Company has the rights to the Swedish company name Loanland AB and the domain name loanland.se

Lock-up

There will be a lock-up agreement for all excising shareholders, except for those who participated in the last share- issue.

Information policy

TrustBuddy's policy for communication and information is aimed to ensure that the Company maintains a high quality in these areas. The policy affects all employees at TrustBuddy and indicates in short the following: TrustBuddy's disclosure should be correct, fast and clear. It should be easy to access and obtain information for both employees and for external stakeholders. Qualitative information, which may never be ambiguous or misleading, is an important guiding principle. Incorrect information is never allowed to be spread. Difficulties and problems should be clarified properly, and at the same time must the steps taken to resolve the situation be stressed. It is important that that whoever is responsible for the information is available upon request.

Responsibilities

The Chief Executive Officer (CEO) has the overall responsibility over the information. The CEO delegates the information to the manager in charge of each division. The CEO also has the ultimate responsibility for information related to the trading with the Company's issued financial instruments. Only the CEO and the board members are allowed to express themselves regarding corporate and financial issues. The CEO deals with the Investor Relations (information for the stock market, analysts and others)

Financial and strategic information

Financial and strategic information often affects the stock price and must always be passed on by some sources, at the same time, to a certain number of recipients which among other things is regulated in the Certified Adviser deal between TrustBuddy and Mangold Fondkommission. This deal is only carried out if TrustBuddy will be listed on First North. Interim reports, financial statements and annual reports should be compiled and published in accordance with the current regulations. The CEO has the overall responsibility for the financial information. Stock analyst reports are only commented upon by CEO if factual errors exist. The financial reporting should be available both in printed form and on the Company's website, <http://trustbuddyinternational.com/>.

Information leak and rumors

Information leaks are prevented by making the recipient of the information aware of that the submitted information is confidential. A logbook shall be kept over the persons who have had access to the confidential information in connection to important business events. TrustBuddy's policy is not to comment on these kinds of rumors.

Financial policy

TrustBuddy is exposed to risks related to, among other things, cash equivalents, accounts receivable, accounts payable and loans. The risks for cash and loans are primarily related to the interest-rate risk. The risks for accounts receivable are related to the credit risk. TrustBuddy's board of directors has adopted a financial policy for how these risks and any surplus of cash should be managed.

Documents available for inspection

During the duration of the period of validity the annual report, articles of association, interim reports, press releases, Company Description and other information are available at the Company's website, <http://trustbuddyinternational.com/>. The documents can also be ordered from TrustBuddy and the address of the Company can be found in the section "Addresses" in the Company Description.

Articles of Association

Corporate registration number 556510-9583

§1 Name

The Company's name is TrustBuddy International AB.

§2 Domicile of the Board

The Board has its domicile in Stockholm municipality, Stockholm county.

§3 Operations

The company shall, by itself, or through wholly or partly owned subsidiaries, engage in management activities related to loans, acquiring and divesting companies in claim management, the company shall own and manage shareholdings in subsidiaries and associated companies, and conduct related activities.

§4 Share capital

The Company's share capital amounts to a minimum of SEK 6,000,000 and a maximum of SEK 24,000,000.

§5 Number of shares

The number of shares shall amount to a minimum of 160,000,000 and a maximum of 640,000,000.

§6 The Board

The Board of Directors consists of a minimum of 3 and a maximum of 6 members with a maximum of 2 deputies. They are yearly appointed at the annual general meeting for the period until the next annual general meeting

§7 Auditors

To audit the Company's annual report and accounts with the Board of Directors and the Chief Executive Officer managing shall an auditing firm, or one or two auditors, with or without a deputy auditor, be appointed at the annual general meeting.

§8 Notice for general meeting

The notice for a general meeting should be made by publishing it in "Post – och Inrikestidningar and Svenska Dagbladet".

The notice for a general meeting and a notice for an extra general meeting where a change in the articles of association will be resolved upon should be issued not earlier than six (6) weeks before and not later than four (4) weeks before the general meeting. Notice to other extra general meeting should be issued not earlier than six (6) weeks before and not later than two weeks before the general meeting.

§9 Opening the general meeting

The Chairman of the Board or the person that the Board appoints shall open the general meeting and should conduct the negotiations until a chairman for the general meeting has been appointed.

§10 The record subject

The Shares of the Company shall be noted in the reconciliation register in accordance with the Financial Instruments Accounts Act (1998:1479).

§11 Preregistration

In order to participate at the annual general meeting, shareholders must report to the company no later than 4 pm at the date specified in the notice for the annual general meeting. To be able to participate in a general meeting the shareholder notifies the Company about his presence and any assistants no later than 1600 on the day that is specified in the notice to the general meeting. This day cannot be Sunday, public holiday, Saturday, Midsummer evening, Christmas evening or new year's evening and cannot be earlier than the fifth workday before the general meeting.

§12 Annual general meeting

At the annual general meeting the following matters are compulsory:

- (1) Election of chairman at the meeting;
- (2) Establishing and approving the list of voting persons;
- (3) Election of one or two members to approve the minutes
- (4) Resolution whether the general meeting has been duly called for
- (5) Approving of agenda
- (6) Presentation of the annual report, audit report and, when applicable, consolidated accounts and audit report over consolidated accounts
- (7) Resolutions
 - a. To approve the income statement and balance sheet and, when applicable, the consolidated income statement and consolidated balance sheet
 - b. To appropriate profit or loss according to the approved balance sheet;
 - c. To release the board and managing directors from liability
- (8) Resolution on the remuneration to the board and, when applicable, audit fees
- (9) Election of board and, when applicable, audit company or auditors and possible deputy auditors
- (10) Other matters which lies upon the general meeting to resolve

§13 Financial year

The financial year of the company shall be the calendar year.

§14 Annual general meeting

The annual general meeting is held annually within six months at the end of the financial year.

§ 15 Voting Rights

At a general meeting, each and every person entitled to vote may vote for the full number of shares he represents with no limitation in the number of votes.

These articles of association were adopted at a general meeting on June 30, 2011.

Addresses

TrustBuddy International AB

Kungsgatan 10
SE 111 43 Stockholm Sweden
+46 8 562 596 00
<http://trustbuddyinternational.com/>

Auditor

Sweden:

KPMG Gothenburg:
Norra Hamngatan 22
Box 11908
SE 404 39 Göteborg

Certified Adviser and Liquidity Provider

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