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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM 8-K/A**  
(Amendment No. 1)

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 15, 2013**

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**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**

(Exact name of Registrant as specified in its charter)

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**Luxembourg**  
(State or other jurisdiction of  
incorporation)

**001-34354**  
(Commission File Number)

**Not Applicable**  
(I.R.S. Employer  
Identification No.)

**291, Route d'Arlon  
L-1150 Luxembourg  
Grand Duchy of Luxembourg**  
(Address of principal executive offices including zip code)

**+352 2469 7900**  
(Registrant's telephone number, including area code)

**NOT APPLICABLE**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Explanatory Note**

On November 20, 2013, Altisource Portfolio Solutions S.A. ("Altisource") filed a Current Report on Form 8-K (the "Original 8-K") to report its acquisition of all of the outstanding limited liability company interests of Equator, LLC, a California limited liability company.

This Amendment No. 1 on Form 8-K/A is being filed to amend the Original 8-K to include the financial information referred to in Item 9.01(a) and (b) below relating to the acquisition and to provide the consent of the independent auditors.

**Forward-Looking Statements**

Certain statements in this report on Form 8-K/A, including, but not limited to, assumptions related to the valuation of assets and estimates utilized in development of the unaudited pro forma combined financial statements are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by the use of terminology such as "anticipate," "intend," "expect," "may," "could," "should," "would," "plan," "estimate," "believe," "predict," "potential" or "continue" or the negative of these terms and other comparable terminology.

Forward-looking statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the following:

- our ability to retain our existing customers, expand relationships and attract new customers;
- the level of loan delinquencies;
- the level of origination volume;
- technology failures;
- our business is dependent on the trend toward outsourcing;
- our ability to raise debt;
- success is dependent on our directors, executive officers and key personnel; and
- our ability to comply with and burdens imposed by changes in governmental regulations, taxes and policies.

Further information on the risks specific to our business are detailed within our other reports and filings with the Securities and Exchange Commission including our Annual Report on Form 10-K for the year ended December 31, 2012, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K.

We caution you not to place undue reliance on these forward-looking statements as they reflect our view only as of the date of this report. We are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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## Item 9.01 Financial Statements and Exhibits.

### (a) Financial Statements of Business Acquired.

- Attached hereto as Exhibit 99.1 and incorporated by reference herein is the audited balance sheet of Equator, LLC as of December 31, 2012, and the related statements of operations, members' deficit and cash flows for the year ended December 31, 2012.
- Attached hereto as Exhibit 99.2 and incorporated by reference herein is the unaudited balance sheet of Equator, LLC as of September 30, 2013, and the related statements of operations, members' deficit and cash flows for the nine months ended September 30, 2013 and 2012.

### (b) Pro Forma Financial Information.

Attached hereto as Exhibit 99.3 and incorporated by reference herein is the unaudited pro forma combined balance sheet as of September 30, 2013 and the combined statements of operations for the nine months ended September 30, 2013 and the year ended December 31, 2012.

### (d) Exhibits.

The following exhibits are filed as part of this report:

| <u>Exhibit Number</u> | <u>Description of Exhibit</u>   |
|-----------------------|---|
| 23.1                  | Consent of Independent Auditors   |
| 99.1                  | Audited balance sheet of Equator, LLC as of December 31, 2012, and the related statements of operations, members' deficit and cash flows for the year ended December 31, 2012                               |
| 99.2                  | Unaudited balance sheet of Equator, LLC as of September 30, 2013, and the related unaudited statements of operations, members' deficit and cash flows for the nine months ended September 30, 2013 and 2012 |
| 99.3                  | Unaudited pro forma combined balance sheet as of September 30, 2013 and the combined statements of operations for the nine months ended September 30, 2013 and the year ended December 31, 2012             |

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## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 30, 2014

### Altisource Portfolio Solutions S.A.

By: /s/ Michelle D. Esterman

Name: Michelle D. Esterman

Title: Chief Financial Officer

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**Consent of Independent Auditors**

The Board of Directors and Stockholders of Altisource Portfolio Solutions S.A.:

We consent to the incorporation by reference in Registration Statement No. 333-161175 on Form S-8 of Altisource Portfolio Solutions S.A. of our report dated January 30, 2014, relating to the balance sheet of Equator, LLC as of December 31, 2012, and the related statements of operations, members' deficit and cash flows for the year ended December 31, 2012 (which report expresses an unmodified opinion on such financial statements and includes an emphasis of matter paragraph regarding the restatement of the financial statements), appearing in this Current Report on Form 8-K/A of Altisource Portfolio Solutions S.A.

/s/ Deloitte & Touche LLP

Atlanta, Georgia  
January 30, 2014

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## EQUATOR, LLC

## Financial Statements

As of December 31, 2012 and  
for the Year Ended December 31, 2012, as restated

### Independent Auditors' Report

The Board of Directors and Stockholders of Altisource Portfolio Solutions S.A.:

We have audited the accompanying financial statements of Equator, LLC (the "Company"), which comprises the balance sheet as of December 31, 2012, the related statements of operations, members' deficit and cash flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equator, LLC as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

The previously issued financial statements as of and for the year ended December 31, 2012 have been restated for the correction of material misstatements. See Note 3 to the financial statements. Our opinion is not modified with respect to this matter.

/s/ Deloitte & Touche LLP

Atlanta, Georgia  
January 30, 2014

EQUATOR, LLC  
Balance Sheet  
(Dollars in thousands)

|  | December 31, 2012,<br>as restated<br>(Note 3) |
|--|---|
| <b>ASSETS</b>  |   |
| <b>Current assets:</b>   |   |
| Cash and cash equivalents  | \$ 1,038                                      |
| Accounts receivable, net of allowance for doubtful accounts of \$304 | 7,044   |
| Prepaid expenses and other current assets                            | 921   |

|   |    |               |
|---|----|---------------|
| Total current assets                    |    | 9,003         |
| Premises and equipment, net             |    | 3,534         |
| Deposits and other assets               |    | 299           |
| Total assets                            | \$ | <u>12,836</u> |
| <b>LIABILITIES AND MEMBERS' DEFICIT</b> |    |               |
| <b>Current liabilities:</b>             |    |               |
| Accounts payable                        | \$ | 4,404         |
| Accrued expenses and other liabilities  |    | 1,905         |
| Deferred revenue                        |    | 33,102        |
| Capital leases, current portion         |    | 140           |
| Total current liabilities               |    | <u>39,551</u> |
| Capital leases, long-term portion       |    | 218           |
| Commitments (Note 10)                   |    |               |
| Members' deficit                        |    | (26,933)      |
| Total liabilities and members' deficit  | \$ | <u>12,836</u> |

*See accompanying notes to the financial statements.*

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**EQUATOR, LLC**  
Statement of Operations  
*(Dollars in thousands)*

|  | <u>For the year ended<br/>December 31, 2012,<br/>as restated<br/>(Note 3)</u> |
|--|---|
| Revenue                                      | \$ 67,624   |
| Costs and expenses:                          |   |
| Cost of revenue                              | 58,825  |
| Selling, general and administrative expenses | 17,260  |
| Total costs and expenses                     | <u>76,085</u>   |
| Loss from operations                         | (8,461)   |
| Other income (expense), net:                 |   |
| Loss on disposal of premises and equipment   | (2)   |
| Interest expense, net                        | (2)   |
| Total other expense, net                     | <u>(4)</u>  |
| Loss before income tax expense               | (8,465)   |
| Income tax expense                           | <u>(52)</u>   |
| Net loss                                     | <u>\$ (8,517)</u>   |

*See accompanying notes to the financial statements.*

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**EQUATOR, LLC**  
Statement of Members' Deficit  
*(Dollars in thousands)*

|  | <u>For the year ended<br/>December 31, 2012,<br/>as restated<br/>(Note 3)</u> |
|--|---|
| Balance, December 31, 2011, as previously reported | \$ 11,446   |
| Prior period adjustment (Note 3)                   | <u>(23,824)</u>   |

|   |                    |
|---|--------------------|
| Balance, December 31, 2011, as restated | (12,378)           |
| Members' contribution                   | 4,000              |
| Members' distribution                   | (10,038)           |
| Net loss                                | (8,517)            |
| Balance, December 31, 2012              | <u>\$ (26,933)</u> |

See accompanying notes to the financial statements.

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**EQUATOR, LLC**  
Statement of Cash Flows  
(Dollars in thousands)

|   | <u>For the year ended<br/>December 31, 2012,<br/>as restated<br/>(Note 3)</u> |
|---|---|
| Cash flows from operating activities:   |   |
| Net loss  | \$ (8,517)  |
| Adjustments to reconcile net loss to net cash provided by operating activities: |   |
| Depreciation and amortization   | 981   |
| Bad debt expense  | 96  |
| Loss on disposal of premises and equipment                                      | 2   |
| Changes in operating assets and liabilities:                                    |   |
| Accounts receivable   | 3,848   |
| Other current and noncurrent assets   | 235   |
| Accounts payable  | 735   |
| Accrued expenses and other liabilities  | 359   |
| Deferred revenue  | 9,401   |
| Net cash provided by operating activities                                       | <u>7,140</u>  |
| Cash flows from investing activities:   |   |
| Purchases of premises and equipment   | (1,265)   |
| Net cash used in investing activities   | <u>(1,265)</u>  |
| Cash flows from financing activities:   |   |
| Principal payments on capital lease obligations                                 | (68)  |
| Contributions from members  | 4,000   |
| Distributions to members  | (10,038)  |
| Net cash used in financing activities   | <u>(6,106)</u>  |
| Net decrease in cash and cash equivalents                                       | (231)   |
| Cash and cash equivalents, beginning of year                                    | <u>1,269</u>  |
| Cash and cash equivalents, end of year  | <u>\$ 1,038</u>   |
| Supplemental cash flow information:   |   |
| Income taxes paid   | \$ (52)   |
| Non-cash investing and financing activities:                                    |   |
| Capital expenditures funded by capital lease borrowings                         | \$ 426  |

See accompanying notes to the financial statements.

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**EQUATOR, LLC**  
Notes to Financial Statements  
(Dollars in thousands)

**NOTE 1 — BUSINESS**

Equator, LLC ("Equator" or the "Company"), a California limited liability company, was formed in 2003. The Company is an industry leading marketplace and transaction solutions provider for the mortgage and real estate industries. Equator's solutions include EQ Workstation®, EQ Marketplace®, EQ

Midsource® and EQ Portal™, which can be used a la carte or together as an end-to-end solution. The EQ Workstation provides comprehensive, end-to-end workflow and transaction services to manage real estate related activities. EQ Marketplace provides a coordinated means of purchasing a variety of real estate services from vendors including realtors, title, closing, inspection and valuation. EQ Midsource allows users of EQ Workstation to outsource all or specific components of real estate related activities. EQ Portal provides realtors direct access to process real estate transactions with secure exchange of data and documents along with realtor marketing, training and certification.

## **Transaction after December 31, 2012**

On November 15, 2013, Altisource Solutions S.à r.l. acquired the all of the Company's outstanding limited liability interests. Altisource Solutions S.à r.l. is a wholly-owned subsidiary of Altisource Portfolio Solutions S.A.

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

### **Basis of Presentation**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### **Uses of Estimates**

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Revenue Recognition**

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition*. ASC Topic 605 sets forth guidance as to when revenue is realized or realizable and earned, which is generally when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been performed; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured.

For arrangements with multiple deliverables, the Company recognizes revenue in accordance with ASC Subtopic 605-25, *Revenue Recognition: Multiple-Element Arrangements* ("ASC 605-25"), and Securities and Exchange Commission Staff Accounting Bulletin ("SAB") Topic 13, *Revenue Recognition* (codified in ASC 605-10-S99-1, "SAB Topic 13"). ASC 605-25 and SAB Topic 13 require each deliverable within a multiple-deliverable revenue arrangement to be accounted for as a separate unit if both of the following criteria are met: (1) the delivered item or items have value to the customer on a standalone basis and (2) for an arrangement that includes a general right of return relative to the delivered item(s), delivery or

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performance of the undelivered item(s) is considered probable and substantially in the seller's control. The Company's revenue arrangements generally do not include a general right of return relative to delivered products. Deliverables not meeting the criteria for accounting treatment as a separate unit are combined with a deliverable that meets that criterion. The appropriate allocation of arrangement consideration and recognition of revenue is then determined for the combined unit of accounting. If and when we are not able to deliver all separate units of account in the same period, we allocate arrangement consideration to each unit of accounting in an arrangement based on its relative selling price.

The Company derives its revenue from platform services fees, professional services fees and other services.

Platform services fees consist of amounts charged for the use of the EQ Platform. The Company does not begin to recognize revenue for platform services fees until these fees become billable, as the services fees are not fixed and determinable until such time. Platform services fees are recognized ratably over the shorter of the term of the contract with the customer or the minimum cancellation period. The recognition period for these fees ranges from 3 to 36 months.

Professional services fees consist primarily of configuration services related to customizing the EQ Platform for individual customers and are generally billed as the hours are worked. Due to the essential and specialized nature of the configuration services, these services do not qualify as separate units of accounting separate from the platform services as the delivered services do not have value to the customer on a standalone basis. Therefore, the related fees are recorded as deferred revenue until the project configuration is complete and then recognized ratably over the longer of the term of the agreement or the estimated expected customer life. The recognition period for these fees ranges from 4 months to 11 years. The Company evaluates the length of the amortization period of the professional services fees based on its experience with customer contract renewals and consideration of the period over which those customers will receive benefits from the Company's platform services. Expenses incurred for a customer, such as out-of-pocket travel, are typically reimbursed by the customer. These are accounted for as both revenue and cost of revenue in the period the cost is incurred.

Other services consist primarily of training, including agent certification, and consulting services. These services are generally sold separately and are recognized as revenue as the services are performed and earned.

### **Cash and Cash Equivalents**

We classify all highly liquid instruments with an original maturity of three months or less at the time of purchase as cash equivalents.

### **Accounts Receivable, Net**

Accounts receivable are net of an allowance for doubtful accounts that represent an amount that management estimates to be uncollectible. Management provides for probable uncollectible amounts based on its assessment of the current status of individual accounts.

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The Company's allowance for doubtful accounts was \$304 at December 31, 2012. The activities of the account for the year ended December 31, 2012 are as follows:

|                                    |    |            |
|------------------------------------|----|------------|
| Balance at January 1, 2012         | \$ | 253        |
| Bad debt expense charged to income |    | 96         |
| Accounts written-off               |    | (45)       |
|                                    |    | <hr/>      |
| Balance at December 31, 2012       | \$ | <u>304</u> |

### **Premises and Equipment, Net**

Premises and equipment are stated at cost. The Company provides for depreciation using the straight-line method over the estimated useful lives of five to seven years.

Depreciation of leasehold improvements is computed using the straight-line method over the shorter of the asset life or the remaining life of the lease.

Office equipment acquired through capital leases is reflected in premises and equipment at the present value of the future minimum lease payments. Premises and equipment held under capital leases are amortized over the estimated useful lives of the assets.

Repairs and maintenance are charged to expense as incurred with any major improvements or replacements capitalized.

### Computer Software

The Company capitalizes the costs of obtaining internal-use computer software in accordance with ASC Subtopic 350-40, *Internal Use Software*. The Company amortizes those costs over periods up to five years beginning when the software is ready for its intended use. Computer software is included in premises and equipment, net.

### Impairment of Long-lived Assets

The Company periodically reviews premises and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, the Company recognizes an impairment charge in the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group. For the year ended December 31, 2012, no impairment was identified or recorded.

### **Deposits and Other Assets**

Deposits and other assets primarily relate to rental deposits made to landlords.

### **Capital Lease Obligation**

The Company leases certain office equipment under a capital lease agreement that expires in July 2015. The liability represents the present value of the minimum lease payments. Related interest expense of \$5 for the year ended December 31, 2012 is included within interest expense, net in the statement of operations.

### **Operating Leases**

The Company leases various offices under operating lease agreements. Lease payments under these agreements are recognized as an expense on a straight-line basis over the term of the leases as a component of selling, general and administrative expenses in the statement of operations.

### **Members' Salaries**

The Company records members' salaries as an expense under selling, general and administrative expenses in the statement of operations. These amounts may be considered in excess of or less than commensurate salaries for similar positions at other companies and are paid and set at the discretion of the members.

### **Income Taxes**

Under current Federal and state laws, limited liability companies are generally not subject to income taxes. Therefore, no provision has been made for such taxes in the accompanying financial statements other than the statutory California franchise taxes applicable to limited liability companies. For income tax purposes, the members separately account for their pro rata share of the Company's items of income, deductions, losses and credits.

### **Concentrations of Credit Risk**

Financial instruments that potentially expose the Company to concentrations of credit risk consist of cash and cash equivalents. Cash and cash equivalents are invested with quality federally insured institutions that are members of the Federal Deposit Insurance Corporation. As of December 31, 2012, cash balances with the institution for all non-interest bearing accounts are fully insured, regardless of the account and the ownership capacity of the funds. The Company has not incurred losses related to cash and cash equivalents.

During the year ended December 31, 2012, the Company's top 10 customers accounted for 79% of total revenue. Two customers accounted for approximately 50% and 7% of total revenue.

At December 31, 2012, these top 10 customers accounted for approximately 76% of the accounts receivable, net balance. This includes two customers who accounted for approximately 26% and 24% of the accounts receivable, net balance.

### Advertising Expense

Advertising expenses are recognized when incurred. For the year ended December 31, 2012, advertising expense was \$218. Advertising expense is reflected as a component of selling, general and administrative expenses in the statement of operations.

### Recently Adopted Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update (“ASU”) No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* (“ASU No. 2011-04”). This guidance affects all entities that are required or permitted to measure or disclose the fair value of an asset, a liability or an instrument classified in a reporting entity’s equity in the financial statements. ASU No. 2011-04 changed the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. The adoption of ASU No. 2011-04 did not have a material impact on the Company’s financial statements.

### Recently Issued Accounting Pronouncements

In October 2012, the FASB issued ASU No. 2012-04, *Technical Corrections and Improvements* (“ASU No. 2012-04”). The amendments in this update cover a wide range of topics in the ASC. These amendments include technical corrections and improvements to the ASC and conforming amendments related to fair value measurements. The amendments in this update without transition guidance were effective upon issuance. The amendments that are subject to the transition guidance will be effective for fiscal periods beginning after December 15, 2013. The adoption of ASU No. 2012-04 is not expected to have a material impact on the Company’s financial statements.

### NOTE 3 — RESTATEMENT OF FINANCIAL STATEMENTS

Subsequent to the initial issuance of the Company’s 2012 financial statements, the Company’s management identified the following errors:

- Revenue related to platform and professional services was not properly recognized under ASC 605-25 and SAB Topic 13. Platform and professional services fees had previously been recognized as revenue when billed. Platform services fees should have been recognized ratably over the shorter of the term of the contract with the customer or the minimum cancellation period. Professional services fees should have been recognized ratably over the longer of the term of the contract with the customer or the estimated expected customer life as they do not have standalone value. As a result, revenue and deferred revenue have been restated from the amounts previously reported.
- Revenue related to agent certification fees had previously been recognized as revenue when billed. These fees should have been recognized as revenue ratably over the certification period of one year. As a result, revenue and deferred revenue have been restated from the amounts previously reported.
- Expenses incurred on behalf of customers and reimbursed by customers were presented on a net basis whereas they should have been presented on a gross basis. As a result, revenue and cost of revenue have been restated from the amounts previously reported.
- A lease agreement entered into in 2012 was originally accounted for as an operating lease and should have been classified as a capital lease. In addition, deferred rent should have been recognized on certain operating leases. As a result, premises and equipment, net, accrued expenses and other liabilities, selling, general and administrative expenses and interest expense, net have been restated from the amounts previously reported.
- An additional accrual for paid leave should have been recognized. As a result, cost of revenue and accrued expenses and other liabilities have been restated from the amounts previously reported.

The following tables set forth the correction to each of the individual affected line items in the balance sheet, statements of operations and cash flows as of and for the year ended December 31, 2012 and the impact on net loss for the year ended December 31, 2011 (unaudited). The Company did not present a table for the adjustments within the statement of members’ deficit as the adjustment to the beginning balance is already reflected in the statement of members’ deficit, and the adjustment to net loss for the year ended December 31, 2011 is included in the statement of operations table below. The financial information included in the accompanying financial statements and notes thereto reflect the effects of the corrections described in the preceding discussion and in the tables below.

|   | December 31, 2012      |             |             |
|---|------------------------|-------------|-------------|
|   | As previously reported | Adjustments | As restated |
| <b>ASSETS</b>                             |                        |             |             |
| <b>Current assets:</b>                    |                        |             |             |
| Cash and cash equivalents                 | \$ 1,038               | \$ —        | \$ 1,038    |
| Accounts receivable, net                  | 7,044                  | —           | 7,044       |
| Prepaid expenses and other current assets | 921                    | —           | 921         |
| Total current assets                      | 9,003                  | —           | 9,003       |
| Premises and equipment, net               | 3,151                  | 383         | 3,534       |

|   |                  |               |                  |
|---|------------------|---------------|------------------|
| Deposits and other assets               | 299              | —             | 299              |
| Total assets                            | <u>\$ 12,453</u> | <u>\$ 383</u> | <u>\$ 12,836</u> |
| <b>LIABILITIES AND MEMBERS' DEFICIT</b> |                  |               |                  |
| Current liabilities:                    |                  |               |                  |
| Accounts payable                        | \$ 4,404         | \$ —          | \$ 4,404         |
| Accrued expenses and other liabilities  | 1,647            | 258           | 1,905            |
| Deferred revenue                        | 34               | 33,068        | 33,102           |
| Capital leases, current portion         | —                | 140           | 140              |
| Total current liabilities               | <u>6,085</u>     | <u>33,466</u> | <u>39,551</u>    |
| Capital leases, long-term portion       | —                | 218           | 218              |
| Commitments (Note 10)                   |                  |               |                  |
| Members' deficit                        | 6,368            | (33,301)      | (26,933)         |
| Total liabilities and members' deficit  | <u>\$ 12,453</u> | <u>\$ 383</u> | <u>\$ 12,836</u> |

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|  | <b>For the year ended December 31, 2012</b> |                    |                    |
|--|---|--------------------|--------------------|
|  | <u>As previously reported</u>               | <u>Adjustments</u> | <u>As restated</u> |
| Revenue  | \$ 76,548                                   | \$ (8,924)         | \$ 67,624          |
| Costs and expenses:  |   |                    |                    |
| Cost of revenue  | 58,313                                      | 512                | 58,825             |
| Selling, general and administrative expenses   | 17,225                                      | 35                 | 17,260             |
| Total costs and expenses   | <u>75,538</u>                               | <u>547</u>         | <u>76,085</u>      |
| Income (loss) from operations  | 1,010                                       | (9,471)            | (8,461)            |
| Other income (expense), net:   |   |                    |                    |
| Loss on disposal of premises and equipment   | (2)   | —                  | (2)                |
| Interest income (expense), net   | 4   | (6)                | (2)                |
| Total other income (expense), net  | <u>2</u>                                    | <u>(6)</u>         | <u>(4)</u>         |
| Income (loss) before income tax expense  | 1,012                                       | (9,477)            | (8,465)            |
| Income tax expense   | (52)  | —                  | (52)               |
| Net income (loss)  | <u>\$ 960</u>                               | <u>\$ (9,477)</u>  | <u>\$ (8,517)</u>  |
|  | <b>For the year ended December 31, 2012</b> |                    |                    |
|  | <u>As previously reported</u>               | <u>Adjustments</u> | <u>As restated</u> |
| Cash flows from operating activities:  |   |                    |                    |
| Net income (loss)  | \$ 960                                      | \$ (9,477)         | \$ (8,517)         |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |   |                    |                    |
| Depreciation and amortization  | 938   | 43                 | 981                |
| Bad debt expense   | 96  | —                  | 96                 |
| Loss on disposal of premises and equipment   | 2   | —                  | 2                  |
| Changes in operating assets and liabilities:   |   |                    |                    |
| Accounts receivable  | 3,848                                       | —                  | 3,848              |
| Other current and noncurrent assets  | 235   | —                  | 235                |
| Accounts payable   | 736   | (1)                | 735                |
| Accrued expenses and other liabilities   | 257   | 102                | 359                |
| Deferred revenue   | —   | 9,401              | 9,401              |
| Net cash provided by operating activities  | <u>\$ 7,072</u>                             | <u>\$ 68</u>       | <u>\$ 7,140</u>    |
| Cash flows from financing activities:  |   |                    |                    |
| Principal payments on capital lease obligations  | \$ —  | \$ (68)            | \$ (68)            |
| Contributions from members   | 4,000                                       | —                  | 4,000              |
| Distributions to members   | (10,038)                                    | —                  | (10,038)           |
| Net cash used in financing activities  | <u>\$ (6,038)</u>                           | <u>\$ (68)</u>     | <u>\$ (6,106)</u>  |

**For the year ended December 31, 2011  
(Unaudited)**

| <u>As previously</u> | <u>Adjustments</u> | <u>As restated</u> |
|----------------------|--------------------|--------------------|
|----------------------|--------------------|--------------------|

|                   | <u>reported</u> |       |                        |
|-------------------|-----------------|-------|------------------------|
| Net income (loss) | \$              | 8,007 | \$ (12,374) \$ (4,367) |

#### NOTE 4 — MEMBERS' DEFICIT

The Company has two classes of Membership Interests, Class A, which has voting rights, and Class B, which does not have voting, approval or consent rights.

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In accordance with the terms of the revised operating agreement, income, gain, loss, deduction or credit incurred by the Company are allocated 80% to the Class A Members proportionately in accordance with their respective Class A Membership Interests and 20% to the Class B Members proportionately in accordance with respective Class B Membership Interests.

Losses cannot exceed the maximum amount of losses that can be allocated without causing the Member to have an Adjusted Capital Account Deficit at the end of the year. In the event that some of the Members would have an Adjusted Capital Account Deficit, a limitation is applied on a Member-by-Member basis to allocate the maximum permissible losses to each Member. All losses in excess of the limitation are allocated to the Members in the same proportion as income, gain, loss and deduction. At December 31, 2012, Class A and Class B Adjusted Capital Account Deficits totaled \$21,546 and \$5,387, respectively.

Profits are allocated to the Members in proportion to the cumulative losses allocated to the Members for all prior fiscal years exceeding the cumulative profits allocated to the Members. From time to time, the Company distributes cash and other property to the Members. Eighty percent of the distributions are made to Class A members proportionately in accordance with their respective Class A Membership Interest, and 20% are distributed to Class B Members proportionately in accordance with their respective Class B Membership Interest. Distributions to withhold or to make tax payments due on income from the Company are permitted under the Company's operating agreement. Total distributions made to Members amounted to \$10,038 during the year ended December 31, 2012. Total contributions made from Members amounted to \$4,000 during the year ended December 31, 2012.

#### NOTE 5 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets at December 31, 2012 consist of the following:

|   |    |            |
|---|----|------------|
| Annual software licenses                  | \$ | 518        |
| Other prepaid expenses                    |    | 222        |
| Prepaid insurance                         |    | 156        |
| Other current assets                      |    | 25         |
|   |    | <u>921</u> |
| Prepaid expenses and other current assets | \$ | <u>921</u> |

#### NOTE 6 — PREMISES AND EQUIPMENT, NET

Premises and equipment, net (including assets held under capital leases) at December 31, 2012 consist of the following:

|                                |    |                |
|--------------------------------|----|----------------|
| Office equipment               | \$ | 3,106          |
| Capitalized software           |    | 2,078          |
| Furniture and fixtures         |    | 583            |
| Leasehold improvements         |    | 394            |
|                                |    | <u>6,161</u>   |
| Less: accumulated depreciation |    | <u>(2,627)</u> |
| Premises and equipment, net    | \$ | <u>3,534</u>   |

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Depreciation expense for the year ended December 31, 2012 was \$981 and is reflected as a component of selling, general and administrative expenses in the statement of operations.

The gross amount of office equipment recorded under capital leases as of December 31, 2012 was \$426.

#### NOTE 7 — ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities at December 31, 2012 consist of the following:

|  |    |              |
|--|----|--------------|
| Payroll and payroll taxes              | \$ | 685          |
| Vacation                               |    | 1,031        |
| Rent                                   |    | 189          |
|  |    | <u>1,905</u> |
| Accrued expenses and other liabilities | \$ | <u>1,905</u> |

#### NOTE 8 — CAPITAL LEASE OBLIGATIONS

Future minimum lease payments under capital leases in effect at December 31, 2012 are as follows:

| <u>For the year ending December 31,</u>    |               |
|--|---------------|
| 2013                                       | \$ 149        |
| 2014                                       | 149           |
| 2015                                       | <u>111</u>    |
| Total minimum lease payments               | 409           |
| Less amounts representing interest         | <u>(51)</u>   |
| Present value of capital lease obligations | <u>\$ 358</u> |

**NOTE 9 — EMPLOYEE BENEFIT PLAN**

The Company has a 401(k) defined contribution plan (the “Plan”) for eligible employees. Under the Plan, employees can make voluntary contributions not to exceed the limits established by the Internal Revenue Code. Contributions are made to the Plan on a matching basis up to 65% of employees’ elective deferral up to 6% of their annual salaries. Contribution expenses related to the Plan for the year ended December 31, 2012 totaled \$548. Contribution expenses are reflected as a component of cost of revenue and selling, general and administrative expenses in the statement of operations.

**NOTE 10 — COMMITMENTS**

The Company occupies facilities under noncancelable operating lease agreements which expire between 2013 and 2016.

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Future minimum payments under noncancelable operating leases are as follows:

| <u>For the year ending December 31,</u> |                 |
|---|-----------------|
| 2013                                    | \$ 1,824        |
| 2014                                    | 2,437           |
| 2015                                    | <u>2,262</u>    |
| 2016                                    | <u>614</u>      |
| Total                                   | <u>\$ 7,137</u> |

During the year ended December 31, 2012, rent expense was \$2,004 and was reflected as a component of selling, general and administrative expenses in the statement of operations.

**NOTE 11 — SUBSEQUENT EVENT**

Management has evaluated subsequent events from the balance sheet date through January 30, 2014, the date at which these financial statements were issued, and determined there are no items to disclose, other than the information disclosed in Note 1, *Transaction after December 31, 2012*.

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## EQUATOR, LLC

Unaudited Financial Statements

As of September 30, 2013 and  
for the Nine Months Ended September 30, 2013 and 2012EQUATOR, LLC  
Balance Sheet  
(Dollars in thousands)

|  | <u>September 30, 2013</u> |                      |
|--|---------------------------|----------------------|
| <b>ASSETS</b>  |                           |                      |
| Current assets:  |                           |                      |
| Cash and cash equivalents  | \$                        | 1,629                |
| Accounts receivable, net of allowance for doubtful accounts of \$139 |                           | 14,506               |
| Prepaid expenses and other current assets                            |                           | 643                  |
| Total current assets   |                           | <u>16,778</u>        |
| Premises and equipment, net  |                           | 3,688                |
| Deposits and other assets  |                           | <u>299</u>           |
| Total assets   | \$                        | <u><u>20,765</u></u> |
| <b>LIABILITIES AND MEMBERS' DEFICIT</b>                              |                           |                      |
| Current liabilities:   |                           |                      |
| Accounts payable   | \$                        | 4,511                |
| Accrued expenses and other liabilities                               |                           | 5,071                |
| Deferred revenue   |                           | 40,803               |
| Capital leases, current portion                                      |                           | 488                  |
| Total current liabilities  |                           | <u>50,873</u>        |
| Capital leases, long-term portion                                    |                           | 670                  |
| Members' deficit   |                           | (30,778)             |
| Total liabilities and members' deficit                               | \$                        | <u><u>20,765</u></u> |

See accompanying notes to the financial statements.

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EQUATOR, LLC  
Statements of Operations  
(Dollars in thousands)

|  | <u>For the nine months ended<br/>September 30,</u> |                          |
|--|--|--------------------------|
|  | <u>2013</u>  | <u>2012</u>              |
| Revenue                                      | \$ 44,786  | \$ 52,611                |
| Costs and expenses:                          |  |                          |
| Cost of revenue                              | 36,801   | 42,658                   |
| Selling, general and administrative expenses | 12,409   | 13,590                   |
| Total costs and expenses                     | <u>49,210</u>                                      | <u>56,248</u>            |
| Loss from operations                         | (4,424)  | (3,637)                  |
| Other income (expense), net                  | (38)   | (3)                      |
| Loss before income tax expense               | (4,462)  | (3,640)                  |
| Income tax expense                           | (353)  | (50)                     |
| Net loss                                     | <u><u>\$ (4,815)</u></u>                           | <u><u>\$ (3,690)</u></u> |

**EQUATOR, LLC**  
Statements of Members' Deficit  
(Dollars in thousands)

|                              | For the nine months ended<br>September 30, |                    |
|------------------------------|--|--------------------|
|                              | 2013                                       | 2012               |
| Balance, beginning of period | \$ (26,933)                                | \$ (12,378)        |
| Members' contribution        | 1,000                                      | —                  |
| Members' distribution        | (30)                                       | (10,520)           |
| Net loss                     | (4,815)                                    | (3,690)            |
| Balance, end of period       | <u>\$ (30,778)</u>                         | <u>\$ (26,588)</u> |

See accompanying notes to the financial statements.

**EQUATOR, LLC**  
Statement of Cash Flows  
(Dollars in thousands)

|   | For the nine months<br>ended September 30, |                 |
|---|--|-----------------|
|   | 2013                                       | 2012            |
| <b>Cash flows from operating activities:</b>  |  |                 |
| Net loss  | \$ (4,815)                                 | \$ (3,690)      |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: |  |                 |
| Depreciation and amortization   | 974  | 705             |
| Bad debt expense  | 340  | 18              |
| Changes in operating assets and liabilities:  |  |                 |
| Accounts receivable   | (7,802)                                    | 1,921           |
| Other current and noncurrent assets   | 278  | (114)           |
| Accounts payable  | 107  | 2,440           |
| Accrued expenses and other liabilities  | 3,166                                      | 854             |
| Deferred revenue  | 7,701                                      | 10,563          |
| Net cash (used in) provided by operating activities                                       | <u>(51)</u>                                | <u>12,697</u>   |
| <b>Cash flows from investing activities:</b>  |  |                 |
| Purchases of premises and equipment   | (64)                                       | (940)           |
| Net cash used in investing activities   | <u>(64)</u>                                | <u>(940)</u>    |
| <b>Cash flows from financing activities:</b>  |  |                 |
| Principal payments on capital lease obligations   | (264)                                      | —               |
| Contributions from members  | 1,000                                      | —               |
| Distributions to members  | (30)                                       | (10,520)        |
| Net cash provided by (used in) financing activities                                       | <u>706</u>                                 | <u>(10,520)</u> |
| Net increase in cash and cash equivalents   | 591  | 1,237           |
| Cash and cash equivalents, beginning of period  | 1,038                                      | 1,269           |
| Cash and cash equivalents, end of period  | <u>\$ 1,629</u>                            | <u>\$ 2,506</u> |
| <b>Supplemental cash flow information:</b>  |  |                 |
| Income taxes paid   | \$ (353)                                   | \$ (50)         |
| <b>Non-cash investing and financing activities:</b>                                       |  |                 |
| Capital expenditures funded by capital lease borrowings                                   | \$ 1,064                                   | \$ 426          |

See accompanying notes to the financial statements.

**EQUATOR, LLC**  
Notes to Financial Statements  
(Dollars in thousands)

**NOTE 1 —BUSINESS**

Equator, LLC (“Equator” or the “Company”), a California limited liability company, was formed in 2003. The Company is an industry leading marketplace and transaction solutions provider for the mortgage and real estate industries. Equator’s solutions include EQ Workstation®, EQ Marketplace®, EQ Midsource® and EQ Portal™, which can be used a la carte or together as an end-to-end solution. The EQ Workstation provides comprehensive, end-to-end workflow and transaction services to manage real estate related activities. EQ Marketplace provides a coordinated means of purchasing a variety of real estate services from vendors including realtors, title, closing, inspection and valuation. EQ Midsource allows users of EQ Workstation to outsource all or specific components of real estate related activities. EQ Portal provides realtors direct access to process real estate transactions with secure exchange of data and documents along with realtor marketing, training and certification.

**Transaction after September 30, 2013**

On November 15, 2013, Altisource Solutions S.à r.l. acquired the all of the Company’s outstanding limited liability interests. Altisource Solutions S.à r.l. is a wholly-owned subsidiary of Altisource Portfolio Solutions S.A.

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

**Basis of Presentation**

The unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. Accordingly, these financial statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the interim data includes all normal recurring adjustments considered necessary to fairly state the results for the interim periods presented. The preparation of interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our interim financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

These interim financial statements should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2012, which contains a summary of our significant accounting policies. Certain footnote detail in the annual financial statements is omitted from the information included herein.

**Allowance for Doubtful Accounts Receivable**

The Company’s allowance for doubtful accounts was \$139 at September 30, 2013. The activities of the account for the nine months ended September 30, 2013 and 2012 are as follows:

|                                    | For the nine months ended<br>September 30, |        |
|------------------------------------|--|--------|
|                                    | 2013                                       | 2012   |
| Balance, beginning of period       | \$ 304                                     | \$ 253 |
| Bad debt expense charged to income | 340  | 18     |
| Accounts written-off               | (505)                                      | (42)   |
| Balance, end of period             | \$ 139                                     | \$ 229 |

**Capital Lease Obligations**

The Company leases certain office equipment under capital lease agreements that expire in July 2015 and February 2016. Related interest expense of \$43 and \$3 for the nine months ended September 30, 2013 and 2012, respectively, is included within other income (expense), net in the statements of operations.

**Concentrations of Credit Risk**

During the nine months ended September 30, 2013 and 2012, the Company’s top 10 customers accounted for 72% and 80% of the total revenue, respectively. Two customers accounted for approximately 31% and 13% of revenue for the nine months ended September 30, 2013. Two customers accounted for approximately 52% and 7% of revenue for the nine months ended September 30, 2012.

At September 30, 2013, these top 10 customers accounted for approximately 79% of the accounts receivable, net balance. This includes two customers who accounted for approximately 37% and 25% of the accounts receivable, net balance.

**Advertising Expense**

For the nine months ended September 30, 2013 and 2012, advertising expense was \$51 and \$167, respectively. Advertising expense is reflected as a component of selling, general and administrative expenses in the statements of operations.

**NOTE 3 — MEMBERS’ DEFICIT**



At September 30, 2013, Class A and Class B Adjusted Capital Account Deficits totaled \$24,622 and \$6,156, respectively. Total distributions made to Members amounted to \$30 and \$10,520 during the nine months ended September 30, 2013 and 2012, respectively. Total contributions made from Members amounted to \$1,000 during the nine months ended September 30, 2013. There were no contributions from Members during the nine months ended September 30, 2012.

**NOTE 4 — PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets at September 30, 2013 consist of the following:

|   |    |            |
|---|----|------------|
| Annual software licenses                  | \$ | 490        |
| Other prepaid expenses                    |    | 98         |
| Prepaid insurance                         |    | 28         |
| Other current assets                      |    | 27         |
|   |    | <u>27</u>  |
| Prepaid expenses and other current assets | \$ | <u>643</u> |

**NOTE 5 — PREMISES AND EQUIPMENT, NET**

Premises and equipment, net (including assets held under capital leases) at September 30, 2013 consist of the following:

|                                |    |              |
|--------------------------------|----|--------------|
| Office equipment               | \$ | 4,199        |
| Capitalized software           |    | 2,078        |
| Furniture and fixtures         |    | 584          |
| Leasehold improvements         |    | 432          |
|                                |    | <u>7,293</u> |
| Less: accumulated depreciation |    | (3,605)      |
|                                |    | <u>3,688</u> |
| Premises and equipment, net    | \$ | <u>3,688</u> |

Depreciation expense for the nine months ended September 30, 2013 and 2012 was \$974 and \$705, respectively, and is reflected as a component of selling, general and administrative expenses in the statements of operations.

The gross amount of office equipment recorded under capital leases as of September 30, 2013 is \$1,490.

**NOTE 6 — ACCRUED EXPENSES AND OTHER LIABILITIES**

Accrued expenses and other liabilities at September 30, 2013 consist of the following:

|  |    |              |
|--|----|--------------|
| Payroll and payroll taxes              | \$ | 2,898        |
| Vacation                               |    | 1,269        |
| Rent                                   |    | 688          |
| Other                                  |    | 216          |
|  |    | <u>216</u>   |
| Accrued expenses and other liabilities | \$ | <u>5,071</u> |

**NOTE 7 — CAPITAL LEASE OBLIGATIONS**

Future minimum lease payments under capital leases in effect at September 30, 2013 are as follows:

|  |    |              |
|--|----|--------------|
| <b>For the year ending December 31,</b>    |    |              |
| 2013                                       | \$ | 134          |
| 2014                                       |    | 535          |
| 2015                                       |    | 498          |
| 2016                                       |    | 64           |
| Total minimum lease payments               |    | <u>1,231</u> |
| Less amounts representing interest         |    | (73)         |
|  |    | <u>1,158</u> |
| Present value of capital lease obligations | \$ | <u>1,158</u> |

**NOTE 8 — EMPLOYEE BENEFIT PLAN**

Contribution expenses related to the 401(k) defined contribution plan for the nine months ended September 30, 2013 and 2012 totaled \$431 and \$365, respectively. Contribution expenses are reflected as a component of cost of revenue and selling, general and administrative expenses in the statements of operations.

**NOTE 9 — SUBSEQUENT EVENT**

Management has evaluated subsequent events from the balance sheet date through January 30, 2014, the date at which these financial statements were issued, and determined there are no items to disclose, other than the information disclosed in Note 1, *Transaction after September 30, 2013*.

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.  
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AND  
STATEMENTS OF OPERATIONS**

On November 15, 2013, Altisource Portfolio Solutions S.A. (“Altisource” or “Parent”) and its wholly-owned subsidiary, Altisource Solutions S.à r.l. (“Altisource S.à r.l.” or the “Purchaser”), completed the acquisition of all of the outstanding limited liability company interests of Equator, LLC, a California limited liability company (“Equator”), pursuant to the previously reported Purchase and Sale Agreement dated as of August 19, 2013 (the “Purchase Agreement”) by and among Parent, the Purchaser, Christopher L. Saitta, Mark A. McKinley and various trusts created by and for the benefit of Saitta’s and McKinley’s families (collectively, the “Sellers”).

Pursuant to the terms of the Purchase Agreement, the Purchaser paid approximately \$63.4 million at closing in cash (net of closing working capital adjustments), subject to certain post-closing adjustments based on current assets and current liabilities of Equator at closing, to be settled within 90 days of the closing date. Additionally, the Purchase Agreement provides for the payment of up to \$80.0 million in potential additional consideration (the “Earn Out”). The Earn Out consideration is determined based on Equator Adjusted EBITA (as defined in the Purchase Agreement) in the three consecutive 12-month periods following closing. Up to \$22.5 million of the Earn Out consideration can be earned in each of the first two 12-month periods, and up to \$35.0 million can be earned in the third 12-month period. The Purchaser may, in its discretion, pay up to 20% of each payment of any Earn Out consideration in shares of Parent restricted stock, with the balance to be paid in cash. The transaction referred to above is collectively referred to as the “Equator Acquisition.”

On April 12, 2013, Altisource S.à r.l. entered into an agreement (the “ResCap Agreement”) with Ocwen Financial Corporation and its wholly-owned subsidiary, Ocwen Mortgage Servicing, Inc. (collectively, “Ocwen”), to establish additional terms related to existing services arrangements between Altisource S.à r.l. and Ocwen in connection with Ocwen’s acquisition of certain mortgage servicing platform assets of Residential Capital, LLC (the “ResCap Business”). The ResCap Agreement together with the existing services agreements and their amendments are collectively referred to as the Master Services Agreements. Altisource S.à r.l. paid \$128.8 million to Ocwen in connection with this transaction.

On March 29, 2013, Altisource S.à r.l., together with its subsidiaries, acquired certain fee-based businesses associated with Ocwen’s acquisition of Homeward Residential, Inc. (“Homeward”) (the “Homeward Acquisition”). As part of the Homeward Acquisition, Ocwen agreed not to develop similar fee-based businesses that would directly or indirectly compete with services provided by Altisource S.à r.l. relative to the Homeward servicing portfolio. Additionally, the terms of certain service agreements between Altisource S.à r.l. and Ocwen were amended to extend the term from 2020 to August 2025. Altisource S.à r.l. paid \$75.8 million, after a working capital and net income adjustment.

The unaudited pro forma combined statement of operations of Altisource that reflected the effect of the Homeward Acquisition were provided in Altisource’s Current Report on Form 8-K/A filed with the Securities and Exchange Commission (“SEC”) on June 12, 2013. The unaudited pro forma combined statement of operations combined the consolidated results of operations of Altisource for the year ended December 31, 2012 and the combined results of operations of the Homeward fee-based businesses for the year ended September 30, 2012 and was presented as if the Homeward Acquisition had occurred on January 1, 2012. An unaudited pro forma combined balance sheet was not included as the Homeward Acquisition was already reflected in Altisource’s consolidated balance sheet as of March 31, 2013 as reported in its Quarterly Report on Form 10-Q filed with the SEC on April 25, 2013.

The unaudited pro forma combined balance sheet and statement of operations of Altisource that reflected the effect of the ResCap Agreement were provided in Altisource’s Current Report on Form 8-K/A filed with the SEC on June 26, 2013. The unaudited pro forma combined balance sheet combined the consolidated balance sheets of Altisource, including the pro forma effect of the Homeward Acquisition, and Executive Trustee Services, LLC, a wholly-owned subsidiary of ResCap, (“ETS”) as of December 31, 2012 and is presented as if the ResCap Agreement had been executed on December 31, 2012. The unaudited pro forma combined statement of operations combined the consolidated results of operations of Altisource, including the pro forma effect of the Homeward Acquisition, and ETS for the year ended December 31, 2012 and was presented as if the ResCap Agreement had been executed on January 1, 2012.

The unaudited pro forma combined balance sheet as of September 30, 2013 presented herein combines the consolidated balance sheet of Altisource, which includes the effect of the ResCap Agreement and the Homeward Acquisition, and the balance sheet of Equator as of September 30, 2013 and is presented as if the Equator Acquisition has been executed on September 30, 2013. The unaudited pro forma combined statements of operations combines the consolidated results of operations of Altisource, including the pro forma effect of the ResCap Agreement and the Homeward Acquisition, and the results of operations of Equator for the nine months ended September 30, 2013 and the year ended December 31, 2012 and are presented as if the Equator Acquisition had occurred on January 1, 2013 and January 1, 2012, respectively.

The historical consolidated financial information of Altisource and Equator have been adjusted in the unaudited pro forma combined balance sheet and statements of operations to give effect to pro forma events that are (1) directly attributable to the Equator Acquisition, (2) factually supportable and (3) expected to have a continuing impact on the combined results. The unaudited pro forma combined balance sheet and statements of operations should be read in conjunction with the accompanying notes thereto. In addition, the unaudited pro forma balance sheet and combined statements of operations were based on, and should be read in conjunction with, the:

- Historical audited consolidated financial statements of Altisource as of and for the year ended December 31, 2012 and the related notes that are included in its Annual Report on Form 10-K filed with the SEC on February 13, 2013;
- Unaudited pro forma statement of operations of Altisource, including the Homeward fee-based businesses, for the year ended December 31, 2012 and the related notes that are included in its Current Report on Form 8-K/A filed with the SEC on June 12, 2013;
- Unaudited pro forma balance sheet and statement of operations of Altisource, including the Homeward fee-based businesses and ETS, as of and for the year ended December 31, 2012 and the related notes that are included in its Current Report on Form 8-K/A filed with the SEC on June 26, 2013;
- Historical unaudited condensed consolidated financial statements of Altisource as of and for the nine months ended September 30, 2013 and the related notes that are included in its Quarterly Report on Form 10-Q filed with the SEC on October 24, 2013;

The unaudited pro forma combined balance sheet and statements of operations are provided for informational purposes only and are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the Equator Acquisition and Homeward Acquisition been completed and the ResCap Agreement executed as of the dates indicated because of differences in business practices and cost structure between Altisource and Equator. In addition, the unaudited pro forma combined balance sheet and statements of operations do not purport to project the future operating results of the combined companies nor do they reflect expected realization of any cost savings associated with the Equator Acquisition.

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**  
 Unaudited Pro Forma Combined Balance Sheet  
 September 30, 2013  
 (Dollars in thousands)

|   | Altisource<br>historical | Equator<br>historical | Pro forma<br>adjustments<br>(Note 2) | Altisource<br>pro forma |
|---|--------------------------|-----------------------|--------------------------------------|-------------------------|
| <b>ASSETS</b>   |                          |                       |                                      |                         |
| <b>Current assets:</b>                                    |                          |                       |                                      |                         |
| Cash and cash equivalents                                 | \$ 212,585               | \$ 1,629              | \$ (65,008)                          | \$ 149,206              |
| Accounts receivable, net                                  | 83,851                   | 14,506                | (5,213)                              | 93,144                  |
| Prepaid expenses and other current assets                 | 13,760                   | 643                   | 311                                  | 14,714                  |
| Deferred tax assets, net                                  | 1,775                    | —                     | —                                    | 1,775                   |
| Total current assets                                      | 311,971                  | 16,778                | (69,910)                             | 258,839                 |
| Premises and equipment, net                               | 59,464                   | 3,688                 | 13,286                               | 76,438                  |
| Deferred tax assets, net                                  | 4,073                    | —                     | —                                    | 4,073                   |
| Intangible assets, net                                    | 242,088                  | —                     | 43,393                               | 285,481                 |
| Goodwill  | 14,915                   | —                     | 82,460                               | 97,375                  |
| Other assets  | 15,243                   | 299                   | (57)                                 | 15,485                  |
| Total assets  | <u>\$ 647,754</u>        | <u>\$ 20,765</u>      | <u>\$ 69,172</u>                     | <u>\$ 737,691</u>       |
| <b>LIABILITIES AND EQUITY</b>                             |                          |                       |                                      |                         |
| <b>Current liabilities:</b>                               |                          |                       |                                      |                         |
| Accounts payable and accrued expenses                     | \$ 66,848                | \$ 9,366              | \$ (2,134)                           | \$ 74,080               |
| Deferred revenue  | —                        | 40,803                | (4,114)                              | 36,689                  |
| Current portion of long-term debt                         | 4,000                    | —                     | —                                    | 4,000                   |
| Current portion of capital lease obligations              | —                        | 488                   | (488)                                | —                       |
| Other current liabilities                                 | 9,371                    | 216                   | (216)                                | 9,371                   |
| Total current liabilities                                 | 80,219                   | 50,873                | (6,952)                              | 124,140                 |
| Long-term debt, less current portion                      | 392,708                  | —                     | —                                    | 392,708                 |
| Long-term capital lease obligations, less current portion | —                        | 670                   | (670)                                | —                       |
| Earn-out consideration                                    | —                        | —                     | 46,016                               | 46,016                  |
| Other non-current liabilities                             | 1,296                    | —                     | —                                    | 1,296                   |
| <b>Commitments and contingencies</b>                      |                          |                       |                                      |                         |
| <b>Equity:</b>  |                          |                       |                                      |                         |
| Common stock  | 25,413                   | —                     | —                                    | 25,413                  |
| Additional paid-in capital                                | 88,949                   | —                     | —                                    | 88,949                  |
| Retained earnings — Altisource                            | 209,783                  | —                     | —                                    | 209,783                 |
| Treasury stock, at cost                                   | (151,861)                | —                     | —                                    | (151,861)               |
| Altisource equity   | 172,284                  | —                     | —                                    | 172,284                 |
| Non-controlling interests                                 | 1,247                    | —                     | —                                    | 1,247                   |
| Members' deficit  | —                        | (30,778)              | 30,778                               | —                       |
| Total equity  | 173,531                  | (30,778)              | 30,778                               | 173,531                 |
| Total liabilities and equity                              | <u>\$ 647,754</u>        | <u>\$ 20,765</u>      | <u>\$ 69,172</u>                     | <u>\$ 737,691</u>       |

See accompanying notes to unaudited pro forma balance sheet and statements of operations.

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**  
 Unaudited Pro Forma Combined Statement of Operations  
 Nine months ended September 30, 2013  
 (Dollars in thousands, except per share data)

|   | Unaudited Altisource<br>pro forma, including<br>Homeward and ETS | Equator<br>historical | Pro forma<br>adjustments | Note<br>3 | Altisource<br>pro forma |
|---|--|-----------------------|--------------------------|-----------|-------------------------|
| Revenue   | \$ 579,263   | \$ 44,786             | \$ —                     |           | \$ 624,049              |
| Cost of revenue:  |  |                       |                          |           |                         |
| Cost of revenue   | 362,290  | 36,801                | —                        |           | 399,091                 |
| Total cost of revenue                                       | <u>362,290</u>   | <u>36,801</u>         | <u>—</u>                 |           | <u>399,091</u>          |
| Gross profit  | 216,973  | 7,985                 | —                        |           | 224,958                 |
| Selling, general and administrative expenses                | 91,957   | 12,409                | 3,928                    | A         | 108,294                 |
| Income from operations                                      | 125,016  | (4,424)               | (3,928)                  |           | 116,664                 |
| Other income (expense), net:                                |  |                       |                          |           |                         |
| Interest expense, net                                       | (14,368)   | —                     | —                        |           | (14,368)                |
| Other income (expense), net                                 | 529  | (38)                  | —                        |           | 491                     |
| Total other income (expense), net                           | <u>(13,839)</u>  | <u>(38)</u>           | <u>—</u>                 |           | <u>(13,877)</u>         |
| Income before income taxes and non-controlling interests    | 111,177  | (4,462)               | (3,928)                  |           | 102,787                 |
| Income tax (provision) benefit                              | (6,671)  | (353)                 | 856                      | B         | (6,168)                 |
| Net income (loss)   | 104,506  | (4,815)               | (3,072)                  |           | 96,619                  |
| Net income (loss) attributable to non-controlling interests | (3,093)  | —                     | —                        |           | (3,093)                 |
| Net income (loss) attributable to Altisource                | <u>\$ 101,413</u>  | <u>\$ (4,815)</u>     | <u>\$ (3,072)</u>        |           | <u>\$ 93,526</u>        |
| Earnings per share:   |  |                       |                          |           |                         |
| Basic   | <u>\$ 4.37</u>   |                       |                          |           | <u>\$ 4.03</u>          |
| Diluted   | <u>\$ 4.05</u>   |                       |                          |           | <u>\$ 3.73</u>          |
| Weighted average shares outstanding:                        |  |                       |                          |           |                         |
| Basic   | <u>23,185</u>  |                       |                          |           | <u>23,185</u>           |
| Diluted   | <u>25,070</u>  |                       |                          |           | <u>25,070</u>           |

See accompanying notes to unaudited pro forma balance sheet and statement of operations.

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**  
 Unaudited Pro Forma Combined Statement of Operations  
 Year ended December 31, 2012  
 (Dollars in thousands, except per share data)

|   | Unaudited Altisource<br>pro forma, including<br>Homeward and ETS | Equator<br>historical | Pro forma<br>adjustments | Note<br>3 | Altisource<br>pro forma |
|---|--|-----------------------|--------------------------|-----------|-------------------------|
| Revenue   | \$ 714,210   | \$ 67,624             | \$ —                     |           | \$ 781,834              |
| Cost of revenue:  |  |                       |                          |           |                         |
| Cost of revenue   | 418,582  | 58,825                | —                        |           | 477,407                 |
| Total cost of revenue                                       | <u>418,582</u>   | <u>58,825</u>         | <u>—</u>                 |           | <u>477,407</u>          |
| Gross profit  | 295,628  | 8,799                 | —                        |           | 304,427                 |
| Selling, general and administrative expenses                | 122,905  | 17,260                | 5,237                    | A         | 145,402                 |
| Income from operations                                      | 172,723  | (8,461)               | (5,237)                  |           | 159,025                 |
| Other income (expense), net:                                |  |                       |                          |           |                         |
| Interest expense, net                                       | (12,783)   | (2)                   | —                        |           | (12,785)                |
| Other income (expense), net                                 | (1,585)  | (2)                   | —                        |           | (1,587)                 |
| Total other income (expense), net                           | <u>(14,368)</u>  | <u>(4)</u>            | <u>—</u>                 |           | <u>(14,372)</u>         |
| Income before income taxes and non-controlling interests    | 158,355  | (8,465)               | (5,237)                  |           | 144,653                 |
| Income tax (provision) benefit                              | (11,101)   | (52)                  | 1,013                    | B         | (10,140)                |
| Net income (loss)   | 147,254  | (8,517)               | (4,224)                  |           | 134,513                 |
| Net income (loss) attributable to non-controlling interests | (5,284)  | —                     | —                        |           | (5,284)                 |

|  |    |         |    |         |    |         |    |         |
|--|----|---------|----|---------|----|---------|----|---------|
| Net income (loss) attributable to Altisource | \$ | 141,970 | \$ | (8,517) | \$ | (4,224) | \$ | 129,229 |
| Earnings per share:                          |    |         |    |         |    |         |    |         |
| Basic  | \$ | 6.08    |    |         |    |         | \$ | 5.53    |
| Diluted                                      | \$ | 5.69    |    |         |    |         | \$ | 5.18    |
| Weighted average shares outstanding:         |    |         |    |         |    |         |    |         |
| Basic  |    | 23,358  |    |         |    |         |    | 23,358  |
| Diluted                                      |    | 24,962  |    |         |    |         |    | 24,962  |

See accompanying notes to unaudited pro forma balance sheet and statement of operations.

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## ALTISOURCE PORTFOLIO SOLUTIONS S.A.

Notes to Unaudited Pro Forma Balance Sheet and Statements of Operations  
(Dollars in thousands)

### 1. Equator Acquisition

Management has prepared a preliminary purchase price allocation and assigned associated asset lives based upon available information at the time of closing. This preliminary allocation and assessment of asset lives will be revised as additional information about the fair value of the assets and liabilities becomes available but will not exceed 12 months from the acquisition date.

The preliminary allocation of the purchase price is estimated as follows:

|   |    |          |
|---|----|----------|
| Accounts receivable                       | \$ | 9,293    |
| Prepaid expenses and other current assets |    | 954      |
| Premises and equipment                    |    | 16,974   |
| Customer relationships and trade names    |    | 43,393   |
| Goodwill                                  |    | 82,460   |
| Other non-current assets                  |    | 242      |
| Assets acquired                           |    | 153,316  |
| Accounts payable and accrued expenses     |    | (7,232)  |
| Deferred revenue                          |    | (36,689) |
| Liabilities assumed                       |    | (43,921) |
| Purchase price                            |    | 109,395  |
| Less fair value of earn-out consideration |    | (46,016) |
| Cash paid at closing                      | \$ | 63,379   |

The estimated lives of long-lived assets acquired are:

|  | Estimated life<br>(in years) |
|--|------------------------------|
| Premises and equipment (excluding internally developed software)   | 3 - 5                        |
| Internally developed software (included in premises and equipment) | 7                            |
| Customer relationships   | 7 - 15                       |
| Trade names  | 4                            |

### 2. Unaudited Pro Forma Combined Balance Sheet

The unaudited pro forma combined balance sheet gives effect to the Equator Acquisition as if it had been executed on September 30, 2013. The pro forma adjustments to the Altisource unaudited pro forma combined balance sheet are to adjust the Equator historical financial statements to the amounts recorded in purchase accounting detailed in Note 1 above. The Equator Acquisition was funded by cash on hand.

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### 3. Unaudited Pro Forma Combined Statements of Operations

The unaudited pro forma combined statements of operations give effect to the Equator Acquisition as if it had been executed on January 1, 2013 with respect to the nine months ended September 30, 2013 and January 1, 2012 with respect to the year ended December 31, 2012. The pro forma adjustments to the Altisource unaudited pro forma combined statements of operations are based on the following adjustments to the historical consolidated statement of operations of Altisource and the historical statement of operations of Equator:

#### Nine months ended September 30, 2013

- To record amortization expense of \$3,928 related to the acquired intangible assets.
- To reduce the income tax provision by \$856 to adjust the provision to reflect a combined international, federal and state effective tax rate of 6.00%. We used the effective tax rate rather than our statutory tax rate of 29.2% because of the effect of the favorable tax ruling received by Altisource in

June 2010, differing tax rates in multiple jurisdictions, changes in valuation allowance and minority interest.

Year ended December 31, 2012

- A. To record amortization expense of \$5,237 related to the acquired intangible assets.
- B. To reduce the income tax provision by \$1,013 to adjust the provision to reflect a combined international, federal and state effective tax rate of 7.01%. We used the effective tax rate rather than our statutory tax rate of 28.8% because of the effect of the favorable tax ruling received by Altisource in June 2010, differing tax rates in multiple jurisdictions, changes in valuation allowance and minority interest.