AS “CAPITALIA”

ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2014

AND

CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

unaudited

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY EU

Translation from Latvian

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Information about the Group

Name of the Company	AS CAPITALIA
Legal status of the Company	Join-stock company (from 17.03.2014) Limited liability company (till 17.03.2014)
Number, place and date of registration	40003933213, Commercial Register Riga, 21.06.2007
Address	Krišjāņa Barona steet 13/15-51, Riga, LV-1011 Latvia
Operations as classified by NACE classification code system	64.99 Other financial service activities, except insurance and pension funding 70.22 Business and management consultancy
Associated company	CH1 SIA (25%), Krišjāņa Barona street 13/15-51, Riga, Latvia from 31.10.2014
Names and addresses of shareholders	Person resident in the Republic of Latvia (100%)
Names and positions of Council members	Mārtiņš Krūtainis – Chairman of the Council from 17.03.2014 Andrejs Strods – Deputy Chairman of the Council from 17.03.2014 Jānis Dubrovskis – Member of the Council from 17.03.2014
Names and positions of Board members	Juris Grišins – Chairman of the Board from 17.03.2014 (Member of the Board till 17.03.2014)
Financial year	1 January - 31 December 2014
Name and address of the auditor	SIA "Potapoviča un Andersone" Certified Auditors' Company Licence Nr. 99 Ūdens street 12-45, Riga, LV-1007 Latvia Responsible Certified Auditor: Anna Temerova – Allena Certificate Nr. 154.

Subsidiary

Subsidiaries Name	Capitalia kreditai UAB (parent company interest in subsidiary – 100%)
Address of the subsidiary	Musninku g. 22-39, Vilnius, Lithuania from 3.06.2013
Number, place and date of registration of the subsidiary	302718931, registered in 30.01.2012
Operations as classified by NACE classification code system	64.99 Other financial service activities, except insurance and pension funding
Name and address of the auditor	UAB AUDIFINA Certified Auditors' Company Licence Nr. 001243. Gedimino pr. 1-13, Vilnus, LT-01103 Lithuania Responsible Certified Auditor: Aleksas Jonika Certificate Nr. 000577.

Interim management report

Group's performance during the reporting period

During the current reporting period Capitalia actively expanded its enterprise microlending activity, growing the annual turnover by 130% and reaching consolidated operating income of EUR 407 thousands. Assets of the company grew from EUR 786 thousands to 1,412 thousands. During the operating year a total of 153 loans to business have been issued for the total amount of EUR 1.6 million. The average size of the issued loans has been EUR 10.4 thousands and the average term 12.6 months.

In 2014 company finalized a number of reorganization processes in order to grow the equity capital of Capitalia, as well as changed the legal status of the company from limited liability to joint stock company. In the fall of 2014 Capitalia successfully placed bonds in NASDAQ Riga stock exchange, as well as started implementation of state microlending support program, administered by Latvian Guarantee agency. As of the end of 2014 the total amount of attracted subordinated capital from Latvian Guarantee agency has been in the amount of EUR 100 thousands. The above-mentioned state support program allows Capitalia to issue significantly cheaper loans to businesses.

Despite the growth of total assets and income, Capitalia suffered losses for the reporting period in the total amount of EUR 55 thousands. Significant portion to the losses (32%) contributed corporate income tax. As a result of listing of the bonds in NASDAQ Riga, Capitalia will be able in the future to fully deduct all interest expenses for the calculation of the corporate income tax. Furthermore, a number of non-recurring expenses in 2014 were associated with the preparation and organization of the bond listing process. Significant impact on the profitability of the company is attributed to increase of provision for potential loan losses – EUR 101 thousands. Majority of such provisions were made for loans issued in period of 2010-2013. Only 2.3% of the loans that were issued in 2014 have been passed for recovery (have defaulted). By suggestion of auditors and for cautionary principles, the amount of provisions could increase in preparation of the audited financial statements for the year 2014. Equity capital to total assets constituted to 17.9% (including subordinated capital from Latvian Guarantee agency). It can be expected that until the end of the first quarter of 2015, equity capital will exceed 20% of the assets due to expected income for the period and attraction of further financing from Latvian Guarantee agency.

Group's risk exposure

Macroeconomic risks

JSC Capitalia has active operations in Latvia and Lithuania. Main macroeconomic risks of Capitalia's operations are related to economic coniditions in the abovementioned countries, as well as legilsative framework implemented by both governments. Following the end of rapid economic growth in 2007, Baltic economies experienced rapid contraction as well worsening of overall economic indicators. Economic growth has restarted in year 2011. Although since economies of Latvia and Lithuania have undergone significant recoveries, future negative effects can be caused by geopolitical uncertainties in the region, as well as weakness of Euro currency. Worsening of macroeconomic situation can cause problems to Capitalia clients to pay in a timely manner. Some of the clients can suffer financial difficulties regarding EU sanctions towards Russia.

Changes in leglistation

At the moment lending to commercial entities is not regulated in the Baltic states and any company with available financing can engage in such activities. Corporate microlending is not regulated also in other Eastern European countries, however, any new regulatory framework can create additional administrative burden on the operations of JSC Capitalia. Further risk is related to changes in tax treatment that can cause unexpected losses to JSC Capitalia or its bondholders and investors.

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Creditrisk

Creditrisk related to risk that JSC Capitalia clients don't perform their obligations in due time. Management of credit risk is conducted in accordance to internal loan monitoring and management procedures of JSC Capitalia.

Proposed distribution of profits

Losses of the current financial year shall be covered by future operating profit.

Post balance sheet events

There are no significant events after conclusion of the annual accounts.

Future plans
In the following reporting period Capitalia is planning to actively increase the range of product portfolio offered to the clients, including under the new brand name of Intelia. In addition, we are evaluating opportunities to start operations in the Estonian market. In Latvia, significant emphasis will be placed on successful implementation of state microlending support program.

Juris Grišins
Chairman of the Board

Riga, March 11, 2015

Statement of Management Responsibility

Management of JSC Capitalia is responsible for preparation of the annual and interim financial statements.

Management of the Company declares that in accordance with the information in their possession, interim condensed unaudited financial statements have been prepared in accordance with accounting transaction documentation and with the International Financial Reporting Standards and give a true and fair view of the company's assets, liabilities, financial position as at 31 December 2014 and 2014 profits and cash flows.

Management of the Company confirms that an appropriate and consistent accounting policies and management estimates are used. Management of the Company confirms that the financial statements are prepared using precaution principle as well as the going concern assumption.

Management of the Company confirms it's responsibility for providing proper accounting provisioning, as well as asset monitoring, control and conservation policies. The Company's management is responsible for detection and prevention of the error, inaccuracy and /or fraud. The Company's management is responsible for the Company's activities to be carried out in compliance with the legislation of the Republic of Latvia.

The management report includes a fair view of the development of the Company's business and results of operation.

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Juris Grišins
Chairman of the Board

Riga, March 11, 2015

Profit or loss account for the year ended 31 December 2014

	Parent company 2014 EUR	Group 2014 EUR	Parent company 2013 EUR	Group 2013 EUR
Net sales	24 430	44 605	16 280	16 665
Cost of sales	(54 853)	(67 714)	(15 404)	(19 402)
Interest income and similar income	277 835	362 793	152 649	162 347
Interest expenses and similar expenses	(130 774)	(130 774)	(113 581)	(113 581)
Gross profit	**116 638**	**208 910**	**39 944**	**46 029**
Selling expenses	(97 934)	(177 970)	(55 556)	(57 028)
Administrative expenses	(66 605)	(74 625)	(49 382)	(52 765)
Other operating income	10 651	14 239	48 600	49 760
Other operating expenses	(5 650)	(6 717)	(10 596)	(11 034)
Profit /(losses) before taxes	**(42 900)**	**(36 163)**	**(26 990)**	**(25 038)**
Corporate income tax for the reporting year	(14 193)	(18 792)	(6 231)	**(6 389)**
Current year's profit /(loss)	**(57 093)**	**(54 955)**	**(33 221)**	**(31 427)**

Comprehensive income statement				
Current year's profit/ (losses)	**(57 093)**	**(54 955)**	**(33 221)**	**(31 427)**
Other comprehensive income	-	-	-	-
Total comprehensive income/ (losses)	**(57 093)**	**(54 955)**	**(33 221)**	**(31 427)**

Notes on pages from 10 to 28 are integral part of these financial statements.

Juris Grišins
Chairman of the Board

Riga, March 11, 2015

Balance sheet as at 31 December 2014

	Note	Parent company 31.12.2014. EUR	Group 31.12.2014 EUR	Parent company 31.12.2013. EUR	Group 31.12.2013 EUR
Assets					
Long term investments					
Fixed assets	1	13 309	13 309	16 245	16 245
Participating interest in subsidiaries	2	2 903	-	2 903	-
Participating interest in associated company	2	6 250	6250	-	-
Receivables from affiliated companies	4	391 277	-	144 761	-
Loans and receivables	3	215 907	227 317	40 774	40 774
Loans to shareholders and management	5	56 403	56 403	-	-
Total long-term investments:		**684 049**	**303 279**	**204 683**	**57 019**
Current assets					
Receivables from affiliated companies	4	3 746	-	-	-
Receivables from associated companies	4	57 990	57 990	-	-
Loans and receivables	3	568 550	912 140	407 932	552 546
Other debtors		4 912	11 422	3 833	4 452
Loans to shareholders and management	5	28 875	28 875	14 727	14 727
Other securities and equity participation	2	5 691	5 691	5 691	5 691
Cash and bank			92 768	153 758	165 267
Total current assets:		**716 246**	**1 108 886**	**585 941**	**742 683**
Total assets		**1 400 295**	**1 412 165**	**790 624**	**799 702**

Notes on pages from 10 to 28 are integral part of these financial statements.

Juris Grišins
Chairman of the Board

Riga, March 11, 2015

Balance sheet as at 31 December 2014

	Note	Parent company 31.12.2014. EUR	Group 31.12.2014 EUR	Parent company 31.12.2013. EUR	Group 31.12.2013 EUR
Liabilities					
Shareholders' funds:					
Share capital	6	226 490	266 490	123 790	123 790
Other reserves		(10 679)	(10 679)	(39 676)	(39 676)
Prior years' retained earnings		(10 271)	(8 348)	22 950	23 079
Current year's profit / (losses)		(57 093)	(54 955)	(33 221)	(31 427)
Total shareholders' funds:		**148 447**	**152 508**	**73 843**	**75 766**
Creditors:					
Long-term creditors:					
Bonds issued	7	915 728	915 728	-	-
Other borrowings	8	55 418	55 418	111 425	111 425
Deferred tax liabilities		290	290	616	616
Total long-term creditors:		**971 436**	**971 436**	**112 041**	**112 041**
Short-term creditors:					
Bonds issued	7	22 333	22 333	-	-
Other borrowings	8	204 091	204 091	577 482	577 482
Accounts payable to affiliated companies		3 266	3 266	3 266	3 266
Trade creditors and accrued liabilities		11 222	13 973	8 392	14 957
Taxes and social insurance	9	13 362	18 419	5 387	5 977
Deferred income		26 138	26 138	10 213	10 213
Total short-term creditors:		**280 412**	**288 221**	**604 740**	**611 895**
Total liabilities and shareholders' funds		**1 400 295**	**1 412 165**	**790 624**	**799 702**

Notes on pages from 10 to 28 are integral part of these financial statements.

Juris Grišins
Chairman of the Board

Riga, March 11, 2015

Parent Company Statement of changes in equity for the year ended 31 December 2014

	Share capital	Other reserves	Retained earnings (losses)	Total
	EUR	EUR	EUR	EUR
As at 31 December 2012	**2 846**	**-**	**22 950**	**25 796**
Increase in share capital	32 726	-	-	**32 726**
Increase in capital and reserves (reorganization)	88 218	(39 676)	-	**48 542**
Profit for the year	-	-	(33 221)	**(33 221)**
As at 31 December 2013	**123 790**	**(39 676)**	**(10 271)**	**73 843**
Increase in capital and reserves (reorganization)	**102 700**	**28 998**	**-**	**131 698**
Profit for the year	**-**	**-**	**(57 093)**	**(57 093)**
As at 31 December 2014	**226 490**	**(10 679)**	**(67 364)**	**148 447**

Group Statement of changes in equity for the year ended 31 December 2014

	Share capital	Other reserves	Retained earnings (losses)	Total
	EUR	EUR	EUR	EUR
As at 31 December 2012	**2 846**	**-**	**23 079**	**25 925**
Increase in share capital	32 726	-	-	**32 726**
Increase in capital and reserves (reorganization	88 218	(39 676)	-	**48 542**
Profit for the year	-	-	(31 427)	**(31 427)**
As at 31 December 2013	**123 790**	**(39 676)**	**(8 348)**	**75 766**
Increase in capital and reserves (reorganization)	**102 700**	**28 998**	**-**	**131 689**
Profit for the year	**-**	**-**	**(54 955)**	**(54 955)**
As at 31 December 2014	**226 490**	**(10 679)**	**(63 303)**	**152 508**

Notes on pages from 10 to 28 are integral part of these financial statements.

Cash flow statement for the year ended 31 December 2014

	Parent company 2014 EUR	Group 2014 EUR	Parent company 2013 EUR	Group 2013 EUR
Cash flow from operating activities				
Profit (losses) before extraordinary items and taxes	**(42 900)**	**(36 164)**	**(26 990)**	**(25 038)**
Adjustments for:				
- fixed assets depreciation	6 712	6 712	6 221	6 221
- changes in provisions (excluding provision for doubtful debts)	860	860	602	602
- interest income	(277 835)	(277 835)	(156 382)	(154 798)
- interest and similar expense	130 774	165 787	113 580	113 580
- net loss on disposal of sale non-current assets	-	-	(27 010)	(27 010)
- net loss on sale of securities	840	840	5 071	5 071
Operating profit before working capital changes	**(181 549)**	**(139 800)**	**(84 908)**	**(81 372)**
Adjustments for:				
- increase in other debtors	(1 079)	(6 987)	16 201	15 605
- increase in consumer loans issued	(566 816)	(625 224)	(491 600)	(496 131)
- trade creditors' increase / (decrease)	4 421	635	(6 343)	647
Cash generated from operations	**(745 023)**	**(771 376)**	**(566 650)**	**(561 251)**
Interest expensis	(91 248)	(112 780)	(113 581)	(113 581)
Interest income	271 496	368 244	148 979	155 062
Corporate income tax payments	(8 135)	(8 293)	(1 458)	(1 458)
Net cash flow from operating activities	**(572 910)**	**(535 205)**	**(532 710)**	**(521 228)**
Cash flow from investing activities				
Purchase of fixed assets	(2 936)	(2 936)	(1 867)	(1 867)
Purchase of shares	(3 750)	(3 750)	(14 177)	(14 177)
Proceeds from sale of shares	-	-	15 651	15 651
Proceeds from sale of non-current assets held for sales	-	-	27 500	27 500
Net loans issued (loans received)	(10 500)	(10 500)	87 105	87 105
Net cash flow from investing activities	**(17 186)**	**(17 186)**	**114 212**	**114 212**
Cash flow from financing activities				
Proceeds from stock and bond issues	-	-	32 726	32 726
Net borrowings / loans repaid	480 597	480 597	527 554	527 554
Overtaken cash (reorganization)	890	890	2 880	2 880
Finance lease payment	(1 595)	(1 595)	(4 683)	(4 683)
Net cash flow from financing activities	**479 892**	**479 892**	**558 477**	**558 477**
Net cash flow of the reporting year	**(107 276)**	**(72 499)**	**139 979**	**151 461**
Cash and cash equivalents at the beginning of the reporting year	**153 758**	**165 267**	**13 779**	**13 806**
Cash and cash equivalents at the end of reporting year	**46 482**	**92 768**	**153 758**	**165 267**

Notes on pages from 10 to 28 are integral part of these financial statements.

Notes

Accounting policies

(a) Basis of preparation

These financial statements have been prepared based on the accounting policies and measurement principles as set out below.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Having regard to the EU's approval procedure, these Notes also list the standards and interpretations that are not yet approved for application by the EU because the said standards and interpretations, if approved, may affect the Company's financial statements in future periods. The valuation od assets and liabilities and net profit data of the company have not been affected in the result of transfer of IFRS.

The preparation of financial statements in accordance with IFRS requires the use of significant estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the information on contingent assets and liabilities at the balance sheet date and the revenues and costs for the reporting period. Although these estimates are based on the information available to the management regarding the current events and actions, the actual results may differ from the estimates used. Critical assumptions and judgements are described in the relevant sections of the Notes to the financial statements.

IFRS 10, 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

IFRS 11, 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

IFRS 12, 'Disclosures of interests in other entities' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

Amendments to IFRS 10, 11 and 12 on transition guidance (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013);

IAS 27 (revised in 2011) 'Separate financial statements' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

IAS 28 (revised in 2011) 'Associates and joint ventures' (effective for annual periods beginning on or after 1 January 2013 although endorsed by EU for annual periods on or after 1 January 2014);

Annual improvements 2011 (effective for annual periods beginning on or after 1 January 2013):

Amendment to IFRS 1, 'First time adoption', on government loans (effective for annual periods beginning on or after 1 January 2013);

Amendment to IFRS 7, 'financial instruments: Disclosures', on offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2013);

Amendment to IAS 12, 'Income taxes' on deferred tax (effective for annual periods on or after 1 January 2012 but endorsed by EU for annual periods on or after 1 January 2013);

Amendment to IAS 19, 'Employee benefits' (effective for annual periods beginning on or after 1 January 2013);

IFRIC 20, 'Stripping costs in the production phase of a surface mine' (effective for annual periods beginning on or after 1 January 2013).

Amendment to IAS 1 „Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2013).

A number of new standards and interpretations have been published and come into force on financial periods beginning on or after 1 January 2014, and do not relate to the Company's operations or are not approved in the European Union.

Amendments to IAS 32 "Financial instruments: Presentation", on offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014).

Amendments to IFRS 10, IFRS 12 and IAS 27 for investment entities (effective for annual periods beginning on or after 1 January 2014).

IFRS 9 "Financial Instruments - Classification and Measurement" (effective date to be determined).

Amendments to IAS 19 "Employee benefits plans" (effective for annual periods beginning on or after 1 January 2013).

Amendments to IAS 36 "Impairment of assets" (effective for annual periods beginning on or after 1 January 2014).

Amendments to IAS 39 "Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting (effective for annual periods beginning on or after 1 January 2014).

Notes (continued)
Accounting policies (continued)
(a) Basis of preparation (continued)

Annual improvements 2012 (effective for annual periods beginning on or after 1 July 2014):

These amendments include changes from the 2010-2012 cycle of the annual improvements project that affect 7 standards:

- IFRS 2 'Share-based payment'
- IFRS 3 'Business Combinations'
- IFRS 8 'Operating segments'
- IFRS 13 'Fair value measurement'
- IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets'
- Consequential amendments to IFRS 9, 'Financial instruments',
- IAS 37 'Provisions, contingent liabilities and contingent assets',
- IAS 39 Financial instruments – Recognition and measurement'.

Annual improvements 2013 (effective for annual periods beginning on or after 1 July 2014):
The amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards:

- IFRS 1 'First time adoption'
- IFRS 3 'Business combinations'
- IFRS 13 'Fair value measurement' and
- IAS 40 'Investment property'.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 1 January 2014).

(b) Accounting principles applied
The items in the financial statements have been measured based on the following accounting principles:

a) It is assumed that the company will continue as a going concern;
b) The measurement methods applied in the previous reporting year have been used;
c) The measurement of the items has been performed prudently meeting the following criteria:
   - Only profits accruing up to the balance sheet date have been included in the report;
   - All possible contingencies and losses arising in the reporting year or the previous year have been recognised, even if they became known in the period between the balance sheet date and the issuance of the annual report;
   - All impairment and depreciation charges have been calculated and recognised irrespectively of whether the company has operated profitably or not during the reporting year;
d) All income and expenses relating to the accounting year irrespective of the date of the payments made or the dates of receipt or payment of invoices have been recognised. Revenues are matched with expenses in the reporting year.
e) Assets and liabilities are presented at their gross amounts;
f) The opening balances of the reporting period reconcile with the closing balances of the previous reporting period;
g) All items which may materially affect the assessment or decision-making of the users of the financial statements are presented, immaterial items have been aggregated and their breakdown is presented in the Notes;
h) Business transactions are presented based on their economic substance rather than their legal form.

Asset and liability recognition is performed on historical cost basis. All financial assets and liabilities are classified as held to maturity or loans and receivables.

(c) Recognition of revenue and expenses

- *Net sales*

Net revenue represents the total value of goods sold and services provided during the year net of value added tax.

- *Interest income*

The Company presents interest income in the section of the Profit and loss account prior to calculation of gross profit, as this income is related to the basic activities of the Company – charging interest for loans issued in return to pledge held as security or loans issued on other conditions. Interest income is recognised using accruals principle. Interest income is not recognised from the moment the recoverability of principal is considered doubtful. Penalty interest is recognised on a cash basis.

- *Other income*

Other income is recognised based on accruals principle.

- *Penalties and similar income*

Of collection exists, is recognised based on cash principle.

- *Expenses*

Expenses are recognised based on accruals principle in the period of origination, irrespective of the moment of payment. Expenses related to financing of loans is recognised in the period of liability origination and included in the profit and loss items „Interest and similar expenses".

Notes (continued)
Accounting policies (continued)

(d) Foreign currency translation into LVL

(d1) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statement items are denominated in euro (EUR), which is the Company's functional and presentation currency.

(d2) Transactions and balances
All transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of the respective period. At the balance sheet date the rates set by the Bank of Latvia were:

	31.12.2014	31.12.2013
	EUR	EUR
1 USD	1.216	1.3791

(e) Financial instruments – key measurement terms
Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values of financial assets or liabilities, including derivative financial instruments in active markets are based on quoted market prices. If the market for a financial asset or liability is not active (and for unlisted securities) the Group establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and recent comparative transactions as appropriate and may require the application of management's judgement and estimates. Where, in the opinion of the Management, the fair values of financial assets and liabilities differ materially from their book values such fair values are separately disclosed in the notes to the accounts.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments plus accrued interest and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any) are not presented separately and are included in the carrying values of related items on the balance sheet.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(f) Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(g) Intangible assets and fixed assets
All intangible assets and fixed assets are initially measured at cost. Intangible assets and fixed assets are recorded at historic cost net of depreciation and permanent diminution in value. Depreciation or amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	years
intangible assets	3
other fixed assets	3 - 5

The residual values, remaining useful lives and methods of depreciation are reviewed and, if required, adjusted annually. Fixed asset and intangibles recognition is terminated in case of its liquidation or when no future benefits are expected in connection with the utilisation of the respective asset. Any profit or loss connected with the termination of recognition (calculated as difference between the disposal gains and net book value as at the moment of derecognition), is recognised in the profit or loss account in the period when derecognition occurs. Leasehold improvements are written down on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease. Current repairs and maintenance costs are charged to profit and loss account in the period when the respective costs are incurred.

Notes (continued)
Accounting policies (continued)

(h) Investments in the associated companies
In the financial statements the investments in associated companies are carried at equity method. Under this method the value of the investment at the balance sheet date comprises the value of the equity of the associated company corresponding to the share of investment and the book value of the positive goodwill arising at the acquisition of the investment.

At the year-end the amount of the reported item is increased or decreased by reference to the Company's share in the profit or loss of the associated company during the year (in the post-acquisition period), or other changes in equity, as well as by the reduction of the goodwill arising at acquisition to its recoverable amount. Unrealised profit on inter-company transactions is excluded. Profit distribution is presented in the year following the reporting year in which the shareholders adopt a decision on profit distribution.

(i) Impairment of assets
Intangible assets which are not put into operation or which do not have a useful life are not amortised; their value is reviewed annually. The value of the assets subject to depreciation or amortisation is reviewed whenever any events or circumstances support that their carrying value may not be recoverable. Impairment losses are recognised in the amount representing the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of the respective asset's fair value less the costs to sell and the value in use. In order to determine impairment, assets are grouped based on the smallest group of assets that independently generates cash flow (cash generating units).

(j) Segments
A geographical segment provides products or services within a particular economic environment that is subject to other economic environments characterized by different risks and benefits. A business segment is a share of assets and operations, providing products and services that are subject to other business segments of different risks and benefits.

(k) Inventories
Inventories are stated at the lower of cost or market price. Inventories are measured using the weighted FIFO method. The Company assesses at each balance sheet date whether there is objective evidence that inventories are impaired and makes provisions for slow-moving or damaged inventories. Inventories loss is recognised in the period such loss is identified, writing off the relevant inventory values to the period profit and loss account.

(l) Seized assets
Collateral is repossessed following the foreclosure on loans that are in default. Seized assets are measured at the lower of cost or net realisable value and reported within "Inventories".

(m) Trade and other receivables
Accounts receivable comprise loans and other receivables (other debtors, advances and deposits) that are non-derivative financial assets with fixed or determinable payments. Loans are carried at amortised cost where cost is defined as the fair value of cash consideration given to originate those loans. All loans and receivables are recognised when cash is advanced to borrowers and derecognised on repayments. The Company has granted consumer loans to customers throughout its market area. The economic condition of the market area may have an impact on the borrowers' ability to repay their debts. Restructured loans are no longer considered to be past due unless the loan is past due according to the renegotiated terms.

The Company assesses at each balance sheet date whether there is objective evidence that loans are impaired. If any such evidence exists, the amount of the allowances for loan impairment is assessed as the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from collateral discounted at the original effective interest rate. The assessment of the evidence for impairment and the determination of the amount of allowances for impairment or its reversal requires the application of management's judgement and estimates. Management's judgements and estimates consider relevant factors including but not limited to, the identification of non-performing loans (loan repayment schedule compliance), the estimated value of collateral (if taken) as well as other relevant factors affecting loan and recoverability and collateral values. These judgements and estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known. The Management of the Company have made their best estimates of losses based on objective evidence of impairment and believe those estimates presented in the financial statements are reasonable in light of available information.

When loans cannot be recovered they are written off and charged against allowances for loan impairment losses. They are not written off until all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount.

In accordance with the provisioning policy developed by the Company (for non-secured consumer loans with the term of repayment up to 2 years) provisions are made based on the payment delay analysis at following rates:

Notes **(**continued)
Accounting policies (continued)

(m) Trade and other receivables (continued)

Days of delay	Provision made
0-14	0%
15-30	10%
31-90	30%
91-180	80%
181+	100%

Provisions for interest income debts is made in accordance with the policies set by the management of the Company. In accordance with the provisioning policy for unsecured short term (up to 30 days) loans, the provisions are calculated based on the incurred loss method. In accordance with this method, the loans outstanding for 4 and more months are evaluated for recoverability using discounted cashflow analysis (applicable to expected cashflows from principal, interest and penalty payments) and ratio of inflowing assets to the gross balance sheet values of the respective loans and interest accrued. The provision is calculated for the principal outstanding over 4 months as the difference between the balance sheet value of principal and interest accrued and expected decrease of the balance sheet value in the result of future cashflows. The provision for interest accrued is made in accordance with the provisioning policies set by the management making sure that cashflows from interest receivable are excluded from cashflows used as the basis for principal recoverability testing.

The recoverability of other debtors, advances and deposits paid is valued on individual basis if there are any indications of net book value of the asset exceeding its recoverable amount.

(n) Finance lease
Where the property, plant and equipment are acquired under a finance lease arrangement and the Company takes over the related risks and rewards, the property, plant and equipment items are measured at the value at which they could be purchased for an immediate payment. Leasing interest is charged to the profit and loss in the period in which it arises.

(o) Operating leases

Company is a lessor
The type of lease in which the lessor retains a significant part of the risks and rewards pertaining to ownership, is classified as operating lease. Lease payments and prepayments for a lease (net of any financial incentives received from the lessor) are charged to the profit and loss under a straight-line method over the lease term.

(p) Taxes
The corporate income tax expense is included in the financial statements based on the management's calculations made in accordance with the requirements of Latvian tax legislation. Deferred tax is provided for using liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment at different rates and tax losses carried forward to the future taxation periods. Deferred tax assets are recognised only to the extent that recovery is probable.

(q) Provisions for unused annual leave
The amount of provision for unused annual leave is determined by multiplying the average daily pay of employees during the reporting year by the number of accrued but unused annual leave days the end of the reporting year.

(r) Borrowings
Initially borrowings are recognised at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost which is determined using the effective interest method. The difference between the proceeds received, net of transaction costs and the redemption value of the borrowing is gradually recognized in the profit and loss account over the term of the borrowing.

(s) Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits with a maturity term of up to 90 days.

(t) Payment of dividends
Dividends due to the shareholders are recognized in the financial statements as a liability in the period in which the shareholders approve the disbursement of dividends.

(u) Financial risk management

(u1) Financial risk factors
The activities of the Company expose it to different financial risks:
(u1.1) foreign currency risk;
(u1.2) credit risk;
(u1.3) operational risk;
(u1.4) market risk;
(u1.5) liquidity risk;
(u1.6) cash flow and interest rate risk.

Notes (continued)
Accounting policies (continued)

(u) Financial risk management (continued)

(u1) Financial risk factors (continued)

The Company's overall risk management is focused on the uncertainty of financial markets and aims to reduce its adverse effects on the Company's financial indicators. The Finance Director is responsible for risk management. The Finance Director identifies, assesses and seeks to find solutions to avoid financial risks acting in close cooperation with other structural units of the Company.

(u1.1) Foreign exchange risk
The Company operates mainly in the local market and its exposure to foreign exchange risk is low. Foreign currency risk mainly arises from the fluctuation of the lats and the euro exchange rates at the time of settling of the liabilities or at the time of currency translation. The Finance Director performs analysis of net open positions of each foreign currency and monitors the currency conversion results. No further risk prevention mechanisms are used on the account that the overall currency risk has been assessed as low.

(u1.2) Credit risk
The Company has a credit risk concentration based on its operational specifics – issuance of loans against pledge, as well as issuance of non-secured loans that is connected with an increased risk of asset recoverability. The risk may result in short-term liquidity problems and issues related to timely coverage of short-term liabilities. The Company's policies are developed in oreder to ensure maximum control procedures in the process of loan issuance, timely identification of bad and doubtful debts and adequate provisioning for potential loss.

(u1.3) Operational risk
Operational risk is a loss risk due to external factors namely (natural disasters, crimes, etc) or internal ones (IT system crash, fraud, violation of laws or internal regulations, insufficient internal control). Operation of the Company carries a certain operational risk which can be managed using several methods including methods to identify, analyse, report and reduce the operational risk. Also self-assessment of the operational risk is carried out as well as systematic approval of new products is provided to ensure the compliance of the products and processes with the risk environment of the activity.

(u1.4) Market risk
The Company is exposed to market risks, basically related to the fluctuations of interest rates between the loans granted and funding received, as well as demand for the Company's services fluctuations. The Company attempts to limit market risks, adequately planning the expected cashflows, diversifying the product range and fixing funding resource interest rates.

(u1.5)Liquidity risk
The Company complies with the prudence principle in the management of its liquidity risk and maintains sufficient funds. The management of the Company has an oversight responsibility of the liquidity reserves and make current forecasts based on anticipated cash flows. Most of the Company's liabilities are short-term liabilities. The management is of the opinion that the Company will be able to secure sufficient liquidity by its operating activities, however, if required, the management of the Company is certain of financial support to be available from the owners of the Company.

(u1.6) Cash flow interest rate risk
As the Company has borrowings and finance lease obligations, the Company's cash flows related to financing costs to some extent depend on the changes in market rates of interest. The Company's interest payment related cash flows depend on the current market rates of interest. The risk of fluctuating interest rates is partly averted by the fact that a number of loans received have fixed interest rates set. Additional risk minimization measures are not taken because the available bank products do not provide an effective control of risks.

(u2) Accounting for derivative financial instruments
The Company does not actively use derivative financial instruments in its operations. Derivative financial instruments are initially recognized at fair value on the date of the contract, and are thereafter measured at fair value at the balance sheet date. Derivative financial instruments are carried as assets if their fair value is positive and as liabilities if fair value is negative. Any gains or losses arising due to the changes in the fair value of the derivative financial instrument are not classified hedges and are recognized directly in the profit and loss.

(u3) Fair value
The carrying value of financial assets and liabilities approximates their fair value. See also note (e).

(u4) Management of the capital structure
In order to ensure the continuation of the Company's activities, while maximizing the return to stakeholders capital management, optimization of the debt and equity balance is performed. The Company's capital structure consists of borrowings from related persons, third party loans and loans from credit institutions and finance lease liabilities, cash and equity, comprising issued share capital, retained earnings and share premium. At year-end the ratios were as follows:

	31.12.2014 EUR	31.12.2013 EUR
Loan and leasae liabilities	1 197 570	692 173
Cash and bank	46 482	153 758
Net debts	1 151 088	378 400
Equity	148 447	73 843
Liabilities / equity ratio	8.07	9.37
Net liabilities / equity ratio	7.75	7.29

Notes (continued)

Accounting policies (continued)

(v) Significant assumptions and estimates

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Latvian law requires the management to rely on estimates and assumptions that affect the reported amounts of assets and liabilities and off-balance sheet assets and liabilities at the date of financial statements, as well as the revenues and expenses reporting in the reporting period. Actual results may differ from these estimates.

The following judgements and key assumptions concerning the future are critical, and other causes of inaccuracies in the calculations as at the date of financial statements, with a significant risk of causing a material change in the balance sheet value of assets and liabilities within the next financial year:

- The Company review the useful lives of it's fixed assets at the end of each reporting period. The management makes estimates and uses assumptions with respect to the useful lives of fixed assets. These assumptions may change and the calculations may therefore change.

- The Company review the value of its fixed assets and intangible assets whenever any events or circumstances support that the carrying value may not be recoverable. Impairment loss is recognised in the amount equalling the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of an asset's fair value less the costs to sell and the value in use. The Company is of the view that considering the anticipated volumes of services no material adjustments due to impairment are required the asset values.

- In measuring inventories the management relies on its expertise, past experience, background information, and potential assumptions and possible future circumstances. In assessing the impairment of the value of inventories consideration is given to the possibility to sell the item of inventories and the net realisable value.

- The Company's management, based on estimates, makes provisions for the impairment of the value of receivables. The Company's management is of the opinion that the provisions for receivables presented in the financial statements accurately reflect the expected cash flows from these receivables and that these estimates have been made based on the best available information.

- The Company is composed with caution savings potential future payment obligations in cases where disputes the validity of such legal obligation, or there are legal disputes about the amount of such liabilities.

(w) Related parties

Related parties include the shareholders, members of the Board of the parent company of the Company, their close family members and companies in which the said persons have control or significant influence.

(x) Subsequent events

Post-period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

(y) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(z) Earnings per share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to the shareholders with the weighted-average number of shares outstanding during the year.

Notes (continued)

(1) Parent company and Group Intangible and Fixed assets

	Other fixed assets EUR
Cost	
31.12.2013.	**29 456**
Additions	**3 776**
31.12.2014.	**33 232**
Depreciation	
31.12.2013	**13 211**
Calculated	6 712
31.12.2014.	**19 923**
Net book value 31.12.2013.	**16 245**
Net book value 31.12.2014.	**13 309**

As in June 30, 2014 the residual value of the fixed assets acquired under the terms of financial lease was 9 066 *euro*. The ownership of those fixed assets will be transferred to the Group only after settlement of all lease liabilities.

(2) Participating interest

Participating interest in subsidiaries and associated company

Participating interest in subsidiaries

	Participating interest in subsidiaries EUR
value 31.12.2013	**2 903**
Purchase of shares in subsidiary	2 840
Subsidiaries parts for sale	2 840
value 31.12.2014.	**2 903**
Net book value 31.12.2013.	2 903
Net book value 31.12.2014.	2 903

	Participation shares in subsidiary purchase price		Participation shares in subsidiary carrying amount	
	31.12.2014. EUR	**31.12.2013. EUR**	**31.12.2014. EUR**	**31.12.2013. EUR**
Capitalia kreditai Utd. (Lietuva), 100%	2 903	2 903	2 903	2 903

Notes (continued)

(3) Participating interest

Participating interest in associated company

	Participation shares in associated company purchase price		Participation shares in associated company carrying amount	
	31.12.2014. EUR	31.12.2013. EUR	31.12.2014. EUR	31.12.2013. EUR
CH1 Ltd. (Latvia)	6 250	-	6 250	-

In 2014 Capitalia acquired 25% of CH1 Ltd. shares. (through the process of reorganization, Capitalia Investīciju Pārvalde Ltd was merged with Capitalia AS)

Information about the parent company and the Group's associated companies

Name	Address	Equity 31.12.2014. EUR	Profit for the year 2014 EUR
CH1 Ltd.	Krišjāņa Barona street 13/15-51, Riga, Latvia	3 932	(17 759)

CH1 Ltd. is primarily engaged in transactions with the real estate - real estate buying, selling and renting.

The parent company and the Group's other securities and equity participation

	31.12.2014. EUR	31.12.2013. EUR
money under management of Eko Investors JSC	5 691	5 691
	5 691	**5 691**

Eko Investors JSC manages the money through special purpose loans provided to the company.

	Investments in associated companies EUR
Initial value	
31.12.2013.	**-**
investment increase	6 250
31.12.2014.	**6 250**
Net book value 31.12.2013.	**-**
Net book value 31.12.2014.	**6 250**

Notes (continued)

(4) Loans and receivables

	Parent company 31.12.2014. EUR	**Group 31.12.2014 EUR**	**Parent company 31.12.2013 EUR**	**Group 31.12.2013 EUR**
Debtors for loans issued against pledge	102 137	115 547	33 201	
Debtors for loans issued without pledge	111 770	111 770	7 573	
Long-term loans and receivables, total	**213 907**	**227 317**	**40 774**	**40 774**
Debtors for loans issued against pledge	258 362	397 915	229 790	241 459
Debtors for loans issued without pledge	364 575	637 346	187 570	320 515
Trade receivables	719	662	662	662
Provisions for bad and doubtful trade debtors	(55 106)	(124 747)	(10 090)	(10 090)
Short-term loans and receivables, total	**568 550**	**912 140**	**407 932**	**552 546**
	782 457	**1 139 457**	**448 706**	**593 320**

Provisions for bad and doubtful trade and other receivables:

Provisions for bad and doubtful receivables at the beginning of the year	**10 090**	**10 090**	**-**	**-**
Adapted (reorganization)	-	-	1 286	1 286
Additional provisions	45 016	114 657	8 804	8 804
Provisions for bad and doubtful receivables at the end of the year	**55 106**	**124 747**	**10 090**	**10 090**

Notes (continued)

(4) Loans with related parties and associated companies
Parent company associated companies' loans

	31.12.2014. EUR	31.12.2013. EUR
Loan to Capitalia kreditai Ltd	391 277	144 761
Long term part:	**391 277**	**144 761**
Capitalia kreditai Ltd interest accrued on borrowings	3 746	-
Short term part:	**3 746**	-
	395 023	**144 761**

In 2013 and 2014 the company has issued loan to Capitalia kreditiai Ltd in the maximum amount of 400 000 EUR at rate of 12% - 15%. Loan is to be repaid by the 1st of September, 2018.
The loan is denominated in EUR, interest payments have to be made till the 1st of September, 2018.
The loan to Capitalia kreditai Ltd is unsecured and Capitalia kreditai Ltd has made no late payments.

Parent company and group associated companies' liabilities

	31.12.2014. EUR	31.12.2013. EUR
Loan to CH1 Ltd	55 490	-
Other liabilities with CH1 Ltd	2 500	
Short term part:	57 990	-
	57 990	**-**

In 2014 the company has issued loan to CH1 Ltd at the rate of 24% annualy. Loan is to be repaid by the 15th of July, 2015.
The loan to CH1 Ltd is unsecured and CH1 Ltd has made no late payments.

(5) Parent company and groups short term loans to employees and management

Loan to Juris Grišins*	56 403	-
Long term part:	**56 403**	-
Loan to Juris Grišins*	14 727	14 727
Loan to Simonas Tamulionis	12 148	-
Other receivables with Juris Grišins	2 000	-
Short term part:	**28 875**	**14 727**
	85 278	**14 727**

* In 2007. the company has issued loan to Juris Grišins at the rate of 5.89% annually. Loan is to be repaid by the 1st of December, 2019.

Notes (continued)

(6) Capital

On the 30th of September, 2013 Rinovus Ltd. and POScredit Ltd. were reorganized and merged with the Company. As the result of the merger, Companies' capital was increased by Ls 62 000 (EUR 88 218). The remaining gain from the merger was included under "Other reserves".

The reorganization was registered with the decision Nr. 6-12/32167/2 made by the Register of Enterprises of the Republic of Latvia on 17th of March, 2014.

The Capital that was registered on 17th of March, 2014 is fully paid and consists of 87 000 shares, with share value of Ls 1 (EUR 1.423).

On the 30th of September, 2014 Capilatia Konsultācijas II Ltd. and Capitalia Investīciju pārvalde Ltd. were reorganized and merged with the Company. As the result of the merger, Companies' capital was increased by EUR 102 700. The remaining gain from the merger was included under "Other reserves".

The company has to cover the reorganization reserves before making dividend payments.

(7) Loans by Parent company and group secured by bonds

In August, 2014 the Company emitted 1000 securities at nominal value EUR 1 000 and at initial listing price EUR 920 (effective annual return of 15%). Coupon rate is 12% per annum and it's paid quarterly.

The securities are due to 25th of October, 2018.

Securities nominal value	1 000 000
Prepaid expenses on securities commission fee	(84 272)
Long term part:	**915 728**
Accrued coupon interest payments at the period end	22 333
Short term part:	**22 333**
	938 061

Notes (continued)

(8) Parent company and groups other liabilities

	31.12.2014. EUR	31.12.2013. EUR
Non-interest bearing loan within EU funds	49 311	-
Loans without debtors guarantee, term 2 to 5 years	5 691	106 122
Financial lease, term 2 to 5 years	416	5 303
Long term part:	**55 418**	**111 425**
Non-interest bearing loan within EU funds	50 732	-
Loans with debtors guarantee – short term	-	230 439
Loans without debtors guarantee – short term	199 196	342 326
Financial lease – short term	4 895	4 717
Short term part:	**204 091**	**557 482**
	259 509	**668 907**

The rate for received loans is 6% to 15% annually, term – 3 to 24 months.

In 2014 the Company signed loan and micro-portfolio loan re-distribution agreement with Latvian Guarantee Agency Ltd. According to the agreement, Latvian Guarantee Agency Ltd within EU funds, in order to support and improve the competitiveness of small and medium enterprises in Latvia, issue non-interest bearing loan to the Company for loan issuing purposes.

The Company has purchased assets on financial lease terms. The rate, set on 31st December, 2014, is 3M Euribor + 3.7%. The remaining value of the assets purchased in financial lease can be found in Note 10.

Expected minimum payments, present value of payments and interest expenses for other loans:

Term:	Expected minimum payments, Gross 31.12.2014 EUR	Present value of minimum payments, Net 31.12.2014 EUR	Interest expenses 31.12.2014 EUR	Expected minimum payments, Gross 31.12.2013 EUR	Present value of minimum payments, Net 31.12.2013 EUR	Interest expenses 31.12.2013 EUR
Up to one year	55 149	55 418	1	674 943	577 482	97 461
Year 2 through 5	210 591	204 091	6 500	132 787	111 425	21 362
	265 740	**259 509**	**6 501**	**807 730**	**668 907**	**118 823**

Other loans split by currencies, EUR:

	31.12.2014. EUR	31.12.2013. EUR
LVL	-	54 558
EUR	**259 509**	634 349
	259 509	**688 907**

Other loans split by term:

Loans that are not overdue	**259 509**	**688 907**

Notes (continued)

(9) Parent company taxes and social insurance

	Liabilities 31.12.2013	Accrued liabilities, 2014	Paid liabilities, 2014	Liabilities 31.12.2014
	EUR	**EUR**	**EUR**	**EUR**
EIT	1 831	14 519	8 135	8 215
VAT	3 113	5 077	7 945	245
SSIMC	160	8 551	7 652	1 059
PIT	283	14 865	11 305	3 843
ERSF	-	17	17	-
Total	**5 387**	**43 029**	**35 054**	**13 362**
Of which:				
Debt	**5 387**			**13 362**
(Prepaid)	**-**			-

Group taxes and social insurance

	Liabilities 31.12.2013	Accrued liabilities, 2014	Paid liabilities, 2014	Liabilities 31.12.2014
	EUR	**EUR**	**EUR**	**EUR**
EIT	1 996	19 118	8 293	12 821
VAT	3 113	5 077	7 945	245
SSIMC	465	12 300	11 395	1 370
PIT	397	16 250	12 688	3 959
Other	6	35	17	24
Total	**5 977**	**52 780**	**40 338**	**18 419**
Of which:				
Debt	**5 977**			**5 387**
(Prepaid)	**-**			-

(10) Average number of employees in the group

	2014	2013
Average number of employees:	**6**	**6**

(11) Management salary

	2014	2013
	EUR	**EUR**
Board members of the parent company		
· Salary	7 119	2 673
· Social insurance payments	1 679	645
· Enterprise risk fee	4	4
	8 802	**3 322**

Notes (continued)

(12) Deals with related parties

Deals with:	
Juris Grišins	
Issued loans	37 000
Loan repayments	28 500
Loans inherited as the results of reorganization	60 051
Loans transmitted as the results of reorganization	14 727
Sales of shares	2 000
Companies and persons with joint control and significant influence	
Issued loans cession payments	133 179
Loans inherited as the results of reorganization	14 727
Services received	19 152
Services provided	2 400
Received and repaid or via reorganization removed loans	132 000
Issued and removed via reorganization	30 000
Paid and calculated interest payments	3 140
Parent company deals with subsidiary companies	
Issued loans	293 000
Calculated interest	35 013
Received loan repayments	45 219
Interest paid	32 532
Associated companies	
Contribution to the share capital	3 750
Other expenses	2 500
Issued loans	85 000
Calculated interest	6 640
Received loan repayments	31 200
Interest paid	4 950

Goods from affiliated companies are sold and purchased, as well as the services received and delivered at market prices.

(13) Subsequent events

In the period since the last days there have been no events that materially affect the Company's financial position as at 31 December 2014.