AS CAPITALIA

Unaudited consolidated interim financial statements
For the period 01.01.2015 – 30.06.2015

Prepared in accordance with the international
financial reporting standards as adopted by EU

CAPITALIA

Information about the group

Name of the Company	AS CAPITALIA
Legal status of the Company	Join-stock company (from 17.03.2014)
Number, place and date of registration	40003933213, Commercial Register Riga, 21.06.2007
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
Address	Krišjāņa Barona steet 13/15-51, Riga, LV-1011 Latvia
Names and addresses of shareholders	Resident of 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	January 1, 2015 – June 30, 2015
Subsidiaries' Name	Capitalia kreditai UAB (parent company interest in subsidiary – 100%)
Address of the subsidiary	Musninku g. 22-39, Vilnius, Lithuania
Number, place and date of registration	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
Associated company	CH1 SIA (25%)
Number, place and date of registration	50103700191, Riga August 14, 2013
Address of associated company	Krišjāņa Barona steet 13/15-51, Riga, LV-1011 Latvia

Interim management report

Group's performance during the reporting period

Second quarter of 2015 for AS Capitalia group was successful as we reported a consolidated profit of EUR 30,563 and total assets of EUR 2,186,338. As a result, the assets of the company have grown by 57% compared to the end of the last financial year. The company was able to rapidly increase number of issued loans as a result of participation in state support programme by Altum in which small and medium sized companies in Latvia were offered loans at subsidized rates. Profitability of the company has improved as a result of a number of cost saving activities, as well as increased business volume. Financial performance has also benefited from collection of a number of loans that were written off in the previous reporting periods.

Loan portfolio in Lithuania accounted for about 23% of the total asset volume. In the following quarter AS Capitalia plans to concentrate its activities on Lithuanian market to grow portfolio in this country. Also, the company plans to conclude registration of a daughter company OU Intelia Finance in Estonia and to start operations in this market. In July AS Capitalia has concluded partnership agreement with crowdfunding platform Mintos through which AS Capitalia will offer investors to purchase loans originated and serviced by AS Capitalia. Such partnership will allow us to release capital for future growth.

Equity and subordinated capital (Altum co-financing) accounted for EUR 356,997 or 16.3% of the total assets of the company. We plan to return this ratio to level of above 20% as a result of partnership with Mintos and accelerated lending activities of loans with Altum co-financing.

Future plans

Important further step for AS Capitalia in the following quarter will be test of the partnership with crowdfunding platform Mintos. Furthermore, we will focus on developing our operations in Lithuania and Estonia, while in Latvia focus will be on issuing loans within state co-financing programme.

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Juris Grišins
Chairman of the board

Riga, July 23, 2015

Statement of Management Responsibility

Management of JSC Capitalia is responsible for preparation of these 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 30 June, 2015 and 2015 first half 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, July 23, 2015

Interim condensed profit and loss statement

	01.01.-30.06.2015 EUR	01.01.-31.12.2014 EUR
Interest and similar income	232 498	393 856
Interest expense	-93 431	-130 471
Impairment (provision)	-1 440	-158 127
Selling expense	-12 776	-35 314
Administrative expense	-91 373	-134 256
Other operating income	7 636	26 658
Other operating expense	-7 814	-18 678
Interest payable and similar expense	-79	-303
Profit/(loss) before Income Tax	**33 221**	**-56 635**
Corporate Income tax	-2 658	-18 792
Deferred Income	0	0
Net profit/(loss) for the period	**30 563**	**-75 427**

Juris Grišins
Chairman of the board

Riga, July 23, 2015

Interim condensed balance sheet

	30.06.2015 EUR	31.12.2014 EUR
Assets		
Long term investments		
Fixed assets	61 396	13 309
Participating interest in subsidiaries	0	
Participating interest in associated company	6 250	6 250
Receivables from affiliated companies	-	-
Loans and receivables	592 907	**227** 317
Loans to shareholders and management	**50 056**	**56 403**
Other investments	5 000	0
Total long-term investments:	**715 609**	303 **279**
Current assets		
Receivables from associated companies	50 396	57 990
Loans and receivables	1 336 225	890 956
Other debtors	12 244	11 722
Loans to shareholders and management	28 559	28 875
Other securities and equity participation	**5 691**	**5 691**
Cash and bank	**37** 614	**92** 768
Total current assets:	**1 470 729**	**1 088 002**
Total assets	**2 186 338**	**1 391 281**

Juris Grišins
Chairman of the board

Riga, July 23, 2015

Interim condensed balance sheet

	30.06.2015 EUR	31.12.2014 EUR
Liabilities		
Shareholders' funds:		
Share capital	226 490	226 490
Other reserves	-10 679	-10 679
Prior years' retained earnings	-83 775	-8 348
Current year's profit / (losses)	30 563	-75 427
Total shareholders' funds:	**162 599**	**132 036**
Creditors:		
Long-term creditors:		
Bonds issued	926 720	915 728
Other borrowings	267 796	55 418
Deferred tax liabilities	290	290
Total long-term creditors:	**1 194 806**	**971 436**
Short-term creditors:		
Bonds issued	22 333	22 333
Other borrowings	755 903	204 091
Accounts payable to affiliated companies	-	3 266
Trade creditors and accrued liabilities	15 729	13 561
Taxes and social insurance	6 023	18 419
Deferred income	28 945	26 139
Total short-term creditors:	**828 933**	**287 809**
Total liabilities and shareholders' funds	**2 186 338**	**1 391 281**

Juris Grišins
Chairman of the board

Riga, July 23, 2015

Interim condensed statement of changes in equity

	Share capital	Other reserves	Retained earnings (losses)	Total
	EUR	EUR	EUR	EUR
As at 31 December 2013	**123 790**	**-39 676**	**-8 348**	**75 766**
Increase in capital and reserves (reorganization)	102 700	28 998	-	**131 698**
Total comprehensive losses for the period	-	-	-75 427	**-75 427**
As at 31 December 2014	**226 490**	**-10 679**	**-83 775**	**132 036**
Total comprehensive earnings (losses) for the period	-	-	30 563	**30 563**
As at 30 June 2015	**226 490**	**-10 679**	**-53 212**	**162 599**

Juris Grišins
Chairman of the board

Riga, July 23, 2015

Interim condensed cash flow statement

	01.01.-30.06.2015	2014
	EUR	EUR
<u>**Cash flow from operating activities**</u>		
Losses before extraordinary items and taxes	**33 221**	**-56 635**
<u>Adjustments for:</u>		
- fixed assets depreciation	2 902	6 712
- changes in provisions (excluding provision for doubtful debts)	-	860
- interest income	-232 498	-277 835
- interest and similar expense	93 431	165 787
- net loss on disposal of sale non-current assets	-	-
- net loss on sale of securities	-	840
Operating losses before working capital changes	**-102 944**	**-160 271**
<u>Adjustments for:</u>		
- increase/(decrease) in trade and other debtors	-522	-6 987
- increase in consumer loans issued	-775 359	-604 753
- trade creditors' increase (decrease)	-976	635
Cash generated from operations	**-879 801**	**-771 376**
Interest paid	-86 808	-123 780
Interest received	219 467	368 244
Corporate income tax payments	-18 544	-8 293
Net cash flow from operating activities	**-765 686**	**535 205**
<u>**Cash flow from investing activities**</u>		
Purchase of fixed assets	-50 937	-2 936
Purchase of shares	-5 000	-3 750
Proceeds from sale of shares	-	-
Proceeds from sale of non-current assets held for sale	-	-
Net loans issued / (loans received)	6 663	-10 500
Net cash flow from investing activities	**-49 274**	**17 186**
<u>**Cash flow from financing activities**</u>		
Proceeds from stock and bond issues	-	-
Net borrowings / loans repaid	762 306	480 597

Overtaken cash (reorganization)	-	890
Finance lease payments	-2 500	-1 595
Net cash flow from financing activities	**759 806**	**479 892**
Net cash flow of the reporting year	**-55 154**	**-72 499**
Cash and cash equivalents at the beginning of the reporting year	**92 768**	**165 267**
Cash and cash equivalents at the end of reporting period	**37 614**	**92 768**

Juris Grišins
Chairman of the board

Riga, July 23, 2015

Notes to the Interim Condensed Financial Statements

1. Corporate information

JSC CAPITALIA (hereinafter – Company) was restarted with the Republic of Latvia Enterprise Register on 21 June 2007. The registered office of the Company is at Krišjāņa Barona Street 13/15-51, Riga, Latvia. The core business activity of the Company is based on dealing with the issue of micro-credit for small and medium-sized enterprises.

2. Significant accounting judgements, estimates and assumptions

The Company's interim condensed unaudited financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the interim condensed unaudited financial statements. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the unaudited financial statements, when determinable.

Impairment allowance

Assets carried at amortized cost

The Company assesses at each reporting date whether there is objective evidence that a group of financial assets is impaired. A group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

(a) adverse changes in the payment status of borrowers in the portfolio of financial assets, i.e. financial assets whose interest and principal payments are past due;

(b) termination of agreement due to a breach of contract by the borrower, such as a default or delinquency in interest, principal and/or penalty payments.

The Company assesses whether objective evidence of impairment exists collectively for a group of financial assets with similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Company and historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

2. Significant accounting judgements, estimates and assumptions (cont’d)

Impairment allowance (cont’d)
Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, levels of arrears, collateral recoverability, or other factors indicative of changes in the probability of losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.
When a receivable is uncollectible, it is written off against the related allowance for receivable impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the accounts receivable aging), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

Renegotiated financial assets
Financial assets that are subject to collective impairment assessment and whose terms have been renegotiated are no longer considered to be past due but are treated as new assets. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

Going concern
The Company’s management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the interim condensed financial statement continue to be prepared on the going concern basis.

Deferred tax assets
Deferred tax asset is recognized in respect of tax losses to the extent that is probable that future taxable profit will be available against which the losses can be utilized. Judgement is required to determine the amount of deferred tax asset than can be recognized, based upon the likely timing and level of future taxable profits.

3. Summary of significant accounting policies

Basis of preparation
The interim condensed financial statements of JSC CAPITALIA for the six months ended 30 June 2015 have been prepared in accordance with IAS. The interim condensed financial statements do not include all of information and disclosures required in the annual financial statements.

Basis of consolidation
The consolidated financial statements include financial statements of the Group and its subsidiaries as of June 30, 2015.
Subsidiaries are those entities that are controlled by the Group. Entities are under control of the Group if the Group has rights to variable return based on the involvement in the operations and it has opportunity to influence the profitability of the entity.
Subsidiaries are fully consolidated from the date of acquisition, namely, from the date when the Group has obtained control over the subsidiaries, and consolidation is continued until the moment when Group’s control over the company stops. Financial statements of the subsidiaries are prepared for the same period as for the parent company, using the same accounting policies. In preparation of consolidated financial statements all inter-company accounting transactions among the subsidiary and the parent company, profit and loss, and dividends are excluded. Change of ownership in subsidiary, without change of control, is treated as equity capital transaction.
Losses are reported to non-controlling participation even in such case if as a result this controlling participation has become negative.

3. Summary of significant accounting policies (cont'd)

Basis of consolidation (cont'd)

If the Group loses control over the subsidiary if:

- Stops recognizing assets (and intangible assets) and liabilities of the subsidiary;
- Stops recognizing non-controlling participation in accordance to its accounting value;
- Stops recognizing cumulative reserve of currency conversions in equity capital;
- Recognizes the true value of the received compensation;
- Recognizes remaining investments in accordance to their true value;
- Recognizes any income or losses in profit and loss statement;
- Reclassifies all sums that have been reported to mother company's accounts under consolidated statements to profit and loss statement.

Intangible assets

Intangible non- current assets are stated at cost and amortized over their estimated useful lives on a straight-lines basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

Equipment

Equipment is stated at cost less accumulated depreciation and any impairment in values.

Depreciation is calculated on a straight- line basis over estimated useful life of the asset as follows:

PCs	- over 3 years
Furniture	- over 5 years
Vehicles	- over 5 years

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exist and where the carrying values exceed the estimated recoverable amount, the assets or cash- generating units are written down to their recoverable amount. The recoverable amount of equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash- generating until to which the asset belongs. Impairment losses are recognized in the income statement in the impairment caption.

Investment in subsidiaries

Investment in subsidiaries (i.e. where the Company holds more than 50% interest of the share capital or otherwise controls the company) are stated in accordance with the cost method. Following initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses. The carrying values of investments in subsidiaries are reviewed for impairment when events of changes in circumstances indicate that the carrying value may not be recoverable.

The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognized as a reduction of the costs of investment.

3. Summary of significant accounting policies (cont'd)

Finance lease

Where the property, plant and equipment are acquired under a finance lease arrangement and the Group 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Debtors

Accounts receivable comprise loans and other receivables (other debtors, advances and deposits) that are non-derivative financial assets with fixed or determinable payments. All loans and receivables are recognized when cash is advanced to borrowers and derecognized on repayments. 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, including amounts recoverable from collateral using management's estimates, assumptions and estimates.

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, based on accounts receivable days past due, the following provisions are made for the doubtful loans:

Day's late	Provision amount
0-14	0%
15-30	10%
31-90	30%
91-180	80%
181+	100%

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.

Vacation pay reserve

Vacation pay reserve is calculated by multiplying the average daily salary of an employee for the last six months with the number of unused vacation days as at the end of the financial reporting period.

Contingencies

Contingent liabilities are not recognized 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 recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Income

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

4. Summary of significant accounting policies (cont'd)

Income (cont'd)
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 recognized using accruals principle. Interest income is not recognized from the moment the recoverability of principal is considered doubtful.
Other income is recognized based on accruals principle.
Penalties and similar income of collection exists, is recognized based on cash principle.

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 relevant national 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 recognized only to the extent that recovery is probable.

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.

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.

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.

5. Financial risk management

The activities of the Group are exposed to different financial risks: credit risk, liquidity risk, market risk, cash flow and interest rate risk, operational risk and foreign currency risk.
Chairman of the board is responsible for risk management. Chairman of the board identifies, assesses and seeks to find solutions to avoid financial risks.

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 order to ensure maximum control procedures in the process of loan issuance, timely identification of bad and doubtful debts and adequate provisioning for potential loss.

Company has no concentration of credit risk to one loan receiver.
Company issues loans that are secured with collateral as well as non-collateralised loans.

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 Group will be able to secure sufficient liquidity by its operating activities.

4. Financial risk management (cont'd)

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 Group attempts to limit market risks, adequately planning the expected cash flows, diversifying the product range and fixing funding resource interest rates.

Cash flow and interest rate risk

The Company is not exposed to interest rate risk because it's current and non-current borrowings and lease receivable are at a fixed rate.

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.

Foreign exchange risk

The Company's financial assets and liabilities are not exposed to foreign currency risk. All transactions are conclude in euros.

Accounting for derivative financial instruments

The Company does not actively use derivative financial instruments in its operations.

Fair value

The carrying value of financial assets and liabilities approximates their fair value.

Management of the capital structure

In order to ensure the continuation of the Company's activities, while maximizing the return to stakeholder's 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 reporting period- end the ratios were as follows:

	30.06.2015	**31.12.2014**
	EUR	**EUR**
Loan and lease liabilities	1 138 652	1 200 836
Cash and bank	37 914	92 768
Net debts	**1 100 738**	**1 108 068**
Equity	162 599	132 036
Liabilities / equity ratio	**7.00**	**9.09**
Net liabilities / equity ratio	**6.77**	**8.39**

5. Fixed assets

	Other fixed assets EUR
Cost	
31.12.2014.	**33 232**
Additions 2015	51 092
Disposals 2015	154
30.06.2015	**84 170**
Depreciation	
31.12.2014	**19 923**
Charge 2015	2 902
Disposals 2015	51
30.06.2015.	**22 774**
Net book value 31.12.2014.	**13 309**
Net book value 30.06.2015.	**61 396**

6. Participating interest in associated company

	EUR
Value 31.12.2014.	**6 250**
Change 2015	-
Value 30.06.2015.	**6 250**
Net book value 31.12.2014.	**6 250**
Net book value 30.06.2015.	**6 250**

Name	**Participation shares in associated company purchase price**		**Participation shares in associated company carrying amount**	
	30.06.2015. EUR	**31.12.2014. EUR**	**30.06.2015. EUR**	**31.12.2014. EUR**
CH1 Ltd (Latvia)	6 250	6 250	6 250	6 250

Information on associated companies

Name	**Address**	**Equity**		**Loss for the year**	
		30.06.2015	**31.12.2014.**	**01.01.-30.06.2015**	**2014**
		EUR	**EUR**	**EUR**	**EUR**
CH1 Ltd	Krišjāņa Barona Street 13/15-51, Riga, Latvia	(27 708)	3 188	(25 400)	(21 812)

CH1 Ltd core business activity is conducting transactions with the real estate - real estate buying, selling and renting.

6. Loans and receivables

	30.06.2015. EUR	31.12.2014 EUR
Loans issued against and without pledge	592 907	227 317
Long-term loans and receivables, total	**592 907**	**227 317**
Loans issued against and without pledge	1 476 631	1 034 549
Trade receivables	356	1 626
Provisions for bad and doubtful loans and receivables	(140 762)	(145 219)
Short-term loans and receivables, total	**1 336 225**	**890 956**
	1 929 132	**1 118 273**

Loan repayment periods are from 1 to 36 months.

Loans and receivables by currency, EUR:

EUR	2 069 894	1 219 612
LTL	-	43 880
	2 069 894	**1 263 492**

Provisions for bad and doubtful loans and receivables:

Provisions at the beginning of the year	145 219	10 090
Additional provisions	(4 457)	135 129
Provisions at the end of the year	**140 762**	**145 219**

7. Receivables from associated companies

	30.06.2015. EUR	31.12.2014. EUR
Loan CH1 Ltd.	50 396	55 490
Other liabilities with CH1 Ltd.	-	2 500
Short term part:	**50 396**	**57 990**
	50 396	**57 990**

In 2014 the company has issued loan to CH1 Ltd at the rate of 24% annually. Loan is to be repaid by the 15th of August, 2015. Loan to CH1 Ltd is unsecured. CH1 Ltd has made all payments on time.

8. Loans to shareholders and management

Loan to Juris Grišins *	50 396	56 403
Long term part:	**50 396**	**56 403**
Loan to Juris Grišins *	13 832	12 148
Loan to Simonas Tamulionis	14 727	14 727
Other receivables from Juris Grišins	-	2 000
Short term part:	**28 559**	**28 875**
	78 955	**85 278**

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

9. Cash and bank

	30.06.2015. EUR	31.12.2014. EUR
Cash in the bank	**37 614**	**92 768**

Cash in the bank by currency, EUR:

EUR	37 614	86 431
LTL	-	6 337
	37 614	**92 768**

10. Share capital

As of 30st of June, 2015, issued and fully paid share capital of the Parent company of the Group is EUR 226 490 and it consists of 1 595 shares with a nominal value of EUR 142 each.

On the 30th of September, 2013, Rinovus Ltd. and POScredit Ltd. were reorganized and merged with the Group. The resulting reserve from the merger amounting to EUR 39 676 was included under "Other reserves". On the 30th of September, 2014, Capitalia Konsultācijas II Ltd. and Capitalia Investīciju Pārvalde Ltd. were reorganized and merged with the Group. The remaining negative reorganization result of EUR 28 998 was included under "Other reserves".

11. Corporate bonds

In August, 2014 the Parent company of the Group emitted 1 000 bond securities at nominal value of EUR 1 000 and at initial listing price EUR 920 (effective annual yield of 15%). Coupon rate on the bonds is 12% per annum and it's paid quarterly. The securities are due on 25th of October, 2018.

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Securities nominal value	1 000 000	1 000 000
Impact of effective interest rate (discounting)	(73 280)	(84 272)
Long term part:	**926 720**	**915 728**
Accrued coupon interest payments at the period end	22 333	22 333
Short term part:	**22 333**	**22 333**
	949 053	**938 061**

12. Other borrowings

	30.06.2015. EUR	31.12.2014. EUR
Loans without debtors guarantee, term 2 to 5 years	228 916	5 691
Non-interest bearing loan within EU funds*	38 880	49 311
Financial lease, term 2 to 5 years	-	416
Long term part:	**267 796**	**55 418**
Loans without debtors guarantee – short term	597 494	199 196
Non-interest bearing loan within EU funds*	155 519	50 732
Financial lease – short term	2 890	4 895
Short term part:	**755 903**	**204 091**
	1 023 699	**259 509**

The interest rate on received borrowings is from 6% to 15% annually, term – 3 to 42 months.

* In 2014 the Group signed micro-loan portfolio loan management agreement with Latvian Guarantee Agency Ltd. According to the agreement Latvian Guarantee Agency Ltd (after reorganization "Attīstības finanšu institūcija Altum" JSC) provides state and EU financing to the small and medium businesses, providing non-interest bearing loan to AS Capitalia for purposes of issuing loan to boost competitiveness of small and medium enterprises in Latvia. Signed agreement has final loan repayment deadline on July 7, 2024.

The Group has purchased assets on financial lease terms.

Other borrowings age analysis:

Debt does not exceed the payment deadline	**1 023 699**	**259 509**

13. Related party transactions

	01.01.- 30.06.2015 EUR	2014 EUR
Transactions with:		
Shareholder Juris Grišins		
Loans issued	-	37 000
Loans repaid	6 609	28 500
Accrued interest	1 946	-
Loans take over (reorganization)	-	60 051
Loans transfer (reorganization)	-	14 727
Sale of shares	-	2 000
Members of the Council		
Loans received	78 000	-
Accrued interest	2 426	5 980
Loan repaid (interest)	1 451	-
Bond sale	-	109 480
Companies and individuals under common control or significant influence		
Cession pay	-	134 488
Liabilities take over (reorganization)	-	14 727
Received services	14 100	19 152
Services provided	-	2 400
Loans repaid, deleted (reorganization)	-	132 000
Loans issued	347 600	30 000
Accrued interest	2 297	3 140
Loans repaid	55 484	-
Associated companies		
Contribution to the share capital	-	3 750
Other costs	-	2 500
Loans issued	12 500	85 000
Accrued interest	6 408	6 640
Loans repaid	23 864	36 150
Other related persons		
Accrued interest	-	2 134
Bond sale	-	22 080

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

14. Subsequent events

There are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at June 30, 2015.