

AS CAPITALIA

Unaudited consolidated interim financial statements

For the period 01.01.2015 – 31.12.2015

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

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	64.92 Other credit service activities 70.22 Business and management consultancy
Address	Brīvības street 40-35, Riga, LV-1050, 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 – December 31, 2015
Subsidiaries' Name	Capitalia Finance UAB (before Capitalia Kredītai UAB) (parent company interest in subsidiary – 100%)
Address of the subsidiary	Musninku g. 22-39, Vilnius, Lithuania
Number, place and date of registration	302718931, Lithuania, registered in 30.01.2012
Operations as classified by NACE classification code system	64.92 Other credit service activities
Subsidiaries' Name	Capitalia Finance OÜ (before Intelia Finance OÜ)
Address of the subsidiary	Harjumaa, Tallinn, Punane tn 16-604, 13619
Number, place and date of registration	12822836, Estonia, registered in 26.03.2015
Operations as classified by NACE classification code system	64.92 Other credit service activities
Associated company	CH1 SIA (25%)
Number, place and date of registration	50103700191, Latvia, registered in 14.08.2013
Address of associated company	Brīvības street 40-35, Riga, LV-1050, Latvia

Interim management report

Group's performance during the reporting period

Year 2015 for AS Capitalia group was successful as we reported a consolidated profit of EUR 57,244 and total assets of EUR 2,521,665. As a result, the assets of the company have grown by 81% 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 25% of the total asset volume. The focus of the company in the following year will be on stabilization of the growth as well as increasing recognition of the existing range of financing products. Also, AS Capitalia plans to develop operations of daughter company OU Capitalia Finance in Estonia that started active operations in January of 2016. In November, 2015 the cooperation programme with Altum ended in Latvia and as a result of this partnership 84 small and medium sized enterprises were financed for the total amount of EUR 850,000.

Equity and subordinated capital (Altum co-financing) accounted for EUR 532,938 or 21.1% of the total assets of the company.

Future plans

Important further step for AS Capitalia in the following year 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 promoting our invoice purchasing product.

Juris Grišins
Chairman of the board

Riga, February 23, 2016

Statement of Management Responsibility

Management of JSC Capitalia is responsible for preparation of these consolidated financial statements. Management of the Company declares that in accordance with the information in their possession, 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, 2015 and year 2015 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 operations.

Juris Grišins
Chairman of the board

Riga, February 23, 2016

Interim consolidated profit and loss statement

	01.01.-31.12.2015	01.01.-31.12.2014
	EUR	EUR
Interest and similar income	574 311	393 856
Interest expense	-211 794	-130 471
Impairment (provision)	-54 319	-158 127
Selling expense	-41 354	-35 314
Administrative expense	-195 900	-134 256
Other operating income	12 087	26 658
Other operating expense	-20 076	-18 678
Other interest receivable and similar income	144	-
Interest payable and similar expense	-113	-303
Profit/(loss) before Income Tax	62 986	-56 635
Corporate Income tax	-6 032	-18 792
Deferred Income	290	-
Net profit/(loss) for the period	57 244	-75 427

The accompanying notes on pages 10-19 are an integral part of these interim condensed unaudited financial statements.

Juris Grišins
Chairman of the board

Riga, February 23, 2016

Interim consolidated balance sheet

	Notes	31.12.2015 EUR	31.12.2014 EUR
<u>Assets</u>			
Long term investments			
Fixed assets	5	57 050	13 309
Participating interest in subsidiaries	6	5 000	-
Participating interest in associated company	6	6 250	6 250
Receivables from affiliated companies	8	339 500	-
Loans and receivables	7	423 968	227 317
Loans to shareholders and management	10	43 520	56 403
Total long-term investments:		875 288	303 279
Current assets			
Receivables from affiliated companies	8	2 500	
Receivables from associated companies	9	51 278	57 990
Loans and receivables	7	1 496 935	883 489
Other debtors		33 983	11 722
Loans to shareholders and management	10	24 136	28 875
Other securities and equity participation		87 691	5 691
Cash and bank	11	31 853	92 768
Total current assets:		1 728 376	1 080 535
<u>Total assets</u>		<u>2 603 664</u>	<u>1 383 814</u>

The accompanying notes on pages 10-19 are an integral part of these interim condensed unaudited financial statements.

Juris Grišins
Chairman of the board

Riga, February 23, 2016

Interim consolidated balance sheet

	Notes	31.12.2015 EUR	31.12.2014 EUR
<u>Liabilities</u>			
Shareholders' funds:			
Share capital	12	226 490	226 490
Other reserves		-10 389	-10 679
Prior years' retained earnings		-91 532	-15 815
Current year's profit / (losses)		57 244	-75 427
Total shareholders' funds:		181 813	124 569
Creditors:			
Long-term creditors:			
Bonds issued	13	1 682 614	915 728
Other borrowings	14	167 576	55 418
Deferred tax liabilities		-	290
Total long-term creditors:		1 850 190	971 436
Short-term creditors:			
Bonds issued	13	36 140	22 333
Other borrowings	14	460 377	204 091
Accounts payable to affiliated companies		-	3 266
Trade creditors and accrued liabilities		19 477	13 561
Taxes and social insurance		14 080	18 419
Deferred income		41 588	26 139
Total short-term creditors:		571 661	287 809
<u>Total liabilities and shareholders' funds</u>		<u>2 603 664</u>	<u>1 383 814</u>

The accompanying notes on pages 10-19 are an integral part of these interim condensed unaudited financial statements.

Juris Grišins
Chairman of the board

Riga, February 23, 2016

Interim consolidated 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
Correction	-	-	-7 467	-7 467
Total comprehensive losses for the period	-	-	-75 427	-75 427
As at 31 December 2014	226 490	-10 679	-91 242	124 569
Increase in reserves		291	-291	-
Total comprehensive earnings (losses) for the period	-	-	57 244	57 244
As at 31 December 2015	226 490	-10 388	-34 289	189 280

The accompanying notes on pages 10-19 are an integral part of these interim condensed unaudited financial statements.

Juris Grišins
Chairman of the board

Riga, February 23, 2016

Interim consolidated cash flow statement

	2015 EUR	2014 EUR
<u>Cash flow from operating activities</u>		
Losses before extraordinary items and taxes	62 986	-56 635
<u>Adjustments for:</u>		
- fixed assets depreciation	10 731	6 712
- changes in provisions (excluding provision for doubtful debts)	627	860
- interest income	-574 311	-277 835
- interest and similar expense	211 794	165 787
- net loss on disposal of sale non-current assets	-	-
- net loss on sale of securities	-	840
Operating losses before working capital changes	-288 174	-160 271
<u>Adjustments for:</u>		
- increase/(decrease) in trade and other debtors	-4 641	-6 987
- increase in consumer loans issued	-1 130 383	-604 753
- trade creditors' increase (decrease)	15 325	635
Cash generated from operations	-1 407 873	-771 376
Interest paid	25 904	-123 780
Interest received	368 598	368 244
Corporate income tax payments	-29 414	-8 293
Net cash flow from operating activities	-1 042 785	535 205
<u>Cash flow from investing activities</u>		
Purchase of fixed assets	-54 420	-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)	17 622	-10 500
Net cash flow from investing activities	-41 798	17 186
<u>Cash flow from financing activities</u>		
Proceeds from stock and bond issues	178 000	-
Net borrowings / loans repaid	850 555	480 597
Overtaken cash (reorganization)	-	890
Finance lease payments	-4 888	-1 595
Net cash flow from financing activities	1 023 667	479 892
Net cash flow of the reporting year	-60 915	-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 year	31 853	92 768

The accompanying notes on pages 10-19 are an integral part of these interim condensed unaudited financial statements.

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 Brīvības street 40-35, Riga, Latvia. The core business activity of the Company is issuing short and medium term loans to 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

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.

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 December 31, 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 December 31, 2015. Exception- subsidiary's financial results are insignificant and it does not make economic activity. 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.

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 unit 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.

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	60%
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. 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 data (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

4. 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-collateralized 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.

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, analyze, 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:

	31.12.2015	31.12.2014
	EUR	EUR
Loan and lease liabilities	2 264 706	1 200 836
Cash and bank	31 853	92 768
Net debts	2 232 853	1 108 068
Equity	181 813	132 036
Liabilities / equity ratio	12.45	9.09
Net liabilities / equity ratio	12.28	8.39

5. Fixed assets

Cost	Fixed assets, EUR
31.12.2014.	33 232
Additions 2015	54 575
Disposals 2015	154
31.12.2015	87 653
Depreciation	
31.12.2014	19 923
Charge 2015	10 731
Disposals 2015	51
31.12.2015.	30 603
Net book value 31.12.2014.	13 309
Net book value 31.12.2015.	57 050

6. Participating interest

	Interest in subsidiaries EUR	Interest in associated companies EUR
Value 31.12.2014.	-	6 250
Investment 2015	5 000	-
Change 2015	-	-
Value 31.12.2015.	5 000	6 250
Net book value 31.12.2014.	-	6 250
Net book value 31.12.2015.	5 000	6 250

Name	Participation shares purchase price		Participation shares carrying amount	
	31.12.2015.	31.12.2014.	31.12.2015.	31.12.2014.
Subsidiaries				
Capitalia Finance OÜ (Estonia)	5 000	-	5 000	-
Associated company				
CH1 SIA (Latvia)	6 250	6 250	6 250	6 250

Information about the company

Name	Address	Equity		Loss for the year	
		31.12.2015	31.12.2014.	2015	2014
Capitalia Finance OÜ (Estonia)	Tallinn, Punane tn 16-604, 13619	2 106	-	(2 894)	-

Capitalia Finance has not started active operations in year 2015.

Information about the company

Name	Address	Equity		Loss for the year	
		31.12.2015	31.12.2014.	2015	2014
CH1 SIA	Brīvības 40-35 Rīga, Latvia	(42 124)	(2 307)	(39 816)	(27 307)

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

7. Loans and receivables

	31.12.2015.	31.12.2014
	EUR	EUR
Loans issued against pledge	287 102	115 547
Loans issued without pledge	136 866	111 770
Long-term loans and receivables, total	423 968	227 317
Loans issued against pledge	593 893	397 915
Loans issued without pledge	1 021 450	629 167
Trade receivables	5 141	1 626
Provisions for bad and doubtful loans and receivables	(123 549)	(145 219)
Short-term loans and receivables, total	1 496 935	883 489
	1 920 903	1 110 806

Loan repayment periods are from 1 to 60 months.

Loans and receivables by currency, EUR:

EUR	2 044 451	1 212 145
LTL	-	43 880
	2 044 451	1 256 025

Provisions for bad and doubtful loans and receivables:

Provisions at the beginning of the year	145 219	10 090
Additional provisions	(21 671)	135 129
Provisions at the end of the year	123 548	145 219

8. Receivables from subsidiaries companies

	31.12.2015.	31.12.2014
	EUR	EUR
Loan to Capitalia Kredīti SIA	342 000	-
Long term part:	339 500	-
Short term part:	2 500	-

In 2015 the company has issued loan to Capitalia Kredīti SIA at the rate of 3.5% annually. Loan is to be repaid in 2018. Loan to Capitalia Kredīti SIA is unsecured. Capitalia Kredīti SIA has made all payments on time.

9. Receivables from associated companies

	31.12.2015.	31.12.2014
	EUR	EUR
Loan to CH1 SIA	51 278	55 490
Other liabilities with CH1 SIA	-	2 500
Short term part:	51 278	57 990
	51 278	57 990

In 2014 the company has issued loan to CH1 SIA at the rate of 20% annually. Loan is to be repaid by the 15th of June, 2016. Loan to CH1 SIA is unsecured. CH1 SIA has made all payments on time.

10. Loans to shareholders and management

	31.12.2015.	31.12.2014.
	EUR	EUR
Loan to Juris Grišins *	43 520	56 403
Long term part:	43 520	56 403

Loan to Juris Grišins *	24 136	12 148
Loan to Simonas Tamulionis	-	14 727
Other receivables from Juris Grišins	-	2 000
Short term part:	24 136	28 875
	67 656	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.

11. Cash and bank

	31.12.2015.	31.12.2014.
	EUR	EUR
Cash in the bank	31 853	92 768
Cash in the bank by currency, EUR:		
EUR	31 853	86 431
LTL	-	6 337
	31 853	92 768

12. 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. The item "Other reserves" reflects the company reorganization result of the previous year.

13. 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%). In October, 2015 Parent company of the Group emitted additional 750 bond securities, basic listing price nominal. Coupon rate on the bonds is 12% per annum and it's paid quarterly. The securities are due on 25th of October, 2018.

	31.12.2015.	31.12.2014.
	EUR	EUR
Securities nominal value	1 750 000	1 000 000
Impact of effective interest rate (discounting)	(67 386)	(84 272)
Long term part:	1 682 614	915 728
Accrued coupon interest payments at the period end	36 140	22 333
Short term part:	36 140	22 333
	1 718 754	938 061

14. Other borrowings

	31.12.2015.	31.12.2014.
	EUR	EUR
Loans without debtors guarantee, term 2 to 5 years	49 108	5 691
Non-interest bearing loan within EU funds*	118 468	49 311
Financial lease, term 2 to 5 years	-	416
Long term part:	167 576	55 418
Loans without debtors guarantee – short term	227 297	148 464
Non-interest bearing loan within EU funds*	232 657	50 732
Financial lease – short term	423	4 895
Short term part:	460 377	204 091
	627 953	259 509

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

* In 2014 the Group signed microloan 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.

Other borrowings age analysis:

Debt does not exceed the payment deadline 627 953 259 509

15. Related party transactions

Transactions with:	2015	2014
Shareholders	EUR	EUR
Loans issued	16 000	37 000
Loans repaid	20 609	28 500
Accrued interest	3 713	-
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	6 326	5 980
Loan repaid	9 888	-
Bond sale	74 438	109 480
 Companies and individuals under common control or significant influence		
Cession pay	(300)	134 488
Liabilities take over (reorganization)	-	14 727
Received services	27 500	19 152
Services provided	-	2 400
Loans repaid, deleted (reorganization)	-	132 000
Loans issued	393 600	30 000
Accrued interest	8 104	3 140
Loans repaid	59 704	-
 Subsidiaries companies		
Contribution to the share capital	5 000	-
Loans received	4 000	-
Accrued interest	23	-
Loans repaid	4 023	-
 Associated companies		
Contribution to the share capital	-	3 750
Other costs	-	2 500
Loans issued	12 500	85 000
Accrued interest	11 819	6 640
Loans repaid	28 531	36 150

Other income	60	-
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.

16. 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 December 31, 2015.