AS CAPITALIA

Unaudited consolidated interim financial statements
For the period 01.01.2016 – 30.06.2016

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

CAPITALIA

Information about the group

Parent Company

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 Andrejs Strods – Deputy Chairman of the Council Jānis Dubrovskis – Chairman of the Council
Names and positions of Board members	Juris Grišins – Chairman of the Board
The reporting period	2016, January 1 to June 30

Subsidiaries

Subsidiaries' Name	Capitalia Finance UAB (before 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, 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%)
Address of Associated company	Brīvības street 40-35,Riga, LV-1050, Latvia
Number, place and date of registration	50103700191, Latvia, registered in 14.08.2013
Operations as classified by NACE classification code system	68.10 Own real estate buying and selling

Interim management report

In the first half of 2016 AS Capitalia group increase the total turnover to EUR 426,346, which is 83% higher than for the corresponding period of the previous year. Company reported small losses while the total assets grew to EUR 3,087,085. During the first half of the reporting year Capitalia continued to concentrate on growth by developing new products as well as expanding its activities in the Estonian market. In June of 2016 company had reached a new monthly record of the issued loans by beating EUR 1 million milestone.

Also, Capitalia noticeably expanded its cooperation with marketplace platform Mintos through which investors have purchased Capitalia loans to small and medium sized businesses for the total value in excess of EUR 5 million. As a result of this partnership, Capitalia services more loans on the behalf of Mintos investors than on its own balance sheet. From the total loan volume similar and significant portion is constituted by financing to Latvian and Lithuanian clients, with loans to Estonian businesses compromising around 10% of the total portfolio. As of June 30, 2016 Capitalia had issued the total of EUR 15,570,409 of loans to small and medium sized businesses in the Baltic States.

Equity and subordinated capital (Altum co-financing) accounted for EUR 396,271 or 12.8% of the total assets of the company. This ratio has slipped below the target of 20% as a result of rapid growth of the loan portfolio as well as gradual repayment of Altum co-financing. Management of Capitalia has initiated activities in order to increase the equity capital of the company to EUR 500,000 and resume equity amount at 20% of the total assets of the company by the next quarterly report.

Juris Grišins
Chairman of the board

Riga, July 25, 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 June 30, 2016 and year 2016 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.

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Juris Grišins
Chairman of the board

Riga, July 25, 2016

Interim condensed profit and loss statement

	01.01.-30.06.2016 EUR	01.01.-31.12.2015 EUR
Interest and similar income	426 346	574 568
Interest expense	-136 881	-211 639
Impairment (provision)	-31 670	-64 891
Selling expense	-57 363	-41 354
Administrative expense	-179 718	-195 986
Other operating income	4 060	12 087
Other operating expense	-21 027	-20 076
Other interest receivable and similar income	-	-
Other financial cexpense	-1	-113
Profit/(loss) before Income Tax	**3 746**	**52 596**
Corporate Income tax	-4 256	-6 032
Deferred Income	-	2 022
Net profit/(loss) for the period	**-510**	**48 586**

Juris Grišins
Chairman of the board

Riga, July 25, 2016

Interim condensed balance sheet

	30.06.2016 EUR	31.12.2015 EUR
Assets		
Long term investments		
Intangible assets	93 632	48 865
Fixed assets	35 790	10 893
Participating interest in associated company	6 250	6 250
Receivables from affiliated companies	290 500	339 500
Loans and receivables	518 910	348 014
Loans to shareholders and management	36 788	43 520
Deferred tax assets	1 732	1 732
Total long-term investments:	**983 602**	**798 774**
Current assets		
Receivables from affiliated companies	8 303	2 500
Receivables from associated companies	46 015	51 278
Loans and receivables	1 776 358	1 590 885
Other debtors	34 757	33 985
Loans to shareholders and management	38 426	24 136
Other securities and equity participation	5 691	87 691
Cash and bank	193 933	33 959
Total current assets:	**2 103 483**	**1 824 434**
Total assets	**3 087 085**	**2 623 208**

Juris Grišins
Chairman of the board

Riga, July 25, 2016

Interim condensed balance sheet

	30.06.2016 EUR	31.12.2015 EUR
Liabilities		
Shareholders' funds		
Share capital	226 490	226 490
Other reserves	-10 389	-10 389
Prior years' retained earnings	-42 945	-91 532
Current year's profit / (losses)	-510	48 587
Total shareholders' funds:	**172 646**	**173 156**
Creditors		
Long-term creditors		
Bonds issued	1 635 450	1 617 576
Other borrowings	77 090	167 577
Deferred income	53 432	64 883
Total long-term creditors:	**1 765 972**	**1 850 036**
Short-term creditors		
Bonds issued	38 072	36 140
Other borrowings	993 135	488 855
Accounts payable to affiliated companies	36 250	23 360
Trade creditors and accrued liabilities	18 079	10 073
Deferred income	62 931	41 588
Total short-term creditors:	**1 148 467**	**600 016**
Total liabilities and shareholders'funds	**3 087 085**	**2 623 208**

Juris Grišins
Chairman of the board

Riga, July 25, 2016

Interim consolidated statement of changes in equity

	Share capital EUR	Other reserves	Retained earnings (losses) EUR	Total EUR
As at 31 December 2014	**226 490**	**-10 679**	**-91 242**	**124 569**
Increase in reserves	-	290	-290	**-**
Total comprehensive earnings (losses) for the period	-	-	48 587	**48 587**
As at 31 December 2015	**226 490**	**-10 389**	**-42 945**	**173 156**
Total comprehensive earnings (losses) for the period	**-**	**-**	**-510**	**-510**
As at 30 June 2016	**226 490**	**-10 389**	**-43 455**	**172 646**

Juris Grišins
Chairman of the board

Riga, July 25, 2016

Interim consolidated cash flow statement

	01.01.-30.06.2016 EUR	2015 EUR
<u>**Cash flow from operating activities**</u>		
Losses before extraordinary items and taxes	**3 746**	**52 597**
<u>Adjustments for:</u>		
- fixed assets depreciation	4 794	10 823
- changes in provisions (excluding provision for doubtful debts)	-	627
- interest income	-424 146	-574 568
- interest and similar expense	136 881	211 639
Operating losses before working capital changes	**-278 725**	**-298 882**
<u>Adjustments for:</u>		
- increase/(decrease) in trade and other debtors	-3 073	-4 641
- increase in consumer loans issued	-300 774	-1 119 811
- trade creditors' increase (decrease)	20 898	15 200
Cash generated from operations	**-561 674**	**-1 408 134**
Interest paid	-127 071	-183 942
Interest received	367 770	578 611
Corporate income tax payments	-10 840	-29 414
Net cash flow from operating activities	**-331 815**	**-1 042 879**
<u>**Cash flow from investing activities**</u>		
Purchase of fixed assets	-87 175	-57 220
Net loans issued / (loans received)	49 000	17 622
Net cash flow from investing activities	**-38 175**	**-39 598**
<u>**Cash flow from financing activities**</u>		
Proceeds from stock and bond issues	82 000	178 000
Net borrowings / loans repaid	448 387	850 555
Finance lease payments	-423	-4 888
Net cash flow from financing activities	**529 964**	**1 023 667**
Net cash flow of the reporting year	**159 974**	**-58 809**
Cash and cash equivalents at the beginning of the reporting year	**33 959**	**92 768**
Cash and cash equivalents at the end of reporting year	**193 933**	**33 959**

Notes to the Interim Condensed Financial Statements

1. Corporate information

AS Capitalia Group (hereinafter – Group) parent company was registered in the Enterprise Register of the Republic of Latvia on June 21, 2007. The registered office of the Company is at Brīvības street 40-35, Riga, Latvia. 30 June, 2016, the Group will consist of two subsidiaries - UAB Capitalia Finance (100%, Lithuania) and OU Capitalia Finance (100%, Estonia), and associated company, Ltd. CH1 (25%, Latvia). The core business activity of the Group is issuing short and medium term loans to small and medium-sized enterprises in the Baltics. The Group's associated company is engaged in the real estate purchase and sale of Latvian.

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 June 30, 2016 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, 2016. 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 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.

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.

At each balance sheet date the Group evaluates any objective evidence of the possible impairment of issued loans. 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. Provisions for loan impairment losses are reduced when the estimated recoverable value of the loan exceeds the value reflected in the balance sheet.

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

Late days	Provision amount
0-30	0%
31-60	10%
61-90	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, excluding subsidiaries. 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 Group's activities while maximizing the return on shareholders' capital, optimization of the debt and equity balance is performed. The Group's capital structure consists of borrowings from related parties, third party loans and loans from credit institutions and financial lease liabilities, cash as well as equity, consisting of issued share capital, retained earnings and share premium. At year-end the capital structure ratios were as follows:

	30.06.2016	**31.12.2015**
		EUR
Liabilities gross	2 743 747	2 310 147
Cash	193 933	33 959
Net debt	**2 549 814**	**2 232 853**
Equity	172 646	173 156
Liabilities / equity ratio	**15.89**	**13.34**
Net liabilities / equity ratio	**14.77**	**12.90**

5. Fixed assets

	Intangible assets EUR	**Other fixed assets EUR**	**Total EUR**
Cost			
31.12.2015	**52 300**	**38 153**	**90 453**
Additions	49 940	33 303	83 243
Disposals	-	(14 702)	(14 702)
30.06.2016	**102 240**	**56 754**	**158 994**
Depreciation			
31.12.2015	**3 435**	**27 260**	**30 695**
Calculated for the year	5 173	3 751	8 924
Disposals	-	10 047	10 047
30.06.2016	**8 608**	**20 964**	**29 572**
Carrying amount as at 31.12.2015	**48 865**	**10 893**	**59 758**
Carrying amount as at 30.06.2016	**93 632**	**35 790**	**129 422**

6. Participating interest

	Interest in associated companies EUR
Value 31.12.2016.	**6 250**
Investment 2016	-
Change 2016	-
Value 30.06.2016.	**6 250**
Net book value 31.12.2015.	**6 250**
Net book value 30.06.2016.	**6 250**

Name	Participation shares purchase price		Participation shares carrying amount	
Subsidiaries	**30.06.2016.**	**31.12.2015.**	**30.06.2016.**	**31.12.2015.**
Associated company				
CH1 SIA (Latvia)	6 250	6 250	6 250	6 250

Information about the company

Name	Address	Equity 30.06.2016.	Equity 31.12.2015.	Loss for the year 2016	Loss for the year 2015
CH1 SIA	Brīvibas 40-35 Riga, Latvia				

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

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7. Other securities and equity participation, short-term

	30.06.2016. EUR	31.12.2015. EUR
AS Capitalia unrealized bonds	-	82 000
AS Eko Investors managed funds	5 691	5 691
	5 691	**87 691**

8. Loans and receivables

	30.06.2016. EUR	31.12.2015. EUR
Loans issued against pledge	362 801	208 858
Loans issued without pledge	156 109	139 156
Long-term loans and receivables, total	**518 910**	**348 014**
Loans issued against pledge	750 762	679 425
Loans issued without pledge	1 160 157	997 214
Other loans	14 746	14 746
Trade receivables	4 343	5 141
Ceded loans to repurchase obligations	-	28 478
Provisions for bad and doubtful loans and receivables	(153 650)	(134 119)
Short-term loans and receivables, total	**1 776 358**	**1 590 885**
	1 938 899	**1 110 806**

Loans and receivables by countries, EUR

	30.06.2016.	Latvija	Lietuva	Igaunija
Loans issued	**2 429 829**	1 594 819	676 141	158 869
Other receivables	**19 089**	19 089	-	-
Provisions for bad and doubtful loans and receivables	**(153 650)**	(100 591)	(53 059)	-
TOTAL	**2 295 268**	**1 513 317**	**623 082**	**158 869**

9. Receivables from subsidiaries companies

	30.06.2016. EUR	31.12.2015. EUR
Loan to Capitalia Kredīti SIA	298 800	342 000
Long term part:	**290 500**	**339 500**
Short term part:	**8 303**	**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.

10. Receivables from associated companies

Loan to CH1 SIA	46 015	51 278
Short term part:	**46 015**	51 278
	46 015	51 278

In 2014 the company has issued loan to CH1 SIA. According to the February 26, 2016 signed an agreement, the loan repayment deadline of 2017, the interest rate of 3% annually.

11. Loans to shareholders and management

Loan to Juris Grišins *	36 788	43 520
Long term part:	**36 788**	**43 520**
Loan to Juris Grišins *	38 426	24 136
Short term part:	**38 426**	**24 136**
	75 214	**67 656**

* 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.

12. Cash and bank

Cash in the bank	**193 933**	**33 959**

Cash in the bank by currency, EUR:

EUR	193 933	33 959

13. Share capital

As of 30st of June, 2016, 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.

14. 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.

	30.06.2016. EUR	31.12.2015. EUR
Securities nominal value	1 750 000	1 750 000
Impact of effective interest rate (discounting)	(114 550)	(132 424)
Long term part:	**1 635 450**	**1 617 576**
Accrued coupon interest payments at the period end	36 140	36 140
Short term part:	**36 140**	**36 140**
	1 673 522	**1 653 716**

15. Other borrowings

	30.06.2016. EUR	31.12.2015. EUR
Loans without debtors guarantee, term 2 to 5 years	-	49 108
Non-interest bearing loan within EU funds*	77 090	118 468
Financial lease, term 2 to 5 years		-
Long term part:	**77 090**	**167 576**
Loans without debtors guarantee – short term	846 600	227 297
Non-interest bearing loan within EU funds*	146 535	232 657
Liabilities for assigned loans	-	28 478
Financial lease – short term	-	423
Short term part:	**993 135**	**488 855**
	1 070 225	**656 431**

The interest rate on received borrowings is from 12% to 14,5% annually, term – 3 to 12 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	**1 070 225**	**656 431**

16. Related party transactions

Transactions with:	01.01.-30.06.2016 EUR	2015 EUR
Shareholders		
Loans issued	5 000	16 000
Purchase of fixed assets	1 025	-
Sale of fixed assets	1 000	-
Loans repaid	25	20 609
Accrued interest	1 584	3 713
Members of the Council		
Loans received	-	78 000
Accrued interest	-	6 326
Loan repaid	-	9 888
Bond sale	-	74 438
Companies and individuals under common control or significant influence		
Purchase of fixed assets	49 000	49 500
Cession pay	-	(300)
Received services	22 240	27 500
Loans issued	-	393 600
Accrued interest	5 803	8 104
Loans repaid	49 000	59 704
Associated companies		
Loans issued	1 000	12 500
Accrued interest	2 406	11 819
Loans repaid	8 668	28 531
Other income	-	60

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

17. 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, 2016.