AS CAPITALIA

Unaudited consolidated interim financial statements
For the period 01.01.2016 – 31.12.2016

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 December 31

Subsidiaries

Subsidiaries' Name	Capitalia Finance UAB
Address of the subsidiary	Ankštoji g. 5, 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
Address of the subsidiary	Tartu maantee 84a, Tallinn, Estonia
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%) till 16.08.2016.
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 2016 AS Capitalia group increased the total turnover to EUR 946,415, which is 65% higher than for the corresponding period of the previous year. Company reported small consolidated losses while the total assets grew to EUR 3,603,370.

Year 2016 in the development of Capitalia can be seen as growth focused period. We have successfully entered new geographic market – Estonia, as well as significantly improved our capacity in loan evaluation and servicing. During this period we have learned many interesting lessons with regards to organizational structure, lending policy and as well as client acquisition. I can safely say that over the last year the board of Capitalia has become significantly wiser as well as a little more grizzled. In 2016 we have doubled our equity capital as well as issued new secured 3 year bonds. In January of 2017 we concluded the last round of our NASDAQ Baltic listed bond issue. These actions have allowed us to strengthen the balance sheet and prepare for future growth of the loan book.

With net profitability results at around zero we have proved that we are capable of generating return to our bondholders. This year Capitalia aims to make sure that also shareholders gain return on their investment. As a result, company plans to concentrate and strengthen its operation in the current markets without any significant investments for entering new geographies and testing new products. We have developed and gradually started implementation of new marketing strategy that will allow to strengthen our position as leading small business financiers in the Baltic States. To proceed with our aim to act as patrons for small businesses, we have developed a number of tools and prepared studies that provide practical advice and information to entrepreneurs. Furthermore, we plan to activate our mentorship program for support of small business owners. In product development front, we have created a new offer for businesses that want to attract mezzanine financing in the amount from EUR 100,000 to EUR 1,000,000 and aim to launch the product in April of 2017.

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Juris Grišins
Chairman of the board

Riga, February 24, 2017

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 of December 31, 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 its 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, February 24, 2017

Summary of financial performance

Following is the summary of the key financial performance indicators of Capitalia:

	01.01.-31.12.2016 EUR	01.01.-31.12.2015 EUR
Total assets	3 603 370	2 623 208
Loan portfolio	2 705 927	1 938 899
Equity and subordinated capital (to bonds)	1 400 830	405 999
Equity	433 236	173 156
Turnover	946 415	574 568
EBITDA	364 913	271 403
Net profit	-13 430	48 586

Following are the key annualized financial performance ratios of Capitalia:

	01.01.-31.12.2016
Asset growth	37.37%
Equity to assets	38.88%
Turnover growth	64.72%
Return on equity	-3.01%
Net profitability	-1.42%
Gross profitability	39.43%
Losses from doubtful debts	12.80%

Total loan portfolio managed by Capitalia, including loans that are managed by the company, but refinanced to investors of marketplace lending platform Mintos.com:

	01.01.-31.12.2016 EUR
Latvia	2 062 438
Lithuania	1 985 770
Estonia	567 932
Total	**4 616 140**
*from which PAR60**	*684 310*

* PAR 60 indicates the total remaining principal of loans that are late to pay regular payment for more than 60 days

Interim condensed profit and loss statement

	01.01.-31.12.2016 EUR	01.01.-31.12.2015 EUR
Interest and similar income	946 415	574 568
Interest expense	-327 058	-211 639
Impairment (provision)	-121 184	-64 891
Selling expense	-124 688	-41 354
Administrative expense	-355 855	-195 986
Other operating income	5 718	12 087
Other operating expense	-42 212	-20 076
Other interest receivable and similar income	9 247	-
Other financial cexpense	-1	-113
Profit/(loss) before Income Tax	**-9 618**	**52 596**
Corporate Income tax	-3812	-4 010
Net profit/(loss) for the period	**-13 430**	**48 586**

Notes on pages from 11 to 19 are integral part of these fiancial statements.

Juris Grišins
Chairman of the board

Riga, February 24, 2017

Interim condensed balance sheet

	31.12.2016 EUR	31.12.2015 EUR
Assets		
Long term investments		
Intangible assets	79 208	44 479
Fixed assets	58 309	15 279
Participating interest in associated company	-	6 250
Receivables from affiliated companies	190 500	339 500
Loans and receivables	475 485	348 014
Loans to shareholders and management	-	43 520
Deferred tax assets	4 853	1 732
Total long-term investments:	**808 355**	**798 774**
Current assets		
Receivables from affiliated companies	11 929	2 500
Receivables from associated companies	-	51 278
Loans and receivables	2 230 442	1 590 885
Other debtors	20 019	33 985
Loans to shareholders and management	5 000	24 136
Unpaid share capital	100 000	-
Other securities and equity participation	319 800	87 691
Cash and bank	107 825	33 959
Total current assets:	**2 795 015**	**1 824 434**
Total assets	**3 603 370**	**2 623 208**

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Juris Grišins
Chairman of the board

Riga, February 24, 2017

Interim condensed balance sheet

	31.12.2016 EUR	31.12.2015 EUR
Liabilities		
Shareholders' funds		
Share capital	500 000	226 490
Other reserves	-10 389	-10 389
Prior years' retained earnings	-42 945	-91 532
Current year's profit / (losses)	-13 430	48 587
Total shareholders' funds:	**433 236**	**173 156**
Creditors		
Long-term creditors		
Bonds issued	2 160 207	1 617 576
Other borrowings	33 959	167 577
Deferred income	41 981	64 883
Total long-term creditors:	**2 236 147**	**1 850 036**
Short-term creditors		
Bonds issued	42 333	36 140
Other borrowings	792 794	488 855
Trade creditors and accrued liabilities	32 159	23 360
Taxes	15 242	10 073
Deferred income	51 459	41 588
Total short-term creditors:	**933 987**	**600 016**
Total liabilities and shareholders'funds	**3 603 370**	**2 623 208**

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Juris Grišins
Chairman of the board

Riga, February 24, 2017

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**
Share capital increase	273 510	-	-	273 510
Total comprehensive earnings (losses) for the period	-	-	-13 430	-13 430
As at 31 December 2016	**500 000**	**-10 389**	**-56 375**	**433 236**

Notes on pages from 11 to 19 are integral part of these fiancial statements.

Interim consolidated cash flow statement

	2016 EUR	2015 EUR
<u>Cash flow from operating activities</u>		
Losses before extraordinary items and taxes	**-9 618**	**52 597**
<u>Adjustments for:</u>		
- fixed assets depreciation	24 425	10 823
- changes in provisions (excluding provision for doubtful debts)	3 403	627
- interest income	-946 415	-574 568
- interest and similar expense	327 058	211 639
- long-term financial investments value loss	- 6 249	-
Operating losses before working capital changes	**-607 396**	**-298 882**
<u>Adjustments for:</u>		
- increase/(decrease) in trade and other debtors	9 534	-4 641
- increase in consumer loans issued	-854 167	-1 119 811
- trade creditors' increase (decrease)	14 488	15 200
Cash generated from operations	**-1 437 541**	**-1 408 134**
Interest paid	-352 321	-183 942
Interest received	933 354	578 611
Corporate income tax payments	-3 812	-29 414
Net cash flow from operating activities	**-860 320**	**-1 042 879**
<u>Cash flow from investing activities</u>		
Income from shares	1	-
Purchase of fixed assets	-57 839	-57 220
Net loans issued / (loans received)	91 732	17 622
Net cash flow from investing activities	**33 894**	**-39 598**
<u>Cash flow from financing activities</u>		
Proceeds from stock and bond issues	488 510	178 000
Net borrowings / loans repaid	412 200	850 555
Finance lease payments	-417	-4 888
Net cash flow from financing activities	**900 293**	**1 023 667**
Net cash flow of the reporting year	**73 867**	**-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	**107 825**	**33 959**

Notes on pages from 11 to 19 are integral part of these fiancial statements.

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:

	31.12.2016	**31.12.2015**
		EUR
Liabilities gross	3 029 293	2 310 147
Cash	107 825	33 959
Net debt	**2 921 468**	**2 232 853**
Equity	433 236	173 156
Liabilities / equity ratio	**6.99**	**13.34**
Net liabilities / equity ratio	**6.74**	**12.90**

5. Fixed assets

	Intangible assets EUR	**Other fixed assets EUR**	**Total EUR**
Cost			
31.12.2015	**49 500**	**40 953**	**90 453**
Additions	49 000	57 839	106 839
Disposals	-	(19 775)	(19 775)
30.06.2016	**98 500**	**79 017**	**177 517**
Depreciation			
31.12.2015	**5 021**	**25 674**	**30 695**
Calculated for the year	14 271	10 153	24 424
Disposals	-	(15 119)	(15 119)
31.12.2016	**19 292**	**20 708**	**40 000**
Carrying amount as at 31.12.2015	**44 479**	**15 279**	**59 758**
Carrying amount as at 31.12.2016	**79 208**	**58 309**	**137 517**

6. Participating interest

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

7. Other securities and equity participation, short-term

	31.12.2016. EUR	31.12.2015. EUR
AS Capitalia unrealized bonds	317 000	82 000
Accrued interest unrealized bond	2 800	-
AS Eko Investors managed funds	-	5 691
	319 800	**87 691**

8. Loans and receivables

Loans issued against pledge	393 919	208 858
Loans issued without pledge	81 566	139 156
Long-term loans and receivables, total	**475 485**	**348 014**
Loans issued against pledge	1 436 074	679 425
Loans issued without pledge	987 367	997 214
Other loans	-	14 746
Trade receivables	5 274	5 141
Ceded loans to repurchase obligations	-	28 478
Provisions for bad and doubtful loans and receivables	(198 273)	(134 119)
Short-term loans and receivables, total	**2 230 442**	**1 590 885**
	2 705 927	
		1 110 806

9. Receivables from subsidiaries companies

Loan to Capitalia Kredīti SIA	202 429	342 000
Long term part:	**190 500**	**339 500**
Short term part:	**11 929**	**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	-	51 278
Short term part:	**-**	51 278

After the sale of associated companies, in 2016 the loan reclassified as other loans in current assets.

11. Loans to shareholders and management

	31.12.2016. EUR	31.12.2015. EUR
Loan to Juris Grišins *	-	43 520
Long term part:	**-**	**43 520**
Loan to Juris Grišins *	5 000	24 136
Short term part:	**5 000**	**24 136**
	5 000	**67 656**

* The Company in 2016 has issued short-term interest-free loan to Juris Grišins.

12. Cash and bank

Cash in the bank	**107 825**	**33 959**
Cash in the bank by currency, EUR:		
EUR	107 825	33 959

13. Share capital

In year 2016 share capital of the company was increased through issue of new ordinary and preference shares. As of December 31, 2016, recorded in the Group's parent company's share capital is EUR 500 000, consisting of 250 000 ordinary dematerialized registered shares with a nominal value of EUR 1 and 250 000 dematerialized registered preferred shares with a nominal value of EUR 1. The registered capital for the reporting period is EUR 308 000. The actual paid-up share capital of the company as of December 31, 2016 is EUR 400,000.

The item "Other reserves" reflects the reorganization reserves.

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 at nominal listing price. Coupon rate on the bonds is 12% per annum and such are paid quarterly. The securities are due on 25th of October, 2018.

In November, 2016 the Parent company of the Group emitted 500 closed issue bond securities at nominal value of EUR 1 000. Coupon rate on the bonds is 6% per annum and such are paid quarterly. The securities are due on 25th of October, 2019.

	31.12.2016. EUR	**31.12.2015. EUR**
Securities nominal value public issue	1 750 000	1 750 000
Securities nominal value closed issue	500 000	-
Impact of effective interest rate (discounting)	(89 793)	(132 424)
Long term part:	**2 160 207**	**1 617 576**
Accrued coupon interest payments at the period end	42 333	36 140
Short term part:	**42 333**	**36 140**
	2 202 540	**1 653 716**

15. Other borrowings

	31.12.2016. EUR	**31.12.2015. EUR**
Loans without debtors guarantee, term 2 to 5 years	-	49 108
Non-interest bearing loan within EU funds*	33 959	118 468
Long term part:	**33 959**	**167 576**
Loans without debtors guarantee – short term	683 200	227 297
Non-interest bearing loan within EU funds*	109 594	232 657
Liabilities for assigned loans	-	28 478
Financial lease – short term	-	423
Short term part:	**792 794**	**488 855**
	826 753	**656 431**

The interest rate on received borrowings is from 8% to 13.8 % annually, term – 2 to 11 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	**826 753**	**627 953**

16. Related party transactions

Transactions with:	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	74 725	20 609
Accrued interest	2 070	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		
Loans repaid	149 350	59 704
Purchase of fixed assets	49 000	49 500
Accrued interest	9 779	8 104
Cession pay	-	(300)
Received services	-	27 500
Loans issued	-	393 600
Associated companies		
Loans issued	-	12 500
Accrued interest	-	11 819
Loans repaid	-	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

In January 2017 the Parent company of the Group emitted further 1 250 bond securities at nominal value of EUR 1 000. The securities are due on 25th of October, 2018. There are no other 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, 2016.