AS CAPITALIA

Unaudited consolidated interim financial statements

For the period 01.01.2017 – 31.12.2017

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	64.92 Other credit service activities 70.22 Business and management consultancy
Address	Brīvības street 40-35,Riga, LV-1050, Latvia
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	2017, January 1 to December 31

Subsidiaries

Subsidiaries' Name	Capitalia Finance AB
Address of the subsidiary	Ankštoji g. 5-11, Vilnius, Lietuva
Number, place and date of registration	302718931, Lithuania, registered in 30.01.2012
Operations as classified by NACE	64.92 Other credit service activities
Subsidiaries' Name	Capitalia Finance AS
Address of the subsidiary	Harjumaa, Tallinn, Tartu maantee 84a, 10112
Number, place and date of registration	12822836, Estonia, registered in 26.03.2015
Operations as classified by NACE	64.92 Other credit service activities

Interim management report

On operating results

In 2017 Capitalia reported total revenues of EUR 1,197 thousand, which is an increase by 30% compared to the year 2016. In the current period we achieved profit of EUR 36 thousand that more than covers losses of the previous financial year. We have managed to achieve a solid growth in the loan portfolio with total amount of EUR 4,881 thousand as of the end of the reporting year.

On key events

During year 2017 we have made significant improvement in organization management, updated and improved our operating procedures as well as successfully finished establishment of investment manager team in Estonia. Also, in the fall of year 2017 we have launched publicly our co-financing platform Capitalia.com through which we allow investors to invest in the Baltic companies along with us. In the first two months since the launch of the platform we have already financed 6 companies for the total amount in excess of EUR 500 thousand. In the last month of the year we have ended microloan financing program with state institution Altum. As a result of such decision we have occurred additional costs of around EUR 30 thousand in 2017, however, will have similar gains during years 2018-2020.

On plans for the next quarter

In the following quarter Capitalia will concentrate on growth of the investment portfolio, particularly in Estonia. Also we will strongly focus on bringing in more financing projects though our co-financing platform Capitalia.com.

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Juris Grišins
Chairman of the board

Riga, February 28, 2018

Summary of financial performance

The summary of financial results portrays the development of key financial indicators of Capitalia over the last reporting periods. Company's assets and loan portfolio have slightly increased compared to figures at the end of the last year. Such rise in the result of growth of loan book in Lithuania and Estonia, while loan portfolio in Latvia has slightly decreased. The turnover of the Company continued to grow thanks to good performance in the second half of 2017, while net profitability is lower than target 10% of turnover as a result of increase in loan loss provisions. Equity and other liabilities subordinated to the outstanding bond issues constituted 40% of the total assets or well above the benchmark bond covenant of 20%.

Summary of balance sheet figures

EUR	2015	2016	2017
Total assets	2 623 207	3 984 473	4 207 524
Loan portfolio	1 938 899	3 410 747	3 229 297
Equity capital	173 156	435 276	471 483

Loan portfolio distribution by geography

EUR*	2015	2016	2017
Latvia	1 716 121	2 062 438	1 887 756
Lithuania	845 348	1 985 770	2 089 035
Estonia	0	567 932	904 690
Total	**2 561 469**	**4 616 140**	**4 881 473**

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

Summary of profit and loss figures

EUR	2015	2016	2017
Total revenue	574 568	924 909	1 197 957
Interest expenses	-211 639	-328 933	-396 806
Impairment expenses	-64 891	-88 928	-157 552
Sales and marketing expenses	-41 354	-124 688	-157 552
Administrative costs	-195 984	-359 165	-438 889
Net profit	48 587	-11 390	36 207

Key operating ratios

EUR	2015	2016	2017
Equity to assets	6.60%	10.92%	11.20%
Turnover growth	45.72%	60.97%	29.52%
Return on equity (ROE)	40.22%	-3.74%	7.68%
Net profitability	8.46%	-1.23%	3.02%
Annualized impairment loss	4.81%	3.33%	4.76%

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, 2017 and year 2017 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 28, 2018

Interim condensed profit and loss statement

	2017 EUR	2016 EUR
Interest and similar income	1 197 957	924 932
Interest expense	(396 806)	(328 933)
Impairment (provision)	(157 552)	(88 928)
Selling expense	(102 716)	(124 688)
Administrative expense	(438 889)	(359 373)
Other operating income	11 326	5 718
Other operating expense	(45 839)	(35 965)
Otger financial income	-	10 206
Losses from investments in associated companies	-	(6 249)
Other financial cexpense	-	(1)
Profit/(loss) before Income Tax	**67 481**	**(3 281)**
Corporate Income tax	(31 274)	(8 295)
Net profit/(loss) for the period	**36 207**	**(11 576)**

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

Interim condensed balance sheet

	31.12.2017 EUR	31.12.2016 EUR
Assets		
Long term investments		
Intangible assets	92 429	77 855
Fixed assets and asset creation	30 917	56 352
Receivables from affiliated companies	190 500	190 500
Loans and receivables	344 262	475 485
Deferred tax assets	-	4 248
Total long-term investments:	**658 108**	**804 440**
Current assets		
Receivables from affiliated companies	128 596	11 928
Loans and receivables	2 885 035	2 935 262
Other debtors	282 184	20 018
Loans to shareholders and management	20 120	5 000
Unpaid share capital	-	100 000
Cash and bank	233 481	107 825
Total current assets:	**3 549 416**	**3 108 033**
Total assets	**4 207 524**	**3 984 473**

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

Interim condensed balance sheet

	31.12.2017 EUR	31.12.2016 EUR
<u>Liabilities</u>		
Shareholders' funds		
Share capital	500 000	500 000
Other reserves	(10 389)	(10 389)
Prior years' retained earnings	(54 335)	(42 759)
Current year's profit / (losses)	36 207	(11 576)
Total shareholders' funds:	**471 483**	**435 276**
Creditors		
Long-term creditors		
Bonds issued	295 474	1 715 165
Other borrowings	34 596	33 959
Other creditors	-	130 000
Deferred income	-	41 981
Total long-term creditors:	**330 070**	**1 921 105**
Short-term creditors		
Bonds issued	2 241 933	38 491
Other borrowings	831 687	1 486 862
Trade creditors and accrued liabilities	255 795	32 160
Taxes	36 721	19 120
Deferred income	39 835	51 459
Total short-term creditors:	**3 405 971**	**1 628 092**
<u>Total liabilities and shareholders'funds</u>	**4 207 524**	**3 984 473**

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

Interim consolidated statement of changes in equity

	Share capital	Other	Retained earnings (losses)	Total
	EUR	EUR	EUR	EUR
As at 31 December 2015	**226 490**	**(10 389)**	**(42 759)**	**173 156**
Share capital increase	273 510	-	-	**273 510**
Kopējās pārskata perioda apvienotā peļņa (zaudējumi)	-	-	(11 576)	**(11 576)**
As at 31 December 2016	**500 000**	**(10 389)**	**(54 335)**	**435 276**
Kopējās pārskata perioda apvienotā peļņa (zaudējumi)	-	-	36 207	**36 207**
As at 31 December 2017	**500 000**	**(10 389)**	**(18 128)**	**471 483**

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

Interim consolidated cash flow statement

	2017 EUR	2016 EUR
<u>Cash flow from operating activities</u>		
Losses before extraordinary items and taxes	**67 481**	**(3 281)**
<u>Adjustments for:</u>		
- fixed assets depreciation	37 569	25 869
- changes in provisions (excluding provision for doubtful debts)	468	3 403
- interest income	(1 197 957)	(935 139)
- interest and similar expense	396 806	328 933
- long-term financial investments value loss	-	6 249
Operating losses before working capital changes	**(695 633)**	**(573 966)**
<u>Adjustments for:</u>		
- increase/(decrease) in trade and other debtors	(262 166)	7 953
- increase in consumer loans issued	181 450	(871 693)
- trade creditors' increase (decrease)	241 236	18 366
Cash generated from operations	**(898 013)**	**(1 419 340)**
Interest paid	(328 454)	(299 189)
Interest received	1 220 938	868 090
Corporate income tax payments	(17 106)	(6 933)
Net cash flow from operating activities	**(22 635)**	**(857 372)**
<u>Cash flow from investing activities</u>		
Income from shares	-	1
Purchase of fixed assets	(26 709)	(58 682)
Net loans issued / (loans received)	(137 000)	91 732
Net cash flow from investing activities	**(163 709)**	**33 051**
<u>Cash flow from financing activities</u>		
Proceeds from stock and bond issues	747 000	488 510
Net borrowings / loans repaid	(435 000)	412 200
Finance lease payments	-	(417)
Net cash flow from financing activities	**312 000**	**900 293**
Net cash flow of the reporting year	**125 656**	**75 972**
Cash and cash equivalents at the beginning of the reporting year	**107 825**	**31 853**
Cash and cash equivalents at the end of reporting year	**233 481**	**107 825**

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. 31 December, 2017, the Group will consist of two subsidiaries - UAB Capitalia Finance (100%, Lithuania) and OU Capitalia Finance (100%, Estonia). 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 December 31, 2017 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, 2017. 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.

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

Specialized program, database	- over 5 years
Webpage	-over 3 years

Fixed assets

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.

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.

5. Fixed assets

	Intangible assets EUR	Fixed assets EUR	Asset creation EUR	Total EUR
Cost				
31.12.2016.	**98 500**	**59 437**	**17 623**	**175 560**
Additions	38 183	3 538	18 038	59 759
Disposals	-	(1 083)	(33 050)	(34 133)
31.12.2017.	**136 683**	**61 892**	**2 611**	**201 186**
Depreciation				
31.12.2016.	**20 645**	**20 708**	**-**	**41 353**
Calculated for the year	23 609	13 960	-	37 569
Disposals	-	1 083	-	1 083
31.12.2017.	**44 254**	**33 585**	**-**	**77 839**
			-	
Carrying amount as at 31.12.2016.	**77 855**	**38 729**	**17 623**	**134 207**
Carrying amount as at 31.12.2017.	**92 429**	**28 307**	**2 610**	**123 346**

6. Loans and receivables

	31.12.2017. EUR	31.12.2016. EUR
Loans issued against pledge	389 296	318 527
Loans issued without pledge	197 541	156 958
Long-term loans and receivables, total	**586 837**	**475 485**
Loans issued against pledge	1 715 585	1 111 973
Loans issued without pledge	1 638 255	1 314 166
Trade receivables	7 940	3 066
Ceded loans	-	694 068
Provisions for bad and doubtful loans and receivables	(267 029)	(188 011)
Short-term loans and receivables, total	**3 094 751**	**2 935 262**
TOTAL:	**3 681 588**	**3 410 747**

7. Receivables from subsidiaries companies

Loan to Capitalia Kredīti SIA	205 762	202 429
Loan to Sparta Capital OU	120 000	-
TOTAL:	**319 096**	**202 429**
Long term part:	**190 500**	**190 500**
Short term part:	**128 596**	**11 929**

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.
In 2017 the company has issued short time loan to Sparta Capital OU at the rate of 12% annually.
Loans are unsecured. Companies have made all payments on time.

8. Loans to shareholders and management

	31.12.2017. EUR	31.12.2016. EUR
Loan to Juris Grišins *	20 120	5 000
Short term part:	**20 120**	**5 000**

* The Company has issued short-term loan to Juris Grišins. at the rate of 2% annually.

9. Cash and bank

Cash in the bank	**233 481**	**107 825**
Cash in the bank by currency, EUR		
EUR	**233 484**	**107 825**

10. Share capital and other reserves

In year 2016 share capital of the company was increased through issue of new ordinary and preference shares. A sof 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 500 000.

The item "Other reserves" reflects the reorganization reserves.

11. Bond issued

In August, 2014 the Company issued 1,000 bonds at nominal value of EUR 1,000 and at initial sales price of EUR 920 (effective annual yield of 15%). In October 2015, issued an additional 750 bonds and in January 2017 1 250 bonds, which were realized at nominal value. Coupon rate on the bonds is 12% per annum and it is paid quarterly. The securities are due on 25th of October, 2018.
In November, 2016 the Company made closed issue of 500 bond securities (bonds at nominal value of EUR 1,000). Coupon rate on the bonds is 6% per annum and it is paid quarterly. The securities are due on 25th of October, 2019.

	31.12.2017. EUR	31.12.2016. EUR
Securities nominal value	3 500 000	2 250 000
Unrealized bonds	(970 000)	(447 000)
Impact of effective interest rate (discounting)	(44 002)	(87 835)
Accrued coupon interest payments at the period end	70 417	43 333
Accrued coupon interest payments at the period end, unrealized bonds	(19 008)	(4 842)
Long term part:	**295 474**	**1 715 165**
Short term part:	**2 241 933**	**38 491**
TOTAL	**2 537 407**	**1 753 656**

12. Other borrowings

	31.12.2017. EUR	31.12.2016. EUR
Non-interest bearing loan within EU funds*	34 596	33 959
Long term part:	**34 596**	**33 959**
Loans without debtors guarantee – short term	403 699	683 200
Non-interest bearing loan within EU funds*	60 545	109 594
Liabilities for ceded loans	367 143	694 068
Short term part:	**831 387**	**1 486 862**
	865 983	**1 520 821**

The interest rate of received loans is in the range of 8% to 13.8% annually, term – 1 to 42 months.

* In 2014 the Group signed micro-loan portfolio loan management agreement with AS "Attīstības finanšu institūcija Altum" (previously Latvian Guarantee Agency SIA). According to the agreement Latvian Guarantee Agency SIA 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. On December 20, 2017 the cooperation program has been closed and remaining of the financing from Altum will be repaid in equal installments until September 30, 2020.

Other borrowings, age analysis:

Debt does not exceed the payment deadline	**865 983**	**1 520 821**

13. Deferred income

	31.12.2017 EUR	31.12.2016 EUR
Accrued income from bond sales	-	41 981
Long term part:	**-**	**41 981**
Listed interest income from future payments of issued loans	20 756	51 459
Accrued income from bond sales	19 079	-
Short term part:	**39 835**	**51 459**

14. Average number of the Group’s employees

	2017	2016
Average number of the Group’s employees	**13**	**11**

15. Relatet part transactions

Transactions with:	2017 EUR	2016. EUR
Shareholder		
Loans issued	17 000	6 000
Purchase of fixed assets	-	1 025
Sale of fixed assets	-	1 000
Loans repaid	2 000	75 725
Interest income	120	2 111
Companies and individuals under common control or significant influence		
Loans issued	374 500	-
Loans repaid	251 500	149 350
Purchase of fixed assets	-	49 000
Interest income	19 492	9 779
Assignment transaction	30 000	-
Investments	3 000	-
Associated companies		
Loans repaid	-	10 115
Loans issued	-	1 000
Interest income	-	882
Other persons		
Sale of bonds	6 040	-

Transactions with related parties are carried out on arm's length basis.

16. Subsequent events

In January of 2018 the company has redeemed 750 of the bonds with ISIN LV0000801488. 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 of December 31, 2017.