SE CAPITALIA

Unaudited financial statements

For the period 01.01.2018 – 31.12.2018

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

CAPITALIA

Information about the company

Parent Company

Name of the Company	CAPITALIA SE
Legal status of the Company	European company (from 23.11.2018)
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 Peeter Piho – Chairman of the Council
Names and positions of Board members	Juris Grišins – Chairman of the Board
The reporting period	January 1 to December 31, 2018

Subsidiaries

Branch' Name	SE Capitalia Lithuania brach
Address of the subsidiary	Ankštoji g. 5-11, Vilnius, Lithuania
Number, place and date of registration	304914672, Lithuania, registered in 12.09.2018.
Operations as classified by NACE	64.92 Other credit service activities
Branch' Name	SE Capitalia Finance Estonia branch
Address of the subsidiary	Harjumaa, Tallinn, Tartu maantee 84a, 10112
Number, place and date of registration	14558272, Estonia, registered in 20.12.2018
Operations as classified by NACE	64.92 Other credit service activities

Interim management report

On operating results

In the year of 2018 Capitalia reported turnover of EUR 716 thousand and profit of EUR 37 thousand. The turnover result is difficult to compare to previous financial year as due to reorganization part of the turnover and profit has been reported in the closing reports of Estonian and Lithuanian daughter companies. In accordance to the strategy, the Company has continued to decrease its overall assets that were EUR 2,205 thousand at the end of the reporting period, while total loans under management increased and stood at EUR 5,897 thousand.

On key events

During the year of 2018 we continued our focus on attraction of new clients and cooperation partners in all of the Baltic countries. We refinanced our public bond issue that as listed in NASDAQ Baltic with a new smaller closed bond placement. During the year we concluded reorganization of the Company as a result of which operations in Lithuania and Estonia are continued through branches rather than daughter companies. This will allow for easier cross-border administration of the Company. Furthermore, we continued with increased focus on financing medium sized companies though making loan syndicates with other investors. As a result of such strategy we have been able to significantly decrease amount of our liabilities that will ensure more stable and safe operations.

On plans for the next year

In 2019 Capitalia plans to continue promotion of the existing financing products, including venture capital investments, in the Baltics. In the first quarter of 2019 the Company has concluded landmark guarantee agreement with European Investment Fund for the total value of EUR 10 million that will allow us to more actively compete in the small business loan (up to EUR 25,000) issuance.

Juris Grišins
Chairman of the board

Riga, February 25, 2019

Summary of financial performance

The summary of financial results portrays the development of key financial indicators of Capitalia over the last reporting period. The turnover of the Company has decreased due to specifics of accounting the concluded reorganization. Factual turnover has stayed at around similar level like in the previous financial year. During the year Capitalia has managed to successfully solve a number of outstanding debt claims and as a result report gains from the loan impairments. Also we have managed to change the structure of our income, where interest income has decreased while commission and loan management revenues have significantly grown. Equity and other liabilities subordinated to the outstanding bond issues constituted 33% of the total assets or well above the benchmark bond covenant of 20%.

Summary of balance sheet figures

EUR	2015	2016	2017	2018
Total assets	2 623 207	3 984 473	3 945 083	2 204 899
Loan portfolio	1 938 899	3 410 747	3 181 163	1 106 601
Equity capital	173 156	435 276	460 941	532 817

Summary of profit and loss figures

EUR	2015	2016	2017	2018
Total revenue	574 568	924 909	1 189 028	716 261
Interest expenses	-211 639	-328 933	-377 727	-363 097
Impairment expenses	-64 891	-88 928	-184 805	9 965
Sales and marketing expenses	-41 354	-124 688	- 102 716	-48 971
Administrative costs	-195 984	-359 165	-432 254	-366 244
Net profit	48 587	-11 390	25 665	37 374

Key operating ratios

EUR	2015	2016	2017	2018
Equity to assets	6.60%	10.92%	11.68%	24.17%
Turnover growth	45.72%	60.97%	28.56%	n/a
Return on equity (ROE)	40.22%	-3.74%	7.63%	7.52%
Net profitability	8.46%	-1.23%	2.16%	5.22%
Annualized impairment loss	4.81%	3.33%	5.60%	-0.46%

Statement of Management Responsibility

Management of SE 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 following guidance of the International Financial Reporting Standards, and provide a true and fair view of the company's assets, liabilities, financial position as of December 31, 2018 and year 2018 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 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 25, 2019

Statement of income for the period ended December 31, 2018

	2018 EUR	2017 EUR
Interest and similar income	716 261	583 568
Interest expense	(363 097)	(351 463)
Impairment	9 965	(116 838)
Selling expense	(48 971)	(64 748)
Administrative expense	(366 244)	(274 246)
Other operating income	68 956	95 844
Other operating expense	(22 254)	(42 942)
Income from investments	-	80 000
Other financial income	45 607	-
Losses from investments in associated companies	-	-
Other financial expense	-	-
Loss before taxes	**40 222**	**(90 825)**
Corporative income tax	(2 848)	(4 322)
Current year's loss	**37 374**	**(95 147)**
Other income	-	-
Total loss for the period	**37 374**	**(95 147)**

Statement of financial position for the period December 31, 2018

	31.12.2018 EUR	31.12.2017 EUR
<u>Assets</u>		
Long term investments		
Intangible assets	55 754	92 429
Fixed assets	33 706	28 761
Participating interest in subsidiaries	-	52 903
Receivables from affiliated companies	301 462	1 616 314
Loans and receivables	98 330	177 164
Deferred tax assets	-	-
Total long-term investments:	**489 252**	**1 967 571**
Current assets		
Receivables from affiliated companies	-	66 896
Loans and receivables	1 408 271	1 301 684
Other debtors	35 116	29 611
Loans to shareholders and management	11 303	20 120
Unpaid share capital	-	-
Other securities and equity participation	75 000	-
Cash	185 957	27 056
Total current assets:	**1 715 647**	**1 445 367**
<u>Total assets</u>	**2 204 899**	**3 412 938**

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

Statement of financial position for the period December 31, 2018

	31.12.2018 EUR	31.12.2017 EUR
Liabilities		
Shareholders' funds:		
Share capital	500 000	500 000
Other reserves	246 756	(10 679)
Prior year's accumulated losses	(251 313)	(156 166)
Current year's losses	37 374	(95 147)
Total shareholders' funds:	**532 817**	**238 008**
Creditors		
Long-term creditors		
Bonds issued	958 000	295 474
Other borrowings	43 246	60 545
Other creditors	-	-
Deferred income	-	-
Total long-term creditors:	**1 001 246**	**356 019**
Short-term creditors		
Bonds issued	519 449	2 241 933
Other borrowings	112 472	539 543
Trade creditors and accrued liabilities	18 219	12 164
Taxes	3 044	4 515
Deferred income	17 652	20 756
Total short-term creditors:	**670 836**	**2 818 911**
Total liabilities and shareholders' funds	**2 204 899**	**3 412 938**

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

Statement of changes in equity for the year ended December 31, 2018

	Share capital EUR	Other reserves EUR	Accumulated losses EUR	Total EUR
As at 31 December 2016	**500 000**	**(10 679)**	**(156 166)**	**333 155**
Share capital increase	-	-	-	**-**
Total loss for the year	-	-	(95 147)	**(95 147)**
As at 31 December 2017	**500 000**	**(10 679)**	**(156 166)**	**333 155**
Total loss for the year	-	257 435	37 374	**294 809**
As at 31 December 2018	**500 000**	**246 756**	**(213 939)**	**532 817**

Statement of cash flows for the year ended December 31, 2018

	Notes	2017 EUR	2017 EUR
<u>Cash flow from operating activities</u>			
Losses before extraordinary items and taxes		**40 222**	**(90 825)**
<u>Adjustments for:</u>			
- fixed asset depreciation		50 576	37 293
- changes in provisions (excluding provision for doubtful debts)		-	-
- interest income		(716 261)	(583 568)
- income from investments		-	(80 000)
- interest expense		363 097	351 463
- net loss on sale of securities		-	-
Operating losses before working capital changes		**(262 366)**	**(365 637)**
<u>Adjustments for:</u>			
- (increase) in trade and other debtors		61 391	(92 292)
- decrease/ (increase) in loans issued		381 064	160 011
- (decrease)/ increase in trade payables and other liabilities		4 584	(129 025)
Cash generated from operations		**184 673**	**(426 943)**
Interest paid		(363 097)	(341 545)
Interest received		716 261	569 554
Corporate income tax payments		(2 848)	(4 848)
Net cash flow from operating activities		**534 989**	**(203 782)**
<u>Cash flow from investing activities</u>			
Purchase of fixed assets, net		(18 846)	(26 708)
Loans issued, net		608 130	(574 410)
Dividends received		-	160 000
Share purchase		(75 000)	(45 000)
Share sales		-	-
Net cash flow from investing activities		**514 284**	**(486 118)**
<u>Cash flow from financing activities</u>			
Proceeds from stock and bond issues, net		(446 002)	697 000
Net borrowings		(444 370)	(45 607)
Finance lease payments		-	-
Net cash flow from financing activities		**(890 372)**	**651 393**
Net cash flow of the reporting year		**158 901**	**(38 507)**
Cash and cash equivalents at the beginning of the reporting year		**27 056**	**65 563**
Cash and cash equivalents at the end of reporting year		**185 957**	**27 056**

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

Notes to the Interim Condensed Financial Statements

1. Corporate information

CAPITALIA SE 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, 2018, the company will consist of two braches - SE Capitalia Lithuania brach and SE Capitalia Finance Estonia branch. The core business activity of the Group is issuing short and medium term loans to small and medium-sized enterprises in the Baltics.

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 of financial assets is impaired. 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 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 of financial assets with similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows 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 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 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.

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 SE CAPITALIA for the twelve months ended December 31, 2018 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.

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 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				
31.12.2017.	**136 683**	**59 092**	**2 610**	**198 385**
Additions	-	7 589	11 257	18 846
Reclassified	-	-	-	-
Disposals	-	(542)	-	(542)
31.12.2018.	**136 683**	**66 139**	**13 867**	**216 689**
Depreciation				
31.12.2017.	**44 254**	**32 941**	**-**	**77 195**
Calculated	36 675	13 901	-	50 576
Disposals	-	(452)	-	(452)
31.12.2018.	**80 929**	**46 300**	**-**	**127 229**
Carrying amount				
31.12.2017.	**92 429**	**26 151**	**2 610**	**121 190**
31.12.2018.	**55 754**	**19 839**	**13 867**	**89 460**

6. Loans and receivables

	31.12.2018. EUR	31.12.2017. EUR
Loans issued against pledge	52 980	84 758
Loans issued without pledge	45 350	62 738
Claims on ceded loans		29 668
Long-term loans and receivables, total	**98 330**	**177 164**
Loans issued against pledge	939 179	554 635
Loans issued without pledge	803 915	678 139
Trade receivables	-	4 995
Ceded loans	-	172 279
Provisions for bad and doubtful loans and receivables	(334 823)	(108 364)
Short-term loans and receivables, total	**1 408 271**	**1 301 684**
TOTAL:	**1 506 601**	**1 478 848**

7. Receivables from subsidiaries companies

Loan to Capitalia Kredīti SIA	-	199 096
Loan to Sparta Capital OU	301 462	137 570
TOTAL:	**301 462**	**336 666**
Long term part:	**300 000**	**313 500**
Short term part:	**1 462**	**23 166**

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. In 2018 Sparta Capitalia OU was refinanced loan at the rate 3% annually.

Loans to shareholders and management

	31.12.2018. EUR	31.12.2017. EUR
Loan to Juris Grišins *	11 303	20 120
Short term part:	**11 303**	**20 120**

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

8. Cash and bank

Cash in the bank	**185 957**	**27 056**

Cash in the bank by currency, EUR		
EUR	**185 957**	**57 056**

9. Share capital and other reserves

As at 31 December 2018, the registered and paid share capital of the Group's parent company is EUR 500,000 divided into 250,000 ordinary registered shares with a nominal value of EUR 1 and 250,000 preference shares with a nominal value of EUR 1.

Ordinary registered shares with voting rights, nominal value of EUR 1	250 000	50%
Non-voting preference shares of a dematerialized name, nominal value of EUR 1	250 000	50%
	500 000	100%

The item "Other reserves" reflects the reorganization reserves.

10. 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.

In December, 2018 the Company made closed issue of 2,250 bond securities (bonds at nominal value of EUR 1,000).

	31.12.2018. EUR	31.12.2017. EUR
Securities nominal value	2 000 000	3 500 000
Unrealized bonds	(542 000)	(970 000)
Impact of effective interest rate (discounting)	(3 546)	(44 002)
Accrued coupon interest payments at the period end	33 000	70 417
Accrued coupon interest payments at the period end, unrealized bonds	(10 005)	(19 008)
Long term part:	**958 000**	**295 474**
Short term part:	**519 449**	**2 241 933**
TOTAL	**1 477 449**	**2 537 407**

11. Other borrowings

	31.12.2018. EUR	31.12.2017. EUR
Non-interest bearing loan within EU funds*	43 247	60 545
Long term part:	**43 247**	**60 545**
Loans without debtors guarantee – short term	77 876	303 000
Non-interest bearing loan within EU funds*	34 596	34 596
Liabilities for ceded loans	-	201 947
Short term part:	**112 472**	**539 543**
	155 722	**600 088**

The interest rate of received loans is in the range of 10% to 12% annually, term – to 12 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	**155 722**	**600 088**

12. Deferred income

	31.12.2018 EUR	31.12.2017 EUR
Listed interest income from future payments of issued loans	17 652	20 756
Accrued income from bond sales	-	-
Short term part:	**17 652**	**20 756**

13. Average number of the Group's employees

	2018	2017
Average number of the Group's employees	**14**	**13**

14. Relatet part transactions

Transactions with:	2018 EUR	2017. EUR
Shareholder		
Loans issued	-	17 000
Loans repaid	8 092	2 000
Interest income	266	120
Companies and individuals under common control or significant influence		
Loans issued	200 000	374 500
Loans repaid	260 500	251 500
Interest income	30 058	19 492
Assignment transaction	17 960	30 000
Investments	-	3 000
Other persons		
Sale of bonds	-	6 040

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

15. Subsequent events

There are no other subsequent events since the last date of the reporting day, which would have a significant effect on the financial position of the Company as of December 31, 2018.