

JOINT STOCK COMPANY mogo
(UNIFIED REGISTRATION NUMBER LV50103541751)

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

(4th financial year)

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED IN EU
UNAUDITED

Riga, 2016

CONTENTS

General information	3
Management report	4
Statement of Management Responsibility	6
Unaudited Statement of Profit or Loss and other Comprehensive Income	7
Unaudited Statement of Financial Position	8
Unaudited Statement of Cash Flows	10
Unaudited Statement of Changes in Equity	11
Notes to the Unaudited Financial Statements	12

General information

Name of the company	mogo
Legal status of the company	JOINT STOCK COMPANY
Unified registration number, place and date of registration	LV50103541751 Rīga, 3 May 2012
Registered office	Matrozu street 15A Rīga LV-1048
Major shareholders	Since 01.07.2014: Mogo Finance S.A. (100%) Eugene Ruppert street 2-4, L-2453 Luxembourg
Board Members	Jēkabs Endziņš, Chairman of the Board from 7 September 2012 till 17 July 2015 Mārcis Grīnis, Member of the Board from 25 September 2012 till 17 July 2015 Ģirts Lediņš, Member of the Board from 25 September 2012 till 17 July 2015 Aleksandrs Čerņagins, Chairman of the Board from 17 July 2015
Council Members	Ramona Miglāne, from 5 August 2014 Uldis Judinskis, from 5 August 2014 Ieva Judinska-Bandeniece, from 5 August 2014 Mārtiņš Bandenijs, from 24 October 2014
Financial year	1 January – 31 December 2015

Management report

29 February 2016

General information

JSC mogo (hereinafter – the Company) is a market leading leaseback and finance lease solutions Company measured by the number of leased items. The Company provides quick and convenient services for both individuals and legal entities in Latvia offering vehicle finance lease transactions for amounts up to 15 000 euro and leaseback transactions for amounts up to 50 000 euro with duration up to six years. Funding is being offered online through the Company's branded website and mobile homepage and onsite at customer service centers, as well as at the sales centres of car dealerships.

Company's main goal is to offer its customers easily available, quickly executable, convenient and transparent leaseback and finance lease solutions. In order to achieve this the Company offers to its customers various solutions adjusted to their needs, as well as highest quality service and accessibility. The Company directly operates with a wide network of car dealerships, where the customers can buy a vehicle by obtaining funding from the Company.

Mission, vision and values

Mission

The Company's mission is to offer accessible and affordable leasing services to clients who need quick and simple way of getting financing or would like to purchase a vehicle.

Vision

The Company's vision is to be the market leading, customer friendly and accessible leaseback and finance lease solutions Company in Latvia.

Values

- Quick assistance without unnecessary formalities - the Company will provide the required funding within a couple of hours.
- Open communication and adaptation – the core value of the Company is an open communication and an adaptive approach to each and every customer, which results in a mutually beneficial outcome in every situation.
- Long term relationship – the Company values and creates mutually beneficial long term relationship with all its customers, it welcomes feedback and suggestions for improvement.

Operations and Financial Results

2015 was a period of very rapid growth and profitability for the Company. Turnover amounted to EUR 9,1 million (37% increase compared to the same period in 2014), EBITDA reached EUR 3,19 million (29% increase compared to the same period in 2014) and net profit was EUR 0,87 million (54% increase compared to the same period in 2014). At the end of December 2015 gross value of the lease portfolio reached 27,3 million euro (18% increase compared to the same period in 2014).

The results of 2015 have proven that the Company's services are favored among the customers. The Company has lowered its interest rates as well as increased the total number of employees, at the same time reviewing and optimizing the operations of customer service and debt collection, all geared towards very rapid growth of its market share. As a result the Company's net profit increase was lower than initially forecasted although still very significant.

In 2015 the Company has continued its operations in order to support its mission – to offer accessible leasing services in a quick and simple way. The Company in 2015 continued to invest significant resources in the development of information system solutions in order to improve its operational activities by automating current processes in the nearest future.

2015 was successful also in terms of cooperation with the car dealerships. Cooperation initiation contracts were signed with 24 new partners, and thus towards the end of 2015 number of partners within the cooperation network exceeded 234 in Latvia. This network has significantly contributed to the growth of the vehicle finance lease volume. For the establishment of more integrated cooperation, with the partners in the field of vehicle trade the Company offers various partnership solutions and individual approach to effective processing of client applications, as well as provides various marketing materials and conducts joint marketing campaigns.

In 2015 the Company continued the execution of various marketing activities on TV, radio and internet advertisements and outdoor ads thus helping to promote the brand and to strengthen the Company's positions in terms of brand recognition (top of mind brand) in the leaseback and finance lease solutions sector.

During the first half of 2015, the Company's parent company Mogo Finance S.A. attracted EUR 23,3 million mezzanine funding to support further expansion. The deal was funded through Accession Mezzanine Capital III, Mezzanine Management's third investment vehicle. The fund is backed by reputable institutional investors, including European Bank for Reconstruction and Development and European Investment Fund.

Financial risk management is disclosed in note 36 and events after statement of financial date are described in note 37 to these financial statements.

Aleksandrs Čerņagins
Chairman of the Board

Statement of Management Responsibility

29 February 2016

JSC „mogo” management is responsible for preparation of the unaudited financial statements.

Management of the Company declares that in accordance with the information in their possession, financial statements have been prepared in accordance with accounting transaction documentation and with the International Financial Reporting Standards as adopted by EU and give a true and fair view of the Company's assets, liabilities, financial position as at 31 December 2015, results of operations and cash flows for the twelve month period ended 31 December 2015.

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 prudence principle as well as the going concern assumption. Management of the Company confirms its responsibility for maintaining proper accounting provisioning, as well as monitoring, control and conservation policies of the Company's assets.

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 operation.

Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Profit or Loss and other Comprehensive Income

	Notes	2015 EUR	2014 (restated) EUR
Interest and similar income	4	9 106 510	5 758 062
Interest expense and similar expenses	5	(2 080 842)	(1 518 338)
Impairment	6	(2 319 016)	(1 173 479)
Gross profit or loss		4 706 652	3 066 245
Selling expense	7	(600 706)	(585 251)
Administrative expense	8	(2 967 735)	(1 838 919)
Other operating income	9	29 983	8 287
Other operating expense	10	(177 910)	(79 722)
Other interest receivable and similar income	11	26 980	93 071
Interest payable and similar expense	0	-	(20)
Profit or loss before tax		1 017 264	663 691
Corporate income tax	12	(386 603)	(403 633)
Deferred corporate income tax	12	241 704	142 574
Net profit for the year		872 365	402 632

The accompanying notes form an integral part of these financial statements.

Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Financial Position

ASSETS		Notes	31/12/2015	31/12/2014 (restated)
			EUR	EUR
NON-CURRENT ASSETS				
Intangible assets				
			8 416	10 746
			643 763	196 090
			32 890	3 430
	TOTAL	14	685 069	210 266
Property, plant and equipment				
			2 308	4 039
			220 123	143 792
	TOTAL	15	222 431	147 831
Non-current financial assets				
		16	15 006 556	16 023 925
		17	-	530 000
		12	409 528	167 824
	TOTAL		15 416 084	16 721 749
	TOTAL NON-CURRENT ASSETS		16 323 584	17 079 846
CURRENT ASSETS				
Inventories				
			-	60 255
	TOTAL		-	60 255
Receivables				
		16	9 079 656	5 134 053
		18	83 172	115 912
		19	171 708	67 578
		20	74 038	47 026
		21	3 155	602
	TOTAL		9 411 729	5 365 171
Receivables				
		22	4 889 000	4 483 000
	TOTAL		4 889 000	4 483 000
Cash and cash equivalents				
		23	399 884	768 619
	TOTAL CURRENT ASSETS		14 700 613	10 677 045
	TOTAL ASSETS		31 024 197	27 756 891

The accompanying notes form an integral part of these financial statements.

Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Financial Position

EQUITY AND LIABILITIES			
	Notes	31/12/2015	31/12/2014 (restated)
EQUITY		EUR	EUR
Share capital	24	5 000 000	5 000 000
Retained earnings:			
brought forward		(72 710)	(475 342)
for the period		872 365	402 632
TOTAL EQUITY		5 799 655	4 927 290
LIABILITIES			
Non-current liabilities			
Liabilities for issued bonds	25	19 928 453	19 062 000
Loans from credit institutions	26	3 539 913	-
Loans from non related parties	27	500 000	500 000
TOTAL		23 968 366	19 562 000
Current liabilities			
Prepayments received from customers	28	199 940	206 464
Loans from credit institutions	26	13 520	2 210 049
Trade payables		103 787	82 945
Payables to related companies	29	369 744	2 303
Loans from non related parties	27	187 864	171 752
Taxes payable	30	82 912	404 710
Other liabilities	31	105 334	67 434
Other provisions	32	85 209	64 756
Accrued liabilities	33	107 866	57 188
TOTAL		1 256 176	3 267 601
TOTAL LIABILITIES		25 224 542	22 829 601
TOTAL EQUITY AND LIABILITIES		31 024 197	27 756 891

The accompanying notes form an integral part of these financial statements.

Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Cash Flows

	2015	2014 (restated)
	EUR	EUR
Cash flows to/ from operating activities		
Profit before tax	1 017 264	663 691
Adjustments for:		
Amortisation and depreciation	191 230	90 710
Interest expense	1 999 735	1 516 912
Interest income	(26 951)	(93 071)
Loss on disposal of property, plant and equipment	2 837	12 484
Increase of impairment	2 319 016	1 042 323
Accrued liabilities	71 131	121 944
Bonds acquisition expenses written off	19 864	-
Accrued income	(2 553)	(602)
Operating profit before working capital changes	5 591 572	3 354 391
(Increase)/ decrease in inventories	60 255	(60 255)
(Increase)/ decrease in receivables	(5 345 652)	(15 199 926)
Increase/ (decrease) in payables	532 418	179 530
Cash generated from operations	838 594	(11 726 260)
Corporate income tax paid	(821 160)	(100 381)
Net cash flows to/ from operating activities	17 434	(11 826 641)
Cash flows to/ from investing activities		
Purchase of property, plant and equipment	(743 470)	(279 119)
Purchase of securities	(406 000)	(4 483 000)
Loan repayments received	530 000	-
Loans issued	-	(530 000)
Interest received	26 951	93 071
Net cash flows to/ from investing activities	(592 519)	(5 199 048)
Cash flows to/ from financing activities		
Proceeds from issue of share capital	-	4 573 139
Proceeds from borrowings	1 343 384	527 374
Repayment of borrowings	-	(5 157 390)
Interest paid	(1 983 623)	(1 516 912)
Securities issued	846 589	19 062 000
Net cash flows to/ from financing activities	206 350	17 488 211
Change in cash	(368 735)	462 522
Cash at the beginning of the year	768 619	306 097
Cash at the end of the year	399 884	768 619

The accompanying notes form an integral part of these financial statements.

Unaudited Statement of Changes in Equity

	Share capital	Retained earnings	Total
Balance as at 31 December 2013	426 862	(475 342)	(48 480)
Issue of share capital	4 573 138	-	4 573 138
Profit for the reporting year (corrected)	-	402 632	402 632
Balance as at 31 December 2014	5 000 000	(72 710)	4 927 290
Profit for the reporting year	-	872 365	872 365
Balance as at 31 December 2015	5 000 000	799 655	5 799 655

The accompanying notes form an integral part of these financial statements.

Notes to the Unaudited Financial Statements

1. Corporate information

AS mogo (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 3 May 2012. The registered office of the Company is at 15A Matrožu, LV-1048, Rīga, Latvia. The Company's shareholder is Mogo Finance S.A. (registered in Luxembourg), which acquired 100% equity of the Company in 1 July 2014.

The core business activity of the Company comprises of providing finance lease and sale and leaseback services.

2. Significant accounting judgments, 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 judgements 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

a) Assets carried at amortized cost

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 present value of estimated future cash flows approximates their nominal value because of the short term recovery period. 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.

2. Significant accounting judgments, estimates and assumptions (continued)

Impairment allowance (continued)

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.

b) 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 income tax is provided in full using the liability method for tax losses carried forward and on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

Deferred taxation relates to the future tax consequences of all events that have been recognized in the Company's financial statements. Deferred income tax is determined using tax rates that have been enacted of substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The principal temporary differences arise from tax losses carried forward as well as differing rates of accounting and tax depreciation on property and equipment. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. Summary of significant accounting policies

Basis of preparation

The unaudited financial statements of JSC mogo for year ended 31 Decembr 2015 have been prepared in accordance with IFRS.

The financial statements are prepared on a historical cost basis. The Company's functional and presentation currency is euro (EUR). The financial statements cover the period of 1 January 2015 through 31 December 2015. Accounting policies and methods are consistent to those applied in previous years.

To improve comparability and correct discovered errors in previous year, several 2014 income statement and balance sheet items have been restated.

Reclassification and correction made in financial statements:	31.12.2014. before restatement	Correction	31.12.2014. restated
<i>Income statement</i>			
Interest and similar income	5 765 419	(7 357)	5 758 062
Interest expense and similar expenses	(1 516 912)	(1 426)	(1 518 338)
Impairment	(1 044 495)	(128 984)	(1 173 479)
Other operating income	97 324	(89 037)	8 287
Other operating expense	(170 185)	90 463	(79 722)
Corporate income tax	(404 382)	749	(403 633)
Deferred corporate income tax	142 545	29	142 574
	TOTAL:	(135 563)	
<i>Balance sheet</i>			
Finance Lease Receivables (non-current)	15 986 420	37 505	16 023 925
Deferred tax	167 795	29	167 824
Finance Lease Receivables (current)	5 249 676	(115 623)	5 134 053
Prepaid expense	248 870	(201 844)	47 026
Retained earnings	(62 853)	135 563	72 710
Prepayments received from customers	(348 733)	142 269	(206 464)
Taxes payable	(405 459)	749	(404 710)
Payables to related companies	-	(2 303)	(2 303)
Accrued liabilities	-	(57 188)	(57 188)
Other liabilities	(193 033)	125 599	(67 434)
Other provisions	-	(64 756)	(64 756)
	TOTAL:	-	

3. Summary of significant accounting policies (continued)

Intangible assets

Intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

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

License	- over 1 year
Other intangible assets	- over 2, 3 and 5

Fixed assets

Equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

PCs	- over 3 years;
Furniture	- over 5 years;
Vehicles	- over 5 years;
Leasehold improvements	- over 4 years;
Other equipment	- over 2 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 exists 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 risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement in the impairment caption.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized.

Finance lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. A sale and leaseback transaction involves the purchase of an asset by the Company and the leasing back of the same asset to the same customer.

Situations that would normally lead to a lease being classified as a finance lease and for a sale and leaseback transaction that results in a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the lease assets are of a specialized nature such that only the lessee can use them without major modifications being made

Finance lease receivables are recognized at present value of minimum lease payments receivable at the balance sheet date. Difference between gross and net finance lease receivables is unearned finance income and impairment allowance. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Impairment allowance

The amount of allowance is determined by a loss of value in finance lease receivables.

The allowance is made for homogeneous small positions, which are based on a portfolio basis, at a time when the probability of collecting amounts owed to the Company is doubtful.

3. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value.

Net realizable value represents the estimated selling price for inventories in the ordinary course of business less estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

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.

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the income statement as interest income/ expense when the liabilities are derecognized through the amortization process.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies

Contingent liabilities are not recognized in the unaudited 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 unaudited financial statements but disclosed when an inflow of economic benefits is probable.

Income

Income for the Company is comprised of finance lease interest income, penalties earned and agreement signing and amendment fees.

Finance lease interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. Interest income is recognized based on an accrual basis. Income from penalties is recognized at time of receipt.

Corporate income tax

Corporate Income tax includes current and deferred taxes. Current Corporate Income tax is applied at the rate of 15% on taxable income generated by the Company during the taxation period.

Deferred Corporate Income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these interim condensed unaudited financial statements is calculated using the liability method. The Deferred Corporate Income tax asset and liability are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. The principal temporary timing differences arise from differing rates of accounting and tax amortization and depreciation on the Company's non-current assets, the treatment of temporary provisions and accruals, as well as tax losses carried forward.

Subsequent events

Post-period-end events that provide additional information about the Company's position at the statement of financial position date (adjusting events) are reflected in the unaudited interim condensed financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

3. Summary of significant accounting policies (continued)

Changes in accounting policies

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Interpretations issued by its International Financial Reporting Interpretations Committee (IFRIC) as endorsed by EU.

The accounting policies adopted are consistent with those of the previous year except that the Company adopted those new/revised standards and interpretations becoming mandatory for financial years beginning on or after 1 January 2015:

- Amendments to various standards Improvements to IFRSs (cycle 2011-2013) resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2015). The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope of paragraph 52 in IFRS 13 (portfolio exception) and (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments did not have material impact on Company's financial statements.
- IFRIC 21 Levies (effective for annual periods beginning on or after 17 June 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation did not have material impact on Company's financial statements.

A number of new standards, amendments to standards and interpretations adopted by the EU, which are not yet effective for the year ended 31 December 2015, have not been applied in preparing these consolidated statements:

- Amendments to various standards Improvements to IFRSs (cycle 2010-2012) resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 February 2015). The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of vesting condition; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) measuring short-term receivables and payables; (v) proportionate restatement of accumulated depreciation application in revaluation method and (vi) clarification on key management personnel. The Company does not expect the amendments to have material impact on Company's financial statements.
- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015). The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company does not expect the amendments to have material impact on Company's financial statements.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016). The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. The Company does not expect the amendments to have material impact on Company's financial statements.
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016). The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The Company does not expect the amendments to have material impact on Company's financial statements.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016). Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The Company does not expect the amendments to have material impact on Company's financial statements.
- Amendments to various standards Improvements to IFRSs (cycle 2012-2014) resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016). The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information elsewhere in the interim financial report. The Company does not expect the amendments to have material impact on Company's financial statements.
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The Company does not expect the amendments to have material impact on Company's financial statements.

3. Summary of significant accounting policies (continued)

- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016). The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Company does not expect the amendments to have material impact on Company's financial statements.

A number of new standards, amendments to standards and interpretations not yet adopted by the EU as at 31 December 2015, have not been applied in preparing these consolidated statements:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018; not yet adopted by the EU) is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

The Company does not consider that the issued standard would have material impact on Company's financial statements.

- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016; not yet adopted by the EU). This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS. The issued standard will have no impact on Company's financial statements.

- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017; not yet adopted by the EU). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company does not consider that the issued standard would have material impact on Company's financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016; not yet adopted by the EU). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The Company does not expect the amendments to have material impact on Company's financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016; not yet adopted by the EU). The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances. The Company does not expect the amendments to have material impact on Company's financial statements.

The amounts shown in these financial statements are derived from the Company's accounting records, maintained in accordance with Latvian Accounting Regulations, appropriately reclassified for recognition, measurement and presentation in accordance with the IFRS as adopted by the EU. The financial statements are prepared under the historical cost convention except for the financial instruments (including derivative instruments) at fair value through profit or loss are measured at fair value.

4. Interest and similar income

	2015	2014 (restated)
Interest income	8 488 194	5 457 572
Commission income	384 099	97 087
Income from penalties received	234 217	203 403
TOTAL:	9 106 510	5 758 062

5. Interest expense and similar expenses

	2015	2014 (restated)
Interest expenses	1 983 623	1 516 912
Expenses from debt collection activities	97 219	1 426
TOTAL:	2 080 842	1 518 338

6. Impairment

	2015	2014 (restated)
Change in impairment	1 978 766	1 042 324
Written off debts	340 250	131 155
TOTAL:	2 319 016	1 173 479

7. Selling expense

	2015	2014
Marketing expenses	417 019	534 158
Sales commission	152 578	28 591
Other selling expenses	31 109	22 502
TOTAL:	600 706	585 251

8. Administrative expense

	2015	2014
Salaries	1 482 043	961 571
Social security contributions	350 683	216 251
Office and branches' maintenance expenses	311 546	206 617
Amortization and depreciation	191 230	90 710
IT services	146 313	82 816
Other personnel expenses	102 078	28 887
Professional services	62 318	56 839
Bonds servicing fee	46 551	25 082
Bank commissions	34 074	4 447
Credit database expenses	33 464	32 079
Communication expenses	28 514	21 680
Business trip expenses	26 277	9 080
Low value equipment expenses	18 947	10 882
Post and courier expenses	15 709	26 195
Transportation expenses	11 480	10 875
Other administration expenses	106 508	54 908
TOTAL:	2 967 735	1 838 919

* Remuneration to certified auditor's company SIA "Deloitte Audits Latvia":

	2015	2014
Annual and interim financial statements audit as well as other audit services	24 512	17 339
TOTAL:	24 512	17 339

9. Other operating income

	2015	2014 (restated)
Income from services provided to related companies	26 748	-
Insurance income	2 793	8 287
Other income	442	-
TOTAL:	29 983	8 287

10. Other operating expense

	2015	2014 (restated)
Donations	158 651	79 576
Losses from sale of collateral	16 372	-
Other operating expenses	2 887	146
TOTAL:	177 910	79 722

11. Other interest receivable and similar income

	2015	2014
Other interest income	26 951	93 071
Income from currency fluctuations	29	-
TOTAL:	26 980	93 071

12. Corporate income tax

	2015	2014 (restated)
Current corporate income tax charge for the reporting year	386 603	403 633
Deferred corporate income tax due to changes in temporary differences	(241 704)	(142 574)
Corporate income tax charged to the income statement:	144 899	261 059

Deferred corporate income tax:

	Balance sheet		Income statement	
	31/12/15	31/12/14 (restated)	2015	2014 (restated)
Deferred corporate income tax liability				
Accelerated depreciation for tax purposes	89 536	33 850	55 686	19 678
Gross deferred tax liability	89 536	33 850	55 686	19 678
Deferred corporate income tax asset				
Unused vacation accruals	(12 781)	(9 713)	(3 068)	(4 522)
Impairment	(485 819)	(189 005)	(296 814)	(156 349)
Other	(464)	(2 956)	2 492	(1 381)
Gross deferred tax asset	(499 064)	(201 674)	(297 390)	(162 252)
Net deferred tax liability/ (asset)	(409 528)	(167 824)	(241 704)	(142 574)

The Company's management believes that the above liabilities will be offset against the respective tax assets during the next years when the deferred tax liabilities realise.

Actual corporate income tax charge for the reporting year, if compared with theoretical calculations:

	2015	2014 (restated)
Profit before tax	1 017 264	663 691
Tax at the applicable tax rate of 15%	152 590	99 554
Permanent differences:		
With business not related expenses	34 859	15 192
Other	54 101	213 953
Tax rebate on donations	(96 651)	(67 640)
Actual corporate income tax for the reporting year:	144 899	261 059

13. Staff costs and number of employees

	2015	2014
Salaries	1 482 043	961 571
Social security contribution expenses	350 683	216 251
Other personnel expenses	102 078	28 887
TOTAL:	1 934 804	1 206 709

Key management personnel compensation

	2015	2014
Board Members		
Remuneration	94 020	108 605
Social security contribution expenses	22 325	25 620
TOTAL:	116 345	134 225

	2015	2014
Council Members		
Remuneration	4 139	-
Social security contribution expenses	979	-
TOTAL:	5 118	-

	2015	2014
Average number of employees during the reporting year	91	57
TOTAL:	91	57

The total staff costs are included in the following income statement captions:

	2015	2014
Administrative expense	1 934 804	1 206 709
TOTAL:	1 934 804	1 206 709

14. Intangible assets

	Advance payments for intangible assets	Licenses	Other intangible assets	TOTAL
As at 31 December 2013				
Cost	8 951	85 372	101 110	195 433
Accumulated amortisation and impairment	-	(77 072)	(10 553)	(87 625)
Carrying amount as at 31 December	8 951	8 300	90 557	107 808
2014				
Carrying amount as at 1 January	8 951	8 300	90 557	107 808
Additions	-	14 343	143 187	157 530
Disposals	(5 521)	(85 490)	-	(91 011)
Depreciation of disposed assets	-	85 490	-	85 490
Amortisation charge	-	(14 227)	(35 324)	(49 551)
Carrying amount as at 31 December	3 430	8 416	198 420	210 266
As at 31 December 2014				
Cost	3 430	14 225	244 297	261 952
Accumulated amortisation and impairment	-	(5 809)	(45 877)	(51 686)
Carrying amount as at 31 December	3 430	8 416	198 420	210 266
2015				
Carrying amount as at 1 January	3 430	8 416	198 420	210 266
Additions	29 461	14 225	535 808	579 494
Disposals	-	(14 225)	(1 020)	(15 245)
Depreciation of disposed assets	-	14 225	1 020	15 245
Amortisation charge	-	(14 225)	(90 466)	(104 691)
Carrying amount as at 31 December	32 891	8 416	643 762	685 069
As at 31 December 2015				
Cost	32 891	14 225	779 085	826 201
Accumulated amortisation and impairment	-	(5 809)	(135 323)	(141 132)
Carrying amount as at 31 December	32 891	8 416	643 762	685 069

15. Property, plant and equipment

	Equipment	Leashold improvements	TOTAL
As at 31 December 2013			
Cost	84 824	6 925	91 749
Accumulated depreciation and impairment	(16 231)	(1 154)	(17 385)
Carrying amount as at 31 December	68 593	5 771	74 364
Year ended 31 December 2014			
Carrying amount as at 1 January	68 593	5 771	74 364
Additions	127 228	-	127 228
Cost of disposals	(13 651)	-	(13 651)
Accumulated depreciation of disposals	1 049	-	1 049
Depreciation charge	(39 428)	(1 731)	(41 160)
Carrying amount as at 31 December	143 791	4 040	147 831
As at 31 December 2014			
Cost	198 401	6 925	205 326
Accumulated depreciation and impairment	(54 609)	(2 885)	(57 495)
Carrying amount as at 31 December	143 791	4 040	147 831
Year ended 31 December 2015			
Carrying amount as at 1 January	143 791	4 040	147 831
Additions	163 977	-	163 977
Cost of disposals	(6 108)	-	(6 108)
Accumulated depreciation of disposals	3 270	-	3 270
Depreciation charge	(84 808)	(1 731)	(86 540)
Carrying amount as at 31 December	220 122	2 309	222 431
As at 31 December 2015			
Cost	356 270	6 925	363 195
Accumulated depreciation and impairment	(136 148)	(4 616)	(140 764)
Carrying amount as at 31 December	220 122	2 309	222 431

16. Finance Lease Receivables

	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	31/12/2015	31/12/2015	31/12/2014 (restated)	31/12/2014 (restated)
Finance lease receivables				
Up to one year	17 839 052	10 300 568	12 338 847	5 888 384
Years 2 through 5 combined	27 295 125	15 464 372	29 589 734	15 991 295
More than 5 years	1 722 318	1 560 068	662 497	538 329
TOTAL, GROSS:	46 856 496	27 325 008	42 591 078	22 418 008

	31/12/2015	31/12/2014 (korigēts)
Unearned finance income		
Up to one year	7 538 484	6 450 463
Years 2 through 5 combined	11 830 754	13 598 439
More than 5 years	162 250	124 168
TOTAL, GROSS:	19 531 488	20 173 070

	31/12/2015	31/12/2014 (korigēts)
Finance lease receivables		
Non-current finance lease receivables	17 024 440	16 529 624
Current finance lease receivables	10 300 568	5 888 384
TOTAL, GROSS:	27 325 008	22 418 008

	Impairment allowance
Movement in impairment allowance	
Impairment allowance as at 31 December 2013	217 707
Created in period	1 173 478
Written-off in period	(131 155)
Impairment allowance as at 31 December 2014	1 260 030
Created in period	2 319 016
Written-off in period	(340 250)
Impairment allowance as at 31 December 2015	3 238 796

	Non-Current 31/12/2015	Current 31/12/2015	Non-Current 31/12/2014 (korigēts)	Current 31/12/2014 (korigēts)
Finance lease receivables, net				
Finance lease receivables	17 024 440	10 300 568	16 529 624	5 888 384
Impairment allowance	(2 017 884)	(1 220 912)	(505 699)	(754 331)
	15 006 556	9 079 656	16 023 925	5 134 053

Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at EUR 52 603 100.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term.

The average effective interest rate contracted is approximately 43% per annum.

All leases are denominated in euros. The average term of finance lease entered into is 41 months.

	31/12/2015	31/12/2014
Ageing of overdue finance lease receivables:		
1-30 days	2 814 134	1 856 404
31-60 days	72 471	612 340
61-90 days	545 004	391 681
90 + days	2 668 564	1 201 003
	6 100 173	4 061 428

17. Loans to related companies

	31/12/2015	31/12/2014
Loan receivable	-	530 000
TOTAL:	-	530 000

18. Receivables from related companies

	31/12/2015	31/12/2014
Receivables from related companies	83 172	115 912
TOTAL:	83 172	115 912

19. Other receivables

	31/12/2015	31/12/2014 (restated)
Overpaid corporate income tax	87 149	-
Advances for services	8 676	36 353
Advances to employees	822	924
Other debtors	75 061	30 301
KOPĀ:	171 708	67 578

20. Prepaid expense

	31/12/2015	31/12/2014
Other prepaid expenses	74 038	47 026
TOTAL:	74 038	47 026

21. Accrued revenue

	31/12/2015	31/12/2014
Goods for sale	3 155	602
TOTAL:	3 155	602

22. Other investments in securities

	31/12/2015	31/12/2014
Bonds held for sale*	4 889 000	4 483 000
TOTAL:	4 889 000	4 483 000

*JCS „mogo” bonds, which are listed NASDAQ QMX Riga Baltic bond list and are held for sale. They bear a 10% annual coupon and mature at 31 March 2021.

23. Cash and cash equivalents

	31/12/2015	31/12/2014
Cash at bank	399 695	768 619
Cash on hand	189	-
TOTAL:	399 884	768 619

24. Share capital

The share capital of the Company is EUR 5 000 000 and consists of 5 000 000 shares. The par value of each share is EUR 1. All the shares are fully paid.

25. Liabilities for issued bonds

	<i>Interest rate per annum (%)</i>	<i>Maturity</i>	31/12/2015	31/12/2014
Bonds nominal value	10	31.03.2021	20 000 000	19 062 000
Bonds acquisition costs			(71 547)	-
TOTAL:			19 928 453	19 062 000

On 17 March 2014 the Company registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 20 million. The Company has raised a total of EUR 15 111 000 as at 31 December 2015 (14 579 000 EUR at 31 December 2014). Remaining part Company has purchased and holds itself. This bond issue is unsecured. The notes are issued at par, have a maturity of seven years and carry a fixed coupon of 10% per annum, paid monthly in arrears. The note type on 11 November 2014 was changed to "publicly issued notes" and were listed on the regulated market of NASDAQ OMX Baltic. Information about bonds held for sale is included in Note nr. 22.

26. Loans from credit institutions

Non-current	<i>Interest rate per annum (%)</i>	<i>Maturity</i>	31/12/2015
Loan from bank	6,5 + 6m EURIBOR	30.06.2017.	3 539 913
TOTAL:			3 539 913
Current			31/12/2015
Accrued interest for loan from bank			9 131
Finance lease liabilities			4 389
TOTAL:			13 520

The loan from the bank is secured by Commercial Pledges on Company's pool of assets and its shares. Pledges are registered at Commercial Pledge Register of the Enterprise Register of the Republic of Latvia. All bank loan covenants as at 31 December 2015 were fulfilled.

27. Loans from non related parties

Non-current	<i>Interest rate per annum (%)</i>	<i>Maturity</i>	31/12/2015	31/12/2014
Loan from non related party	14	01.03.2017.	100 000	100 000
Loan from non related party	14	01.03.2017.	100 000	100 000
Loan from non related party	14	01.03.2017.	100 000	100 000
Loan from non related party	14	01.03.2017.	100 000	100 000
Loan from non related party	14	01.03.2017.	100 000	100 000
TOTAL:			500 000	500 000

Current	<i>Interest rate per annum (%)</i>	<i>Maturity</i>	31/12/2015	31/12/2014
Loan from non related party	14	01.03.2017.	187 864	171 752
TOTAL:			187 864	171 752

28. Prepayments received from customers

	31/12/2015	31/12/2014
Advances received from customers	198 369	205 111
Unidentified payments received	1 571	1 353
TOTAL:	199 940	206 464

29. Payables to related companies

	31/12/2015	31/12/2014
Other payables to related companies	369 744	2 303
KOPĀ:	369 744	2 303

30. Taxes payable

	31/12/2015	Calculated	Penalties	Paid	31/12/2014
Social security contributions	(50 304)	(590 916)	(5)	575 153	(34 536)
Personal income tax	(22 364)	(369 498)	(232)	368 822	(21 456)
Corpotate income tax	87 148	(386 603)	-	821 160	(347 409)
Value added tax	(10 222)	(59 506)	(27)	50 603	(1 292)
Risk duty	(22)	(396)	-	391	(17)
TOTAL:	4 236	(1 406 919)	(264)	1 816 129	(404 710)
TOTAL LIABILITIES:	(82 912)				(404 710)
TOTAL RECEIVABLES:	87 148				-

31. Other liabilities

	31/12/2015	31/12/2014 (restated)
Liabilities against employees	98 769	66 341
Others liabilities	6 565	1 093
TOTAL:	105 334	67 434

32. Other provisions

	31/12/2015	31/12/2014
Unused vacation accruals	85 209	64 756
TOTAL:	85 209	64 756

33. Accrued liabilities

	31/12/2015	31/12/2014
Accruals for bonuses	65 155	-
Other accrued liabilities	42 711	57 188
TOTAL:	107 866	57 188

34. Related party disclosures

Related parties are defined as subsidiaries and associates of the Company as well as shareholders that have the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions, members of the key management personnel of the Company or its parent company, and close members of the families of any individual referred to previously and entities over which these persons exercise significant influence or control.

As at 30 June 2014 the Company was controlled by AS Skillion Ventures (incorporated in Latvia), with 61.34% of the Company's shares. As from 1 July 2014 the Company is controlled by Mogo Finance S.A. (registered in Luxembourg) which owns 100% equity and is the ultimate controlling party.

Related party		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Entities with significant influence over the Company:					
Parent company	2014	-	-	562 902	-
	2015	7 865	-	7 865	-
Associates:					
	2014	42 599	15 847	83 010	2 303
	2015	263 157	1 578	75 307	369 744
Total as at:	2015	271 022	1 578	83 172	369 744
Total as at:	2014	42 599	15 847	645 912	2 303

35. Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	31/12/2015	31/12/2014
Signed finance lease agreements	1 500	7 560
TOTAL:	1 500	7 560

(b) Commitments under operating leases

The Company as a lessee has entered into property lease agreements. As at 31 December 2014, the future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	31/12/2015
Less than one year	211 350
Between one and five years	785 380
More than five years	540 131
TOTAL:	1 536 861

36. Financial risk management

The Company's principal financial instruments comprise bond issues, borrowings from related and non-related parties, borrowings from bank, finance lease receivables, loan issued and cash. The main purpose of these financial instruments is to ensure financing for the Company's operations. The Company has other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its operations.

36. Financial risk management (continued)

Financial risks

The main financial risks arising from the Company's financial instruments are foreign currency risk, interest rate risk, liquidity risk, and credit risk.

Foreign currency risk

The Company's financial assets and liabilities are not exposed to foreign currency risk. All transactions are concluded in euros.

Interest rate risk

The Company is exposed to interest rate risk because part of its liabilities are interest bearing borrowings with a variable interest rate (see Note 26). The rest of the Company's short and long term borrowings as well as the Company's finance lease receivables have fixed interest rate. Taking into account insignificant proportion of financial liabilities with variable interest rate in total financial liabilities, possible changes of interest rate does not leave significant effect on the Company's profit before tax. The interest rates payable on the Company's borrowings are disclosed in Note 25 and 27 and the average interest rate receivable from finance lease receivables is disclosed in Note 16.

Liquidity risk

The Company manages its liquidity risk by arranging an adequate amount of committed credit facilities with related parties and by issuing bonds.

The table below presents the cash flows payable by the Company and to the Company under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow. Cash flow payable for borrowings includes estimated interest payments assuming principal is paid in full at maturity date.

	Carrying value	Contractual cash flows				Total
		On demand	Up to 1 year	1-5 years	More than 5 years	
As at 30 June 2015						
Assets						
Cash in bank	399 884	399 884	-	-	-	399 884
Other short-term financial receivables	4 889 000	-	-	4 889 000	-	4 889 000
Finance lease receivables	24 086 212	-	9 079 656	13 438 947	1 567 609	24 086 212
Total undiscounted financial assets	29 375 096	399 884	9 079 656	18 327 947	1 567 609	29 375 096
Liabilities						
Borrowings	(4 241 297)	-	(13 520)	(4 227 777)	-	(4 241 297)
Bonds	(19 928 453)	-	-	(17 428 453)	(2 500 000)	(19 928 453)
Current liabilities	(1 054 792)	-	(1 054 792)	-	-	(1 054 792)
Total undiscounted financial liabilities	(25 224 542)	-	(1 068 312)	(21 656 230)	(2 500 000)	(25 224 542)
Net undiscounted financial assets / (liabilities)	4 150 554	399 884	8 011 344	(3 328 283)	(932 391)	4 150 554

Credit risk

The Company is exposed to credit risk through its finance lease receivables, as well as cash and cash equivalents.

The key areas of credit risk policy cover lease granting process (including solvability check of the lease), monitoring methods, as well as decision making principles.

The Company operates by applying a clear set of finance lease granting criteria. This criteria includes assessing the credit history of customer, means of lease repayment and understanding the lease object. The Company takes into consideration both quantitative and qualitative factors when assessing the creditworthiness of the customer. Based on this analysis, the Company sets the credit limit for each and every customer.

When the lease agreement has been signed, the Company monitors the lease object and customer's solvency. The Company has developed lease monitoring process so that it helps to quickly spot any possible non-compliance with the provisions of the agreement. The receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimized, and, where appropriate, provisions are being made.

The Company does not have a significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as going concern. The Company fulfills externally imposed capital requirements. In order to maintain or adjust the capital structure, the Company may attract new credit facilities or increase its share capital.

37. Events after balance sheet date

On 28 January 2016 the Company established a subsidiary - SIA Mogo LT. Main goal of the company is to attract new funding to the related companies.

As of the last day of the reporting year until the date of signing these financial statements there have been no events requiring adjustment of or disclosure in the financial statements or notes thereto.