MOGO JOINT STOCK COMPANY

(UNIFIED REGISTRATION NUMBER 50103541751)

ANNUAL REPORT

For the period ended 31 December 2016

(5th financial year)

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

UNAUDITED

Riga, 2017

CONTENTS

General information

Name of the company	mogo
Legal status of the company	JOINT STOCK COMPANY
Unified registration number, place and date of registration	50103541751 Riga, 3 May 2012
Registered office	Skanstes street 50, Riga, LV-1013, Latvia
Major shareholders	From 01.07.2014 to 02.11.2016: Mogo Finance S.A. (100%) 6, rue Guillaume Schneider L-2522, Luxembourg
	From 03.11.2016: Mogo Finance S.A. (98%) 6, rue Guillaume Schneider L-2522, Luxembourg
Board Members	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 Bandenieks, from 24 October 2014
Financial year	1 January - 31 December 2016
Previous financial year	1 January - 31 December 2015
Auditors	PricewaterhouseCoopers SIA Commercial licence No. 5 Krišjāņa Valdemāra street 21-21, Riga, LV-1010, Latvia
	Certified auditor in charge Ilandra Lejiņa Sworn auditor Certificate No. 168

Management report

27 February, 2017

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 10 000 euro and leaseback transactions for amounts up to 10 000 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 theirs 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

In 2016 the Company managed to make significant step forward in terms of growth and profitability in a highly competitive environment. Turnover amounted to EUR 10.4 million (14% increase, compared to 2015), EBITDA reached EUR 6.0 million (71% increase, compared to 2015) and net profit was EUR 3.0 million (196% increase, compared to 2015). As at 31 December 2016 gross value of the lease portfolio reached 27.0 million euro (1% decrease, compared to 31 December 2015).

The results of 2016 have once again proven that customers continue to positively evaluate Company's services and their benefits. Towards the end of the year the Company moved to a proprietary scoring system as well as optimized the debt collection process by selling part of the unsecured loans to a professional debt collection firm. As a result the Company's net profit increase has been very robust.

In 2016 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 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, at the same time increasing customers satisfaction with the provided service.

Management report (continued)

2016 was successful in terms of cooperation with the car dealerships. 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 2016, the Company continued the execution of various marketing activities on TV, radio and internet advertisements and outdoor advertisements thus helping to promote the brand and to strengthen the Company's positions in terms of brand recognition in the leaseback and finance lease solutions sector.

Financial risk management is disclosed in note 33 and events after statement of financial date are described in note 37 to these unaudited financial statements.

JSC mogo statement regarding the corporate governance in 2016 is prepared according with the requirements of the Financial Instruments Market Law part 3 of article 56.2 and is available to the public electronically on the Company's web page www.mogofinance.com

Signed on behalf of the Company on 27 February, 2017 by:

Aleksandrs Čerņagins
Chairman of the Board

Statement of Management Responsibility

27 February, 2017

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, unaudited financial statements have been prepared in accordance with accounting transaction documentation and with the International Financial Reporting Standards as adopet by EU and give a true and fair view of the Company's assets, liabilities, financial position as at 31 December 2016, results of operations and cash flows for the year ended 31 December 2016.

Management of the Company confirms that an appropriate and consistent accounting policies and management estimates are used. Management of the Company confirms that the unaudited 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 records, as well as monitoring, control and safeguarding 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.

Signed on behalf of the Company on 27 February, 2017 by:

Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Other Comprehensive Income

	Notes	2016	2015 (restated)*
		EUR	EUR
Interest and similar income	**3**	10 412 789	9 125 559
Interest expense and similar expenses	**4**	(2 151 704)	(2 245 791)
Impairment	**5**	(886 854)	(2 319 016)
Gross profit or loss		**7 374 231**	**4 560 752**
Selling expense	**6**	(501 656)	(459 995)
Administrative expense	**7**	(3 442 176)	(2 972 170)
Other operating income	**8**	18 045	29 983
Other operating expense	**9**	(4 396)	(19 258)
Other interest receivable and similar income	**10**	1 222	26 977
Profit before tax		**3 445 270**	**1 166 289**
Corporate income tax	**11**	(151 247)	(405 337)
Deferred corporate income tax	**11**	(330 524)	241 704
Net profit for the year		**2 963 499**	**1 002 656**
Other comprehensive income		**2 963 499**	**1 002 656**
Total comprehensive income for the period		**2 963 499**	**1 002 656**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

The accompanying notes on pages 12 to 28 are an integral part of these unaudited financial statements.

Signed on behalf of the Company on 27 February, 2017 by:

Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Financial Position

ASSETS

		Notes	31.12.2016.	31.12.2015. (restated)*
NON-CURRENT ASSETS			**EUR**	**EUR**
Intangible assets				
Concessions, patents, licences and similar rights			11 680	8 416
Other intangible assets			1 008 381	643 762
Advance payments for intangible assets			-	32 891
	TOTAL	**13**	**1 020 061**	**685 069**
Property, plant and equipment				
Leasehold improvements			-	2 309
Other fixtures and fittings, tools and equipment			177 638	220 122
	TOTAL	**14**	**177 638**	**222 431**
Non-current financial assets				
Investments in related companies			20	-
Finance lease receivables		**15**	18 131 400	16 475 440
Loans to related companies		**16**	120 000	-
Deferred tax		**11**	79 004	409 528
	TOTAL		**18 330 424**	**16 884 968**
	TOTAL NON-CURRENT ASSETS		**19 528 123**	**17 792 468**
CURRENT ASSETS				
Inventories				
Finished goods and goods for resale		**17**	17 948	-
	TOTAL		**17 948**	**-**
Receivables				
Finance lease receivables		**15**	6 795 700	7 293 284
Loans to non related parties			2 056	2 977
Receivables from related companies		**18**	1 718	83 172
Other receivables		**20**	775 563	434 700
Other assets held for sale		**19**	301 075	270 488
Prepaid expense			120 239	74 038
Accrued revenue			534	3 155
	TOTAL		**7 996 885**	**8 161 814**
Cash and cash equivalents		**21**	147 024	399 884
	TOTAL CURRENT ASSETS		**8 161 857**	**8 561 698**
TOTAL ASSETS			**27 689 980**	**26 354 166**

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Signed on behalf of the Company on 27 February, 2017 by:

Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Financial Position

EQUITY AND LIABILITIES

	Notes	31.12.2016.	31.12.2015. (restated)*
EQUITY		**EUR**	**EUR**
Share capital	**22**	5 000 000	5 000 000
Currency revaluation reserve		1	1
Retained earnings:			
brought forward		357 947	(119 709)
for the period		2 963 499	1 002 656
TOTAL EQUITY		**8 321 447**	**5 882 948**
LIABILITIES			
Non-current liabilities			
Liabilities for issued bonds	**23**	17 920 905	15 182 824
Loans from non related parties	**25**	-	500 000
TOTAL		**17 920 905**	**15 682 824**
Current liabilities			
Prepayments received from customers	**26**	222 875	198 369
Loans from credit institutions	**24**	703 707	3 555 962
Trade payables		79 902	103 787
Payables to related companies	**27**	-	369 744
Loans from non related parties	**25**	-	187 864
Taxes payable	**28**	68 958	73 243
Other liabilities	**29**	96 942	106 351
Accrued liabilities	**30**	275 244	193 074
TOTAL		**1 447 628**	**4 788 394**
TOTAL LIABILITIES		**19 368 533**	**20 471 218**
TOTAL EQUITY AND LIABILITIES		**27 689 980**	**26 354 166**

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Signed on behalf of the Company on 27 February, 2017 by:

Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Cash Flows

	Notes	2016	2015 (restated)*
Cash flows to/ from operating activities		**EUR**	**EUR**
Profit before tax		3 445 270	1 166 289
Adjustments for:			
Amortisation and depreciation	**13, 14**	395 264	191 230
Interest expense		2 504 903	2 129 523
Loss on disposal of property, plant and equipment		38 167	2 838
(Decrease)/ Increase of impairment	**5**	886 854	2 319 016
Bonds acquisition expenses written off		(16 389)	-
Operating profit before working capital changes		**7 254 069**	**5 808 896**
(Increase)/ decrease in inventories		(17 948)	-
(Increase)/ decrease in receivables		(2 626 956)	(5 612 491)
Increase/ (decrease) in payables		(54 247)	606 008
Cash generated from operations		**4 554 918**	**802 413**
Interest received		187 970	-
Corporate income tax paid		(397 647)	(851 281)
Net cash flows to/ from operating activities		**4 345 241**	**(48 868)**
Cash flows to/ from investing activities			
Purchase of property, plant and equipment	**13, 14**	(723 630)	(743 470)
Investments in subsidiaries		(20)	-
Loans issued	**16**	(120 000)	-
Loan repayments received		921	587 278
Interest received		60 180	16 111
Net cash flows to/ from investing activities		**(782 549)**	**(140 081)**
Cash flows to/ from financing activities			
Proceeds from borrowings		5 220 000	15 936 669
Repayment of borrowings		(8 752 166)	(14 592 367)
Securities issued		2 579 000	603 824
Interest paid		(2 337 386)	(2 127 912)
Dividends paid		(525 000)	-
Net cash flows to/ from financing activities		**(3 815 552)**	**(179 786)**
Change in cash		**(252 860)**	**(368 735)**
Cash at the beginning of the year		399 884	768 619
Cash at the end of the year	**21**	**147 024**	**399 884**

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Aleksandrs Čerņagins
Chairman of the Board

Unaudited Statement of Changes in Equity

	Share capital EUR	Currency revaluation reserve EUR	Retained earnings/ (Accumulated loss) EUR	Total EUR
Balance as at 01.01.2015. (before restatement)	**5 000 000**	**-**	**(72 710)**	**4 927 290**
Correction	-	-	(46 999)	(46 999)
Balance as at 01.01.2015. (after restatement)	**5 000 000**	**-**	**(119 709)**	**4 880 291**
Profit for the reporting year (before restatement)	-	-	870 140	870 140
Correction	-	1	132 516	132 517
Balance as at 31.12.2015. (after restatement)	**5 000 000**	**1**	**882 947**	**5 882 948**
Balance as at 01.01.2016.	**5 000 000**	**1**	**882 947**	**5 882 948**
Dividends paid	-	-	(525 000)	(525 000)
Profit for the reporting year	-	-	2 963 499	2 963 499
Balance as at 31.12.2016.	**5 000 000**	**1**	**3 321 446**	**8 321 447**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

The accompanying notes on pages 12 to 28 are an integral part of these unaudited financial statements.

Signed on behalf of the Company on 27 February, 2017 by:

Aleksandrs Čerņagins
Chairman of the Board

Notes to the Unaudited Financial Statements

1. Corporate information

JSC 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 Skanstes street 50, Riga, LV-1013, Riga, Latvia. The Company's shareholders are Mogo Finance S.A. (registered in Luxembourg), which acquired 100% equity of the Company from 1 July 2014 to 2 November 2016 and 98% equity of the Company from 3 November 2016.

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

2. Summary of significant accounting policies

a) Basis of preparation

The Company's annual 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 annual unaudited financial statements. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. 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.

These annual unaudited financial statements for the year ended 31 December 2016 are prepared in accordance with International Financial Reporting Standards as adopted in the European Union.

The unaudited financial statements are prepared on a historical cost basis. The Company's functional and presentation currency is euro (EUR). The unaudited financial statements cover the period from 1 January 2016 till 31 December 2016. Accounting policies and methods are consistent with those applied in the previous years, except as described below.

Management of the Company does not use segmented information for decision making and analysing. All operations of the Company are generated in the one geographical segment- Latvia. Information is not analysed in any other segment type.

Upon review of the entity's accounting policies we identified that we incorrectly presented own bonds as assets. Prior period comparatives were restated to account for the repurchase of the bonds and unsold bonds to third parties as a derecognition of the relevant portion of outstanding bonds liability. We also corrected presentation of repurchase and sale of own bonds in the cash flow statement and now correctly present them as cash flows from financing rather than investing activities. Repossessed cars revealed separately of a finance lease receivables. We have changed VAT methodology and recalculate VAT amount for finance year 2014 and 2015, as a result, expense amounts decresed. Prior period comparatives were adjusted to present the repossessed cars separately in the balance sheet. Finance lease receivables, selling expenses and opening retained earnings were also adjusted for a minor error in calculation of deferral of commissions using effective interest method.

Reclassification and correction made in unaudited financial

Statement of Profit or Loss and other Comprehensive Income	**Annual report 2015 31.12.2015. before restatement**	**Correction**	**Annual report 2016 31.12.2015. restated**
Interest and similar income	9 106 510	19 049	9 125 559
Interest expense and similar expenses	(2 083 371)	(162 420)	(2 245 791)
Selling expense	(600 706)	140 711	(459 995)
Administrative expense	(2 967 735)	(4 435)	(2 972 170)
Other operating expense	(177 910)	158 652	(19 258)
Other interest receivable and similar income	26 980	(3)	26 977
Corporate income tax	(386 299)	(19 038)	(405 337)
	TOTAL:	**132 516**	
Balance sheet - Assets			
Finance Lease Receivables (non-current)	16 215 603	259 837	16 475 440
Finance Lease Receivables (current)	7 870 609	(577 325)	7 293 284
Loans to non related parties	-	2 977	2 977
Other receivables	84 560	350 140	434 700
Other assets held for sale	-	270 488	270 488
Other investments in securities	4 889 000	(4 889 000)	-
Overpaid corporate income tax	87 452	(87 452)	-
	TOTAL:	**(4 670 335)**	
Balance sheet - Equity and Liabilities			
Currency revaluation reserve	-	1	1
Retained earnings brought forward	(72 710)	(46 999)	(119 709)
Retained earnings for the period	870 140	132 516	1 002 656
Liabilities for issued bonds	19 928 453	(4 745 629)	15 182 824
Loans from credit institutions - long term	3 539 913	(3 539 913)	-
Prepayments received from customers	199 940	(1 571)	198 369
Loans from credit institutions - short term	16 049	3 539 913	3 555 962
Taxes payable	82 912	(9 669)	73 243
Other liabilities	105 334	1 017	106 351
Other provisions	85 209	(85 209)	-
Accrued liabilities	107 866	85 208	193 074
	TOTAL:	**(4 670 335)**	

2. Summary of significant accounting policies (continued)

Statement of Profit or Loss and other Comprehensive Income	Annual report 2015 31.12.2014. before	Correction	Annual report 2016 31.12.2014. restated
Selling expense	(459 995)	46 999	(412 996)
	TOTAL:	**46 999**	
Balance sheet - Assets			
Finance Lease Receivables	5 134 053	(47 001)	5 087 052
Other investments in securities	4 483 000	(4 483 000)	-
	TOTAL:	**(4 530 001)**	
Balance sheet - Equity and Liabilities			
Retained earnings for the period	(72 710)	(46 999)	(119 709)
Liabilities for issued bonds	19 062 000	(4 483 000)	14 579 000
Accrued liabilities	121 944	(2)	121 942
	TOTAL:	**(4 530 001)**	

b) Adoption of new revised standards and interpretations

The following new and amended IFRS and interpretations became effective in year 2016, but have no significant impact on the operations of the company and these annual 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).

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 to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” – regarding bearer plants (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 27 “Separate Financial Statements” - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).

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).

Annual improvements to IFRS’s 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments include changes that affect 4 standards:
• IFRS 5 “Non-current assets held for sale and discontinued operations”,
• IFRS 7 “Financial instruments: Disclosures” with consequential amendments to IFRS 1,
• IAS 19 “Employee benefits”, and
• IAS 34 “Interim financial reporting”.

Amendments to IAS 19 “Employee benefits plans” regarding defined benefit plans (effective for annual periods beginning on or after 1 February 2015).

Annual improvements to IFRS’s 2012 (effective for annual periods beginning on or after 1 February 2015). These amendments include changes that affect 6 standards:
• IFRS 2 “Share-based payment”,
• IFRS 3 “Business Combinations”,
• IFRS 8 “Operating segments”,
• IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”, and
• IAS 24 “Related party disclosures”.

Certain new standards and interpretations have been published that become effective for the accounting periods beginning on 1 January 2017 or later periods or are not yet endorsed by the EU:

IFRS 9 “Financial instruments” (effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:
• Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

• Classification for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets’ cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

• Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

• Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

• IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

2. Summary of significant accounting policies (continued)

• Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018);

Amendments to IFRS 10 "Consolidated financial statements", IAS 28 "Investments in associates and joint ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date to be determined by the IASB, not yet endorsed in the EU);

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019, not yet endorsed in the EU);

Amendments to IAS 12 "Income taxes" - recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017, not yet endorsed in the EU);

Amendments to IAS 7 "Statement of Cash Flows" – Disclosure initiative (effective for annual periods beginning on or after 1 January 2017, not yet endorsed in the EU);

Amendments to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU);

Amendments to IFRS 2 "Share-based Payment" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU);

Amendments to IFRS 4 "Insurance Contracts" – Applying IFRS 9 "Financial statements" with IFRS 4 "Insurance contracts" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU);

Annual improvements to IFRS's 2016. The amendments include changes that affect 3 standards:
• IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2017, not yet endorsed in the EU),
• IFRS 1 "First-time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU), and
• IAS 28 "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU).
IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU);
Amendments to IAS 40 "Investment Property" - Transfers (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU).

The Group has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Group anticipates that the adoption of all other standards, revisions and interpretations will have no material impact on the financial statements of the Group in the period of initial application, except for IFRS 9, where the impact was not yet estimated.

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. Internally created software asset cost value is increased by Companies information technology costs - salaries and social security contribution capitalization. Asset useful life is constant and amortization cost increases every month.
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 years

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.

2. Summary of significant accounting policies (continued)

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

Total allowances for impairment on loans are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. Collectively assessed impairment allowances also cover credit losses for portfolios of defaulted loans which are defined as past due 60 days or more. In assessing the need for collective loss allowances, Company considers factors such as probability of default and loss given default ("LGD"). In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience. To assess collective impairment allowances the loan portfolio is grouped based on delay days:

- Current – clients with no overdue payments;
- Overdue 1-30 days – clients with overdue payments for 1-30 days;
- Overdue 31-60 days – clients with overdue payments for 31-60 days;
- Default – clients with terminated agreements and those overdue more than 60 days;
- Unsecured – clients with terminated agreements and no collateral, i.e. unsecured.

The significant assumptions used in determining collective impairment losses for the loan portfolio include:

Probability of default

- Company calculates probability of default ratios using historic portfolio movement matrixes for the last 12 months.
- The movement matrix for the portfolio is calculated each month where the movement between previously described portfolio groups from month to month is shown.
- From the 12 month historical movement the default probability is calculated by estimating the movement for next 6 months. As a result a probability of default rate is derived for each of the portfolio groups respectively.

Loss given default

- Company closely follows recoveries from delinquent loans and revises LGD rates every month for portfolios based on actual recoveries received.
- The sample used for LGD calculation consists of all the loans that have been terminated historically except for the loans that have been renewed after termination. If a loan is terminated again after a renewal then it goes back into the sample.
- Estimated LGD rate is used for all portfolio groups except for unsecured group. For unsecured group the value estimate from independent third party offers is applied.

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, cash on hand and deposits with maturity up to 90 days.

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.

2. Summary of significant accounting policies (continued)

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 and expense recognition

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

Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Company to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Company will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Company does not designate loan commitments as financial liabilities at fair value through profit or loss.

When loans and other debt instruments become doubtful of collection, they are written down to the present value of expected cash inflows and interest income is thereafter recorded for the unwinding of the present value discount based on the asset's effective interest rate which was used to measure the impairment loss.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and which are earned on execution of the underlying transaction, are recorded on its completion. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-proportion basis.

Corporate income tax

Corporate Income tax includes current and deferred tax. 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 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 provisions and accruals.

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 annual unaudited financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

3. Interest and similar income

	2016 EUR	2015 (restated)* EUR
Interest income	9 174 799	8 488 194
Commission income	651 960	384 099
Income from debt collection activities	281 823	-
Income from penalties received	262 920	234 217
Intercomany interest income	22 566	-
Profit from debt collection activities - reposessed car sale	18 721	19 049
TOTAL:	**10 412 789**	**9 125 559**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

4. Interest expense and similar expenses

	2016 EUR	2015 (restated)* EUR
Interest expenses	2 137 982	2 129 523
Expenses related to attracting funding	13 722	-
Expenses from debt collection activities	-	116 268
TOTAL:	**2 151 704**	**2 245 791**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

5. Impairment

	2016 EUR	2015 EUR
Change in impairment	(1 840 416)	1 978 766
Written off debts	2 727 270	340 250
TOTAL:	**886 854**	**2 319 016**

6. Selling expense

	2016 EUR	2015 (restated)* EUR
Marketing expenses	343 964	313 992
Sales commission	127 296	121 276
Other selling expenses	30 396	24 727
TOTAL:	**501 656**	**459 995**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

7. Administrative expense

	2016 EUR	2015 (restated)* EUR
Salaries	1 592 892	1 482 043
Social security contributions	361 266	350 683
Office and branches' maintenance expenses	338 231	247 631
Amortization and depreciation	385 929	191 230
Donations	182 000	158 651
IT services	166 342	116 296
Credit database expenses	82 039	26 599
Professional services	72 365	49 533
Bank commissions	58 077	34 074
Other personnel expenses	34 978	81 136
Bonds servicing fee	30 957	46 551
Communication expenses	24 028	22 664
Business trip expenses	16 873	26 277
Transportation expenses	10 088	9 124
Low value equipment expenses	7 169	15 060
Post and courrier expenses	7 302	12 486
Other non business related expenses	16 648	37 580
Other administration expenses	54 992	64 552
TOTAL:	**3 442 176**	**2 972 170**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

8. Other operating income

	2016 EUR	2015 EUR
Income from services provided to related companies	2 175	26 748
Insurance income	730	2 793
Interest income on bank account balances	39	-
Other income	15 101	442
TOTAL:	**18 045**	**29 983**

9. Other operating expense

	2016 EUR	2015 (restated)* EUR
Expenses of disposal of fixed assets	3 493	-
Real estate tax	213	-
Losses from sale of collateral	-	16 372
Other operating expenses	690	2 886
TOTAL:	**4 396**	**19 258**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

10. Other interest receivable and similar income

	2016 EUR	2015 (restated)* EUR
Other interest income	1 222	26 951
Income from currency fluctuations	-	26
TOTAL:	**1 222**	**26 977**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

11. Corporate income tax

	2016 EUR	2015 (restated)* EUR
Current corporate income tax charge for the reporting year	151 247	405 337
Deferred corporate income tax due to changes in temporary differences	330 524	(241 704)
Corporate income tax charged to the income statement:	**481 771**	**163 633**

* Information regarding the reclassifications and corrections made in the financial statements is disclosed in note 2. Summary of significant accounting policies.

Deferred corporate income tax:

	Balance sheet		Income statement	
	31.12.2016. EUR	31.12.2015. EUR	2016 EUR	2015 EUR
Deferred corporate income tax liability				
Accelerated depreciation for tax purposes	130 753	89 536	41 217	55 686
Gross deferred tax liability	**130 753**	**89 536**	**41 217**	**55 686**
Deferred corporate income tax asset				
Unused vacation accruals	-	(12 781)	12 781	(3 068)
Impairment	(209 757)	(485 819)	276 062	(296 814)
Other	-	(464)	464	2 492
Gross deferred tax asset	**(209 757)**	**(499 064)**	**289 307**	**(297 390)**
Net deferred tax liability/ (asset)	**(79 004)**	**(409 528)**	**330 524**	**(241 704)**

Net deferred tax asset is recognized as 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.

11. Corporate income tax (continued)

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

	2016	2015 (restated)*
	EUR	EUR
Profit before tax	**3 445 270**	**1 166 289**
Tax at the applicable tax rate of 15%	**516 791**	**174 943**
Permanent differences:		
With business not related expenses	34 381	35 923
Other	(31 589)	54 101
Tax rebate on donations	(37 812)	(101 334)
Actual corporate income tax for the reporting year:	**481 771**	**163 633**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

12. Staff costs and number of employees

	2016	2015 (restated)*
	EUR	EUR
Salaries	1 592 892	1 482 043
Social security contribution expenses	361 266	350 683
Other personnel expenses	34 978	81 136
TOTAL:	**1 989 136**	**1 913 862**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

Key management personnel compensation

	2016	2015
	EUR	EUR
Board and Council Members		
Remuneration	72 893	98 159
Social security contribution expenses	17 196	23 304
TOTAL:	**90 089**	**121 463**

	2016	2015
Average number of employees during the reporting year	77	91
TOTAL:	**77**	**91**

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

	2016	2015 (restated)*
	EUR	EUR
Administrative expense	1 989 136	1 913 862
TOTAL:	**1 989 136**	**1 913 862**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

13. Intangible assets

	Advance payments for computer programs	Licences	Other intangible assets	TOTAL
	EUR	EUR	EUR	EUR
As at 01.01.2015.				
Cost	3 430	14 225	244 297	**261 952**
Accumulated amortisation and impairment	-	(5 809)	(45 877)	**(51 686)**
Carrying amount	**3 430**	**8 416**	**198 420**	**210 266**
2015				
Additions	-	14 225	535 808	**550 033**
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)**
Reclassification	29 461	-	-	**29 461**
As at 31.12.2015.				
Cost	32 891	14 225	779 085	**826 201**
Accumulated amortisation and impairment	-	(5 809)	(135 323)	**(141 132)**
Carrying amount	**32 891**	**8 416**	**643 762**	**685 069**
As at 01.01.2016.				
Cost	32 891	14 225	779 085	**826 201**
Accumulated amortisation and impairment	-	(5 809)	(135 323)	**(141 132)**
Carrying amount	**32 891**	**8 416**	**643 762**	**685 069**
2016				
Additions	-	20 716	635 803	**656 519**
Disposals	-	-	(3 509)	**(3 509)**
Depreciation of disposed assets	-	-	2 057	**2 057**
Amortisation charge	-	(17 452)	(269 732)	**(287 184)**
Reclassification	(32 891)	-	-	**(32 891)**
As at 31.12.2016.				
Cost	-	34 941	1 411 379	**1 446 320**
Accumulated amortisation and impairment	-	(23 261)	(402 998)	**(426 259)**
Carrying amount	**-**	**11 680**	**1 008 381**	**1 020 061**

14. Property, plant and equipment

	Equipment	Leashold improvements	TOTAL
	EUR	EUR	EUR
As at 01.01.2015.			
Cost	198 401	6 925	**205 326**
Accumulated depreciation and impairment	(54 609)	(2 885)	**(57 495)**
Carrying amount	**143 791**	**4 040**	**147 831**
2015			
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)**
As at 31.12.2015.			
Cost	356 270	6 925	**363 195**
Accumulated depreciation and impairment	(136 148)	(4 616)	**(140 764)**
Carrying amount	**220 122**	**2 309**	**222 431**
As at 01.01.2016.			
Cost	356 270	6 925	**363 195**
Accumulated depreciation and impairment	(136 148)	(4 616)	**(140 764)**
Carrying amount	**220 122**	**2 309**	**222 431**
2016			
Additions	100 002	-	**100 002**
Cost of disposals	(59 460)	(6 925)	**(66 385)**
Accumulated depreciation of disposals	22 747	6 924	**29 671**
Depreciation charge	(105 773)	(2 308)	**(108 081)**
As at 31.12.2016.			
Cost	396 812	-	**396 812**
Accumulated depreciation and impairment	(219 174)	-	**(219 174)**
Carrying amount	**177 638**	**-**	**177 638**

15. Finance Lease Receivables

	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments (restated)*	Present value of minimum lease payments (restated)*
	EUR	EUR	EUR	EUR
Finance lease receivables	31.12.2016.	31.12.2016.	31.12.2015.	31.12.2015.
Up to one year	17 304 115	7 898 940	17 775 019	10 079 868
Years 2 through 5 combined	33 694 087	17 305 263	27 295 125	15 539 119
More than 5 years	2 137 871	1 777 502	1 722 318	1 567 609
TOTAL, GROSS:	**53 136 072**	**26 981 705**	**46 792 462**	**27 186 596**

	31.12.2016.	31.12.2015. (restated)*
Unearned finance income	EUR	EUR
Up to one year	9 405 174	7 695 151
Years 2 through 5 combined	16 388 824	11 756 006
More than 5 years	360 369	154 709
TOTAL, GROSS:	**26 154 367**	**19 605 866**

	31.12.2016.	31.12.2015. (restated)*
Finance lease receivables	EUR	EUR
Non-current finance lease receivables	19 082 765	17 106 728
Current finance lease receivables	7 898 940	10 079 868
TOTAL, GROSS:	**26 981 705**	**27 186 596**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

Analysis by credit quality of loans outstanding is as follows:

	Corporate 31.12.2016 EUR	**Individuals 31.12.2016** EUR	**TOTAL 31.12.2016** EUR	**Corporate 31.12.2015** EUR	**Individuals 31.12.2015** EUR	**TOTAL 31.12.2015** EUR
Neither past due nor impaired						
Not overdue	-	-	**-**	-	-	**-**
Less than 30 days overdue	-	-	**-**	-	-	**-**
31 to 60 days overdue	-	-	**-**	-	-	**-**
Past due but not impaired						
Not overdue	-	-	**-**	-	-	**-**
Less than 30 days overdue	-	-	**-**	-	-	**-**
31 to 60 days overdue	-	-	**-**	-	-	**-**
Loans collectively determined to be impaired (gross)						
Not overdue	795 787	20 327 471	**21 123 258**	818 740	19 734 298	**20 553 038**
Less than 30 days overdue	70 721	3 585 465	**3 656 186**	113 084	2 595 088	**2 708 172**
31 to 60 days overdue	9 549	373 987	**383 536**	6 674	63 068	**69 742**
Terminated agreements	27 605	1 066 526	**1 094 132**	125 324	2 817 756	**2 943 080**
TOTAL, GROSS:	**903 663**	**25 353 449**	**26 257 112**	**1 063 823**	**25 210 210**	**26 274 033**

15. Finance Lease Receivables (continued)

Movement in impairment allowance	**Impairment allowance**
Impairment allowance as at 01 January 2015	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
Impairment allowance as at 01 January 2016	3 238 796
Created in period	886 854
Written-off in period	(2 727 269)
Impairment allowance as at 31 December 2016	1 398 381

	Non-Current	**Current**	**Non-Current**	**Current**
	31.12.2016.	31.12.2016.	31.12.2015.	31.12.2015.
			(restated)*	(restated)*
Finance lease receivables, net	EUR	EUR	EUR	EUR
Finance lease receivables	19 082 765	7 174 347	17 106 728	9 167 305
Accrued interest	-	724 593	-	912 563
Fees paid and received upon loan disbursment	(476 922)	(179 303)	(114 851)	(64 225)
Impairment allowance	(474 443)	(923 937)	(516 437)	(2 722 359)
	18 131 400	**6 795 700**	**16 475 440**	**7 293 284**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

Assets leased under finance leases at the end of the reporting year are estimated at 39 395 180 EUR.

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 48% in 2016 and 43% in 2015. All leases are denominated in euros. The average term of finance lease entered into is 49 months in 2016 and 41 months in 2015.

During year 2016 Company started placing lease agreement receivables on peer-to-peer lending platform based in Latvia. Agreements were offered without buy back guarantee, which means that all risks of such agreements are transferred to P2P investors. Portions of agreements purchased by investors therefore are considered as financial assets eligible for derecognition from Company balance sheet.

Total gross portfolio derecognised from Company financial assets were:		31.12.2016.	31.12.2015.
		EUR	EUR
Loan receivable		1 047 934	-
	TOTAL:	**1 047 934**	**-**

16. Loans to related companies

		31.12.2016.	31.12.2015.
		EUR	EUR
Loan receivable		120 000	-
	TOTAL:	**120 000**	**-**

This financial asset is not impaired as of 31.12.2016 (31.12.2015: 0 EUR).

17. Finished goods and goods for resale

		31.12.2016.	31.12.2015.
		EUR	EUR
Cars for sale		10 195	-
Fixed assets for sale		7 753	-
	TOTAL:	**17 948**	**-**

This financial asset is not impaired as of 31.12.2016 (31.12.2015: 0 EUR).

18. Receivables from related companies

		31.12.2016. EUR	31.12.2015. EUR
Receivables from related companies		1 718	83 172
	TOTAL:	**1 718**	**83 172**

This financial asset is not impaired as of 31.12.2016 (31.12.2015: 0 EUR).

19. Other assets held for sale

		31.12.2016. EUR	31.12.2015. (restated)* EUR
Repossessed collateral		301 075	270 488
	TOTAL:	**301 075**	**270 488**

Repossessed collateral represents non-financial assets acquired by the Company in settlement of overdue loans. The assets are initially recognized at remaining loan value less recognised impairment when acquired and included in other assets held for sale and are subsequently accounted for in accordance with the accounting policies for these categories of assets.
Repossessed collateral is recognized in balance sheet at moment of termination of finance lease contract. It is disposed from balance sheet upon sale. Profit of sale of repossessed collateral is recognized in profit&loss statement, but losses are recognized as unsecured finance lease receivables in balance sheet.

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

20. Other receivables

		31.12.2016. EUR	31.12.2015. (restated)* EUR
Overpaid corporate income tax		314 815	68 414
Overpaid VAT		408 516	284 704
Claims for debt collection commissions		12 141	-
Advances for services		4 201	8 676
Advances to employees		709	822
Other debtors		35 181	72 084
	TOTAL:	**775 563**	**434 700**

This financial asset is not impaired as of 31.12.2016 (31.12.2015: 0 EUR).

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

21. Cash and cash equivalents

		31.12.2016. EUR	31.12.2015. EUR
Cash at bank		122 557	399 695
Cash on hand		24 467	189
	TOTAL:	**147 024**	**399 884**

This financial asset is not impaired as of 31.12.2016 (31.12.2015: 0 EUR).

22. 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.

23. Liabilities for issued bonds

	Interest rate per annum (%)	*Maturity*	31.12.2016. EUR	31.12.2015. (restated)* EUR
Bonds nominal value	10	31.03.2021	20 000 000	20 000 000
Bonds available for sale			(2 310 000)	(4 889 000)
Additional bond interest accural			318 841	143 371
Bonds acquisition costs			(87 936)	(71 547)
		TOTAL:	**17 920 905**	**15 182 824**

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 17 690 000 as at 31 December 2016 (15 111 000 EUR at 31 December 2015). 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 regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

24. Loans from credit institutions

Current	*Interest rate per annum (%)*	*Maturity*	31.12.2016. EUR	31.12.2015. (restated)* EUR
Loan from bank	6,5 to 9 + 6m EURIBOR	30.06.2017.	700 000	3 539 913
Accrued interest for loan from bank			3 707	11 660
Finance lease liabilities			-	4 389
		TOTAL:	**703 707**	**3 555 962**

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 2016 were fulfilled.

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

25. Loans from non related parties

Non-current	*Interest rate per annum (%)*	*Maturity*	31.12.2016. EUR	31.12.2015. EUR
Loan from non related party	14	01.03.2017.	-	500 000
		TOTAL:	**-**	**500 000**

Current	*Interest rate per annum (%)*	*Maturity*	31.12.2016. EUR	31.12.2015. EUR
Loan from non related party	14	19.12.2016.	-	187 864
		TOTAL:	**-**	**187 864**

Loans from non related parties are secured by individual guarantee agreements.

26. Prepayments received from customers

		31.12.2016. EUR	31.12.2015. (restated)* EUR
Advances received from current customers**		198 244	198 369
Overpayments from historical customers		24 631	-
	TOTAL:	**222 875**	**198 369**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

** - Advances received from customers are recorded in balance sheet and settled against finance lease receivables at the moment of issuing next monthly invoice according to agreement schedule.

27. Payables to related companies

		31.12.2016. EUR	31.12.2015. EUR
Other payables to related companies		-	369 744
	TOTAL:	**-**	**369 744**

28. Taxes payable

		31.12.2016. EUR	31.12.2015. (restated)* EUR
Social security contributions		49 172	50 304
Personal income tax		19 761	22 363
Car tax		-	554
Risk duty		25	22
	TOTAL:	**68 958**	**73 243**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

29. Other liabilities

	31.12.2016.	31.12.2015. (restated)*
	EUR	EUR
Liabalities against employees for salaries	93 421	98 769
Others liabilities	3 521	7 582
TOTAL:	**96 942**	**106 351**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

30. Accrued liabilities

	31.12.2016.	31.12.2015. (restated)*
	EUR	EUR
Accruals for bonuses	126 139	65 155
Accrued unused vacation	96 350	85 209
Other accrued liabilities for received services	52 755	42 710
TOTAL:	**275 244**	**193 074**

* Information regarding the reclassifications and corrections made in the unaudited financial statements is disclosed in note 2. Summary of significant accounting policies.

31. 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.

All transactions between related parties are performed according to cost based principle. Receivables and payables incurred are not secured with any kind of pledge.

As from 1 July 2014 the Company is controlled by Mogo Finance S.A. (registered in Luxembourg) which owns 98% equity and is the direct controlling and ultimate controlling party.

The income and expense items with related parties for 2016 were as follows:

Related party	Parent company	Related parties
	EUR	EUR
Interest income	-	22 566
Dividend expense	514 500	-
Bonds coupon expenses	228 383	-
Other operating income	378	72 937
Other operating expenses	-	8 082

	31.12.2016.	31.12.2015.
	EUR	EUR
Amounts owed by related parties	3 686 718	3 369 172
Amounts owed to related parties	-	369 744

32. Commitments and contingencies

Commitments under operating leases

The Company as a lessee has entered into property lease agreements. As at 31 December 2016 and 31 December 2015, the future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	31.12.2016.	31.12.2015.
	EUR	EUR
Less than one year	157 549	211 350
Between one and five years	623 749	785 380
More than five years	622 267	540 131
TOTAL:	**1 403 565**	**1 536 861**

33. Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

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 24). 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 23, 24 and 25 and the average interest rate receivable from finance lease receivables is disclosed in Note 15.

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.

		Contractual cash flows				
	Carrying value	**On demand**	**Up to 1 year**	**1-5 years**	**More than 5 years**	**Total**
As at 31.12.2016.	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Assets						
Cash in bank	147 024	147 024				**147 024**
Finance lease receivables	24 927 100		17 304 115	33 694 087	2 137 871	**53 136 072**
Total undiscounted financial assets	25 074 124	147 024	17 304 115	33 694 087	2 137 871	**53 283 096**
Liabilities						
Borrowings	(703 707)	-	(703 707)	-	-	**(703 707)**
Bonds	(17 920 905)	-	(1 751 448)	(21 300 999)	-	**(23 052 447)**
Current liabilities	(646 979)	-	(804 528)	(623 749)	(622 267)	**(2 050 544)**
Total undiscounted financial liabilities	(19 271 591)	-	(3 259 683)	(21 924 748)	(622 267)	**(25 806 699)**
Net undiscounted financial assets / (liabilities)	5 802 533	147 024	14 044 432	11 769 339	1 515 603	**27 476 398**

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.

34. Fair value of financial assets and liabilities

Fair value of financial instruments is the amount, for which the asset can be sold or liability settled between two unrelated, independent parties based on generally accepted terms and conditions. The most reliable evidence of fair value is a quoted price in an active market. Active market is market in which there are frequent and large volumes of transactions, that provides with reliable information about quoted prices on a constant basis. The Company discloses information on fair values of assets and liabilities in such a way as to enable its comparison with book values.

When determining fair values of assets and liabilities, the Company is using various sources of fair value, which are grouped into three categories based of following hierarchy:
Category 1 – quoted market prices in an active market;
Category 2 – models to determine fair value using data directly observable in the market;
Category 3 – other methods for determining fair value using data, which is not directly observable in the market.

Instruments within Category 1 include highly liquid assets and standard derivative financial instruments traded on the stock exchange.

Fair value for such financial instruments as Financial assets at fair value through profit and loss is mainly determined based on publicly available quoted prices (bid price, obtainable from Bloomberg system).

Instruments within Category 2 include assets, for which no active market exists, such as over the counter derivative financial instruments that are traded outside the stock exchange, bonds, as well as balances on demand with the Bank of Latvia, balances due from banks and other financial liabilities. Bonds fair value is observable in NASDAQ OMX Baltic public information. Fair value of bank loans is based on effective interest rate which represents current market rate to similar companies. The management recognizes that cash and cash equivalents' fair value is the same as their carrying value therefore the risk of fair value change is insignificant.

Instruments within Category 3 include available for sale financial assets, loans and receivables.

Fair value of finance lease and loan receivables is equal to the carrying value, which is present value of minimum lease and loan payments discounted using effective agreement interest rate and adjusted for impairment allowance.

Fair value of current and non-current borrowings is based on cash flows discounted using effective agreement interest rate which represents current market rate. Company's management believes that interest rates applicable to loan portfolio and borrowings are in line with current market interest rates for companies similar to JSC mogo.

The management recognizes that if a fair value of such assets/liabilities would be assessed as an amount at which an asset could be exchanged or liability settled on an arm's length basis with knowledgeable third parties, the fair values obtained of the respective assets and liabilities would not be materially different.

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Company's statement of financial position at their fair value:

	Carrying value 31.12.2016. EUR	**Fair value 31.12.2016. EUR**	**Carrying value 31.12.2015. EUR**	**Fair value 31.12.2015. EUR**
Assets				
Finance lease receivables non-current	18 131 400	18 131 400	16 475 440	16 475 440
Loans to related companies	120 000	120 000	-	-
Finance lease receivables current	6 795 700	6 795 700	7 293 284	7 293 284
Loans to non related parties	2 056	2 056	2 977	2 977
Receivables from related companies	1 718	1 718	83 172	83 172
Other receivables	775 563	775 563	434 700	434 700
Cash and cash equivalents	147 024	147 024	399 884	399 884
Total assets	**25 973 461**	**25 973 461**	**24 689 457**	**24 689 457**
Liabilities				
Liabilities for issued bonds	17 920 905	17 920 905	15 182 824	15 182 824
Payables to related companies	-	-	369 744	369 744
Loans from non related parties	-	-	687 864	687 864
Loans from credit institutions	703 707	703 707	3 555 962	3 555 962
Trade payables	79 902	79 902	103 787	103 787
Other liabilities	96 942	96 942	106 351	106 351
Accrued liabilities	275 244	275 244	193 074	193 074
Total liabilities	**19 076 700**	**19 076 700**	**20 199 606**	**20 199 606**

34. Fair value of financial assets and liabilities (continued)

The table below specified analysis by fair value categories as at 31 December 2016 (based on their carrying amounts):

As at 31 December 2016	**Category 1 31.12.2016.**	**Category 2 31.12.2016.**	**Category 3 31.12.2016.**	**Category 1 31.12.2015.**	**Category 2 31.12.2015.**	**Category 3 31.12.2015.**
Assets at fair value	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Finance lease receivables non-current	-	-	18 131 400	-	-	16 475 440
Loans to related companies	-	-	120 000	-	-	-
Finance lease receivables current	-	-	6 795 700	-	-	7 293 284
Loans to non related parties	-	-	2 056	-	-	2 977
Receivables from related companies	-	-	1 718	-	-	83 172
Other receivables	-	-	775 563	-	-	434 700
Cash and cash equivalents	-	147 024	-	-	399 884	-
Total assets at fair value	**-**	**147 024**	**25 826 437**	**-**	**399 884**	**24 289 573**
Liabilities at fair value						
Liabilities for issued bonds	-	17 920 905	-	-	15 182 824	-
Payables to related companies non-current	-	-	-	-	-	369 744
Loans from non related parties	-	-	-	-	-	687 864
Loans from credit institutions	-	703 707	-	-	3 555 962	-
Trade payables	-	-	79 902	-	-	103 787
Other liabilities	-	-	96 942	-	-	106 351
Accrued liabilities	-	-	275 244	-	-	193 074
Total liabilities at fair value	**-**	**18 624 612**	**452 088**	**-**	**18 738 786**	**1 460 820**

35. Compliance with covenants

Company is subject to certain covenants relating to its borrowings. Non-compliance with such covenants may result in negative consequences for the Company including growth in the cost of borrowings and declaration of default. Management believes that the Company was in compliance with covenants at 31 December 2016.

36. Management of Capital

The Company's objectives when managing capital are (i) to comply with the capital requirements set by local regulators where applicable and (ii) to safeguard the Company's ability to continue as a going concern. The Company considers total capital under management to be equity as shown in the statement of financial position. The amount of capital that the Company managed as of 31 December 2016 was 8 321 447 EUR (2015: 5 882 948 EUR). Management reviews its capital position on a regular basis to maintain sufficient funds in order to support the medium- and long-term strategic goals of the Company. The Company has complied with all externally imposed capital requirements throughout 2016 and 2015.

37. Events after balance sheet date

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