

JOINT STOCK COMPANY „mogo”

(UNIFIED REGISTRATION NUMBER 50103541751)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015**

(4. Financial year)

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

Riga, 2015

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General information

Name of the company	mogo
Legal status of the company	Joint Stock Company
Unified registration number, place and date of registration	50103541751 Latvia, Riga, 3 May 2012
Registered office	15A Matrozu, Riga, LV-1048, Latvia
Shareholder	Mogo Finance S.A. (100%) 2-4, street Eugene Ruppert,L-2453 Luxembourg
Board Members	Aleksandrs Cernagins, Chairman of the Board from 17 July 2015 Jekabs Endzins, Chairman of the Board from 7 September 2012 till 17 July 2015 Marcis Grinis, Member of the Board from 25 September 2012 till 17 July 2015 Girts Ledins, Member of the Board from 13 October 2014 till 5 February 2015
Council Members	Ramona Miglāne from 5 August 2014 Uldis Judinskis from 5 August 2014 Ieva Judinska-Bandeniece from 5 August 2014 Martins Bandeniēks from 24 October 2014
Financial period	1 January – 30 June 2015
Previous financial reporting period	1 January – 31 December 2014

Management report

Overview

JSC mogo (hereinafter – the Company) is a market leading sale and leaseback and finance lease solutions Company. 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 sale 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.

Objective of the Company is to offer its customers easily available, convenient and affordable sale and leaseback and finance lease solutions. In order to reach this objective the Company offers to its customers various solutions adjusted to their needs, as well as high level 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 sale and 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

The first 6 months of 2015 was a period of very rapid growth for the Company. Turnover amounted to EUR 4.4 million, EBITDA reached EUR 1.4 million and net profit was EUR 0.31 million. At the end of June 2015 gross value of the lease portfolio reached EUR 25.8 million. Compared to the end of December 2014, the portfolio has grown by 15%. The Company's management, board and shareholders have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The results after the first 6 months of the year have proven that the Company's services are favored among the customers. The Company has lowered its interest rates as well as increased the number of employees, all geared towards very rapid growth of its market share. As a result the Company's net profit increase was lower than initially forecasted.

During the first half of 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 is planning to continue the expansion and open even more customer service centers in other regions of Latvia.

The first 6 months of 2015 were successful also in terms of cooperation with the car dealerships. Contracts on commencement of cooperation were concluded with 40 new partners, and thus towards the end of June 2015 number of partners within the cooperation network exceeded 210 in Latvia. This network has significantly contributed to the growth of the vehicle finance lease volume. For the establishment of tighter 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 conduct of joint marketing campaigns.

During the first half of 2015, the Company continued implementation of various marketing activities on TV, radio and internet advertisements and outdoor ads thus helping promote recognisability of the brand and to strengthen the Company's positions in terms of brand recognition (*top of mind* brand) in the sale and 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 16 and events after statement of financial date are described in note 19 to these interim condensed unaudited financial statements.

Aleksandrs Cernagins
Chairman of the Board

Riga, 31 August 2015

Statement of Management Responsibility

JSC „mogo” management is responsible for preparation of the unaudited interim condensed 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 and give a true and fair view of the Company's assets, liabilities, financial position as at 30 June 2015, results of operations and cash flows for the six month period ended 30 June 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 precaution principle as well as the going concern assumption.

Management of the Company confirms it's responsibility for providing proper accounting provisioning, as well as asset monitoring, control and conservation policies. The Company's management is responsible for detection and prevention of the error, inaccuracy and / or fraud. The Company's management is responsible for the Company's activities to be carried out in compliance with the legislation of the Republic of Latvia.

The management report includes a fair view of the development of the Company's business and results of operation.

Aleksandrs Cernagins
Chairman of the Board

Riga, 31 August 2015

Interim Condensed Statement of Profit or Loss and other Comprehensive Income

	Note	01.01.2015.- 30.06.2015. EUR	01.01.2014.- 30.06.2014. EUR
Interest and similar income		4 439 403	2 202 633
Interest expense		(968 425)	(574 808)
Impairment		(1 213 557)	(169 290)
Net profit		2 257 421	1 458 535
Selling expense		(292 197)	(385 886)
Administrative expense		(1 411 032)	(772 756)
Other operating income		86 893	56 420
Other operating expense		(232 011)	(76 457)
Other interest receivable and similar income		26 771	5 375
Interest payable and similar expense		-	(19)
Profit before Income tax		435 845	285 212
Corporate Income tax	4	(184 541)	(126 351)
Deferred Income tax	4	63 584	17 743
Profit for the period		314 888	176 604
Other comprehensive income		-	-
Total comprehensive profit for the period		314 888	176 604

The accompanying notes on pages 11 to 23 are an integral part of these interim condensed unaudited financial statements.

Aleksandrs Cernagins
Chairman of the Board

Riga, 31 August 2015

Interim Condensed Statement of Financial Position

ASSETS

	Note	30.06.2015. EUR	31.12.2014. EUR
NON-CURRENT ASSETS			
Intangible Assets	5	376 315	210 266
Fixed Assets	6	199 755	147 831
Other Non-Current Assets	8	-	530 000
Deferred Tax Asset	4	231 379	167 795
Non-current Net Finance Lease Receivables	7	20 665 253	15 986 420
TOTAL NON-CURRENT ASSETS		21 472 702	17 042 312
CURRENT ASSETS			
Current Net Finance Lease Receivables	7	3 421 394	5 249 676
Inventory		16 236	60 255
Related Party Receivables		765 133	115 913
Other Receivables		57 777	68 179
Deferred expense		275 395	248 870
Other Current Investments	9	600 000	4 483 000
Cash and Cash Equivalents	10	338 616	768 619
TOTAL CURRENT ASSETS		5 474 551	10 994 512
TOTAL ASSETS		26 947 253	28 036 824

EQUITY AND LIABILITIES

EQUITY			
Share Capital	11	5 000 000	5 000 000
Retained Earnings / (Accumulated Loss)		62 855	(475 340)
Profit for the Period		314 888	538 195
TOTAL EQUITY		5 377 743	5 062 855
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	12	20 512 130	19 562 000
TOTAL NON-CURRENT LIABILITIES		20 512 130	19 562 000
CURRENT LIABILITIES			
Borrowings	12	198 751	2 381 801
Trade Liabilities		75 055	82 945
Liabilities to Related Parties		-	2 303
Current Tax Liabilities		122 956	405 459
Deferred Revenue		416 875	348 733
Other Liabilities	13	243 743	190 728
TOTAL CURRENT LIABILITIES		1 057 380	3 411 969
TOTAL EQUITY AND LIABILITIES		26 947 253	28 036 824

The accompanying notes on pages 11 to 23 are an integral part of these interim condensed unaudited financial statements.

Aleksandrs Cernagins
Chairman of the Board

Riga, 31 August 2015

Interim Condensed Statement of Cash Flows

	Note	01.01.2015. - 30.06.2015. EUR	01.01.2014. - 30.06.2014. EUR
Cash flows from operating activities			
Profit before tax		435 845	285 212
Adjustments for:			
Amortisation and depreciation		74 734	38 296
Carrying value of disposed equipment		798	128
Vacation pay reserve		49 655	14 876
Interest income		(26 743)	(5 375)
Impairment		453 109	169 290
Interest expense		968 425	574 808
Operating profit or loss before working capital changes		1 955 823	1 077 235
Increase in receivables		(3 458 829)	(7 994 195)
Increase in inventories		44 019	-
Increase in payables		100 491	70 566
Cash generated from operations		(1 358 496)	(6 846 394)
Corporate Income tax paid		(482 516)	(57 894)
Net cash flows to operating activities		(1 841 012)	(6 904 288)
Cash flows to investing activities			
Purchase of equipment and intangible assets		(272 596)	(105 594)
Investments in subsidiaries		-	(96)
Loans issued		-	(1 396 500)
Loan repayments received		1 083	510 000
Interest received		-	1 081
Net cash flows to investing activities		(271 513)	(991 109)
Cash flows from financing activities			
Proceeds from borrowings and issue of bonds		9 810 280	19 117 823
Sale of bonds		3 883 000	-
Repayment of borrowings		(11 055 849)	(10 029 950)
Interest paid		(954 909)	(631 209)
Net cash flows from financing activities		1 682 522	8 456 664
Change in cash		(430 003)	561 267
Cash at the beginning of the period		768 619	306 097
Cash at the end of the period	10	338 616	867 364

The accompanying notes on pages 11 to 23 are an integral part of these interim condensed unaudited financial statements.

Aleksandrs Cernagins
Chairman of the Board

Riga, 31 August 2015

Interim Condensed Statement of Changes in Equity

	Share Capital EUR	Retained Earnings / (Accumulated Loss) EUR	Total EUR
Balance as at 31 December 2012	426 862	(185 932)	240 930
Loss for the year	-	(289 408)	(289 408)
Balance as at 31 December 2013	426 862	(475 340)	(48 478)
Increase in share capital	4 573 138	-	4 573 138
Profit for the year	-	538 195	538 195
Balance as at 31 December 2014	5 000 000	62 855	5 062 855
Profit for the period	-	314 888	314 888
Balance as at 30 June 2015	5 000 000	377 743	5 377 743

The accompanying notes on pages 11 to 23 are an integral part of these interim condensed unaudited financial statements.

Aleksandrs Cernagins
Chairman of the Board

Riga, 31 August 2015

Notes to the Interim Condensed 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 Matrozu, LV-1048, Riga, 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 judgements, estimates and assumptions

The Company's interim condensed unaudited financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the interim condensed unaudited financial statements. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and 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.

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.

2. Significant accounting judgements, estimates and assumptions (cont'd)

Impairment allowance (cont'd)

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.

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim condensed unaudited financial statements continue to be prepared on the going concern basis.

The going concern is disclosed in more detail in Note 18.

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 or 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 interim condensed unaudited financial statements of JSC mogo for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed unaudited financial statements do not include all the information and disclosures required in the annual unaudited financial statements, and should be read in conjunction with the unaudited financial statements for the period ended 31 December 2014, which have been prepared in accordance with IFRS.

Data for the comparable interim periods of the immediately preceding financial year for the condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity cover the period from 1 January 2014 to 30 June 2014.

The interim condensed 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 of 1 January 2015 through 30 June 2015. Accounting policies and methods are consistent to those applied in previous years.

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 years

3. Summary of significant accounting policies (cont'd)

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 (see Note 2).

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 all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

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.

3. Summary of significant accounting policies (cont'd)

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.

Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- 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 - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015);
- IFRIC 21 "Levies" adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards has not led to any changes in the Entity's accounting policies.

3. Summary of significant accounting policies (cont'd)

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these interim condensed unaudited financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- 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 - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015);
- Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015).

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at 30 June 2015 (the effective dates stated below is for IFRS in full):

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018),
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016),
- IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2017),
- 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),
- 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),
- 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 1 “Presentation of Financial Statements” - Disclosure Initiative (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 Amortization (effective for annual periods beginning on or after 1 January 2016),
- 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),
- 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 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 Company anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the unaudited financial statements of the Company in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principals have not been adopted by the EU, is still unregulated.

According to the Company’s estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement”, would not impact the unaudited financial statements, if applied as at the balance sheet date.

4. Corporate Income Tax

	01.01.2015. – 30.06.2015. EUR	01.01.2014. – 30.06.2014. EUR
Current Corporate Income tax charge for the reporting period	184 541	126 351
Deferred Corporate Income tax due to temporary differences	(63 584)	(17 743)
CIT charged to the statement of profit or loss and other comprehensive income:	120 957	108 608

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive Income	
	30.06.2015. EUR	31.12.2014. EUR	01.01.2015. – 30.06.2015. EUR	01.01.2014. – 30.06.2014. EUR
Deferred Corporate Income tax liabilities				
Accelerated tax depreciation	42 753	34 204	(8 549)	(11 116)
Gross Deferred Corporate Income tax liabilities	42 753	34 204	(8 549)	(11 116)
Deferred Corporate Income tax asset				
Vacation pay reserve	15 720	9 713	6 007	2 231
Impairment allowance	256 970	189 330	67 640	7 325
Other	1 442	2 956	(1 514)	1 235
Gross Deferred Corporate Income tax asset	274 132	201 999	72 133	10 791
Net Deferred Corporate Income tax asset	231 379	167 795	63 584	(325)

Actual Corporate Income tax charge, if compared with theoretical calculations:

	01.01.2015. – 30.06.2015. EUR	01.01.2014. – 30.06.2014. EUR
Profit before tax	435 845	285 212
Tax at the applicable tax rate of 15%	65 377	42 782
Tax effect of permanent differences	62 858	92 730
Donation relief	(7 278)	(26 904)
Actual Corporate Income tax for the reporting period:	120 957	108 608

5. Intangible Assets

	License EUR	Other intangible assets EUR	Advances for intangible assets EUR	Total EUR
Carrying amount as at 31 December 2014	8 298	198 538	3 430	210 266
Additions	-	184 046	204 955	389 001
Reclassification	-	-	(184 046)	(184 046)
Amortization charge	(7 113)	(31 793)	-	(38 906)
Carrying amount as at 30 June 2015	1 185	350 791	24 339	376 315

6. Fixed Assets

	Leasehold improvements EUR	Equipment EUR	Total EUR
Carrying amount as at 31 December 2014	4 040	143 791	147 831
Additions	-	88 550	88 550
Carrying amount of disposed fixed assets	-	(799)	(799)
Depreciation charge	(866)	(34 961)	(35 827)
Carrying amount as at 30 June 2015	3 174	196 581	199 755

7. Finance Lease Receivables

	Minimum lease payments 30.06.2015. EUR	Present value of minimum lease payments 30.06.2015. EUR	Minimum lease payments 31.12.2014. EUR	Present value of minimum lease payments 31.12.2014. EUR
Finance lease receivables				
Up to one year	11 244 771	3 851 049	12 467 831	6 004 007
Years 2 through 5 combined	28 879 807	16 973 936	29 589 734	15 955 011
More than 5 years	5 189 413	4 974 801	662 497	537 108
TOTAL GROSS:	45 313 991	25 799 786	42 720 062	22 496 126
	30.06.2015. EUR	31.12.2014 EUR		
Unearned finance income				
Up to one year	7 393 722	6 463 824		
Years 2 through 5 combined	11 905 871	13 634 723		
More than 5 years	214 612	125 389		
TOTAL, GROSS:	19 514 205	20 223 936		
	30.06.2015. EUR	31.12.2014 EUR		
Finance lease receivables				
Non-current finance lease receivables	21 948 737	16 492 119		
Current finance lease receivables	3 851 049	6 004 007		
TOTAL, GROSS	25 799 786	22 496 126		

7. Finance Lease Receivables (cont'd)

	Impairment allowance EUR
Movement in impairment allowance	
Impairment allowance as at 31 December 2013	217 707
Created in period until 30 June 2014	169 290
Impairment allowance as at 30 June 2014	386 996
Created in period from 30 June 2014 until 31 December 2014	875 205
Written-off in period from 30 June 2014 until 31 December 2014	(2 172)
Impairment allowance as at 31 December 2014	1 260 030
Created in period until 30 June 2015	453 109
Impairment allowance as at 30 June 2015	1 713 139

Finance lease receivables and trade receivables are stated net of impairment allowance.

	Non-Current EUR	Current EUR	Non-Current EUR	Current EUR
	30.06.2015.	30.06.2015.	31.12.2014.	31.12.2014.
Finance lease receivables, net				
Finance lease receivables	21 948 737	3 851 049	16 492 119	6 004 007
Impairment allowance	(1 283 484)	(429 655)	(505 699)	(754 331)
KOPĀ:	20 665 253	3 421 394	15 986 420	5 249 676

Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at EUR 37 019 174.

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 40% per annum.

All leases are denominated in euros. The average term of finance lease entered into is 50 months.

Ageing of overdue finance lease receivables:	30.06.2015. EUR	31.12.2014. EUR
1-30 days	2 007 688	1 856 404
31-60 days	735 329	612 340
61-90 days	24 447	391 681
90 + days	-	1 201 003
TOTAL:	2 767 464	4 061 428

8. Other Non-current Financial Assets

	30.06.2015. EUR	31.12.2014. EUR
Loan to a related party	-	530 000

A long term loan to a related party for EUR 530 000 at 10% interest rate per annum and maturity at 15 May 2016. As at 30 June 2015 the loan was classified as current.

9. Other securities and investments

	30.06.2015. EUR	31.12.2014. EUR
Bonds held for sale*	<u>600 000</u>	<u>4 483 000</u>

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

10. Cash and Cash Equivalents

	30.06.2015. EUR	31.12.2014. EUR
Cash at bank	<u>338 616</u>	<u>768 619</u>

11. The Share Capital

The share capital of the Company as at 31 December 2014 is EUR 5 000 000 and it consists of 5 000 000 shares. The par value of each share is 1 EUR. All shares are fully paid.

The share capital of the Company as at 30 June 2015 is EUR 5 000 000 and it consists of 5 000 000 shares. The par value of each share is 1 EUR. All shares are fully paid.

12. Borrowings

Borrowings as at 30 June 2015

Non-current:	<i>Interest rate per annum (%)</i>	<i>Maturity</i>	30.06.2015. EUR
Bonds	10	31.03.2021	20 000 000
Loan from a non-related party	14	01.03.2017	100 000
Loan from a non-related party	14	01.04.2017	100 000
Loan from a non-related party	14	01.05.2017	100 000
Loan from a non-related party	14	01.06.2017	100 000
Loan from a non-related party	14	01.07.2017	100 000
Finance lease	4 + 6m EURIBOR	-	12 130
		TOTAL non-current borrowings:	<u>20 512 130</u>
Current:	<i>Interest rate per annum (%)</i>	<i>Maturity</i>	30.06.2015. EUR
Loan from a non-related party	10	19.12.2015	179 562
Finance lease	4 + 6m EURIBOR	-	4 301
Interest accrued on borrowings from bank	-	-	14 888
		TOTAL current borrowings:	<u>198 751</u>

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 2014 were fulfilled.

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 19 400 000 as at 30 June 2015. 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.

12. Borrowings (cont'd)**Borrowings as at 31 December 2014**

Non-current:	<i>Interest rate per annum (%)</i>	<i>Maturity</i>	31.12.2014. EUR
Bonds	10	31.03.2021	19 062 000
Loan from a non-related party	14	01.03.2017	100 000
Loan from a non-related party	14	01.04.2017	100 000
Loan from a non-related party	14	01.05.2017	100 000
Loan from a non-related party	14	01.06.2017	100 000
Loan from a non-related party	14	01.07.2017	100 000
TOTAL non-current borrowings:			19 562 000
Current:	<i>Interest rate per annum (%)</i>	<i>Maturity</i>	31.12.2014. EUR
Loan from a non-related party	10	19.12.2015	171 753
Loan from a Bank	7,2 + 6m EURIBOR	31.12.2015	2 200 000
Interest accrued on borrowings from non-related parties	-	-	10 048
KOPĀ current borrowings:			2 381 801

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 2014 were fulfilled.

13. Other Liabilities

	30.06.2015. EUR	31.12.2014. EUR
Vacation pay reserve	104 797	64 756
Accounts payable to employees	88 321	66 341
Other	50 625	59 631
KOPĀ:	243 743	190 728

14. Related party disclosures

Related parties are defined as subsidiaries and other related parties 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 as		Sales to related parties EUR	Purchases from related parties EUR	Sale of bonds EUR	Amounts owed by related parties EUR	Amounts owed to related parties EUR
Entities with significant influence over the Company:						
Parent company	6 months 2015	74 814	-	4 125 000	593 515	-
Other related companies	6 months 2015	253 577	1 298	-	171 618	-
TOTAL:		328 391	1 298	4 125 000	765 133	-

14. Related party disclosures (cont'd)

Related party as		Sales to related parties EUR	Purchases from related parties EUR	Amounts owed by related parties EUR	Amounts owed to related parties EUR
Entities with significant influence over the Company:					
Major shareholders	6 months 2014	1 210	2 705	-	-
Other related companies	6 months 2014	13 185	2 083	897 776	1 185
	TOTAL:	14 395	4 788	897 776	1 185

15. Commitments and contingencies

Capital commitments at 30 June 2015 amount to EUR 2 000, which are for signed finance lease agreements where money has not yet been transferred.

16. Financial risk management

The Company's principal financial instruments comprise bond issues, borrowings from related and non-related parties, 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.

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 12). 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 12 and the average interest rate receivable from finance lease receivables is disclosed in Note 7.

Liquidity risk

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

16. Financial risk management (cont'd)**Financial risks (cont'd)****Liquidity risk (cont'd)**

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.

As at 30 June 2015	Carrying value EUR	On demand	Contractual cash flows, EUR			Total
			Up to 1 year	1-5 years	More than 5 years	
Assets						
Cash at bank	338 616	338 616	-	-	-	338 616
Other short-term financial receivables	600 000	-	600 000	-	-	600 000
Finance lease receivables	24 086 647	-	11 244 771	28 879 807	5 189 413	45 313 991
Total undiscounted financial assets	25 025 263	338 616	11 844 771	28 879 807	5 189 413	46 252 607
Liabilities						
Borrowings	(20 710 881)	-	(1 056 206)	(3 869 619)	(20 500 069)	(25 425 894)
Current liabilities	(858 629)	-	(858 629)	-	-	(858 629)
Total undiscounted financial liabilities	(21 569 510)	-	(1 914 835)	(3 869 619)	(20 500 069)	(26 284 523)
Net undiscounted financial assets / (liabilities)	3 455 753	338 616	9 929 936	25 010 188	(15 310 656)	19 968 084

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.

17. Fair value of financial assets and liabilities not measured at fair value

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:

As at 30 June 2015	Carrying value, EUR	Fair value, EUR
Financial assets		
Other current financial assets	600 000	600 000
Finance lease receivables – non current	20 665 253	20 665 253
Finance lease receivables – current	3 421 394	3 421 394
Total assets	24 686 647	24 686 647
Financial liabilities		
Borrowings – non current	20 512 130	20 512 130
Borrowings – current	198 751	198 751
Total liabilities	20 710 881	20 710 881

The fair value of finance lease receivables is equal to the carrying value, which is present value of minimum lease payments discounted using effective agreement interest rate and adjusted for impairment allowance, which is attributed to non-current part, and current part.

The fair value of current and non-current borrowings is based on cash flows discounted using effective agreement interest rate which represents current market rate.

Due to no active market for such assets/liabilities, fair value calculation for financial assets and liabilities has not been performed, instead carrying amounts are presented in table above as fair value. 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 might be materially different.

18. Going concern

The Company closed the reporting period with a profit of 314 888 EUR. As at 30 June 2015, the Company's current assets exceeded its current liabilities by 4 417 171 EUR. As at 30 June 2015 the Company had cash in amount of 338 616 EUR and an unused bank loan facility for 6.5 million EUR. The Company's management believes that the loan facilities and profitable operations in the recent months will be sufficient to ensure adequate financing for the Company to continue operating as a going concern.

19. Events after statement of financial position date

There have been no other significant events after the statement of financial position date which requires a disclosure in the unaudited interim condensed financial statements.