SIA "ExpressCredit"

Annual accounts for the year ended 31 December 2015 and Consolidated Annual accounts for the year ended 31 December 2015

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

Translation from Latvian

TABLE OF CONTENTS

Information on the Company

Name of the Company	ExpressCredit SIA
Legal status of the Company	Limited liability company
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Operations as classified by NACE classification code system	NACE2 64.92 Other credit granting
Address	Raunas street 44 k-1, Riga, LV-1039 Latvia
Names and addresses of shareholders (from 30.10.2013)	Lombards 24.lv, SIA (till 05.05.2015. Express Holdings, SIA) (51.00% - till 18.06.2015, 67.55% from 18.06.2015 till 23.12.2015, 65.86% from 23.12.2015), Raunas street 44k-1, Riga, Latvia AE Consulting, SIA (24.50% till 18.06.2015, 32.45% - from 18.06.2015 – 23.12.2015, 31.64% - from 23.12.2015), Posma street 2, Riga, Latvia Ebility, SIA (24.50% - till 18.06.2015), Slokas street 77 - 1A, Riga, Latvia Private individuals (2.5% - from 23.12.2015)
Names and positions of Board members	Agris Evertovskis - Chairman of the Board Kristaps Bergmanis - Member of the Board Didzis Admidins - Member of the Board Edgars Bilinskis - Member of the Board (till 16.06.2015)
Names and positions of Council members	Ieva Judinska-Bandeniece – Chairperson of the Council Uldis Judinskis - Deputy Chairman of the Council Ramona Tiltina - Member of the Council
Financial year	1 January - 31 December 2015
Name and address of the auditor	SIA Potapoviča un Andersone Certified Auditors' Company Licence Nr. 99 Ūdens Street 12-45, Riga, LV-1007 Latvia Responsible Certified Auditor Kristīne Potapoviča Certificate No. 99

Information on the Subsidiaries

Subsidiary	**SIA ExpressInkasso** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	22.10.2010
Number, place and date of registration of the subsidiary	40103211998; Riga, 27 January 2009
Address of the subsidiary	Raunas Street 44 k-1; Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	66.1 Financial support services except insurance and pension accrual
Subsidiary	**SIA Banknote** (till 30.04.2015 – SIA Rīgas pilsētas lombards) (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	23.02.2015
Number, place and date of registration of the subsidiary	40003040217, Riga, 06 December 1991
Address of the subsidiary	Raunas Street 44 k-1; Riga, LV 1039, Latvia (till 30.04.2015 – Kalēju street 18/20, Riga)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	**SIA EC Investments** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	06.11.2015
Number, place and date of registration of the subsidiary	40103944745, Riga, 06 November 2015
Address of the subsidiary	Raunas Street 44 k-1; Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.20 Activities of holding companies
Subsidiary	**SIA EC Finance** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	01.12.2015
Number, place and date of registration of the subsidiary	40103950614, Riga, 01 December 2015
Address of the subsidiary	Raunas Street 44 k-1; Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.20 Activities of holding companies

Statement of management`s responsibility

The management of SIA „ExpressCredit" group is responsible for the preparation of the consolidated financial statements.

Based on the information available to the Board of the parent company of the Group, the financial statements are prepared on the basis of the relevant primary documents and statements in accordance with International Financial Reporting Standards as adopted by the European Union and present a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2015 and its profit and cash flows for 2015.

The management of the parent company confirms that the accounting policies and management estimates have been applied consistently and appropriately. The management of the parent company confirms that the consolidated financial statements have been prepared on the basis of the principles of prudence and going concern.

The management of the parent company confirms that is responsible for maintaining proper accounting records and for monitoring, controlling and safeguarding the Group's assets. The management of the parent company is responsible for detecting and preventing errors, irregularities and/or deliberate data manipulation. The management of the parent company is responsible for ensuring that the Group operates in compliance with the laws of the Republic of Latvia.

The management report presents fairly the Group's business development and operational performance.

Agris Evertovskis Chairman of the Board	Kristaps Bergmanis Member of the Board	Didzis Ādmīdiņš Member of the Board

Riga, 29. April, 2016

Management report

Operations of the Group's parent company and Group during the reporting year have been successful. Total revenues of the Group's parent company and Group for the fiscal year increased respectively by 6.9 % and 10.7% and amounts to EUR 17.3 million for Group's parent company and EUR 18.2 million for the Group.

2015 income structure is as follows: regular lending against pledges (pledge secured loans and sale of pledged assets subsequent to loan repayment default) – 49% (2014: 46%), non-secured loans – 51% (2014: 54%) and other income – 1% (2014: 1%). As to the profitability of operational segments, then regular lending against pledges represents 73% of profit (2014: 75%), non-secured loans – 29% (2014: 33%), other income – 2% (2014: 8%).

Due to implementation of the chosen business strategy, the following financial ratios were achieved in 2015:

Position	EUR	Increase / (decrease) %
Net loan portfolio, the Group's parent company	6.2	5.1
Net loan portfolio, the Group	6.5	3.2
Assets, the Group's parent company	11.2	3.7
Assets, Group	10.7	2.1
Net profit, the Group's parent company	1.3	4.8
Net profit, Group	1.5	7.9

During the 2015, on 12 February 2015 the Parent company and the Riga City Council has signed a contract on purchase of 569 148 (100%) shares of SIA "Banknote" (till 30.04.2015 SIA "Rigas pilsētas lombards") which was auctioned by the former owner. The purchase price of 880 000 euro was fully paid on 18 February 2015. On 23 February 2015 the transaction was registered in the Companies' Register. During the year the regular lending against pledges operations of SIA "Banknote" were transferred to SIA "ExpressCredit".

In 2015 the parent company registered two new subsidiaries with 100% interest – SIA "EC Investments" and SIA "EC Finance". The subsidiaries were established with the aim to diversify the operations of the Group and enhance its development.

Branches

In the year 2015 the Group continued the work on development of the branch network, loan volume increase, and IT system development. As at 31 December 2015 the Group had 96 branches in 40 cities in Latvia (31.12.2014 - 93 branches in 38 cities).

In 2015 SIA „ExpressCredit" changed operating brand name of branches from Lombards24.lv to Banknote. Along with the re-branding, the company expanded the range of financial services offered as well as the accessibility of its services, thus creating an unmatched non-banking financial service provider in the Latvian market.

Risk management

The Group is not exposed to significant foreign exchange rate risk because basic transaction currency is euro. Significant amount of funding of the Group consist of fixed coupon rate bonds, so that the Group is not significantly exposed to variable interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its financial risks, particularly the liquidity and credit risk. The group is subject to the legal environment change and regulatory risks that may affect the interest charges in the segment non-bank regular lending against pledges and non-secured loans.

Post balance sheet events

There are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2015.

Future prospects

In 2016 the new regulations came in force that reduced the interest rates for the unsecured loans. In the segment of Group's operations the legislation has limited the maximum of interest and penalty charges at the level lower than previously. In 2016 the Group plans to strengthen its market leadership and improve the branch network. It is planned that the Group's portfolio will increase, but profit dynamics will be lower than 2015 results.

Distribution of the profit proposed by the Group

The Parent Company's board recommends the profit of 2015 to pay out in dividends, respecting the restrictions applied to debt securities emissions.

Agris Evertovskis Chairman of the Board	Kristaps Bergmanis Member of the Board	Didzis Ādmīdiņš Member of the Board

Riga, 29. April, 2016

Corporate governance statement

The corporate governance report of SIA "ExpressCredit" for 2015 has been prepared in accordance with the Riga Stock Exchange Corporate Governance principles issued in 2005 and recommendations as to their implementation.

The corporate governance report has been prepared by the Board and reviewed by the Council of SIA "ExpressCredit".

The corporate governance principles have been tailored to match the needs of SIA "ExpressCredit" as closely as possible, and in 2015 SIA "ExpressCredit" complied with most of the principles. Having regard to the "comply or explain" principle, the report presents the information on the principles which have not been complied with or have been complied with partly by SIA "ExpressCredit" and the circumstances causing non-compliance in 2015.

The report will be submitted to AS NASDAQ OMX Riga (hereinafter – the Stock Exchange) concurrently with the audited financial statements SIA "ExpressCredit" for 2015 for publishing on the website of the Stock Exchange: http://www.baltic.omxnordicexchange.com/, and the website of SIA „ExpressCredit" http://www.lombards24.lv/lat/investoriem/ in the section "For investors" in Latvian and English.

Agris Evertovskis Chairman of the Board	Kristaps Bergmanis Member of the Board	Didzis Admīdiņš Member of the Board

Riga, 29. April, 2016

Profit or loss account for the year ended 31 December 2015

	Notes	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Net sales	1	7 691 132	8 124 967	7 650 397	7 650 686
Cost of sales	2	(5 629 077)	(6 040 951)	(5 596 572)	(5 596 572)
Interest income and similar income	3	9 547 347	9 974 805	8 463 985	8 640 133
Interest expenses and similar expenses	4	(1 161 072)	(1 161 962)	(1 175 458)	(1 216 106)
Gross profit		**10 448 330**	**10 896 859**	**9 342 352**	**9 478 141**
Selling expenses	5	(5 163 687)	(5 326 334)	(4 812 824)	(4 880 420)
Administrative expenses	6	(2 663 375)	(2 738 289)	(1 877 951)	(1 883 023)
Other operating income	7	49 816	60 588	56 328	108 456
Other operating expenses	8	(1 118 598)	(1 185 869)	(1 225 712)	(1 226 186)
Profit before taxes		**1 552 486**	**1 706 955**	**1 482 193**	**1 596 968**
Corporate income tax for the reporting year	9	(206 856)	(220 676)	(263 264)	(286 038)
Deferred tax	9	26 185	26 185	90 633	90 633
Current year's profit		**1 371 815**	**1 512 464**	**1 309 562**	**1 401 563**
Earnings per share		**3.21**	**3.54**	**3.07**	**3.28**

Comprehensive income statement for 2015

	2015 EUR	2015 EUR	2014 EUR	2014 EUR
Current year's profit	**1 371 815**	**1 512 464**	**1 309 562**	**1 401 563**
Other comprehensive income	-	-	-	-
Total comprehensive income	**1 371 815**	**1 512 464**	**1 309 562**	**1 401 563**

Notes on pages from 12 to 34 are integral part of these financial statements.

Agris Evertovskis
Chairman of the Board

Kristaps Bergmanis
Member of the Board

Didzis Ādmīdiņš
Member of the Board

Riga, 29. April, 2016

Balance sheet as at 31 December 2015	Notes	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Assets					
Long term investments					
Fixed assets and intangible assets	10	516 180	643 796	393 949	393 949
Loans and receivables	15	545 068	545 068	462 610	462 610
Loans to shareholders and management	12	875 267	875 267	1 295 066	1 295 066
Participating interest in subsidiaries	11	888 828	-	2 846	-
Deferred tax asset	13	143 605	143 605	117 420	117 420
Total long-term investments:		**2 968 948**	**2 207 736**	**2 271 891**	**2 269 045**
Current assets					
Finished goods and goods for sale	14	1 138 410	1 138 410	1 345 338	1 345 338
Loans and receivables	15	6 126 947	6 455 956	5 401 363	5 829 700
Receivables from affiliated companies	16	435 490	105 855	484 492	208 873
Other debtors	17	102 075	297 436	80 536	80 676
Deferred expenses	18	33 192	35 163	27 762	30 089
Cash and bank	19	439 271	493 591	1 197 128	1 197 718
Total current assets:		**8 275 385**	**8 526 411**	**8 536 619**	**8 692 394**
Total assets		**11 244 333**	**10 734 147**	**10 808 510**	**10 961 439**
Liabilities					
Shareholders' funds:					
Share capital	20	426 861	426 861	426 861	426 861
Prior years' retained earnings		279 540	387 704	279 540	295 703
Current year's profit		1 371 815	1 512 464	1 309 562	1 401 563
Total shareholders' funds:		**2 078 216**	**2 327 029**	**2 015 963**	**2 124 127**
Creditors:					
Long-term creditors:					
Bonds issued	21	5 489 648	5 489 648	6 471 466	6 471 466
Other borrowings	22	666 741	666 741	596 676	596 676
Total long-term creditors:		**6 156 389**	**6 156 389**	**7 068 142**	**7 068 142**
Short-term creditors:					
Bonds issued	21	1 016 271	1 016 271	992 436	992 436
Other borrowings	22	384 846	384 846	30 341	30 341
Accounts payable to affiliated companies	23	772 709	18 985	-	-
Trade creditors and accrued liabilities	24	675 450	681 271	433 355	454 441
Taxes and social insurance	25	160 452	149 356	268 273	291 952
Total short-term creditors:		**3 009 728**	**2 250 729**	**1 724 405**	**1 769 170**
Total liabilities and shareholders' funds		**11 244 333**	**10 734 147**	**10 808 510**	**10 961 439**

Notes on pages from 12 to 34 are integral part of these financial statements.

Agris Evertovskis
Chairman of the Board

Kristaps Bergmanis
Member of the Board

Didzis Ādmīdiņš
Member of the Board

Riga, 29. April, 2016

Statement of changes in equity of the Parent Company's for the year ended 31 December 2015

	Share capital EUR	Prior years' retained earnings EUR	Current year's profit EUR	Total EUR
As at 31 December 2013	**426 862**	**1 009 259**	**370 280**	**1 806 401**
Dividends paid	-	(1 100 000)	-	(1 100 000)
Profit transfer	-	370 280	(370 280)	-
Denomination of the share capital	(1)	1	-	-
Profit for the year	-	-	1 309 562	1 309 562
As at 31 December 2014	**426 861**	**279 540**	**1 309 562**	**2 015 963**
Dividends paid	-	(1 309 562)	-	(1 309 562)
Profit transfer	-	1 309 562	(1 309 562)	-
Profit for the year	-	-	1 371 815	1 371 815
As at 31 December 2015	**426 861**	**279 540**	**1 371 815**	**2 078 216**

Statement of changes in equity of the Group for the year ended 31 December 2015

	Share capital EUR	Prior years' retained earnings EUR	Current year's profit EUR	Total EUR
As at 31 December 2013	**426 862**	**1 016 585**	**379 117**	**1 822 564**
Dividends paid	-	(1 100 000)	-	(1 100 000)
Profit transfer	-	379 117	(379 117)	-
Denomination of the share capital	(1)	1	-	-
Profit for the year	-	-	1 401 563	1 401 563
As at 31 December 2014	**426 861**	**295 703**	**1 401 563**	**2 124 127**
Dividends paid	-	(1 309 562)	-	(1 309 562)
Profit transfer	-	1 401 563	(1 401 563)	-
Profit for the year	-		1 512 464	1 512 464
As at 31 December 2015	**426 861**	**387 704**	**1 512 464**	**2 327 029**

Notes on pages from 12 to 34 are integral part of these financial statements.

Cash flow statement for the year ended 31 December 2015

	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Cash flow from operating activities				
Profit before extraordinary items and taxes	**1 552 486**	**1 706 955**	**1 482 193**	**1 596 968**
Adjustments for:				
a) fixed assets depreciation	237 959	245 730	249 346	249 346
b) accruals and provisions (except for provisions for bad debts)	238 706	238 706	82 313	82 313
c) write-off of provisions			-	-
d) cessation results	982 449		1 044 659	-
e) interest income	(8 853 994)	(9 272 220)	(8 463 885)	(8 640 133)
f) interest and similar expense	1 118 598	1 165 893	1 175 458	1 216 106
g)(profit)/ loss on fixed assets disposal	(961)	35 811	(15 723)	(15 723)
h) other adjustments	24 867	24 867	13 441	13 441
Loss before adjustments of working capital and short-term liabilities	**(4 699 890)**	**(5 854 258)**	**(4 432 198)**	**(5 497 682)**
Adjustments for:				
a) (increase)/ decrease in consumer loans issued (core business) and other debtors	(1 436 010)	11 753	(1 541 030)	(575 657)
b) stock increase	(401 626)	(235 253)	(381 806)	(381 806)
c) trade creditors' (decrease)/ increase	144 098	83 607	(105 749)	(87 205)
Gross cash flow from operating activities	**(6 393 428)**	**(5 994 151)**	**(6 460 783)**	**(6 542 350)**
Corporate income tax payments	(349 888)	(394 407)	(247 084)	(249 243)
Interest income	8 950 345	9 368 570	8 324 699	8 500 946
Interest paid*	(1 101 448)	(1 148 743)	(1 197 559)	(1 238 207)
Net cash flow from operating activities	**1 105 581**	**1 831 269**	**419 273**	**471 146**
Cash flow from investing activities				
Acquisition of affiliated or associated companies shares or parts	(886 000)	(849 233)	-	-
Acquisition of fixed assets and intangibles	(249 510)	(267 655)	(109 720)	(109 720)
Proceeds from sales of fixed assets and intangibles	10 631	10 631	54 656	54 656
Loans issued/repaid (other than core business of the Company) (net)	196 470	278 599	704 714	945 706
Net cash flow from investing activities	**(928 409)**	**(827 658)**	**649 650**	**890 642**
Cash flow from financing activities				
Loans received and bonds issued (net)	3 884 400	3 884 400	4 340 000	4 340 000
Redemption of bonds	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
Loans repaid	(2 450 019)	(3 222 728)	(2 773 743)	(3 136 154)
Finance lease payments	(59 848)	(59 848)	(58 805)	(58 805)
Dividends paid	(1 309 562)	(1 309 562)	(1 100 000)	(1 100 000)
Net cash flow from financing activities	**(935 029)**	**(1 707 738)**	**(592 548)**	**(954 959)**
Net cash flow of the reporting year	**(757 857)**	**(704 127)**	**476 375**	**406 829**
Cash and cash equivalents at the beginning of the reporting year	**1 197 128**	**1 197 718**	**720 753**	**790 889**
Cash and cash equivalents at the end of reporting year	**439 271**	**493 591**	**1 197 128**	**1 197 718**

* Interest costs are included in the cash flow in coordination with the profit and loss account classification thus providing a more precise reflection of operating cash flow. Comparative figures have been accordingly reclassified.

Notes on pages from 12 to 34 are integral part of these financial statements.

Notes

Accounting policies

(a) Basis of preparation

These financial statements have been prepared based on the accounting policies and measurement principles as set out below.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements are prepared based on historic cost method. In cases when reclassification not affecting prior year profit and equity is made, the relevant explanations are provided in the notes to the financial statements.

The preparation of financial statements in accordance with IFRS requires the use of significant estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the information on contingent assets and liabilities at the balance sheet date and the revenues and costs for the reporting period. Although these estimates are based on the information available to the management regarding the current events and actions, the actual results may differ from the estimates used. Critical assumptions and judgements are described in the relevant sections of the Notes to the financial statements.

The following new and amended IFRS and interpretations come into force in 2015, but do not apply to the Company's operations and have no impact on these financial statements:

Amendments to IAS 19 "Employee benefits plans" regarding defined benefit plans (effective for annual periods beginning on or after 1 July 2014, endorsed by EU for annual periods beginning on or after 1 February 2015).

Annual improvements 2012 (effective for annual periods beginning on or after 1 July 2014, by EU 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"
- IAS 24 "Related party disclosures"

Annual improvements 2013 (effective for annual periods beginning on or after 1 July 2014, endorsed by EU for annual periods beginning on or after 1 January 2015). The amendments include changes that affect 3 standards:

- IFRS 3 "Business combinations"
- IFRS 13 "Fair value measurement" and
- IAS 40 "Investment property"

A number of new standards and interpretations have been published and come into force on financial periods beginning on or after 1 January 2016, and do not relate to the Company's operations or are not endorsed by the European Union:

IFRS 14 "Regulatory deferral accounts" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendment to IFRS 11 "Joint arrangements" on acquisition of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
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, not yet endorsed in the EU)
Amendment to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" on depreciation and amortisation (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendments to IAS 27 "Separate financial statements" on the equity method (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendments to IAS 1 "Presentation of financial statements" regarding disclosure initiative effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)

Annual improvements 2014 (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU). 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"
- IAS 34 "Interim financial reporting"

IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU)

IFRS 9 "Financial instruments" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU)

There are no other new or revised standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

Notes (continued)
Accounting policies (continued)

(b) Accounting principles applied

The items in the financial statements have been measured based on the following accounting principles:

a) It is assumed that the company will continue as a going concern;
b) The measurement methods applied in the previous reporting year have been used;
c) The measurement of the items has been performed prudently meeting the following criteria:
  - Only profits accruing up to the balance sheet date have been included in the report;
  - All possible contingencies and losses arising in the reporting year or the previous year have been recognised, even if they became known in the period between the balance sheet date and the issuance of the annual report;
  - All impairment and depreciation charges have been calculated and recognised irrespectively of whether the company has operated profitably or not during the reporting year;
d) All income and expenses relating to the accounting year irrespective of the date of the payments made or the dates of receipt or payment of invoices have been recognised. Revenues are matched with expenses in the reporting year.
e) Assets and liabilities are presented at their gross amounts;
f) The opening balances of the reporting period reconcile with the closing balances of the previous reporting period;
g) All items which may materially affect the assessment or decision-making of the users of the financial statements are presented, immaterial items have been aggregated and their breakdown is presented in the Notes;
h) Business transactions are presented based on their economic substance rather than their legal form.

Asset and liability recognition is performed on historical cost basis. All financial assets and liabilities are classified as held to maturity or loans and receivables.

(c) Consolidation principles

The consolidated financial statements have been prepared under the cost method. The companies included in the consolidation are the Group's parent company and the subsidiaries in which the Group's parent company holds, directly or indirectly, more than a half of the voting rights, or the right to control their financial and operating policies is acquired otherwise. Where the Group owns more than a half of the share capital of another company without controlling the company, the respective company is not consolidated. The subsidiaries of the Group are consolidated from the moment the Group has taken over control, and the consolidation is terminated when the control cease to exist. Where the date of the share purchase agreement or the date of the decision of shareholders on making further investments is fundamentally different from the date of on which share ownership changes or the registration date as recorded in the Register) of Enterprises, the date of agreement shall be considered the date of the share purchase or the date of the investment, unless the agreement provides otherwise. The Group's all inter-company transactions and balances and unrealised profit on transactions between group companies are eliminated; unrealised losses are eliminated as well, except for the cases when the expenses are not recoverable. Where necessary, the accounting and measurement methods applied by the Group's subsidiaries have been changed to bring them in compliance with the Group's accounting and measurement methods.

In these statements the minority interest in the share capital of the Group's consolidated subsidiaries and their income statement have been presented separately.

(d) Recognition of revenue and expenses

- ***Net sales***

Net revenue represents the total value of goods sold and services provided during the year net of value added tax.

- ***Interest income***

The Company presents interest income in the section of the Profit and loss account prior to calculation of gross profit, as this income is related to the basic activities of the Company – charging interest for loans issued in return to pledge held as security or loans issued on other conditions. Interest income is recognised using accruals principle. Interest income is not recognised from the moment the recoverability of principal is considered doubtful. Penalty interest is recognised on a cash basis.

- ***Other income***

Other income is recognised based on accruals principle.

- ***Penalties and similar income***

Of collection exists, is recognised based on cash principle.

- ***Expenses***

Expenses are recognised based on accruals principle in the period of origination, irrespective of the moment of payment. Expenses related to financing of loans is recognised in the period of liability origination and included in the profit and loss items „Interest and similar expenses".

(e) Foreign currency translation

(e1) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statement items are denominated in euro (EUR), which is the Company's functional and presentation currency.

(e2) Transactions and balances

All transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of the respective period. At the balance sheet date the rates set by the Bank of Latvia were:

	31.12.2015	31.12.2014
	EUR	EUR
1 USD	1.08870	1.21410

Notes (continued)
Accounting policies (continued)

(f) Financial instruments – key measurement terms
Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values of financial assets or liabilities, including derivative financial instruments in active markets are based on quoted market prices. If the market for a financial asset or liability is not active (and for unlisted securities) the Group establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and recent comparative transactions as appropriate and may require the application of management's judgement and estimates. Where, in the opinion of the Management, the fair values of financial assets and liabilities differ materially from their book values such fair values are separately disclosed in the notes to the accounts.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments plus accrued interest and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any) are not presented separately and are included in the carrying values of related items on the balance sheet.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(g) Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(h) Intangible assets and fixed assets
All intangible assets and fixed assets are initially measured at cost. Intangible assets and fixed assets are recorded at historic cost net of depreciation and permanent diminution in value. Depreciation or amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	years
Buildings	20
Constructions	5
Intangibles	3 - 5
Other fixed assets	3 - 5
Low value inventory (worth over 71 EUR)	3

The residual values, remaining useful lives and methods of depreciation are reviewed and, if required, adjusted annually. Fixed asset and intangibles recognition is terminated in case of its liquidation or when no future benefits are expected in connection with the utilisation of the respective asset. Any profit or loss connected with the termination of recognition (calculated as difference between the disposal gains and net book value as at the moment of derecognition), is recognised in the profit or loss account in the period when derecognition occurs. Leasehold improvements are written down on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease. Current repairs and maintenance costs are charged to profit and loss account in the period when the respective costs are incurred.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the net fair value of share of equity acquired. The recognised goodwill is reassessed at least on an annual basis to make sure no permanent diminution in value has occurred. In case such diminution in value is identified, the diminution in value is recognised in the income statement of the respective year.

(i) Investments in the associated companies
In the financial statements the investments in associated companies are carried at equity method. Under this method the value of the investment at the balance sheet date comprises the value of the equity of the associated company corresponding to the share of investment and the book value of the positive goodwill arising at the acquisition of the investment.

At the year-end the amount of the reported item is increased or decreased by reference to the Company's share in the profit or loss of the associated company during the year (in the post-acquisition period), or other changes in equity, as well as by the reduction of the goodwill arising at acquisition to its recoverable amount. Unrealised profit on inter-company transactions is excluded. Profit distribution is presented in the year following the reporting year in which the shareholders adopt a decision on profit distribution.

Notes (continued)
Accounting policies (continued)

(j) Impairment of assets

Intangible assets which are not put into operation or which do not have a useful life are not amortised; their value is reviewed annually. The value of the assets subject to depreciation or amortisation is reviewed whenever any events or circumstances support that their carrying value may not be recoverable. Impairment losses are recognised in the amount representing the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of the respective asset's fair value less the costs to sell and the value in use. In order to determine impairment, assets are grouped based on the smallest group of assets that independently generates cash flow (cash generating units).

(k) Segments

A geographical segment provides products or services within a particular economic environment that is subject to other economic environments characterized by different risks and benefits. A business segment is a share of assets and operations, providing products and services that are subject to other business segments of different risks and benefits.

(l) Inventories

Inventories are stated at the lower of cost or market price. Inventories are measured using the weighted FIFO method. The Company assesses at each balance sheet date whether there is objective evidence that inventories are impaired and makes provisions for slow-moving or damaged inventories. Inventories loss is recognised in the period such loss is identified, writing off the relevant inventory values to the period profit and loss account.

(m) Seized assets

Collateral is repossessed following the foreclosure on loans that are in default. Seized assets are measured at the lower of cost or net realisable value and reported within "Inventories".

(n) Trade and other receivables

Accounts receivable comprise loans and other receivables (other debtors, advances and deposits) that are non-derivative financial assets with fixed or determinable payments. Loans are carried at amortised cost where cost is defined as the fair value of cash consideration given to originate those loans. All loans and receivables are recognised when cash is advanced to borrowers and derecognised on repayments. The Company has granted consumer loans to customers throughout its market area. The economic condition of the market area may have an impact on the borrowers' ability to repay their debts. Restructured loans are no longer considered to be past due unless the loan is past due according to the renegotiated terms.

From October 2015 SIA "ExpressCredit" has started issuance of pledged loans (except pledges in the form of golden and silver articles) with new lending conditions, that assume 10% commission in case of loan default and subsequent sale of the pledge, i.e., the revenues received by SIA "ExpressCredit" from the sale of the pledge, decreased by the VAT portion. The pledges are made available for sale after 30 days of default, however, they continue to hold the status of the pledge and the loan recipient has the rights to buy out the pledge before the sale. In the financial statements these pledges are classified as loans issued. In case a surplus originates upon a sale of the pledge and the related costs (loan issued, interest and penalties accrued, intermediary and holding commissions), the surplus is recognised as the liability of the company to the loan recipient. The liability expires, if the loan recipient does not claim the amount due within the 10 year term as defined in Article 1895 of the Civil Code. If the loan recipient has not claimed the surplus within the legally defined time limits, SIA "ExpressCredit" recognises the income. Such income is outside VAT legislation and is not VAT taxable.

The Company assesses at each balance sheet date whether there is objective evidence that loans are impaired. If any such evidence exists, the amount of the allowances for loan impairment is assessed as the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from collateral discounted at the original effective interest rate. The assessment of the evidence for impairment and the determination of the amount of allowances for impairment or its reversal requires the application of management's judgement and estimates. Management's judgements and estimates consider relevant factors including but not limited to, the identification of non-performing loans (loan repayment schedule compliance), the estimated value of collateral (if taken) as well as other relevant factors affecting loan and recoverability and collateral values. These judgements and estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known. The Management of the Company have made their best estimates of losses based on objective evidence of impairment and believe those estimates presented in the financial statements are reasonable in light of available information.

When loans cannot be recovered they are written off and charged against allowances for loan impairment losses. They are not written off until all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount.

Notes (continued)
Accounting policies (continued)

(n) Trade and other receivables (continued)

In accordance with the provisioning policy developed by the Company (for non-secured consumer loans with the term of repayment up to 2 years) provisions are made based on the payment delay analysis at following rates:

Days of delay	Provision made
0	0.3%
1-15	6%
16-30	18%
31-60	32%
61-90	42%
91-180	47%
181-360	67%
360-720	92%
721+	100%

Provisions for interest income debts is made in accordance with the policies set by the management of the Company. In accordance with the provisioning policy the Company calculates the provision required based on prior experience of loan volumes that turn out to be doubtful and the statistics of recoverability of such debts. The provision for interest accrued is made in accordance with the provisioning policies set by the management making sure that cash flows from interest receivable are excluded from cash flows used as the basis for principal recoverability testing.

The recoverability of other debtors, advances and deposits paid is valued on individual basis if there are any indications of net book value of the asset exceeding its recoverable amount.

(o) Finance lease

Where the property, plant and equipment are acquired under a finance lease arrangement and the Company takes over the related risks and rewards, the property, plant and equipment items are measured at the value at which they could be purchased for an immediate payment. Leasing interest is charged to the profit and loss in the period in which it arises.

(p) Operating leases

Company is a lessor

The type of lease in which the lessor retains a significant part of the risks and rewards pertaining to ownership, is classified as operating lease. Lease payments and prepayments for a lease (net of any financial incentives received from the lessor) are charged to the profit and loss under a straight-line method over the lease term.

(q) Taxes

The corporate income tax expense is included in the financial statements based on the management's calculations made in accordance with the requirements of Latvian tax legislation. Deferred tax is provided for using liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment at different rates and tax losses carried forward to the future taxation periods. Deferred tax assets are recognised only to the extent that recovery is probable.

(r) Provisions for unused annual leave

The amount of provision for unused annual leave is determined by multiplying the average daily pay of employees during the last 6 months by the number of accrued but unused annual leave days the end of the reporting year. The company separates the vacation provisions paid out till the date of annual report preparation and treats them as CIT deductible in the reporting period.

(s) Borrowings

Initially borrowings are recognised at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost which is determined using the effective interest method. The difference between the proceeds received, net of transaction costs and the redemption value of the borrowing is gradually recognized in the profit and loss account over the term of the borrowing.

(t) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits with a maturity term of up to 90 days.

(u) Payment of dividends

Dividends due to the shareholders are recognized in the financial statements as a liability in the period in which the shareholders approve the disbursement of dividends.

Notes (continued)
Accounting policies (continued)

(v) Financial risk management

(v1) Financial risk factors
The activities of the Company expose it to different financial risks:
(u1.1) foreign currency risk;
(u1.2) credit risk;
(u1.3) operational risk;
(u1.4) market risk;
(u1.5) liquidity risk;
(u1.6) cash flow and interest rate risk.
The Company's overall risk management is focused on the uncertainty of financial markets and aims to reduce its adverse effects on the Company's financial indicators. The Finance Director is responsible for risk management. The Finance Director identifies, assesses and seeks to find solutions to avoid financial risks acting in close cooperation with other structural units of the Company.

(v1.1) Foreign exchange risk
The Company operates mainly in the local market and its exposure to foreign exchange risk is low. With the current income-expense structure additional monitoring procedures for currency risk monitoring are not deemed necessary. No further risk prevention mechanisms are used on the account that the overall currency risk has been assessed as low.

(v1.2) Credit risk
The Company has a credit risk concentration based on its operational specifics – issuance of loans against pledge, as well as issuance of non-secured loans that is connected with an increased risk of asset recoverability. The risk may result in short-term liquidity problems and issues related to timely coverage of short-term liabilities. The Company's policies are developed in order to ensure maximum control procedures in the process of loan issuance, timely identification of bad and doubtful debts and adequate provisioning for potential loss.

(v1.3) Operational risk
Operational risk is a loss risk due to external factors namely (natural disasters, crimes, etc.) or internal ones (IT system crash, fraud, violation of laws or internal regulations, insufficient internal control). Operation of the Company carries a certain operational risk which can be managed using several methods including methods to identify, analyse, report and reduce the operational risk. Also self-assessment of the operational risk is carried out as well as systematic approval of new products is provided to ensure the compliance of the products and processes with the risk environment of the activity.

(v1.4) Market risk
The Company is exposed to market risks, basically related to the fluctuations of interest rates between the loans granted and funding received, as well as demand for the Company's services fluctuations. The Company attempts to limit market risks, adequately planning the expected cash flows, diversifying the product range and fixing funding resource interest rates.

(v1.5)Liquidity risk
The Company complies with the prudence principle in the management of its liquidity risk and maintains sufficient funds. The management of the Company has an oversight responsibility of the liquidity reserves and make current forecasts based on anticipated cash flows. Most of the Company's liabilities are short-term liabilities. The management is of the opinion that the Company will be able to secure sufficient liquidity by its operating activities, however, if required, the management of the Company is certain of financial support to be available from the owners of the Company.

(v1.6) Cash flow interest rate risk
As the Company has borrowings and finance lease obligations, the Company's cash flows related to financing costs to some extent depend on the changes in market rates of interest. The Company's interest payment related cash flows depend on the current market rates of interest. The risk of fluctuating interest rates is partly averted by the fact that a number of loans received have fixed interest rates set. Additional risk minimization measures are not taken because the available bank products do not provide an effective control of risks.

(v2) Accounting for derivative financial instruments
The Company does not actively use derivative financial instruments in its operations. Derivative financial instruments are initially recognized at fair value on the date of the contract, and are thereafter measured at fair value at the balance sheet date. Derivative financial instruments are carried as assets if their fair value is positive and as liabilities if fair value is negative. Any gains or losses arising due to the changes in the fair value of the derivative financial instrument are not classified hedges and are recognized directly in the profit and loss.

(v3) Fair value
The carrying value of financial assets and liabilities approximates their fair value. See also note (e).

Notes (continued)
Accounting policies (continued)
(v) Financial risk management (continued)

(v4) Management of the capital structure
In order to ensure the continuation of the Company's activities, while maximizing the return to stakeholders capital management, optimization of the debt and equity balance is performed. The Company's capital structure consists of borrowings from related persons, third party loans and loans from credit institutions and finance lease liabilities, cash and equity, comprising issued share capital, retained earnings and share premium. At year-end the ratios were as follows:

	Parent company 31.12.2015 EUR	Group 31.12.2015 EUR	Parent company 31.12.2014 EUR	Group 31.12.2014 EUR
Loan and lease liabilities	7 557 506	7 557 506	8 090 919	8 090 919
Cash and bank	(439 271)	(493 591)	(1 197 128)	(1 197 718)
Net debts	**7 118 235**	**7 063 915**	**6 893 791**	**6 893 201**
Equity	2 078 216	2 327 029	2 015 963	2 124 127
Liabilities / equity ratio	**3.64**	**3.25**	**4.01**	**3.81**
Net liabilities / equity ratio	**3.43**	**3.04**	**3.42**	**3.25**

(w) Significant assumptions and estimates
The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Latvian law requires the management to rely on estimates and assumptions that affect the reported amounts of assets and liabilities and off-balance sheet assets and liabilities at the date of financial statements, as well as the revenues and expenses reporting in the reporting period. Actual results may differ from these estimates.

The following judgements and key assumptions concerning the future are critical, and other causes of inaccuracies in the calculations as at the date of financial statements, with a significant risk of causing a material change in the balance sheet value of assets and liabilities within the next financial year:

- The Company review the useful lives of its fixed assets at the end of each reporting period. The management makes estimates and uses assumptions with respect to the useful lives of fixed assets. These assumptions may change and the calculations may therefore change.
- The Company review the value of its fixed assets and intangible assets whenever any events or circumstances support that the carrying value may not be recoverable. Impairment loss is recognised in the amount equalling the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of an asset's fair value less the costs to sell and the value in use. The Company is of the view that considering the anticipated volumes of services no material adjustments due to impairment are required the asset values.
- In measuring inventories the management relies on its expertise, past experience, background information, and potential assumptions and possible future circumstances. In assessing the impairment of the value of inventories consideration is given to the possibility to sell the item of inventories and the net realisable value.
- The Company's management, based on estimates, makes provisions for the impairment of the value of receivables. The Company's management is of the opinion that the provisions for receivables presented in the financial statements accurately reflect the expected cash flows from these receivables and that these estimates have been made based on the best available information.
- The Company is composed with caution savings potential future payment obligations in cases where disputes the validity of such legal obligation, or there are legal disputes about the amount of such liabilities.

(x) Related parties
Related parties include the shareholders, members of the Board of the parent company of the Company, their close family members and companies in which the said persons have control or significant influence.

(y) Subsequent events
Post-period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

(z) Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(aa) Earnings per share
Earnings per share are calculated by dividing the net profit or loss for the year attributable to the shareholders with the weighted-average number of shares outstanding during the year.

Notes (continued)

(1) Net sales

Net revenue by type of revenue

	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Income from sales of goods	5 472 927	5 503 519	5 366 826	5 366 826
Income from sales of gold scrap	1 947 151	2 350 149	1 999 664	1 999 664
Income from sales of vehicles	64 014	64 014	90 977	90 977
Other income, loan and mortgage storage commission	207 040	207 285	192 930	193 219*
	7 691 132	**8 124 967**	**7 650 397**	**7 650 686**

*In 2014 there has been made reclassification of revenue and expense, excluding the revenue from cession of receivables in the amount of EUR 337 173. This amount, net of debt acquisition costs, is included in net in "Other operating income".

Net revenue by geographical markets and type of operation

Sales of product in Latvia	5 536 941	5 567 533	5 444 882	5 444 882
Sales of product to EU	-	-	12 921	12 921
Sales of gold scrap in Latvia	1 947 151	2 350 149	1 999 664	1 999 664
Sales of services in Latvia	207 040	207 285	175 465	175 754*
Sales of product in Latvia	-	-	17 465	17 465
	7 691 132	**8 124 967**	**7 650 397**	**7 650 686**

* See the previous comment.

(2) Cost of sales

	2015 EUR	2015 EUR	2014 EUR	2014 EUR
Cost of pledges taken over	5 610 314	6 020 600	5 532 099	5 532 099
Goods and accessories purchased	18 763	18 808	64 473	64 473
Net book values of debtors debts sold	-	1 543	-	-
	5 629 077	**6 040 951**	**5 596 572**	**5 596 572**

*In 2014 there has been made reclassification of revenue and expense, excluding the revenue from cession of receivables in the amount of EUR 285 045. This amount is deducted from revenue from further cession of receivables and included in net in "Other operating income".

(3) Interest income and similar income

	2015 EUR	2015 EUR	2014 EUR	2014 EUR
Interest income on loans issued against pledge	2 033 954	2 096 533	1 530 638	1 530 638
Interest income on mortgage extension	1 457 401	1 582 134	1 230 789	1 230 789
Interest income on loans to the vehicle pledges	177 465	177 465	310 792	310 792
Interest income on mortgage loans	37 536	37 536	47 511	47 511
Interest income on unsecured loans	5 339 044	5 577 815	4 610 972	4 787 120
Interest income on loan extension	598 297	599 672	588 025	588 025
Accrued interest income	(96 350)	(96 350)	145 258	145 258
	9 547 347	**9 974 805**	**8 463 985**	**8 640 133**

Notes (continued)

(4) Interest expenses and similar expenses

	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Bonds' coupon expense	1 057 803	1 057 803	1 047 206	1 047 206
Interest expense on lease	5 051	5 051	4 802	4 802
Interest expense on other borrowings	97 694	98 493	122 744	163 392
Net loss on foreign exchange	524	615	706	706
	1 161 072	**1 161 962**	**1 175 458**	**1 216 106**

(5) Selling expenses

	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Salary expenses	2 028 651	2 132 013	1 921 684	1 966 624
Social insurance	476 522	497 899	454 759	465 361
Provisions for unused annual leave and bonuses	35 154	35 154	5 487	5 487
Rental expense	807 882	862 600	808 336	811 966
Utilities expense	212 177	217 766	220 205	220 205
Non-deductible VAT	226 589	256 598	171 849	171 849
Communication expenses	57 867	60 903	73 633	73 633
Maintenance expenses	59 297	82 941	66 482	73 627
Depreciation of fixed assets	237 959	245 494	249 346	249 346
Security expenses	26 674	27 076	26 394	26 394
Goods and fixed assets write-off	227 132	250 987	148 475	148 475
Advertising	390 989	408 858	175 216	175 216
Business trip expenses	7 527	8 778	8 688	8 688
Provisions for doubtful debtors	117 300	(55 903)	229 383	229 383
Transportation expenses	81 636	81 636	93 371	93 371
Renovation expenses	41 736	41 736	20 800	20 800
Other expenses	128 595	171 798	138 716	139 995
	5 163 687	**5 326 334**	**4 812 824**	**4 880 420**

(6) Administrative expenses

	2015 EUR	2015 EUR	2014 EUR	2014 EUR
Salary expenses	1 854 083	1 868 545	1 141 932	1 141 932
Social insurance	338 100	343 628	267 033	267 033
Provisions for unused annual leave and bonuses	48 783	48 783	30 286	30 286
Office rent	55 544	55 554	46 378	46 378
Office expenses	39 552	44 476	34 198	37 939
Bank commission	29 062	30 988	32 059	32 204
Audit expense*	12 500	12 500	11 000	11 000
Communication expenses	17 509	17 573	19 567	19 567
State fees and duties, licence expense	34 354	64 666	42 342	42 342
Legal advice	29 542	32 428	103 345	103 345
Information database subscriptions, maintenance	156 968	162 129	106 041	106 041
Membership fees in professional organizations	26 084	26 084	19 186	19 186
Other administrative expenses	21 294	30 935	24 584	25 770
	2 663 375	**2 738 289**	**1 877 951**	**1 883 023**

* During the year the Company has not received any other services from the Auditor.

Notes (continued)

(7) Other operating income

	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Income from the cession	4 320	4 320	-	52 128*
Other income	45 496	56 268	56 328	56 328
	49 816	**60 588**	**56 328**	**108 456**

* Reclassification of revenue and expense in 2014, see comments in Note 1 and Note 2.

(8) Other operating expenses

	2015 EUR	2015 EUR	2014 EUR	2014 EUR
Fines	1 608	1 754	17 834	18 082
Other expenses	56 848	57 215	27 633	27 859
Goods written-off above trade loss norm	59 362	59 362	90 436	90 436
Donations	32 000	35 000	45 150	45 150
Losses from cession	968 780	1 032 538	1 044 659	1 044 659
	1 118 598	**1 185 869**	**1 225 712**	**1 226 186**

(9) Corporate income tax for the reporting year

	2015 EUR	2015 EUR	2014 EUR	2014 EUR
Deferred corporate income tax charge (see Note 13)	(26 185)	(26 185)	(90 633)	(90 633)
Corporate income tax charge for the current year	206 856	220 676	263 264	286 038
	180 671	**194 491**	**172 631**	**195 405**

Corporate income tax differs from the theoretically calculated tax amount:

Profit before taxation	**1 552 486**	**1 706 955**	**1 482 193**	**1 596 968**
Theoretically calculated tax at a tax rate of 15 %	232 873	256 043	222 329	239 545
Expenses not deductible for tax purposes	(25 002)	(31 802)	(11 320)	(5 762)
Donations	(27 200)	(29 750)	(38 378)	(38 378)
	180 671	**194 491**	**172 631**	**195 405**

Notes (continued)

(10) Intangible and fixed assets of the Parent company

	Concessions, patents, trademarks and similar rights	Land and buildings	Other fixed assets and inventory	Advances	Leasehold improvements	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost						
31.12.2014	17 084	1 423	698 084	-	286 642	1 003 233
Additions	17 749	-	265 924	46 858	39 329	369 860
Disposals	(931)	(1 423)	(58 315)	-	-	(60 669)
31.12.2015	**33 902**	**-**	**905 693**	**46 858**	**325 971**	**1 312 424**
Depreciation						
31.12.2014	11 463	1 423	413 224	-	183 174	609 284
Charge for 2015	3 581	-	185 003	-	49 376	237 960
Disposals	(856)	(1 423)	(48 721)	-	-	(51 000)
31.12.2015	**14 188**	**-**	**549 506**	**-**	**232 550**	**796 244**
Net book value						
31.12.2015	**19 714**	**-**	**356 187**	**46 858**	**93 421**	**516 180**
Net book value						
31.12.2014	**5 621**	**-**	**284 860**	**-**	**103 468**	**393 949**

As at 31 December 2015 the residual value of the fixed assets acquired under the terms of financial lease was 179 293 *euro* (31.12.2014: 109 782 *euro*). The ownership of those fixed assets will be transferred to the Group only after settlement of all lease liabilities.

(10) Intangible and fixed assets of the Group

	Concessions, patents, trademarks and similar rights	Other intangible assets	Land and buildings	Other fixed assets and inventory	Advances	Goodwill	Leasehold improvements	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost								
31.12.2014.	17 084	-	1 423	698 084	-	-	286 642	1 003 233
Adapted as a result of subsidiary acquisition	85 372	107 359	-	172 538	-	-	-	365 269
Additions	17 749	486	-	283 583	46 858	127 616	39 329	515 621
Disposals	(86 303)	(107 845)	(1 423)	(248 512)	-		-	(444 083)
31.12.2015.	**33 902**	**-**	**-**	**905 693**	**46 858**	**127 616**	**325 971**	**1 440 040**
Depreciation								
31.12.2014	11 463	-	1 423	413 224	-	-	183 174	609 284
Adapted as a result of subsidiary acquisition	85 372	98 625	-	154 873	-	-	-	338 870
Charge for 2015	3 581	2 138	-	190 635	-	-	49 376	245 730
Disposals	(86 228)	(100 763)	(1 423)	(209 226)	-	-	-	(397 640)
31.12.2015.	**14 188**	**-**	**-**	**549 506**	**-**	**-**	**232 550**	**796 244**
Net book value								
31.12.2015	**19 714**	**-**	**-**	**356 187**	**46 858**	**127 616**	**93 421**	**643 796**
Net book value								
31.12.2014	**5 621**	**-**	**-**	**284 860**	**-**	**-**	**103 468**	**393 949**

Notes (continued)

(11) Parent Company's investments in subsidiaries

The Parent company is the sole shareholder of the subsidiary SIA "ExpressInkasso" (100%), of the subsidiary SIA "Banknote" (100%), of the subsidiary SIA "EC Investments" (100%) and of the subsidiary SIA "EC Finance" (100%).

a) participating interest in subsidiaries

Name	Acquisition price of subsidiaries		Participating interest in share capital of subsidiaries	
	31.12.2015.	31.12.2014.	31.12.2015.	31.12.2014.
	EUR	EUR	%	%
SIA ExpressInkasso	2 828	2 846	100	100
SIA Banknote (till 30.04.2015 – SIA "Rīgas pilsētas lombards") from 23.02.2015	880 000	-	100	100
SIA EC Investments from 06.11.2015.	3 000	-	100	100
SIA EC Finance from 01.12.2015.	3 000	-	100	100
	888 828	**2 846**		

b) information on subsidiaries

Name	Address	Shareholders' funds 31.12.2015. EUR	Shareholders' funds 31.12.2014. EUR	Profit/ (loss) for the period 31.12.2015. EUR	Profit/ (loss) for the period 31.12.2014. EUR
SIA ExpressInkasso	Raunas street 44k-1, LV-1039 Riga, Latvia	203 756	111 009	92 765	92 001

Basic operations of SIA ExpressInkasso are debt collection services.

Name	Address	Shareholders' funds 31.12.2015. EUR	Shareholders' funds 31.12.2014. EUR	Profit/ (loss) for the period 31.12.2015. EUR	Profit/ (loss) for the period 31.12.2014. EUR
SIA Banknote (till 30.04.2015– SIA "Rīgas pilsētas lombards") from 23.02.2015	Raunas street 44k-1, LV-1039 Riga, Latvia	819 039	878 795	(39 847)	(529 711)

Basic operation of SIA Banknote is providing of loans against mortgage.

Name	Address	Shareholders' funds 31.12.2015. EUR	Shareholders' funds 31.12.2014. EUR	Profit/ (loss) for the period 31.12.2015. EUR	Profit/ (loss) for the period 31.12.2014. EUR
SIA EC Investments from 06.11.2015	Raunas street 44k-1, LV-1039 Riga, Latvia	(15 319)	-	(18 319)	-
SIA EC Investments from 06.11.2015	Raunas street 44k-1, LV-1039 Riga, Latvia	3 000	-	-	-

Basic operations of SIA EC Investments and SIA EC Finance are activities of holding companies.

(12) The Group's loans to shareholders and management

	Loans to members EUR
Cost	
31.12.2014.	1 295 066
Loans issued	1 649 189
Loan interest calculated	34 417
Loans repaid	(2 103 405)
31.12.2015.	**875 267**
Net book value as at 31.12.2015	**875 267**
Net book value as at 31.12.2014	**1 295 066**

Interest on borrowing is 3.2-4.23% per annum. The loan maturity - 31 December 2017 (including the loan principal amount and accrued interest). The Company's management has assessed the recoverability of the loans and is convinced that a provision is not necessary. All loans are denominated in euro.

Notes (continued)

(13) Deferred tax asset of the Parent company and the Group

	2015 EUR	2014 EUR
Deferred tax asset at the beginning of the reporting year	117 420	26 787
Increase of deferred tax asset during the reporting year (see Note 9)	26 185	90 633
Deferred tax asset at the end of the reporting year	**143 605**	**117 420**

Deferred tax has been calculated from the following temporary differences between assets and liabilities values for financial and tax purposes:

	31.12.2015. EUR	31.12.2014. EUR
Temporary difference on fixed assets depreciation	10 946	9 344
Temporary difference on provisions for unused annual leave and bonuses	(42 195)	(29 165)
Temporary difference on provisions for slow moving and obsolete stock	(112 356)	(97 599)
Deferred tax asset	**(143 605)**	**(117 420)**

(14) Stock of the Parent company and the Group

	31.12.2015. EUR	31.12.2014. EUR
Goods for sale and pledges taken over	1 155 443	1 158 319
Gold scrap	297 156	349 470
Gross value of stock	(314 189)	(162 451)
	1 138 410	**1 345 338**

(14a) Age analysis of stock

	31.12.2015. EUR	31.12.2014. EUR
Outstanding for 0-180 days	535 910	1 062 721
Outstanding for 181-360 days	441 564	264 834
Outstanding for more than 360 days	475 125	180 234
Total stock	**1 452 599**	**1 507 789**

(14b) Provision for obsolete stock

	2015 EUR	2014 EUR
Provisions for obsolete stock at the beginning of the year	162 451	113 604
Written-off	(635 893)	(33 852)
Additional provisions	787 631	82 699
Provisions for obsolete stock at the end of the year	**314 189**	**162 451**

(15) Loans and receivables

	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Long-term loans and receivables				
Debtors for loans issued against pledge	156 022	156 022	321 288	321 288
Debtors for loans issued without pledge	389 046	389 046	141 322	141 322
Long-term loans and receivables, total	**545 068**	**545 068**	**462 610**	**462 610**
Short-term loans and receivables				
Debtors for loans issued against pledge	2 535 083	2 535 083	1 975 203	1 975 203
Debtors for loans issued without pledge	3 791 853	4 120 862	3 496 152	3 924 489
Interest accrued	510 551	510 551	606 901	606 901
Provisions for bad and doubtful trade debtors	(710 540)	(710 540)	(676 893)	(676 893)
Short-term loans and receivables, total	**6 126 947**	**6 455 956**	**5 401 363**	**5 829 700**
Loans and receivables	**6 672 015**	**7 001 024**	**5 863 973**	**6 292 310**

All loans are issued in euro.

Notes (continued)

(15) Loans and receivables (continued)

Long term receivables for the loans issued don't exceed 5 years.

In 30 June 2015 and 30 November 2015 were concluded contracts with SIA "ExpressInkasso" about cession of bad receivable amounts. The carrying value of the claim amount - accordingly EUR 543 792 and EUR 843 436, the amount of compensation according to the independent evaluators' assessment – accordingly EUR 163 138 and 253 032. Loss from impairment of the issued loans within the Group were recognised in the current year. As at 27 May 2015 and 28 December 2015 the subsidiary company SIA "ExpressInkasso" signed a contract with a third party for the bad receivable amounts cession. The carrying value of the claim in the subsidiary's balance sheet - accordingly EUR 231 689 and EUR 171 492, the amount of compensation – accordingly EUR 199 083 and EUR 144 743. Losses from this transactions were recognised in the current year.

The claims in amount of EUR 2 233 622 (31.12.2014: EUR 2 296 491) are secured by the value of the collateral. Claims against debtors for loans issued against pledge is secured by pledges, whose fair value is about 1.5 times higher than the carrying value, therefore provisions for overdue loans are not made. All pledges, for which loan payments are delayed, becomes the Group's property and are realized in the Group's stores.

***(15a)* Age analysis of claims against debtors for loans issued:**

	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Receivables not yet due	5 306 083	5 307 491	5 083 503	5 107 296
Outstanding 1-30 days	440 750	440 750	619 728	619 822
Outstanding 31-90 days	480 773	480 773	484 409	517 429
Outstanding 91-180 days	566 021	566 021	243 527	321 165
Outstanding for 181-360 days	509 602	704 883	11 408	179 840
Outstanding for more than 360 days	79 326	211 646	98 291	223 651
Total claims against debtors for loans issued	**7 382 555**	**7 711 564**	**6 540 866**	**6 969 203**

(15b) Provisions for bad and doubtful trade and other receivables

	2015 EUR	2015 EUR	2014 EUR	2014 EUR
Provisions for bad and doubtful receivables at the beginning of the year	676 893	676 893	555 590	555 590
Written-off	(4 945)	(4 945)	(22 090)	(22 090)
Additional provisions	38 592	38 592	143 393	143 393
Provisions for bad and doubtful receivables at the end of the year	**710 540**	**710 540**	**676 893**	**676 893**

(16) Receivables from affiliated companies

	31.12.2015. EUR	31.12.2015. EUR	31.12.2014. EUR	31.12.2014. EUR
Debts for goods and fixed assets sold, prepayment	1 408	1 408	35 514	36 403
ExpressCreditEesti OU liability for loan issued and loan interest	5 031	5 031	4 149	4 149
SIA A.Kredīts liability for loan issued , loan interest and services delivered	99 379	99 379	102 025	102 025
SIA Ebility liability for loan issued, loan interest and debt for the assigned rights of claim	-	-	-	31 876
SIA ExpressInkasso debt for the assigned rights of claim	289 113	-	333 800	-
Liabilities of the Parent company's board for the loan issued and loan interest	37	37	9 004	34 420
SIA EC Investments liability for loan issued and loan interest	40 522	-	-	-
	435 490	**105 855**	**484 492**	**208 873**

The interest rate on loans to related parties - 3:2-4.23 %. All loans and other claims denominated in euro.

Notes (continued)

(16) Receivables from affiliated companies (continued)

Age analysis of receivables from affiliated companies

	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Receivables not yet due	386 309	43 340	450 454	173 946
Outstanding for 1-180 days	49 181	62 515	-	-
Outstanding for 181-360 days	-	-	34 038	34 038
Outstanding for more than 360 days	-	-	-	889
Total receivables from affiliated companies	**435 490**	**105 855**	**484 492**	**208 873**

(17) Other debtors

	31.12.2015. EUR	31.12.2015. EUR	31.12.2014. EUR	31.12.2014. EUR
Loans to employees and other third parties	16 513	16 513	12 130	12 130
Guarantee deposit	64 074	86 305	61 619	61 690
Other debtors	23 572	196 702	8 446	8 515
Provisions for bad and doubtful other debtors	(2 084)	(2 084)	(1 659)	(1 659)
	102 075	**297 436**	**80 536**	**80 676**

***(17a) Provisions for bad and doubtful* other debtors**

	2015 EUR	2014 EUR
Provisions for bad and doubtful other debtors at the beginning of the year	1 659	-
Written-off	(149)	(1 632)
Additional provisions	574	3 291
Provisions for bad and doubtful other debtors at the end of the year	**2 084**	**1 659**

***(17b)* Parent company other debtors by currency, translated into EUR:**

	31.12.2015. EUR	31.12.2015. %	31.12.2014. EUR	31.12.2014. %
EUR	103 351	99.22	79 693	96.89
Provisions EUR	(2 084)	-	(1 659)	-
GBP	-	-	1 030	1.28
USD	808	0.78	1 472	1.83
Total other debtors	**102 075**	100%	**80 536**	100%

Group other debtors by currency, translated into EUR:

	31.12.2015. EUR	31.12.2015. %	31.12.2014. EUR	31.12.2014. %
EUR	296 753	99.08	79 833	96.90
Provisions EUR	(2 084)	-	(1 659)	-
GBP	-	-	1 030	1.28
USD	2 767	0.92	1 472	1.82
Total other debtors	**297 436**	100%	**80 676**	100%

***(17c)* Age analysis of other debtors**

	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Repayable upon request	64 074	86 305	61 619	61 759
Receivables not yet due	35 910	204 858	18 178	18 178
Outstanding for 1-30 days	-	-	1 184	1 184
Outstanding for 31-90 days	-	-	383	383
Outstanding for 91-180 days	-	4 182	-	-
Outstanding for 181-360 days	515	515	612	612
Outstanding for more than 360 days	3 660	3 660	219	219
Provisions	(2 084)	(2 084)	(1 659)	(1 659)
Total other debtors	**102 075**	**297 436**	**80 536**	**80 676**

Notes (continued)

(18) Deferred expenses

	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Insurance	6 942	6 942	6 114	6 114
License for lending services and debt recovery services	15 051	16 192	11 854	14 181
Prepayment for rent and other costs	11 199	12 029	9 794	9 794
Total deferred expenses	**33 192**	**35 163**	**27 762**	**30 089**

(19) Cash and bank

	31.12.2015. EUR	31.12.2015. EUR	31.12.2014. EUR	31.12.2014. EUR
Cash at bank	255 599	289 924	866 040	866 615
Cash in hand	183 672	203 667	331 088	331 103
	439 271	**493 591**	**1 197 128**	**1 197 718**

All the Parent company's and the Group's cash is in euro.

(20) Share capital

As at 31 December 2015 the subscribed and fully paid share capital the Parent Company is EUR 426 861 that consists of 426 861 ordinary shares with a nominal value of EUR 1 each.

(21) Bonds issued

	31.12.2015. EUR	31.12.2015. EUR	31.12.2014. EUR	31.12.2014. EUR
Bonds issued	5 500 000	5 500 000	6 500 000	6 500 000
Bonds commission	(10 352)	(10 352)	(28 534)	(28 534)
Total long-term part of bonds issued	**5 489 648**	**5 489 648**	**6 471 466**	**6 471 466**
Bonds issued	1 000 000	1 000 000	1 000 000	1 000 000
Bonds commission	(18 182)	(18 182)	(24 867)	(24 867)
Interest accrued	34 453	34 453	17 303	17 303
Total short-term part of bonds issued	**1 016 271**	**1 016 271**	**992 436**	**992 436**
Bonds issued, total	**6 500 000**	**6 500 000**	**7 500 000**	**7 500 000**
Interest accrued, total	**34 453**	**34 453**	**17 303**	**17 303**
Bonds commission, total	**(28 534)**	**(28 534)**	**(53 401)**	**(53 401)**
Bonds issued net	**6 505 919**	**6 505 919**	**7 463 902**	**7 463 902**

As at the date of signing of the annual report the Parent company of the Group has registered secured bonds (ISIN LV0000801280) with the Latvia Central Depository on the following terms – number of financial instruments 5 000 with the nominal value of 600 *euro*, with the total nominal value of 3 000 000 *euro*. Coupon rate - 14%, coupon is paid once a month on the 25th date. The principal amount is repaid once in a quarter in the amount of 50 *euro* per bond. The maturity of the bonds – 25 November 2018. On 28 March 2014 the public quotation of the bonds with NASDAQ OMX Riga Baltic Securities list was started.

As at the date of signing of the annual report the Parent company of the Group has registered secured bonds (ISIN LV0000801322) with the Latvia Central Depository on the following terms – number of financial instruments 3 500 with the nominal value of 1000 *euro*, with the total nominal value of 3 500 000 *euro*. Coupon rate - 15%, coupon is paid once a month on the 25th date. The principal amount is to be repaid once in a quarter in the amount of 125 *euro* per bond starting 25 March 2019. The maturity of the bonds – 25 December 2020. On 14 April 2014 the public quotation of the bonds with NASDAQ OMX Riga Baltic Securities list was started.

The bonds are secured by the commercial pledge of the total assets and shares of the Group, as well as future components of these assets. The bonds are also secured by the financial pledge of the cash assets and financial instruments (if existent) of the Group held at AS "Reģionālā investīciju banka". The bond holders have the rights to recover their assets proportionately to their share of investment in case of pledge realisation if the parent company has breached the conditions of coupon payment or principal repayment.

The following pledge agreements with the total pledge value of EUR 6 million are concluded. The secured amount of each pledge – in the total value of the pledge amount:

- with the Parent company on 100% shares of SIA "EkspressInkasso";
- with a subsidiary SIA "EkspressInkasso" on aggregate movable property and future components of these assets;
- with the Parent company on aggregate movable property and future components of these assets. Leased vehicles are excluded from the pledge listing.

Notes (continued)

(21) **Bonds issued** (continued)

Term:	Gross future minimum payments 31.12.2015 EUR	NPV of future minimum payments 31.12.2015 EUR	Interest expenses 31.12.2015 EUR	Gross future minimum payments 31.12.2014 EUR	NPV of future minimum payments 31.12.2014 EUR	Interest expenses 31.12.2014 EUR
up to one year	1 915 833	1 000 000	915 833	2 020 833	1 000 000	1 020 833
2 – 5 years	7 760 781	5 500 000	2 260 781	6 751 563	4 750 000	2 806 563
5-10 years	-	-	-	1 914 063	1 750 000	164 063
	9 676 614	**6 500 000**	**3 176 614**	**10 686 459**	**7 500 000**	**3 991 459**

(22) Other borrowings

	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Long-term finance lease	166 741	166 741	96 676	96 676
Other long-term loans	500 000	500 000	500 000	500 000
Total other long-term loans	**666 741**	**666 741**	**596 676**	**596 676**
Short-term finance lease	54 846	54 846	30 341	30 341
Other short-term loans	330 000	330 000	-	-
Total other short-term loans	**384 846**	**384 846**	**30 341**	**30 341**
Total other loans	**1 051 587**	**1 051 587**	**627 017**	**627 017**

The Parent company has acquired fixed assets on finance lease. As at 31 December 2015 the interest rate was set as 3 M Euribor + 5.5% and 6M Euribor + 3-3.5%. See Note 10 on residual values of fixed assets acquired under the finance lease conditions.

The Parent company has received loans from private individuals and legal entities. The interest is charged from 0 to 15 % p.a. The loans are received without security granted.

Total future minimum lease payments – present value and interest expense for Parent company other borrowings and borrowings from affiliated companies:

Term:	Gross future minimum payments 31.12.2015 EUR	NPV of future minimum payments 31.12.2015 EUR	Interest expenses 31.12.2015 EUR	Gross future minimum payments 31.12.2014 EUR	NPV of future minimum payments 31.12.2014 EUR	Interest expenses 31.12.2014 EUR
up to one year	490 049	384 846	105 703	100 341	30 341	70 000
2 – 5 years	699 255	666 741	32 514	696 016	596 676	99 340
	1 189 304	**1 051 587**	**138 217**	**796 357**	**627 017**	**169 340**

Total future minimum lease payments – present value and interest expense for Group other borrowings and borrowings from affiliated companies:

Term:	Gross future minimum payments 31.12.2015 EUR	NPV of future minimum payments 31.12.2015 EUR	Interest expenses 31.12.2015 EUR	Gross future minimum payments 31.12.2014 EUR	NPV of future minimum payments 31.12.2014 EUR	Interest expenses 31.12.2014 EUR
up to one year	490 549	384 846	105 703	100 341	30 341	70 000
2 – 5 years	699 282	666 741	32 514	696 016	596 676	99 340
	1 189 831	**1 051 587**	**138 217**	**796 357**	**627 017**	**169 340**

Notes (continued)

(23) Accounts payable to affiliated companies

	Parent company 31.12.2015.	Group 31.12.2015.	Parent company 31.12.2014.	Group 31.12.2014.
Debt to SIA Banknote for permanent share purchase, realized goods and fixed assets	755 013	-	-	-
Accrued liabilities for facilities management and utilities to SIA A.Kredīts	889	889	-	-
Loan from AS Naudasklubs	16 550	16 550	-	-
Interest accrued on AS Naudasklubs	257	257	-	-
Debt for the services provided by the SIA AE Consulting	-	1 289	-	-
Total liabilities to related parties	**772 709**	**18 985**	-	-

(24) Trade creditors and accrued liabilities

	31.12.2015. EUR	31.12.2015. EUR	31.12.2014. EUR	31.12.2014. EUR
Debts to suppliers	144 253	147 926	56 117	74 596
Salaries	166 172	168 162	149 496	152 061
Vacation accrual*	281 298	281 298	194 431	194 431
Vacation liabilities paid out as at the date of signing of these financial statements	2 377	2 377	2 308	2 308
Amounts due to loan recipients	35 991	35 991	-	-
Other liabilities	45 359	45 517	31 003	31 045
	675 450	**681 271**	**433 355**	**454 441**

(24a) Parent company's trade creditors by currency, translated into EUR:

	31.12.2015. EUR	31.12.2015. %	31.12.2014. EUR	31.12.2014. %
EUR	674 420	99.85	432 325	99.76
GBP	1 030	0.15	1 030	0.24
Total trade creditors and accrued liabilities	**675 450**	**100%**	**433 355**	**100%**

Group's trade creditors by currency, translated into EUR:

	31.12.2015. EUR	31.12.2015. %	31.12.2014. EUR	31.12.2014. %
EUR	680 241	99.85	453 411	99.77
GBP	1 030	0.15	1 030	0.23
Total trade creditors and accrued liabilities	**681 271**	**100%**	**454 441**	**100%**

(24b) Ageing analysis of trade creditors:

	31.12.2015. EUR	31.12.2015. EUR	31.12.2014. EUR	31.12.2014. EUR
Receivables not yet due	604 726	608 664	412 267	433 353
Outstanding for 1-30 days	70 724	72 607	21 088	21 088
Total trade creditors and accrued liabilities	**675 450**	**681 271**	**433 355**	**454 441**

Notes (continued)

(25) Taxes and social insurance payments

Parent company's taxes and social insurance

	VAT EUR	Corporate income tax EUR	Real estate tax* EUR	Business risk charge EUR	Social insurance EUR	Payroll tax EUR	Vehicles tax EUR	Natural resource tax EUR	Total EUR
Liabilities 31.12.2014.	**33 984**	**47 545**	**-**	**100**	**85 648**	**98 884**	**2 112**	**-**	**268 273**
Charge for 2015	345 412	206 856	269	1 311	1 181 147	758 899	12 912	-	**2 506 806**
Penalties calculated for 2015	66	47	-	-	-	849	-	-	**962**
Transferred to other taxes	1951	-	-	-	(1951)	-	-	-	-
Paid in 2015	(359 111)	(349 935)	(269)	(1 307)	(1 165 419)	(728 056)	(11 492)	-	**(2 615 589)**
Liabilities/ (overpaid) 31.12.2015.	**22 302**	**(95 487)**	**-**	**104**	**99 425**	**130 576**	**3 532**	**-**	**160 452**

Group's taxes and social insurance

	VAT EUR	Corporate income tax EUR	Real estate tax* EUR	Business risk charge EUR	Social insurance EUR	Payroll tax EUR	Vehicles tax EUR	Natural resource tax EUR	Total EUR
Liabilities 31.12.2014.	**33 980**	**69 240**	-	**99**	**86 962**	**99 559**	**2 112**	-	**291 952**
Acquired "Banknote", SIA 01.03.2015.	**984**	**(2 896)**	-	-	**1 904**	**(447)**	-	-	**(455)**
Charge for 2015	356 619	220 676	269	1 372	1 220 167	781 591	12 912	14	**2 593 620**
Penalties calculated for 2015	146	47	-	-	4	903	-	-	**1 100**
Transferred to other taxes	456	2 896	-	-	(4 572)	1 220	-	-	-
Paid in 2015	(373 572)	(394 454)	(269)	(1370)	(1 203 976)	(751 728)	(11 492)	-	**(2 736 861)**
Liabilities / (overpaid) 31.12.2015.	**18 613**	**(104 491)**	-	**101**	**100 489**	**131 098**	**3 532**	**14**	**149 356**

* Real estate tax payments are performed also for the leased premises in Riga, Gogoļa Street.

(26) Average number of employees

	2015	2014
Average number of employees during the reporting year:	304	287

(27) Management remuneration

	31.12.2015. EUR	31.12.2014. EUR
Board members' remuneration:		
· salary expenses	523 313	127 668
· social insurance	27 797	27 943
	551 110	**155 611**

Notes (continued)

(28) Information by segments and turnover

Based on the nature of the services the Parent Company's operations can be divided as follows.

EUR	Sale of pledges taken over		Secured loans		Non-secured loans		Other activities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Assets	1 388 670	1 594 965	3 110 871	2 942 792	4 499 318	4 477 729	2 245 474	1 793 024	11 244 333	10 808 510
Liabilities of the segment	158 821	140 309	2 888 504	2 804 051	4 220 870	4 273 634	1 897 922	1 574 553	9 166 117	8 792 547
Income	1 866 919	1 860 481	3 888 086	3 299 587	5 773 917	5 271 144	80 480	86 598	11 609 402	10 517 810
Net performance of the segment	50 835	258 226	982 863	899 696	371 726	259 325	(33 609)	(107 685)	1 371 815	1 309 562
Net financial income (expenses)	(94)	(142)	(437 513)	(385 640)	(639 395)	(744 349)	(84 070)	(45 327)	(1 161 072)	(1 175 458)
Profit/(loss) before taxes	57 530	292 267	1 112 307	1 018 297	420 684	293 510	(38 035)	(121 881)	1 552 486	1 482 193
Corporate income tax	(6 695)	(34 040)	(129 445)	(118 601)	(48 957)	(34 185)	4 426	14 195	(180 671)	(172 631)
Other information										
Fixed assets and intangible assets (NBV)	172 060	131 316	172 060	131 316	172 060	131 317			516 180	393 949
Depreciation and amortisation during the reporting period	(79 320)	(83 116)	(79 320)	(83 115)	(79 319)	(83 115)		-	(237 959)	(249 346)
Loans issued			2 641 784	2 164 518	4 030 231	3 699 455	1 310 757	1 779 558	7 982 772	7 643 531
Loans received			2 629 374	2 584 227	3 802 918	3 932 139	1 897 923	1 574 553	8 330 215	8 090 919

Based on the nature of the services the Group's operations can be divided as follows.

EUR	Sale of pledges taken over		Secured loans		Non-secured loans		Other activities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Assets	1 388 670	1 595 880	3 138 031	2 943 863	5 002 272	4 907 137	1 205 174	1 514 559	10 734 147	10 961 439
Liabilities of the segment	157 819	123 885	2 637 906	2 773 642	3 874 983	4 631 355	1 736 410	1 308 430	8 407 118	8 837 312
Income	1 890 178	1 575 436	4 075 398	3 299 587	6 010 020	5 784 754	83 225	86 598	12 058 821	10 746 375
Net performance of the segment	143 976	135 991	1 045 292	906 800	357 696	466 184	(34 500)	(107 412)	1 512 464	1 401 563
Net financial income (expenses)	(117)	(117)	(437 502)	(370 171)	(639 667)	(800 491)	(84 676)	(45 327)	(1 161 962)	(1 216 106)
Profit/(loss) before taxes	162 490	154 951	1 179 708	1 033 226	403 693	531 179	(38 936)	(122 388)	1 706 955	1 596 968
Corporate income tax	(18 514)	(18 960)	(134 416)	(126 426)	(45 997)	(64 995)	4 436	14 976	(194 491)	(195 405)
Other information										
Fixed assets and intangible assets (NBV)	172 060	131 316	172 060	131 316	172 060	131 317	127 616	-	643 796	393 949
Depreciation and amortisation during the reporting period	(81 831)	(83 116)	(81 831)	(83 115)	(81 832)	(83 115)		-	(245 494)	(249 346)
Loans issued		-	2 641 784	2 164 518	4 359 240	4 127 792	981 122	1 503 939	7 982 146	7 796 249
Loans received		-	2 380 411	2 543 207	3 459 669	4 239 282	1 736 411	1 308 430	7 576 491	8 090 919

Notes (continued)

(29) Rent and lease agreements

The Company has concluded 98 rental agreements effective as at 31.12.2015. The term of the agreements varies from 1 to 10 years. The following schedule summarises future lease payment liabilities in accordance with the agreements concluded.

	31.12.2015. EUR	31.12.2014. EUR
< 1 year	882 204	775 238
2 – 4 years	1 905 992	1 481 357
5 years and more	141 047	193 544
	2 929 243	**2 450 139**

(30) Related party transactions

In the annual report there are presented only those related parties with whom have been transactions the reporting year or in the comparative period.

Related party	Transactions in 2015	Transactions in 2014
Parent company's owners		
"Lombards24.lv", SIA (previously „Express Holdings", SIA), reg. No.40103718685	X	X
„AE Consulting", SIA, reg. No. 40003870736	X	X
„Ebility", SIA, reg. No. 40103720891	X	X
Companies and individuals under common control or significant influence		
Agris Evertovskis, p.c. 081084-10631	X	X
Edgars Bilinskis, p.c. 310782-10537	X	X
"ALPS Investments", AS (previously „Dotcom Enterprises", AS), reg. No. 40103684497	X	X
Subsidiary		
"ExpressInkasso", SIA, reg. No. 40103211998	X	X
"Banknote", SIA, reg. No. 40003040217	X	N/A
"EC Investments", SIA, reg. No. 40103944745	X	N/A
"EC finance", SIA, reg. No. 40103950614	X	N/A
Other related companies		
ABS Holding LIMITED, C41264	N/A	X
„Infrastructure Investments" AS, reg. No. 40103242023	N/A	X
„Naudasklubs" SIA, reg. No. 40103303597	X	X
„A.Kredīts" SIA, reg. No. 40103501494	X	X
„ExpressCreditEesti" OU, reg. No. 12344733	X	X
„Tigo.lv" SIA , reg. No. 40103653497	X	X
„PH investīcijas", SIA, reg. No. 42103057909	X	X
Didzis Ādmīdiņš, p.c. 051084-11569	X	N/A

All the transactions have been performed at market rates.

	2015 EUR	2014 EUR
Parent company transactions with:		
Owners of the parent company		
Cession of loans	320 547	-
Loans received	-	203 775
Loans repaid	-	203 775
Loans issued	1 649 189	8421
Loan repayment received	2 069 749	721 540
Interest paid	-	6 915
Interest received	34 417	66 128
Dividends paid	1 309 562	1 100 000
Services received	3 455	-
Goods sold	24 951	-
Fixed assets sold	268	-
Subsidiaries		
Cession of loans	623 429	1 044 659
Loans received	199 000	-
Loans repaid	199 000	-
Loans issued	92 480	-
Loan repayment received	52 480	-
Services received	1 411	-
Services delivered	10 065	-
Goods sold	206	-
Goods received	3 570	-
Fixed assets received	63 606	-

Notes (continued)

(30) Related party transactions (continued)

	2015 EUR	2014 EUR
Parent company's transactions with:		
Subsidiaries		
Interest paid	2 500	-
Interest received	799	-
Shares received	6 000	-
Takeover of company independent parts	528 216	-
Companies and individuals under common control or significant influence		
Loans received	1 868 500	698 000
Loans repaid	1 868 500	698 000
Loans issued	1 969 900	653 034
Loan repayment received	1 975 050	647 884
Interest paid	11 923	7 963
Interest received	7 059	6 219
Services delivered	-	7 680
Bonds sold	385 219	-
Other related companies		
Loans received	16 900	95 000
Loans repaid	350	2 159 600
Loans issued	869 620	418 913
Loan repayment received	886 870	824 928
Interest paid	257	20 002
Interest received	20 289	7 142
Services received	84 174	139 032
Services delivered	10 790	18 305
Goods sold	800	18 236
Goods received	20 636	24 495
Fixed assets received	702	9 281
Fixed assets sold	-	32 000
Group's transactions with:		
Owners of the parent company		
Cession of loans	338 925	-
Loans received	-	203 775
Loans repaid	-	203 775
Loans issued	1 649 189	39 421
Loan repayment received	2 100 749	721 540
Interest paid	-	6 915
Interest received	76 610	67 002
Dividends paid	1 309 562	1 100 000
Services received	4 925	-
Goods sold	24 951	-
Fixed assets sold	268	-
Companies and individuals under common control or significant influence		
Loans received	1 868 500	690 000
Loans repaid	1 868 500	690 000
Loans issued	1 969 900	326 875
Loan repayment received	1 999 603	302 725
Interest paid	11 923	7 963
Interest received	7 393	5 543
Bonds sold	385 219	-
Other related companies		
Loans received	16 900	95 000
Loans repaid	350	2 159 600
Loans issued	869 620	418 913
Loan repayment received	886 870	824 928
Interest paid	257	20 002
Interest received	20 289	7 142
Services received	84 174	139 032
Services delivered	10 790	18 305
Goods sold	800	18 236
Goods received	20 636	24 495
Fixed assets received	702	9 281
Fixed assets sold	-	32 000

Notes (continued)

(31) Business combinations

During the 2015, on 12 February 2015 the Parent company and the Riga City Council has signed a contract on purchase of 569 148 (100%) shares of SIA "Banknote" (till 30.04.2015 SIA "Rigas pilsētas lombards") which were auctioned by the former owner. The purchase price of 880 000 euro was fully paid on 18 February 2015. On 23 February 2015 the transaction was registered in the Companies' Register. During the year the pawnshop operations of SIA "Banknote" were transferred to SIA "ExpressCredit".

Acquisition value of the subsidiary - EUR 880 000. The purchase was paid in cash. Purchase price, net of cash acquired in a result of the purchase - EUR 849 234.

To assess the acquired company's goodwill its assets and liabilities were valued as at 28 February 2015. Assets acquired and liabilities and a summary of the goodwill associated calculation reflected in the following summary:

Asset / liability item	**28.02.2015 EUR**
Fixed assets and intangible assets	26 400
Stock	166 373
Loans against collateral	505 702
Other receivables	73 806
Cash	30 766
Liabilities	(47 663)
Net assets	**752 384**
Goodwill	127 616
Remuneration paid to for the acquisition of the subsidiary	**880 000**

The goodwill is attributable to the costs of opening of an equivalent company and acquisition of required operating licenses. All assets valued at their net values to be recovered.

At the end of 2015 the Parent company took over a part of the subsidiary's business (lending against collateral) as a result of the restructuring. Amount of the assets taken over- EUR 772 709. Net assets consist of loans issued against collateral and the pledges taken over.

(32) Guarantees issued

As at 31 December 2015 the Parent company has issued guarantees to the owners of the Company and other related companies for the purchase of cars under the terms of financial lease. The total amount guaranteed as at 31.12.2015 - EUR 206 107.

(33) Subsequent events

There are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2015.

POTAPOVIČA
ANDERSONE

Ūdens iela 12-45, Rīga, LV-1007, Latvija
T +371 67607902 F +371 67807092
www.p-a.lv

INDEPENDENT AUDITORS' REPORT
Translation from Latvian

To the Shareholders of SIA ExpressCredit

Report on the Financial Statements of SIA ExpressCredit as a separate entity and the Consolidated Financial Statements of SIA ExpressCredit group

We have audited the accompanying financial statements of SIA ExpressCredit as a separate entity and consolidated financial statements of SIA ExpressCredit and its subsidiaries (further in the report the Group) set out on pages 8 to 34 of the accompanying annual report of SIA ExpressCredit as a separate entity and SIA ExpressCredit group, comprising the balance sheets as of 31 December 2015, the profit or loss statements, statements of changes in equity and cash flow statements for the year then ended as well as the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management of the holding company of the Group is responsible for the preparation and fair presentation of the accompanying financial statements of SIA ExpressCredit as a separate entity and consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of SIA ExpressCredit as a separate entity and consolidated financial statements of the Group give a true and fair view of the financial position of the of SIA ExpressCredit as a separate entity and Group as of 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We have read the management report for 2015 set out on page 6 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements of SIA ExpressCredit as a separate entity and consolidated financial statements of the Group for 2015.

Report on Corporate Governance Statement

We have read the Corporate Governance Statement for 2015 set out on page 7 and did not identify material inconsistencies this Statement.

On behalf of
SIA Potapoviča un Andersone,
Certified Auditors Company
Licence No. 99

Kristīne Potapoviča
Responsible Certified Auditor
Certificate No. 99
Chairperson of the Board

29 April 2016, Riga, Latvia