SIA VIA SMS GROUP

CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS
for the year 2015

Prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union
and Independent Auditor's Report *

**This version of financial statement is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, the original language version of financial statements takes precedence over this translation.*

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General Information

Name of the company	VIA SMS GROUP
Legal status of the company	Limited liability company
Unified registration number, place and date of registration	40003901472 Riga, 23 February 2007
Registered office	13. janvara street 3 Riga, Latvia, LV-10510
Shareholders	SIA Financial investment (50%) Deniss Šerstjukovs (50%)
Members of the Board	Eduards Lapkovskis Deniss Serstjukovs
Subsidiaries	VIA SMS SIA, 13. janvara street 3, LV-1050, Riga, Latvia (100%) VIA SMS LT UAB, A. Vivulskio g. 7, LT-03162, Vilnius, Lithuania (100%) VIA SMS PL z.o.o., Al. Jerozolimskie 123A; 02-017, Warsaw, Poland (100%) VIA SMS s.r.o., Lazarská 1719/5, 110 00 Praha 1, Czech Republic (100%) ViaConto Sweden AB, Holländargatan 27, 113 59, Stockholm, Sweden (100%) ViaConto Minicredit S.L., Avenida Josep Tarradellas 8-10, ático 4ta Barcelona 08029, Spain (100%)
Reporting period	1 January 2015 – 31 December 2015
Previous reporting period	1 January 2014 – 31 December 2014
Auditors name and address	Deloitte Audits Latvia SIA Licence No. 43 4a Grēdu Street, Riga, LV-1019, Latvia Elina Sedlina Certified auditor Certificate No 179

Management Report

The Management Board of the Company presents its report on the consolidated and separate financial statements for the year ended 31 December 2015.

All the figures are presented in EUR (euro).

Core types of activity

The core type of activity of the Company and its subsidiaries (hereinafter the "Group") is providing of consumer loans (payday and instalment loans).

Business overview

In 2015 the Group's operations were successful, Group has closed reporting period with net profit of EUR 1 519 220. Due to newly opened subsidiary VIACONTO MINICREDIT S.L. in Spain which started operating in April 2015, losses in amount of EUR 706 890 were incurred and net profit in 2015 has decreased by 4% compared to 2014. VIACONTO MINICREDIT S.L. losses will be covered from next period profits. Excluding losses of VIACONTO MINICREDIT S.L. Group's profit for the reporting period comparing to net profit in 2014 has increased by 40%.

At the end of 2015 it was decided to stop operations in Lithuania as a result on December 28, 2015 the loan portfolio was sold in amount of EUR 125 281. Above mentioned decision was made due to legislation changes in Lithuania, which came into force in 2013 and led to sharp decrease in number of issued loans and their amounts.

In December 18, 2014 SIA VIA SMS Group was included in regulated capital market Nasdaq Riga by issuing bonds in Baltic bond list in amount of EUR 4 000 000. In 2015 additional bonds in amount of EUR 2 300 000 were issued, as a result on the reporting date the total amount of issued bonds are EUR 6 300 000.

Total net loan portfolio as of 31 December 2015 was EUR 10 568 256 which has increased by 32% during reporting period, mainly due to growth in Poland, Latvia and Spain.

In 2015 the Group continued its growth in consumer loans market, in 2016 Group plans to stabilize its positions in all represented markets. In 2016 it is planned to introduce new products – credit card SAVA (Latvian market) and credit line (Swedish market).

E. Lapkovskis
Member of the Board

D. Šerstjukovs
Member of the Board

Riga, 10 May 2016

SIA VIA SMS GROUP

Financial statement for the year 2015

Statement of Management's Responsibility

The Management Board of SIA VIA SMS Group ("the Company") is responsible for preparing the consolidated and separate financial statements of the Company and its subsidiaries.

The consolidated and separate financial statements are prepared in accordance with the source documents and give a true and fair view of the Company' s and its subsidiaries' financial position, operation results and cash flows for the period ended 31 December 2015.

The Board confirms that appropriate accounting policies have been consequently applied and prudent and reasonable judgments and estimates have been made by the management in the preparation of the consolidated and separate financial statements for the period ended 31 December 2015, set out on pages 6 to 31. The Board also confirms that International Financial Reporting Standards (IFRS) as adopted by the EU have been applied and complied with. The consolidated and separate financial statements have been prepared on a going concern basis and in compliance with laws and regulations of the Republic of Latvia applicable to the preparation of financial statements.

The Group's management Board is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets, and the prevention and detection of fraud and other irregularities in the Group. The Group's Board is also responsible for operating the Group in compliance with all the applicable laws and other legislative or regulatory provisions of the Republic of Latvia, as well as with the national laws and regulations of the countries in which the Group conducts its business.

On behalf of the Management Board:

E. Lapkovskis	D. Šerstjukovs
Member of the Board	Member of the Board

Riga, 10 May 2016

SIA VIA SMS GROUP

Financial statement for the year 2015

Consolidated and Separate Income Statements

	Notes	Group		Company	
		Year 2015 EUR	**Year 2014 EUR**	**Year 2015 EUR**	**Year 2014 EUR**
Net turnover	4	13 574 417	11 534 906	850 116	953 805
Operating costs	5	(2 461 977)	(3 457 813)	(848 460)	(1 066 950)
Impairment allowances	12	(4 202 236)	(3 316 361)	-	-
Gross profit/ (loss)		**6 910 204**	**4 760 732**	**1 656**	**(113 145)**
Selling expenses (marketing)		(1 807 518)	(1 233 438)	-	-
Operating profit/ (loss)		**5 102 686**	**3 527 294**	**1 656**	**(113 145)**
Administrative expenses	6	(2 494 087)	(1 418 911)	(61 727)	(128 901)
Other operating expenses	7	(610 298)	(705 890)	(7 434)	(56 430)
Other operating income	8	97 054	453 045	925 329	1 635 095
Profit before tax		**2 095 355**	**1 855 538**	**857 824**	**1 336 619**
Taxes		(576 135)	(267 509)	-	(2 275)
Net profit for the period		**1 519 220**	**1 588 029**	**857 824**	**1 334 344**

The accompanying notes on pages 12 to 31 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 6 to 30 were approved by the Management Board on 10 May 2016 and signed on behalf of the Company by:

Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

Consolidated and Separate Statements of Comprehensive Income

	Group		Company	
	Year 2015 EUR	Year 2014 EUR	Year 2015 EUR	Year 2014 EUR
Net profit for the period	**1 519 220**	**1 588 029**	**857 824**	**1 334 344**
Foreign currency translation reserve	(33 702)	21 623	-	-
Total comprehensive income	**1 485 518**	**1 609 652**	**857 824**	**1 334 344**

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Member of the Board
D. Šerstjukovs

Consolidated and Separate Statements of Financial Position

	Note	Group 31.12.2015 EUR	Group 31.12.2014 EUR	Company 31.12.2015 EUR	Company 31.12.2014 EUR
Non-current assets		**676 947**	**602 678**	**1 710 034**	**1 536 206**
Property, plant and equipment	9	66 072	53 951	-	-
Intangible assets	9	413 009	472 666	-	-
Investments in leasehold improvements	9	52 765	17 230	-	-
Investments in subsidiaries and associates	10	-	-	1 633 206	1 536 206
Loans and trade receivables	19	76 828	-	76 828	-
Deferred tax		68 273	58 831	-	-
Current assets		**12 909 889**	**9 705 229**	**7 857 490**	**6 481 415**
Loans and trade receivables	11; 19	10 568 256	8 026 587	6 315 781	5 401 023
Bonds		1 005 000	-	1 005 000	-
Other receivables	13	752 700	1 104 368	468 532	977 165
Prepaid expenses		41 065	35 856	58	2 268
Cash and cash equivalents	14	542 868	538 418	68 119	100 959
Total assets		**13 586 836**	**10 307 907**	**9 567 524**	**8 017 621**

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Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

Consolidated and Separate Statements of Financial Position (cont'd)

		Group		Company	
		31.12.2015. EUR	31.12.2014. EUR	31.12.2015. EUR	31.12.2014. EUR
Equity	Note	**1 583 322**	**207 804**	**953 296**	**95 472**
Share capital	15	803 000	803 000	803 000	803 000
Foreign currency translation reserve		44 050	77 752	-	-
Revaluation reserve	9	344 261	454 261	-	-
Retained earnings/ (accumulated loss)		392 011	(1 127 209)	150 296	(707 528)
Non-current liabilities	16	**570 582**	**4 000 000**	**570 582**	**4 000 000**
Bonds		-	4 000 000	-	4 000 000
Borrowings		570 582	-	570 582	-
Current liabilities		**11 432 932**	**6 100 103**	**8 043 646**	**3 922 149**
Bonds	16	6 390 720	50 556	6 390 720	50 556
Borrowings	16	2 211 866	4 209 425	1 624 000	3 867 875
Trade payables		1 793 194	1 123 815	6 032	-
Other liabilities		184 402	122 907	1 037	3 718
Corporate income tax payable		245 448	51 726	-	-
Accrued liabilities	17	277 583	250 065	21 857	-
Deferred income		329 708	291 609	-	-
Bank credit facility		11	-	-	-
Total liabilities		**12 003 514**	**10 100 103**	**8 614 228**	**7 922 149**
Total equity and liabilities		**13 586 836**	**10 307 907**	**9 567 524**	**8 017 621**

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D. Šerstjukovs

SIA VIA SMS GROUP

Financial statement for the year 2015

Consolidated and Separate Cash Flow Statements

Cash flows to/ from operating activities	Note	Group Year 2015 EUR	Group Year 2014 EUR	Company Year 2015 EUR	Company Year 2014 EUR
Profit before tax		2 095 355	1 855 538	857 824	1 336 619
Interest income		(5 852)	-	(833 482)	(793 173)
Interest expenses		834 599	1 022 191	783 373	970 981
Depreciation and amortization		49 118	55 736	-	49 448
Vacation reserve		4 392	6 209	-	(5 343)
Sale of shares in subsidiary		-	(442 111)	-	(348 948)
Dividends received		-	-	(890 000)	(692 000)
Operating profit before adjustments for current assets and current liabilities		**2 977 612**	**2 497 563**	**(82 285)**	**517 583**
(Increase)/decrease in loans		(2 612 645)	(681 323)	(785 758)	649 914
Increase/(decrease) in receivables and other assets		337 017	(294 352)	295 777	(408 390)
Interest received		-	-	745 720	1 029 201
Increase/(decrease) in other liabilities		905 221	(3 410 419)	(44 358)	(107 356)
Cash generated from operations		**1 607 205**	**(1 888 531)**	**129 096**	**1 680 952**
Corporate income tax (paid)		(282 040)	(400 114)	-	(20 959)
Net cash flows to/ from operating activities		**1 325 165**	**(2 288 645)**	**129 096**	**1 659 993**
Cash flows to/ from investing activities					
Investments in subsidiaries		-	-	-	(589 975)
Purchase of property, plant and equipment and intangible assets		(147 117)	(43 021)	-	(2 578)
Income/ (expenses) from sale of investments		-	(85 780)	-	14 583
Net cash flows to/ from investing activities		**(147 117)**	**(128 801)**	**-**	**(577 970)**
Cash flows to/ from financing activities					
Received borrowings		565 000	569 000	565 000	392 000
Issued bonds		2 300 000	4 000 000	2 300 000	4 000 000
Repurchased bonds		(1 005 000)		(1 005 000)	
Repayment of borrowings		(2 199 000)	(2 635 541)	(2 199 000)	(6 520 542)
Interest paid		(834 599)	(560 335)	(712 936)	(531 088)
Income from increase of share capital		-	800 156	-	800 156
Dividends received		-	-	890 000	692 000
Net cash flows to/ from financing activities		**(1 173 599)**	**2 173 280**	**(161 936)**	**(1 167 474)**
Change in cash and cash equivalents		**4 450**	**(244 166)**	(32 840)	(85 452)
Cash and cash equivalents at the beginning of the period		538 418	782 584	100 959	186 411
Cash and cash equivalents at the end of the period	14	542 868	538 418	68 119	100 959

The accompanying notes on pages 12 to 31 form an integral part of the consolidated and separate financial statements.

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Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

Consolidated and Separate Statements of Changes in Shareholder's Equity

Group	Share capital	Foreign currency translation reserve	Accu-mulated losses	Re-valuation reserve	Total attributable to equity holders	Minority interest	Total equity of the Group
	EUR	EUR	EUR		EUR	EUR	EUR
Balance as of 01.01.2014	**2 846**	**56 129**	**(2 531 694)**	**-**	**(2 472 719)**	**(191 574)**	**(2 664 293)**
Capital emission	800 156	-	-	-	**800 156**	-	**800 156**
Denomination to EUR	(2)	-	2	**454 259**	**454 259**	-	**454 259**
Change in minority interest	-	-	(183 544)	-	**(183 544)**	191 574	**8 030**
Foreign currency translation	-	21 623	-	-	**21 623**	-	**21 623**
The reporting year result	-	-	1 588 029	-	**1 588 029**	-	**1 588 029**
Balance as of 31.12.2014	**803 000**	**77 752**	**(1 127 207)**	**454 259**	**207 804**	**-**	**207 804**
Correction	-	-	(2)	2	**-**	-	**-**
Revaluation reserve	-	-	-	(110 000)	**(110 000)**	-	**(110 000)**
Foreign currency translation	-	(33 702)	-	-	**(33 702)**	-	**(33 702)**
The reporting year result	-	-	1 519 220	-	**1 519 220**	-	**1 519 220**
Balance as of 31.12.2015	**803 000**	**44 050**	**392 011**	**344 261**	**1 583 322**	**-**	**1 583 322**

Company	Share capital	Accumulated Loss	Total
	EUR	EUR	EUR
Balance as of 01.01.2014	**2 846**	**(2 041 874)**	**(2 039 028)**
Profit for the period	-	1 334 344	1 334 344
Capital emission	800 156	-	800 156
Denomination to EUR	(2)	2	**-**
Balance as of 31.12.2014	**803 000**	**(707 528)**	**95 472**
Profit for the period	-	857 824	857 824
Balance as of 31.12.2015	**803 000**	**150 296**	**953 296**

The accompanying notes on pages 12 to 30 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 6 to 30 were approved by the Management Board on 10 May 2016 and signed on behalf of the Company by:

Member of the Board
E. Lapkovskis

Member of the Board
D. Šerstjukovs

Notes to the Consolidated and Separate Financial Statements

1. General information

SIA VIA SMS GROUP is a limited liability company registered in the Republic of Latvia. The Company and its subsidiaries ("the Group") operate in Latvia, as well as in other countries: Lithuania, the Czech Republic, Poland, Sweden and Spain. The main business of the Group is providing short-term loans.

The registered office of SIA VIA SMS GROUP is at 13. janvāra Street 3, Riga, LV-1050 Latvia.

Products and services

The Group offers 2 different products – payday loans and instalment loans.

Payday loans are short-term loans issued for up to 30 days with a maximum amount of EUR 500 to EUR 700 depending on the country.

Instalment loans are long-term loans for the period from 3 to 24 months with a maximum amount of EUR 1400. Instalment loans are offered in Latvia, Lithuania, and Sweden.

All loans (payday and instalment loans) are unsecured, and the only way to hedge risks is based on the assessment of customer solvency, his or her characteristics, and historical data. In order to prevent fraud, one of the main principles in credit risk assessment is the requirement of identifying the customer by making a money transfer of one cent from the customer's bank account to the Group's account. All the transactions – issuing and collecting of loans - are cash-free and carried out via Internet and/or SMS.

Apart of the payday loans and instalment loans, the Company also offers additional services. One of the most significant of such services is term extension, namely, the Company offers to extend the repayment term of the loan; this service is only offered regarding payday loans that account for 50% of the Group's income.

2. Summary of significant accounting principles

1) Basis of preparation of the Financial Statements

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU"). IFRS as adopted by the EU do not significantly differ from IFRS issued by the International Accounting Standards Board (IASB) and are in force at the time of the preparation of these financial statements

The accompanying financial statements are presented in euro (EUR).

The consolidated and separate financial statements have been prepared under the historical cost convention, except for available-for-sale securities and investment property which are measured at fair value and real estate included in property, plant and equipment carried at revalued amounts. Other financial assets and liabilities are carried at amortized cost in accordance with the effective interest rate method.

Accounting policies applied in the year 2015 are consistent with those used in the preparation of the financial statements for the year ended 31 December 2014. The financial statements for the period ended 31 December 2015 are the third statements prepared by the Group in accordance with IFRS.

Notes to the Consolidated and Separate Financial Statements (cont'd)

Standards and Interpretations effective in the current period

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

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),

- **IFRIC 21 "Levies"** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

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

Standards and Interpretations issued and adopted in the EU but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued and adopted in the EU were in issue but not yet effective:

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of** Interests in Other Entities" (effective for financial years beginning on or after 1 January 2014);
- IAS 27 "Consolidated and Separate **Financial Statements"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

Notes to the Consolidated and Separate Financial Statements (cont'd)

Standards and Interpretations issued but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016),
- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2017),
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

The Group considers that adoption of the respective standards, amendments of effective standards and interpretations will not significantly affect Group's financial statement at its initial application period.

At the same time hedge accounting is not regulated still in relation to portfolio of financial assets and liabilities, the principles of which are yet not adopted by EU.

According to the Group's estimates, application of hedge accounting of financial assets or liabilities portfolio in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" would not affect the financial statement if it is applied at the end of the reporting period.

Notes to the Consolidated and Separate Financial Statements (cont'd)

2) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and entities controlled by the Company (its subsidiaries) on the last day of the reporting period. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Adjustments are made to the financial statements of subsidiaries, if necessary, to unify the accounting policies used by the other members of the Group. All inter-company transactions and balances between Group companies are eliminated in consolidation process. Subsidiaries are consolidated using the purchase method of accounting from the date from which control has been transferred to the Group and ceases to be consolidated from the date on which control is transferred to another company.

The Group consists of the Company and the following subsidiaries, which are controlled either directly or indirectly by the Company:

- VIA SMS SIA
- VIA SMS LT UAB
- VIA SMS PL z.o.o.
- VIA SMS s.r.o.
- VIA CONTO SWEDEN AB
- VIACONTO MINICREDIT S.L.

The Company has the power and ability to influence relevant processes in these entities by carrying out their operational management, providing funding (both as equity and loans), and providing IT resources. That gives the Company control over these entities.

3) Significant accounting assumptions and estimates

According to IFRS as adopted by the EU, the preparation of financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets and liabilities. IFRS also requires disclosing the information about contingent assets and liabilities as of reporting date and income and expenses for the reporting period. The Group makes estimates and assumptions concerning the future perspectives of the Group. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the respective estimates are revised if the changes only affect that period or in the review period and subsequent periods if the changes affect both the current and subsequent periods.

a) Loans and receivables

Loans are measured at amortized cost using the effective interest rate method. The amortized cost of a loan is the amount at which the loan is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount (through the use of an allowance account), and minus any reduction for impairment or uncollectability.

b) Impairment of financial assets

The Company conducts its loans receivable analysis at each reporting date, to assess whether and to what extent an allowance for asset impairment should be made. It is disclosed in the Income Statement.

The Group recognizes impairment loss based on historical loss experience which is adjusted on the basis of currently available data. Allowances are calculated based on base features of the portfolio. The main criterion for assessment is settlement discipline. Calculation of necessary allowance on portfolio is based on experience and previous period's statistics. On the basis of knowledge of the current situation, the management makes estimates of the net present value of expected future cash flows when determining the amount of allowances.

The carrying amount of the asset is reduced based on the allowances and the increase/decrease of the value, and is recognized in the income statement. The residual balances of any loan and receivable are written off from the accounts of the statement of financial position and from allowances for credit losses, if cannot be recovered or sold.

Notes to the Consolidated and Separate Financial Statements (cont'd)

c) *Intangible assets and property, plant and equipment*

Property, plant and equipment and intangible assets, except for goodwill and real estate, are stated at acquisition cost, less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis and written off over the useful life of respective intangible asset, using the following annual depreciation and amortization rates established by the management:

Intangible assets:	*Useful life*
Licenses	5 years
Programs	5 years
Property, plant and equipment	
Buildings	20 years
Vehicles	5 years
Furniture, fittings and equipment	3-5 years

Intangible assets and property, plant and equipment are amortized/ depreciated over their useful life. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least annually. Depreciation and amortization expense on property, plant and equipment and intangible assets with finite lives are recognized in the income statement caption "Administrative expenses".

d) *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, cash at bank, and demand deposits in banks.

e) *Financial liabilities*

Financial liabilities are disclosed in the statement of financial position under the caption "Borrowings" and measured at amortized cost.

Subsequent to initial recognition all borrowings are stated at amortized cost, using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement that are an integral part of the effective interest rate.

f) *De-recognition of financial assets and financial liabilities*

A financial asset is derecognized when:

- the contractual rights to the cash flows from that asset have expired; or
- the Group has transferred its rights to the cash flows from that asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a \`cession\` arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the ownership of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the ownership of the asset but has retained the control of the asset.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Notes to the Consolidated and Separate Financial Statements (cont'd)

g) Revenue recognition

Group mainly offers to its customers two short term loan products, i.e. loans with maturity up to 30 days and "long" term loans, i.e. loans with maturity up to 1 year, amount of "long" term loans are immaterial. Fees and commissions received from customers for initial issue of the loan are recognized using the effective interest method, during the period when the service is provided.

All other commissions and fees (except commission for initial issue of the loan), penalties and other loan related payments are recognized when cash is received.

Income and expenses relating to the reporting period are recognized in the income statement irrespective of the receipt or payment date.

Interest
Interest income is recognized on a time proportion basis, using the effective interest method. Accrual of interest income is ceased, if its recoverability is uncertain.

Dividends
Dividend income is recognised when the right to receive the payment is established.

h) Taxes

Current corporate income tax of the Company is calculated in accordance with tax legislation of the Republic of Latvia. Corporate income taxes of the Group's companies are calculated in accordance with tax legislation of the countries.

Deferred income tax is calculated on temporary differences in the timing of the recognition of the value of assets and liabilities in the financial statements and their value for taxation purposes. The deferred income tax assets and liabilities are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. Deferred corporate income tax asset is recognized in the financial statements where its recoverability is foreseen with reasonable certainty.

i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimates to settle the present obligation, its carrying amount is based on the present value of those cash flows.

j) Share capital

The Company's shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are recognized under equity as a non-taxable deduction from income.

k) Foreign currency translation:

i) Functional and presentation currency

Foreign currencies are included in the financial statements of each of the Group's entities and are presented using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in euro (EUR), which is the Company's functional currency.

Notes to the Consolidated and Separate Financial Statements (cont'd)

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from currency exchange conversions, as well as monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement.

iii) Group companies

The results and financial position of all the Group companies that have a presentation currency different from the Group's presentation currency are translated into the functional currency as follows:

- Assets and liabilities are translated at the applicable exchange rate at the final reporting date;
- Income and expenses for each income statement caption are translated at the average exchange rate, and
- All resulting exchange differences are recognized as a separate component of equity.

On consolidation, from currency exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity.

3. Financial risk management

Risk management is an integral part of the Group's activities. Risk categories that are addressed by the Group subsidiaries mainly include credit risk, country risk, liquidity risk, and currency risk. Each subsidiary participates in the credit risk management by developing its own risk management instruments, such as lending procedures, while country, liquidity and currency risks are managed at the Group level.

Credit risk

Credit risk is the risk of losses arising from a borrower's or counterparty's inability to meet its contractual obligations. Credit risk is mitigated as follows:

- Lending procedures are set up in each Group subsidiary to ensure high quality of portfolio. Such procedures are constantly improved and include judicial and behavioral indicators, use of credit bureau data and the reduction of loan principal when the prospective customer has a questionable creditworthiness.
- Penalties, extension of payment terms, restructuring (renegotiation) are used to mitigate risks associated with unrepaid debts. These options are available to borrowers in cases where there is difficulty or unwillingness to repay the debt. Extensions and restructuring (renegotiation) both extend the repayment date simultaneously with generating extra cash flow to the portfolio.
- In 2015, the program to implement an automatic credit risk evaluation system has been concluded across the whole Group.
- Loan loss allowances are an adequate way to mitigate the risk of losses to be incurred in the course of loan repayment transactions. Loan loss allowances are based on the loan statistical repayment history of borrowers.
- As of 2014, the polish Group's subsidiary has implemented a credit default swap (CDS) procedure, which includes insuring all issued loans against default. This has a positive effect on loan loss provisions, since the insurer repays to the subsidiary 100% of the outstanding principal amount and basic commission for each loan in case of a default event; and a negative effect on the profit and loss statement because of the additional cost of insuring of the portfolio. Before the default event, the incurred losses that are being provisioned for; are due to the discount effect of not receiving the cash flow in time.

Notes to the Consolidated and Separate Financial Statements (cont'd)

The table below shows the Group's gross portfolio broken down by the age of debt. The number of days overdue is used as an indication of the quality of the portfolio.

On 31 December 2015	Days overdue	Payday EUR	Instalment EUR
Performing	<=0	7 163 218	849 657
Past due not impaired	1-30	1 043 527	215 781
Impaired	31-60	559 217	123 798
	61-90	467 523	67 081
	90+	2 732 132	753 282
Restructured	-	631 202	9 824
	Total	**12 596 819**	**2 019 423**
	Loans and receivables:		**14 616 242**
	Unearned commission:		**(284 135)**
	Impairment allowances :		**(3 763 848)**
	Net loan portfolio:		**10 568 259**

On 31 December 2014	Days overdue	Payday EUR	Instalment EUR
Performing	<=0	5 640 446	1 097 345
Past due not impaired	1-30	713 269	94 663
Impaired	31-60	370 989	81 357
	61-90	151 989	53 859
	90+	2 710 763	306 855
Restructured	-	315 772	11 142
	Total	**9 903 228**	**1 645 221**
	Loans and receivables:		**11 548 449**
	Unearned commission:		**(231 723)**
	Impairment allowances:		**(3 311 320)**
	Net loan portfolio:		**8 005 406**

Country risk

Country risk is the risk associated with changes in operation on the country level, and includes two basic areas: changes in the legislation of each respective country, and issues related to maintaining enough equity to issue loans to borrowers at all times, i.e. liquidity risks. Both country level risks are reduced with close control of operations from the country management, as well as the regular assessment of the situation from the management of the Group. Liquidity risk is low given the fast-turnaround nature of the payday product.

Notes to the Consolidated and Separate Financial Statements (cont'd)

In 2015 there was a significant increase in portfolio of Poland. The table below shows the exposure of the loan portfolio to country risk in different countries.

	Year 2015	Year 2014
	EUR	EUR
Latvia	3 474 144	2 965 136
Czech Republic	2 271 845	2 279 381
Poland	5 526 052	3 358 247
Sweden	2 632 430	2 642 633
Spain	711 771	-
Lithuania	-	303 052
Total	**14 616 242**	**11 548 449**

Currency risk

Currency risk is the risk of fluctuations of the value of a financial instrument as fluctuations in foreign exchange rates affect the Group's assets. The Group has assumed that the foreign exchange rate for currencies could potentially fluctuate by three standard deviations recorded in the previous period. The table below lists currencies that the Group was exposed to during the statement year, minimum and maximum values of the interest rate according to maximum difference the rate has suffered during the statement year.

31 December 2015	CZK	PLN	SEK
Rate on the reporting date	27.025	4.2615	9.135
Maximum difference in 2015	3%	6%	3%
Minimum value	26.22	4.02	8.84
Maximum value	27.84	4.5	9.44

31 December 2014	LTL*	CZK	PLN	SEK
Rate on the reporting date	3.4528	27.7250	4.2623	9.5155
Maximum difference in 2014	-	6%	4%	5%
Minimum value	-	25.9246	4.0969	8.9964
Maximum value	-	29.5254	4.4277	10.0346

*Calculations were not performed since the country joined Eurozone.

Notes to the Consolidated and Separate Financial Statements (cont'd)

The following table below shows sensitivity of loans and receivables to the fluctuations of each of the currency exchange rates that come from the range between minimum and maximum exchange rates in the reporting year, similar as described in the previous tables.

	31 December 2015		31 December 2014	
Currency	Basis	Effect on result EUR	Basis	Effect on result EUR
LTL	-	-	303 052	-
CZK	2 205 734	66 111	2 140 389	138 992
PLN	5 231 427	294 625	3 232 806	125 441
SEK	2 548 728	83 702	2 505 940	136 694
EUR	4 185 915	-	2 965 136	-
Total	**14 171 804**	**444 438**	**11 147 323**	**401 127**

Liquidity risk

Liquidity risk is the risk that there will be not enough funds to issue loans to borrowers. Although the risk is low given the fast-turnaround nature of the payday product, to mitigate the risk, bank statements of each subsidiary are assessed every 3 days by the management of the Group and by subsidiary managers on a daily basis.

Information on liquidity – maturity table for Group's and Company's non-derivative financial assets/liabilities based on the contractual maturities.

Group	Less than 3 months	3 months to 1 year	1-5 years	Total
31 December 2015				
Financial assets				
Non-current loans and trade receivables	-	-	76 828	76 828
Loans and trade receivables	10 097 717	470 539	-	10 568 256
Bonds	-	-	1 005 000	1 005 000
Other receivables	752 700	-	-	752 700
Total	**10 850 417**	**470 539**	**1 081 828**	**12 402 784**
Financial liabilities				
Non-current borrowings	-	-	570 582	570 582
Bonds	90 720	-	6 300 000	6 390 720
Borrowings	-	2 211 866	-	2 211 866
Trade payables	1 793 194	-	-	1 793 194
Other liabilities	184 402	-	-	184 402
Corporate income tax payable	-	245 448	-	245 448
Accrued liabilities	277 583	-	-	277 583
Deferred income	329 708	-	-	329 708
Bank credit facility	11	-	-	11
Total	**2 675 618**	**2 457 314**	**6 870 582**	**12 003 514**
31 December 2014				
Financial assets				
Loans and trade receivables	7 568 396	458 191	-	8 026 587
Other receivables	1 104 368	-	-	1 104 368
Total	**8 672 764**	**458 191**	**-**	**9 130 955**

Notes to the Consolidated and Separate Financial Statements (cont'd)

Financial liabilities				
Bonds	50 556	-	4 000 000	4 050 556
Borrowings	-	4 209 425	-	4 209 425
Trade payables	1 123 815	-	-	1 123 815
Other liabilities	122 907	-	-	122 907
Corporate income tax payable	-	51 726	-	51 726
Accrued liabilities	250 065	-	-	250 065
Deferred income	291 609	-	-	291 609
Total	**1 838 952**	**4 261 151**	**4 000 000**	**10 100 103**

	Less than 3 months	3 months to 1 year	1-5 years	Total
Company				
31 December 2015				
Financial assets				
Non-current loans and trade receivables	-	-	76 828	76 828
Loans and trade receivables	199 781	-	6 116 000	6 315 781
Bonds	-	-	1 005 000	1 005 000
Other receivables	468 532	-	-	468 532
Total	**668 313**	**-**	**7 197 828**	**7 866 141**
Financial liability				
Non-current borrowings	-	-	570 582	570 582
Bonds	90 720	-	6 300 000*	6 390 720
Borrowings	-	1 624 000	-	1 624 000
Trade payables	6 032	-	-	6 032
Other liabilities	1 037	-	-	1 037
Accrued liabilities	21 857	-	-	21 857
Total	**119 646**	**1 624 000**	**6 870 582**	**8 614 228**
31 December 2014				
Financial assets				
Loans and trade receivables	167 913	5 233 110	-	5 401 023
Other receivables	977 165	-	-	977 165
Total	**1 145 078**	**5 233 110**	**-**	**6 378 188**
Financial liability				
Bonds	50 556	-	4 000 000	4 050 556
Borrowings	-	3 867 875	-	3 867 875
Other liabilities	3 718	-	-	3 718
Total	**54 274**	**3 867 875**	**4 000 000**	**7 922 149**

* Company will use new emission of bonds to refinance the existing emission of bonds.

Notes to the Consolidated and Separate Financial Statements (cont'd)

4. Net turnover

	Group		Company	
	2015	**2014**	**2015**	**2014**
	EUR	**EUR**	**EUR**	**EUR**
Commission fee	6 400 636	5 050 189	833 482	-
Extension fee	5 668 537	5 358 849	-	-
Penalties	577 511	478 947	-	-
Letters	352 594	254 262	-	-
Restructuring commission	306 804	103 921	-	-
SMS and other income	166 766	130 414	-	-
Registration fee	1 845	78 935	-	-
Services provided	99 724	79 389	16 634	953 805
Total	**13 574 417**	**11 534 906**	**850 116**	**953 805**

5. Operating costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	EUR	**EUR**	**EUR**	**EUR**
Interest expenses	834 599	1 022 190	783 374	970 980
Remuneration (operators and debt collectors, IT)	757 140	1 469 821	-	61 095
Customer due diligence	331 717	296 158	-	-
Debt collection expenses	153 413	278 952	-	-
SMS expenses	80 311	134 440	-	-
Bank charges	62 159	54 386	3 857	674
License and other membership fees	43 973	40 136	-	-
Telecommunications	29 267	48 084	-	505
Other costs	169 398	113 646	61 229	33 696
Total	**2 461 977**	**3 457 813**	**848 460**	**1 066 950**

Notes to the Consolidated and Separate Financial Statements (cont'd)

6. Administrative expenses

	Group		Company	
	2015	2014	2015	2014
	EUR	EUR	EUR	EUR
Remuneration (other)	1 404 865	522 360	5 328	50 600
Board remuneration	266 474	196 690	-	31 080
Legal and professional services	237 653	170 913	39 450	8 354
Lease of premises	163 333	153 196	1 019	5 203
Utilities	62 879	44 675	681	4 280
Accounting expenses	59 391	137 692	-	18 015
Business trips	54 134	30 418	14 443	3 460
Depreciation	42 892	55 736	-	4 219
Household goods	26 222	11 488	672	1 955
Other	176 244	95 743	134	1 735
Total	**2 494 087**	**1 418 911**	**61 727**	**128 901**

7. Other operating expenses

	Group		Company	
	2015 EUR	2014 EUR	2015 EUR	2014 EUR
Unrecoverable VAT	414 136	361 157	3 681	10 539
Write-offs	120 830	74 310	-	43 661
Donations	40 000	30 000	-	-
Vacation pay reserve	4 392	-	-	-
Currency exchange, net	-	200 655	12	-
Other	30 290	39 768	3 741	2 230
Total	**610 298**	**705 890**	**7 434**	**56 430**

8. Other operating income

	Group		Company	
	2015 EUR	2014 EUR	2015 EUR	2014 EUR
Currency exchange, net	60 979	-	-	34
Income from sale of fixed assets, net	286	-	-	545 111
Dividends received	-	-	890 000	692 000
Provisions for vacations	-	9 648	-	49 002
Sale of subsidiary	-	442 111	-	348 948
Other	35 789	1 286	35 329	-
Total	**97 054**	**453 045**	**925 329**	**1 635 095**

Notes to the Consolidated and Separate Financial Statements (cont'd)

9. Property, plant and equipment and intangible assets

	Group			
	Property, plant and equipment	Intangible assets	Long-term investments in leased property, plant and equipment	Total
	EUR	EUR	EUR	EUR
Initial value				
1 January 2015	**114 867**	**636 804**	**17 522**	**769 193**
Acquisition cost	43 151	66 682	37 284	**147 117**
Revaluation	-	-	-	**-**
Liquidated/Written-off/Sold	(13 460)		-	**(13 460)**
31 December 2015	**144 558**	**703 486**	**54 806**	**902 850**
Depreciation				**-**
1 January 2015	**(60 916)**	**(164 138)**	**(292)**	**(225 346)**
Exchange rate fluctuations, net	(2 266)	2 326	36	**96**
Calculated depreciation	(22 442)	(128 665)	(1 785)	**(152 892)**
Liquidated/Written-off/Sold	7 138	-	-	**7 138**
31 December 2015	**(78 486)**	**(290 477)**	**(2 041)**	**(371 004)**
Carrying Amount on 1 January 2015	**53 951**	**472 666**	**17 230**	**543 847**
Carrying Amount on 31 December 2015	**66 072**	**413 009**	**52 765**	**531 846**

Depreciation of revaluation reserve is EUR 110 000 for the year 2015 (EUR 90 852 for the year 2014). Revaluation reserve remaining value as at 31 December 2015 – EUR 344 259 (31 December 2014 – EUR 454 259).

Notes to the Consolidated and Separate Financial Statements (cont'd)

10. Investments in subsidiaries and associates

As at 31 December 2015 and 31 December 2014, the Company had the following investments in the subsidiaries:

Company	Type of activity	Carrying amount as of 31.12.2015 EUR	Carrying amount as of 31.12.2014 EUR	Company's share of equity as of 31.12.2015	Company's share of equity as of 31.12.2014
- VIA SMS SIA (Latvia)	Financial services	368 443	368 443	**100 %**	**100 %**
- VIA SMS LT UAB (Lithuania)	Financial services	2 903	2 903	**100 %**	**100 %**
- VIA SMS PL z.o.o. (Poland)	Financial services	552 252	552 252	**100 %**	**100 %**
- VIA SMS s.r.o. (Czech Republic)	Financial services	72 672	72 672	**100 %**	**100 %**
- VIA CONTO SWEDEN AB (Sweden)	Financial services	536 936	536 936	**100 %**	**100 %**
- VIACONTO MINICREDIT S.L. (Spain)	Financial services	100 000	3 000	**100 %**	**100 %**
Total		**1 633 206**	**1 536 206**		

Information on subsidiaries

Title	Address	Equity 31.12.2015 EUR (unaudited)	Equity 31.12.2014 EUR	Reporting year result 2015 EUR (unaudited)	Reporting year result 2014 EUR
VIA SMS SIA	13.janvarastreet 3, LV-1050, Riga, Latvia	2 527 566	2 319 199	1 059 445	975 415
VIA SMS LT UAB	A. Vivulskio g. 7, Vilnius, Lithuania, LT-03162	79 577	2 404	69 443	156 347
VIA SMS PL z.o.o	Al. Jerozolimskie 123A; 02-017, Warsaw, Poland	490 971	(135 509)	633 137	3 161
VIA SMS s.r.o.	Lazarska 1719/5, 11000, Prague, Czezh Republic	35 949	(304 379)	344 919	(174 511)
ViaConto Sweden AB	Holländargatan 27, 113 59, Stokholma, Zviedrija	18 897*	21 530	(58 264)	(159 559)
VIACONTO MINICREDIT S.L.	Avenida Josep Tarradellas 8-10, ático 4ta Barcelona 08029, Spain	366 866*	-	(313 134)	-

* The Company has signed subordinated loan agreements with ViaConto Sweden AB and VIACONTO MINICREDIT S.L. in the amount of 54,735 EUR and 580,000 EUR respectively.

Notes to the Consolidated and Separate Financial Statements (cont'd)

11. Loans and trade receivables

	Group		Company	
	31.12.2015 EUR	31.12.2014 EUR	31.12.2015 EUR	31.12.2014 EUR
Loans to customers	14 616 242	11 548 449	-	-
Loans to related parties	-	64 842	6 315 781	5 444 684
Unearned commission	(284 138)	(231 723)	-	-
Impairment allowance for loans to customers	(3 763 848)	(3 311 320)	-	-
Impairment allowance for loans to related parties	-	(43 661)	-	(43 661)
Total	**10 568 256**	**8 026 587**	**6 315 781**	**5 401 023**

Notes to the Consolidated and Separate Financial Statements (cont'd)

12. Impairment allowances

	Group		Company	
	31.12.2015 EUR	31.12.2014 EUR	31.12.2015 EUR	31.12.2014 EUR
Impairment allowances at the beginning of the period	**3 311 320**	**5 009 820**	**43 661**	**-**
Impairment allowances (loan agreements)	4 202 236	3 316 361	-	-
Impairment allowances (other agreements)	-	-	-	43 661
Impairment allowances due to subsidiary sale	-	(1 222 507)	-	-
Currency exchange differences	(86 348)	(96 095)	-	-
Effect on profit and loss	**4 115 888**	**1 997 759**	**-**	**43 661**
Write-off	(121 064)	(80 505)	(43 661)	-
Receivables sold	(3 542 296)	(3 615 754)	-	-
Change for the year	**452 528**	**(1 698 500)**	**(43 661)**	**43 661**
Impairment allowances at the end of the period	**3 763 848**	**3 311 320**	**-**	**43 661**

Composition of impairment allowances

	Group		Company	
	31.12.2015 EUR	31.12.2014 EUR	31.12.2015 EUR	31.12.2014 EUR
Loans issued	3 763 848	3 267 659	-	-
Other receivables	-	43 661	-	43 661
Impairment allowances	**3 763 848**	**3 311 320**	**-**	**43 661**

13. Other receivables

	Group		Company	
	31.12.2015 EUR	31.12.2014 EUR	31.12.2015 EUR	31.12.2014 EUR
Other receivables from customers	5 082	4 047	1 303	-
Security deposit	36 369	24 460	3 512	3 258
Overpayment of taxes	3 060	162 637	13 997	66 331
Other receivables from related parties	-	-	449 720	571 607
Other receivables	708 189	913 224	-	335 969
Total	**752 700**	**1 104 368**	**468 532**	**977 165**

Notes to the Consolidated and Separate Financial Statements (cont'd)

14. Cash and cash equivalents

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	EUR	EUR	EUR	EUR
SEK	76 345	64 880	-	-
PLN	84 250	149 531	-	-
EUR	327 664	253 391	68 119	100 959
LTL	-	27 505	-	-
CZK	54 609	43 111	-	-
Total	**542 868**	**538 418**	**68 119**	**100 959**

15. Share capital

The total number of registered shares is 803 000. The par value of each share is EUR 1. All shares are fully paid.

16. Borrowings

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	EUR	EUR	EUR	EUR
Short-term liabilities	**8 602 586**	**4 259 981**	**8 014 720**	**3 918 431**
Short-term loan	2 211 866	4 209 425	1 624 000	3 867 875
Short-term bonds	6 300 000	-	6 300 000	-
Accrued interest on short-term bonds	90 720	50 556	90 720	50 556
Long-term liabilities	**570 582**	**4 000 000**	**570 582**	**4 000 000**
Long-term loan	565 000	-	565 000	-
Accrued interest on long-term loan	5 582	4 000 000	5 582	4 000 000
Total	**9 173 168**	**8 259 981**	**8 585 302**	**7 918 431**

		Group		Company	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
Interest rate	**Maturity:**	EUR	EUR	EUR	EUR
6%	1-3 years	570 582	-	570 582	-
10%	1-3 years	772 055	788 529	457 189	528 979
13%	1-3 years	6 663 720	4 132 555	6 390 720	4 050 555
15%	1-3 years	1 166 811	3 338 897	1 166 811	3 338 897
Total		**9 173 168**	**8 259 981**	**8 585 302**	**7 918 431**

Notes to the Consolidated and Separate Financial Statements (cont'd)

17. Accrued liabilities

	Group		Company	
	31.12.2015 EUR	31.12.2014 EUR	31.12.2015 EUR	31.12.2014 EUR
Accrued unused vacations	112 822	124 033	250	-
Accrued expenses	164 761	126 032	21 607	-
Total	**277 583**	**250 065**	**21 857**	**-**

18. Average number of employees

	Group		Company	
	Year 2015	Year 2014	Year 2015	Year 2014
Management	6	6	2	2
Administration	24	15	1	1
Other	59	61	-	-
Total	**89**	**82**	**3**	**3**

19. Related party disclosures

The Group's transactions with related parties:

Income/(Expense)	Year 2015 EUR	Year 2014 EUR
Services provided	400	-
Services received	5 852	-
Accrued interest expenses	(77 675)	(7 280)
Total, net	**(71 423)**	**(7 280)**

Assets/(Liabilities)	31.12.2015 EUR	31.12.2014 EUR
Loans	70 000	20 000
Accrued interest payable	6 828	1 182
Borrowings	(741 446)	(50 000)
Total, net	**(664 618)**	**(28 818)**

Notes to the Consolidated and Separate Financial Statements (cont'd)

The Company's transactions with related parties:

Income	**Year 2015 EUR**	**Year 2014 EUR**
Services provided	19 667	682 500
Services received	(61 229)	-
Interest income	833 482	789 131
Interest expense	(54 454)	(15 307)
Total, net	**737 466**	**1 456 324**

Assets	**31.12.2015 EUR**	**31.12.2014 EUR**
Loans	6 186 000	5 211 926
Accrued interest	206 610	167 913
Issued bonds	(462 000)	(417 000)
Accrued interest on bonds	(6 446)	-
Total, net	**5 924 164**	**4 962 839**
Debtors debts	450 204	571 605
Total, net	**6 374 368**	**5 534 444**

21. Significant events after reporting year-end

On 30 March, 2016 AS "Latvijas Centrālais depozitārijs" issued new emission of bonds (ISIN: LV0000802064) with the following conditions:

Number of bonds	6 300
Nominal value	EUR 6 300 000
Nominal value of one bond	EUR 1.000
Coupon rate per annum	12.5%
Maturity date	25 May, 2019
Coupon payment frequency	quarterly
Repayment of principal amount	at the end of the term

Group will use new emission of bonds to refinance existing emission of bonds (ISIN: LV0000801496), it will be proposed to existing bondholders to exchange existing bonds to new bonds. Bond exchange deal will be performed as noncash transfer.

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

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of SIA "VIA SMS Group"

Report on the Financial Statements **Translation from Latvian**

We have audited the financial statements of SIA "VIA SMS Group" (further "the Company") and the consolidated financial statements of SIA "VIA SMS Group" and its subsidiaries (further "the Group") set out on pages 6 to 31 of the accompanying annual report for 2015, which comprise the Company's and the Group's balance sheets as of 31 December 2015, income statements and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 referred to above give a true and fair view of the financial position of the Company and the Group as of 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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Roberts Stuģis
Member of the Board

Riga, Latvia
10 May 2016

Elīna Sedliņa
Certified auditor of Latvia
Certificate No. 179