



New Hanza Capital, AS

Group and Company Condensed Interim Report
for the three month period ended 31 March 2019
(unaudited)

Contents

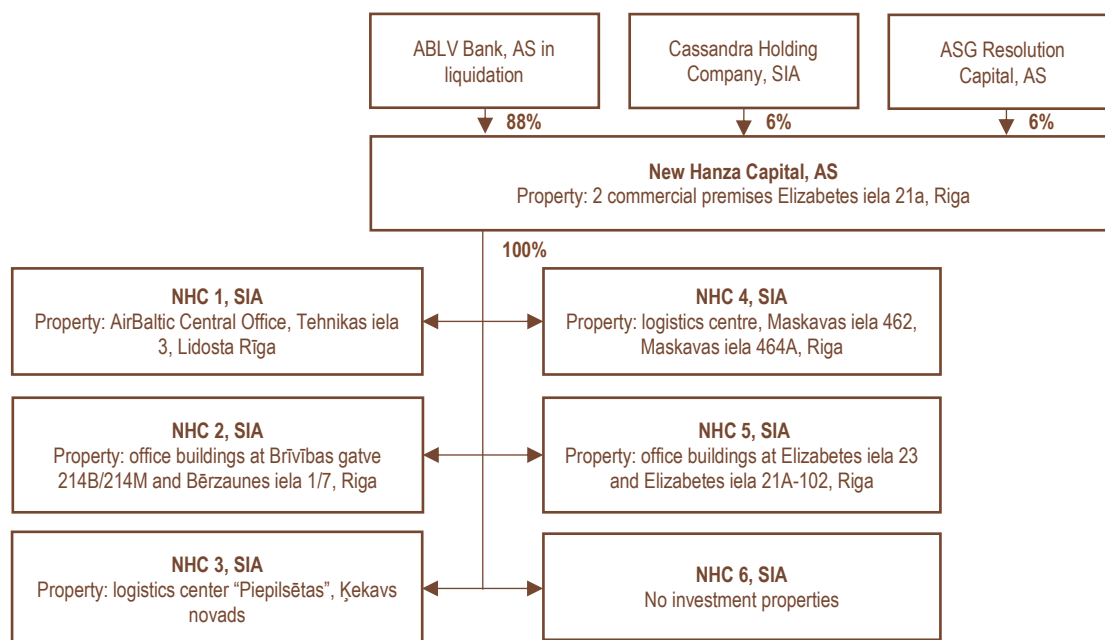
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Disclaimer

The financial statements were prepared in Latvian and English. In the event of any discrepancies between the Latvian and the English reports, the Latvian version of the reports shall prevail.

General information

| | |
|--|---|
| Company name | New Hanza Capital, AS |
| Legal status of the company | Joint Stock Company |
| Registration No, place and date | 50003831571, Riga, 6 June 2006 |
| Legal address | Pulkveža Brieža iela 28A, Riga, LV-1045, Latvia |
| Postal address | Pulkveža Brieža iela 28A, Riga, LV-1045, Latvia |
| NACE code, Type of primary activity | 68.20 Renting and operating of own or leased real estate 70.10 Activities of head offices |
| Members of the Board and their positions | <u>From 20 March 2018</u> Edgars Miļūns, Chairman of the Board Aija Hermāne-Sabule, Member of the Board Arnolds Romeiko, Member of the Board |
| Members of the Council and their positions | <u>From 19 March 2018</u> Ernestis Bernis, Chairman of the Council Edgars Pavlovičs, Deputy Chairperson of the Council Māris Kannenieks, Member of the Council |
| Reporting period | 1 January 2019 – 31 March 2019 |
| Group structure | |



Group Management Report

New Hanza Capital, AS, (hereinafter – the Company or NHC) is a company founded in 2006. The Company has been investing in commercial properties since 2015. New Hanza Capital, AS and its subsidiaries (hereinafter – the Group) focus on acquiring cash generating commercial properties with future income potential. The business objective of the Company is to invest funds in commercial properties, sustainably increase rental income and promote long-term property value and capital growth.

The Group specializes in the acquisition of office buildings, warehouses and logistic centers. Our priority is to invest in already existing and operating commercial properties. At the same time, part of investments are intended to be made in various property construction and development projects. The investment strategy entails direct acquisition of real estate, as well as purchase of equity interest in companies holding the respective properties.

Group key financial and property performance indicators

The Group result for the reporting period amounts to a EUR 89 610 thousand profit after tax. The Company closed the reporting period with a post-tax profit of EUR 59 433. The Group and Company profit for the reporting period is in line with management expectations. Since the Group subsidiaries operating objectives are in line with the Company and the nature of their activities in the reporting period did not differ materially from that of the Company the Group management focusses on analyzing only the consolidated results of the Group. Table below summarizes Group operating indicators selected and monitored by the Group management based on industry standards.

| Group profit and cash flow indicators | Unit | 01.01.2019 - 31.03.2019 | 01.01.2018 - 31.03.2018 | 01.01.2017 - 31.03.2017 |
|---|-------------------------|------------------------------------|------------------------------------|------------------------------------|
| Income | EUR | 919,292 | 936,696 | 270,047 |
| Adjusted EBITDA | EUR | 268,816 | 333,035 | 48,349 |
| Profit before tax | EUR | 89,625 | 204,205 | 27,162 |
| Cash flows from operating activities | EUR | 231,051 | (93,676) | 2,801,480 |
| Group balance sheet indicators | Unit | 31.03.2019 | 31.12.2018 | 31.03.2017 |
| Gross asset value (GAV) | EUR | 62,427,502 | 56,079,789 | 52,362,834 |
| <i>incl. investment property</i> | EUR | 47,395,328 | 39,108,000 | 35,453,295 |
| <i>incl. construction in progress</i> | | 577,749 | 279,146 | - |
| <i>incl. current assets</i> | EUR | 13,946,999 | 16,308,182 | 16,835,146 |
| Liabilities | EUR | 27,716,938 | 21,458,834 | 19,408,593 |
| <i>incl. current liabilities</i> | EUR | 3,045,835 | 2,459,407 | 1,861,576 |
| Net asset value (NAV) | EUR | 34,710,564 | 34,620,955 | 32,954,241 |
| Total liquidity ratio | ratio | 4.58 | 6.63 | 9.04 |
| Group financial ratios | Unit | 01.04.2018 - 31.03.2019 | 01.04.2017 - 31.03.2018 | 01.04.2016 - 31.03.2017 |
| Adjusted EBITDA margin | % | 39.02% | 26.47% | -5.39% |
| Net profit margin | % | 40.58% | 351.43% | -5.06% |
| Equity ratio | ratio | 0.83 | 1.51 | 0.59 |
| Return on equity | % | 4.57% | 33.72% | -1.18% |
| Return on assets | % | 3.78% | 51.04% | -0.70% |
| Group investment property indicators | Unit | 31.03.2019 | 31.12.2018 | 31.03.2017 |
| Number of investment properties | pcs. | 11 | 9 | 8 |
| Investment property market value | EUR | 47,395,328 | 39,108,000 | 35,453,295 |
| Leasable area | m ² | 77,406 | 72,992 | 6.05% |
| Annual contractual rent fee | EUR | 2,772,658 | 2,890,062 | 2,875,981 |
| Return on investment properties at market value | % | 5.9% | 7.4% | 8.1% |
| WALE | years | 3.19 | 2.33 | 3.48 |
| Average rent | EUR/m ² p.m. | 4.35 | 4.31 | 4.24 |
| Occupancy | % | 69% | 77% | 85% |

Explanation of indicators and ratios

Adjusted EBITDA = earnings before interest, tax, depreciation and amortization, gains and losses from investment property revaluation

Adjusted EBITDA margin = adjusted EBITDA (in a 12 month period) / revenue (in a 12 month period) * 100%

Net profit margin = net profit (in a 12 month period) / revenue (in a 12 month period) * 100%

Equity ratio = (1/2 * value of equity at the beginning of the 12 month period + 1/2 * value of equity at the end of the 12 month period) / (1/2 * value of assets at the beginning of the 12 month period + 1/2 * value of assets at the end of the 12 month period)

Return on equity (ROE) = net income (in a 12 month period) / (1/2 * value of equity at the beginning of the 12 month period + 1/2 * value of equity at the end of the 12 month period) * 100%

Return on assets (ROA) = net income (in a 12 month period) / (1/2 * value of assets at the beginning of the 12 month period + 1/2 * value of assets at the end of the 12 month period) * 100%

Total liquidity ratio = current assets at the reporting date / current liabilities at the reporting date

Return on investment properties at market value = annual rent defined in the agreements / market value of investment properties

WALE = area (m²) weighted average unexpired lease term at the given date

Weighted average rental rate = area (m²) weighted average rental rate at the given date, EUR/m² p.m.

Occupancy = occupied area (m²) of the investment properties at the given date expressed as a percentage of the total property leasable area

Key events in the 1st quarter 2019

Business combinations

On 15 January 2019 the Company signed a purchase agreement with ABLV Bank, AS in Liquidation regarding the purchase of 98.71% of NHC 5, SIA shares for the amount of EUR 8 287 170. On the date of signing the agreement the Company held the remaining 1.29% of NHC 5, SIA shares. This transaction was registered in the Company Register on 8 February 2019.

NHC 5, SIA line of business is renting and operating of own or leased real estate. NHC 5, SIA has two investment properties in ownership – office building on Elizabetes iela 23 and office spaces on Elizabetes iela 21A-102 with a total area of 4,324.9 square meters and 689.4 square meters respectively. The Company was acquired with the purpose to increase the Group investment property portfolio, as well as increase the Group rent income.

Loans

On 15 January 2019 the Company signed a loan agreement with ABLV Bank, AS in Liquidation in the amount of EUR 5 790 000. The company used this agreement to finance NHC 5, SIA share purchase. The loan repayment is due on 15 January 2021.

Changes in Company share holders

On 16 January 2019 the Company share holder PREMIUM FINANCE GROUP, SIA (reg. num. 40103210371) signed a sales agreement with ASG Resolution Capital, AS (reg. num. 40203155131) on the sale of Company shares in the amount of EUR 750 000 or 3% of the Company share capital. The Company registered shareholder changes in the shareholder register on 17 January 2019.

On 16 January 2019 the Company share holder PREMIUM FINANCE GROUP, SIA (reg. num. 40103210371) signed an exchange agreement with ASG Resolution Capital, AS (reg. num. 40203155131) on the sale of Company shares in the amount of EUR 750 000 or 3% of the Company share capital. The Company registered shareholder changes in the shareholder register on 21 January 2019.

Group investment property overview

| Property | Net leasable area, m2 | Market value 31.12.2018, EUR | Direct property yield | Net initial yield | Acquisition year |
|--|-----------------------|------------------------------|-----------------------|-------------------|-----------------------|
| Small retail spaces | | | | | |
| Elizabetes 21A -101;103, Riga | Below 500 m2 | 689,000 | 11.36% | 11.06% | IVQ 2012 |
| Offices | | | | | |
| AirBaltic HQ, Tehnikas iela 3, Lidosta Rīga | above 5 000 m2 | 6,920,000 | 6.92% | 6.23% | IQ 2016 |
| VEF - Brīvības gatve 214B/214M un Bērzaunes iela 1/7, Rīga | above 25 000 m2 | 13,181,000 | 3.58% | 3.08% | IIIQ 2017 - IIIQ 2018 |
| Elizabetes 23 / 21A-102, Riga* | above 5 000 m2 | 8,094,000 | n/a* | n/a* | IQ 2019 |
| Warehouses | | | | | |
| "Piepilsētas", Ķekavas nov. | above 10 000 m2 | 7,560,000 | 6.58% | 5.45% | IVQ 2016 |
| Maskavas iela 462 / 464A, Rīga | above 25 000 m2 | 10,758,000 | 12.75% | 6.89% | IVQ 2017 |

*Currently the majority of property tenants are in rotation

Indicator and ratio details:

Property value = property fair value as at 31.12.2018

Direct property yield = net operating income (NOI) / (property acquisition value + accumulated capitalized expenses)

Net initial yield = Net Operating Income (NOI) / property market value

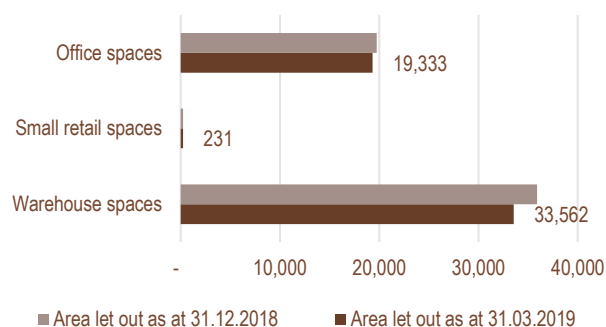
Investment property operating indicators

During the reporting period the Group expanded its investment property portfolio with the acquisition of two investment properties – an office building on Elizabetes iela 23 and office spaces on Elizabetes iela 21A-102 with a total area of 4,324.9 square meters and 689.4 square meters respectively. Office spaces on Elizabetes iela 21A-102 are fully leased, whereas the majority of Elizabetes iela 23 office building tenants are in rotation. There is also a planned decrease in the tenant number in the office building on Brīvības gatve 214M as the management prepares the building for reconstruction. As a result of the aforementioned activities the Group closed the 1st quarter 2019 with a slight decrease in the total rented area of the Group offices.

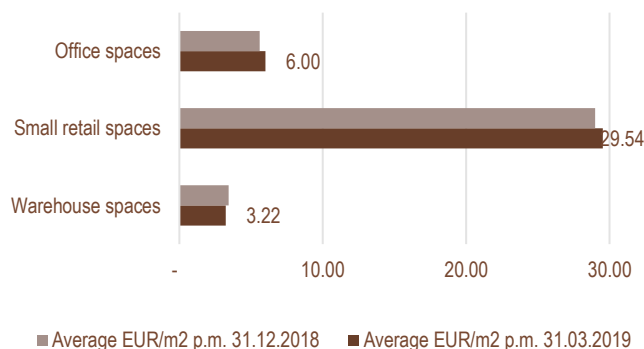
Decrease in the rented area of the Group warehouses recorded at the end of the 1st quarter 2019 resulted from tenant rotation in one of the Group warehouses – "Piepilsētas".

During the reporting period there was a 7% decrease in the average rents charged in Group offices as a result of Elizabetes iela 21A-102 office space acquisition where average rents are significantly higher than in other Group offices. The Group management expects a further increase in the average office rents charged in Group offices once tenant rotation on Elizabetes iela 23 is complete.

Rented area in the Group investment properties - breakdown by space type, m2



Weighted average rent in Group investment properties by space type, EUR/m2



Top 5 tenants in the Group investment properties by leased area:

| Tenant | Rented area (m2), 31.03.2019 |
|----------------------------|------------------------------|
| LATAKKO SIA | 25,926 |
| Air Baltic Corporation, AS | 6,217 |
| FORANS, SIA | 2,829 |
| DLW Latvija, SIA | 2,742 |
| THREE L TECHNOLOGIES, SIA | 2,417 |
| Total | 40,131 |

Statement of the Management's responsibility

The Board of New Hanza Capital, AS is responsible for the preparation of the Company interim financial statements, as well as for the preparation of the interim consolidated financial statements of the Company and its subsidiaries.

The condensed interim financial statements and the notes thereto set out on pages 8 through 20 are prepared in accordance with the source documents and present truly and fairly the financial position of the Company and the Group as at 31 March 2019 and 31 March 2018, and the results of their operations, changes in the share capital and reserves and cash flows for the three months of 2019 and the three months of 2018. Group management report presents truly an overview of Group and Company operating results. The aforementioned interim condensed financial statements are prepared on a going concern basis in conformity with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The Company management has been prudent and reasonable in its judgments and estimates in preparation of these condensed interim financial statements.

The Board of the Company 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.

On behalf of the Board:



Edgars Milūns
Chairman of the Board



Arnolds Romeiko
Member of the Board

20 May 2019

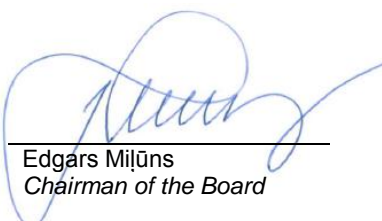
Group and Company Condensed Interim Financial Statements

Statements of Profit and Loss and Other Comprehensive Income for the three month period ended 31 March 2019

| | Notes | Group 01.01.2019 - 31.03.2019 EUR | Group 01.01.2018 - 31.03.2018 EUR | NHC 01.01.2019 - 31.03.2019 EUR | NHC 01.01.2018 - 31.03.2018 EUR |
|---|-------|--|--|--|--|
| Income | 8 | 919,292 | 936,696 | 78,201 | 78,100 |
| Operating expenses | 9 | (528,905) | (532,085) | (56,682) | (92,143) |
| Gross profit | | 390,386 | 404,611 | 21,519 | (14,043) |
| Administrative expenses | 10 | (114,891) | (102,606) | (80,239) | (85,341) |
| Other operating income | | 11,834 | 37,890 | - | 37,890 |
| Other operating expenses | | (10,295) | (4,314) | (4,419) | (1,102) |
| Other interest and similar income | | - | 30,643 | 276,172 | 168,072 |
| Other interest and similar expenses | | (187,409) | (162,019) | (153,601) | (123,500) |
| Profit / (loss) before taxes | | 89,625 | 204,205 | 59,433 | (18,024) |
| Corporate income tax for the reporting period | | (15) | - | - | - |
| Profit / (loss) for the reporting period | | 89,610 | 204,205 | 59,433 | (18,024) |
| Total amount of comprehensive income | | 89,610 | 204,205 | 59,433 | (18,024) |

The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

On behalf of the Board:



Edgars Milūns
Chairman of the Board



Arnolds Romeiko
Member of the Board

20 May 2019

Statements of Financial Position as at 31 March 2019

| | Notes | Group 31.03.2019 EUR | Group 31.12.2018 EUR | NHC 31.03.2019 EUR | NHC 31.12.2018 EUR |
|---|-------|----------------------------|----------------------------|--------------------------|--------------------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Intangible assets | | 4,739 | 2,981 | 2,739 | 2,981 |
| Property and equipment | | 280,888 | 59,132 | 56,606 | 59,132 |
| Investment property | 11 | 47,395,328 | 39,108,000 | 689,000 | 689,000 |
| Construction in progress | | 577,749 | 279,146 | - | - |
| Investments in subsidiaries | 12 | - | - | 13,713,170 | 5,320,000 |
| Investments in other companies | | 200,000 | 306,000 | 200,000 | 306,000 |
| Financial assets at fair value through profit and loss | | 21,798 | 16,348 | - | - |
| Total non-current assets | | 48,480,502 | 39,771,607 | 14,661,515 | 6,377,113 |
| Current assets | | | | | |
| Trade receivables | | 192,906 | 67,853 | 377,104 | 557,052 |
| Loans to related parties | 13 | - | - | 18,042,000 | 18,442,000 |
| Other assets | 14 | 12,682,120 | 12,451,688 | 12,388,088 | 12,132,205 |
| Cash and cash equivalents | | 1,071,973 | 3,788,641 | 325,008 | 2,267,229 |
| Total current assets | | 13,946,999 | 16,308,182 | 31,132,200 | 33,398,486 |
| Total assets | | 62,427,502 | 56,079,789 | 45,793,715 | 39,775,599 |
| Liabilities | | | | | |
| Equity | | | | | |
| Share capital | 15 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 |
| Retained earnings/ accumulated (loss) of previous periods | | 9,620,955 | 7,954,241 | 4,616,976 | (362,755) |
| Profit / (loss) of the reporting period | | 89,610 | 1,666,714 | 59,433 | 4,979,731 |
| Total equity | | 34,710,565 | 34,620,955 | 29,676,409 | 29,616,976 |
| Long term liabilities | | | | | |
| Loans | 16 | 15,628,197 | 9,956,521 | 5,790,000 | - |
| Bonds | 16 | 8,956,052 | 8,956,052 | 8,956,052 | 8,956,052 |
| Other assets | 17 | 86,854 | 86,854 | - | - |
| Total long term liabilities | | 24,671,102 | 18,999,427 | 14,746,052 | 8,956,052 |
| Short term liabilities | | | | | |
| Loans | 16 | 544,571 | 580,251 | - | - |
| Bonds | 16 | 1,267,871 | 1,145,372 | 1,267,871 | 1,145,372 |
| Trade payables | | 266,344 | 315,005 | 7,863 | 12,593 |
| Other liabilities | 17 | 751,291 | 356,772 | 14,316 | 14,756 |
| Accrued liabilities | | 215,758 | 62,007 | 81,204 | 29,850 |
| Total short term liabilities | | 3,045,835 | 2,459,407 | 1,371,254 | 1,202,571 |
| Total liabilities | | 27,716,938 | 21,458,834 | 16,117,306 | 10,158,623 |
| Total liabilities and equity | | 62,427,502 | 56,079,789 | 45,793,715 | 39,775,599 |

The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

On behalf of the Board:


 Edgars Miļūns
 Chairman of the Board


 Arnolds Romeiko
 Member of the Board

20 May 2019

Statements of Cash Flows for the three month period ended 31 March 2019

| Notes | Group | Group | NHC | NHC |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 01.01.2019 - 31.03.2019 EUR | 01.01.2018 - 31.03.2018 EUR | 01.01.2019 - 31.03.2019 EUR | 01.01.2018 - 31.03.2018 EUR |
| Cash flows from operating activities | | | | |
| (Loss) / profit of the reporting period before tax | 89,610 | 204,205 | 59,433 | (18,024) |
| Adjustments for: | | | | |
| Depreciation of fixed assets | 2,768 | 2,546 | 2,768 | 2,546 |
| Interest income | - | (30,643) | (276,172) | (168,072) |
| Interest expenses | 187,409 | 162,019 | 153,601 | 123,500 |
| Changes in accrued loan and coupon interest liabilities | - | - | 122,499 | - |
| Changes in the value of long-term and short-term financial assets | (5,450) | - | - | - |
| Profit before changes in working capital | 274,337 | 338,127 | 62,129 | (60,050) |
| (Increase) / decrease in trade receivables | (355,485) | (555,655) | (4,260) | (77,733) |
| Increase / (decrease) in trade payables | 346,224 | 133,360 | (107,382) | (144,860) |
| Interest payments received | - | 30,000 | 204,497 | 30,000 |
| Interest paid | (33,808) | (39,508) | - | (989) |
| Corporate income tax payments | (216) | - | (35) | - |
| Cash flows from operating activities | 231,051 | (93,676) | 154,949 | (253,632) |
| Cash flows from investing activities | | | | |
| Investment property acquisition / construction expenses | (8,585,931) | (94,351) | - | - |
| Property and equipment | (226,282) | - | - | - |
| Reclassification of investments in company share capital | 12 106,000 | - | - | - |
| Acquisition of shares in related companies/ net cash paid | 12 - | - | (8,287,170) | - |
| Sale of shares in associated companies/ net cash received | - | 7,500 | - | 7,500 |
| Dividends received | - | 6,793 | - | - |
| Loans issued | - | (171,859) | - | - |
| Loans repaid | - | 50,000 | 400,000 | 532,385 |
| Investments in financial assets | - | 8,679,684 | - | 8,686,659 |
| Net cash flows generated from / (used in) investing activities | (8,706,213) | 8,477,767 | (7,887,170) | 9,226,544 |
| Cash flows from financing activities | | | | |
| Loans received | 5,790,000 | 3,000,000 | 5,790,000 | - |
| Loans repaid | (31,506) | (435,967) | - | (334,965) |
| Net cash flows from financing activities | 5,758,494 | 2,564,033 | 5,790,000 | (334,965) |
| Increase / (decrease) in net cash during the reporting period | (2,716,668) | 10,948,124 | (1,942,221) | 8,637,947 |
| Cash at the beginning of the reporting period | 3,788,641 | 4,219,179 | 2,267,229 | 4,032,651 |
| Cash at the end of the reporting period | 1,071,973 | 15,167,303 | 325,008 | 12,670,598 |

The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

On behalf of the Board:


 Edgars Milūns
 Chairman of the Board


 Arnolds Romeiko
 Member of the Board

20 May 2019

Group Statement of Changes to the Shareholders Equity for the three month period ended 31 March 2019

| | Notes | Paid-in share capital | Reserves | Retained earnings | Profit for the reporting period | Total share capital and reserves |
|---|-------|-----------------------|----------|-------------------|---------------------------------|----------------------------------|
| 1 January 2018 | | 25,000,000 | - | 7,954,241 | - | 32,954,241 |
| Total comprehensive income | | | | | | |
| Total comprehensive income for the reporting period | | | - | | 1,666,714 | 1,666,714 |
| 31 December 2018 | 15 | 25,000,000 | - | 7,954,241 | 1,666,714 | 34,620,955 |
| 1 January 2019 | | 25,000,000 | | 9,620,955 | | 34,620,955 |
| Total comprehensive income | | | | | | |
| Total comprehensive income for the reporting period | | | - | | 89,610 | 89,610 |
| 31 March 2019 | 15 | 25,000,000 | - | 9,620,955 | 89,610 | 34,710,565 |

Company Statement of Changes to the Shareholders Equity for the three month period ended 31 March 2019

| | Notes | Paid-in share capital | Reserves | Retained earnings / (uncovered loss) of previous periods | Profit for the reporting period | Total share capital and reserves |
|---|-------|-----------------------|----------|--|---------------------------------|----------------------------------|
| 1 January 2018 | | 25,000,000 | - | (362,755) | - | 24,637,245 |
| Total comprehensive income | | | | | | |
| Total comprehensive income for the reporting period | | | - | | 4,979,731 | 4,979,731 |
| 31 December 2018 | 15 | 25,000,000 | - | (362,755) | 4,979,731 | 29,616,976 |
| 1 January 2019 | | 25,000,000 | | 4,616,976 | | 29,616,976 |
| Total comprehensive income | | | | | | |
| Total comprehensive income for the reporting period | | | - | | 59,433 | 59,433 |
| 31 March 2019 | 15 | 25,000,000 | - | 4,616,976 | 59,433 | 29,676,409 |

The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

On behalf of the Board:



 Edgars Milūns
 Chairman of the Board
 20 May 2019



 Arnolds Romeiko
 Member of the Board

Notes to the financial statements

1. The reporting entity and the group

New Hanza Capital, AS (the Company or NHC) is the entity preparing the Group and Company condensed interim financial statements. For information on the Company's ownership structure please refer to page 3 of this report. Information on ultimate beneficial owners of the Company largest shareholder is available on the largest shareholder's homepage www.ablv.com. Since the end of 2015, the Company has been investing funds in cash generating commercial properties. The Group and Company condensed interim financial statements for the three month period ended 31 March 2019 present the financial information of the Company and its subsidiaries (the Group). In line with applicable requirements, these condensed interim financial statements for the three month period ended 31 March 2019 include the Company's separate financial statements. The Company is the Group parent company.

The Group consists of the following companies:

New Hanza Capital, AS

| | |
|----------------------------------|--|
| registration date: | 6 June 2006 |
| legal address: | Pulkveža Brieža iela 28A, Rīga, LV-1045 |
| NACE code, primary activity type | 68.20 Renting and operating of own or leased real estate 70.10 Activities of head offices |
| Investment property in ownership | commercial premises on Elizabetes iela 21A, Rīga |

NHC 1, SIA

| | |
|----------------------------------|---|
| registration date: | 9 September 2009 |
| legal address: | Pulkveža Brieža iela 28A, Rīga, LV-1045 |
| NACE code, primary activity type | 68.20 Renting and operating of own or leased real estate |
| Company participation % | 100% |
| Investment property in ownership | office building at Tehnikas iela 3, Rīga International Airport in Mārupe district |

NHC 2, SIA

| | |
|----------------------------------|--|
| registration date: | 25 January 2016 |
| legal address: | Pulkveža Brieža iela 28A, Rīga, LV-1045 |
| NACE code, primary activity type | 68.20 Renting and operating of own or leased real estate |
| Company participation % | 100% |
| Investment property in ownership | office buildings in Rīga, in the territory of the former State Electrotechnical Factory (VEF), Brīvības gatve 214B, Brīvības gatve 214M, Bērzaunes iela 1 and Bērzaunes iela 7 |

NHC 3, SIA

| | |
|----------------------------------|---|
| registration date: | 20 May 2016 |
| legal address: | Pulkveža Brieža iela 28A, Rīga, LV-1045 |
| NACE code, primary activity type | 68.20 Renting and operating of own or leased real estate |
| Company participation % | 100% |
| Investment property in ownership | office and warehouse complex in Piepilsētas, Krustkalni, Ķekavas novads |

NHC 4, SIA

| | |
|----------------------------------|--|
| registration date: | 15 November 2016 |
| legal address: | Pulkveža Brieža iela 28A, Rīga, LV-1045 |
| NACE code, primary activity type | 68.20 Renting and operating of own or leased real estate |
| Company participation % | 100% |
| Investment property in ownership | warehouse complex in Rīga, Maskavas iela 462 and Maskavas iela 464A. |

NHC 5, SIA

| | |
|----------------------------------|--|
| registration date: | 15 November 2016 |
| legal address: | Pulkveža Brieža iela 28A, Rīga, LV-1045 |
| NACE code, primary activity type | 68.20 Renting and operating of own or leased real estate |
| Company participation % | 100%* |
| Investment property in ownership | offices on Elizabetes iela 23 and office spaces on Elizabetes iela 21A-102 |

NHC 6, SIA

| | |
|----------------------------------|--|
| registration date: | 15 November 2016 |
| legal address: | Pulkveža Brieža iela 28A, Rīga, LV-1045 |
| NACE code, primary activity type | 68.20 Renting and operating of own or leased real estate |
| Company participation % | 100% |
| Investment property in ownership | none |

*The Company held 100% of share capital of NHC 5, SIA in the period from 15 November 2016 until 8 April 2018 and it was included in the Group until that date. During the period 9 April 2018 to 7 February 2019 NHC 5, SIA was not in the Group. Starting from 8 February 2019 the Company holds 100% of NHC 5, SIA share capital. For further information refer to the Group Management Report.

2. Accounting principles

These Group and Company condensed interim financial statements were prepared on a going concern basis in conformity with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union. The Board approved these financial statements for release on 20 May 2019.

Group and Company financial statement comparable figures for the reporting period of 2018 are classified according to the reporting period of 2019 principles, and are fully comparable.

These financial statements cover the three months from 1 January 2019 to 31 March 2019.

All companies within the Group consistently apply the Company accounting methods.

3. Estimates and judgments

The preparation of financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key judgments and estimates are:

a) Valuation of investment property

Land and buildings held to earn rental income are classified as investment property and are measured at fair value, with any changes in fair value recognized as profit or loss in the statement of comprehensive income. Investment property is valued by an external certified appraiser at least once a year (refer to Note 11 - Investment property). In cases where specific assumptions of the external appraiser are not deemed to be acceptable, there may be internal value corrections.

Investment property under development, where completely new buildings are under construction, and where the fair value of such investment property is not reliably measurable but the management expects the fair value of such property to be reliably measurable once construction is complete, is measured at cost according to IAS 40 §53 until either its fair value becomes reliably measurable or construction is completed. Investment property under development, where existing buildings are undergoing reconstruction, is measured at fair value.

b) Business combination vs acquisition of assets

The Group acquires investment property with effective rent agreements. In order to establish whether the acquired investment property qualifies as a business, the Group carries out a legal agreement review in accordance with the criteria laid down in IFRS 3 Business Combinations before acquisition. The management determined that investment properties acquired during the reporting do not qualify as businesses as these properties had been acquired with rent agreements but without any agreements that involve processes such as real estate management.

c) Recognition of investment property

The Group recognizes Investment property after the title to the property has been registered in the Land Register or acceptance and transfer of the property certificate has been approved.

d) Determining fair value of financial instruments

The fair value of financial assets is determined based on external documents such as investment portfolio overviews issued by credit institutions and information available on international stock exchange websites regarding the market value of financial instruments.

4. Consolidation

These consolidated financial statements include New Hanza Capital, AS and all subsidiaries and associated companies controlled by New Hanza Capital, AS (the Group parent company). Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Detailed information on Company subsidiaries is disclosed in Note 12 and Note 18. Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated upon consolidation. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

Loss of control of a subsidiary

In case the Group parent company loses control of a subsidiary, it:

- stops recognizing associate assets (including intangible assets) and liabilities carrying amounts at the date of loss of control over a subsidiary;
- stops recognizing the investment in associate over which it lost control in its carrying amount at the date of loss of a control over a subsidiary (incl. income not reflected in the profit and loss statement);
- recognizes payments and other compensation received in exchange for the loss of control over the subsidiary;
- recognizes remaining investments in an associate over which it lost control at fair value at the date of loss of control over the subsidiary.

5. Basis of measurement

These financial statements are prepared on the historical cost basis except for investment property and financial assets, which are measured at fair value. The profit and loss statement is prepared according to the function method. The statement of cash flows is prepared using the indirect method.

6. Cash

All amounts in these condensed interim financial statements are expressed in the Latvian national currency – euro (EUR). Euro is the Group's accounting and functional currency.

7. Subsequent events

These interim condensed financial statements reflect subsequent events that provide evidence of circumstances that existed at the end of the reporting period (adjusting events). Where the nature of subsequent events is other than adjusting, they are disclosed in the notes to the interim condensed financial statements only if they are significant.

8. Income

| | Group 01.01.2019 - 31.03.2019 EUR | Group 01.01.2018 - 31.03.2018 EUR | NHC 01.01.2019 - 31.03.2019 EUR | NHC 01.01.2019 - 31.03.2019 EUR |
|--|--|--|--|--|
| Income from lease and management of premises | 919,292 | 926,692 | 20,060 | 19,734 |
| Other revenue | - | 10,004 | 58,141 | 58,366 |
| Total | 919,292 | 936,696 | 78,201 | 78,100 |

Revenue represents income generated during the reporting period from the Group's basic activities – lease and management of premises, net of value added tax and discounts.

9. Operating expenses

| | Group 01.01.2019 - 31.03.2019 EUR | Group 01.01.2018 - 31.03.2018 EUR | NHC 01.01.2019 - 31.03.2019 EUR | NHC 01.01.2019 - 31.03.2019 EUR |
|--|--|--|--|--|
| Investment property maintenance expenses | 266,142 | 312,638 | 2,550 | 821 |
| Other operating expenses | 214,803 | 17,056 | 6,171 | 2,546 |
| Personnel expenses* | 47,960 | 38,647 | 47,960 | 38,647 |
| Due diligence expenses | - | 163,744 | - | 50,129 |
| Total | 528,905 | 532,085 | 56,682 | 92,143 |

*Personnel expenses are expenses associated with the Company employee compensation during the reporting period. The Company subsidiaries did not employ any employees during the reporting period.

10. Administrative expenses

| | Group 01.01.2019 - 31.03.2019 EUR | Group 01.01.2018 - 31.03.2018 EUR | NHC 01.01.2019 - 31.03.2019 EUR | NHC 01.01.2019 - 31.03.2019 EUR |
|-------------------------------|--|--|--|--|
| Personnel expenses* | 58,166 | 44,450 | 58,166 | 44,450 |
| Professional services | 50,516 | 28,372 | 19,624 | 12,799 |
| Other administrative expenses | 6,209 | 29,784 | 2,449 | 28,092 |
| Kopä | 114,891 | 102,606 | 80,239 | 85,341 |

*Personnel expenses are expenses associated with the Company employee compensation during the reporting period.

11. Investment property

The fair value of the Group's investment property is measured in the fourth quarter of every year or more often if the Group management becomes aware of material changes in the quality of long-term investments or a loss event. Fair values of investment properties may be determined also by reference to prior appraisals not older than 12 months from the valuation date.

| Group | Investment property EUR |
|---|----------------------------|
| 31 December 2017 | 35,453,395 |
| Acquisition | 2,952,188 |
| Revaluation result recognized in profit or loss as a gain on revaluation of investment property | 702,417 |
| 31 December 2018 | 39,108,000 |
| Acquisition | 8,287,328 |
| 31 March 2019 | 47,395,328 |

| NHC | Investment property EUR |
|---|----------------------------|
| 31 December 2017 | 748,000 |
| Revaluation result recognized in profit or loss as a gain on revaluation of investment property | (59,000) |
| 31 December 2018 | 689,000 |
| 31 March 2019 | 689,000 |

12. Investments in subsidiaries

| | EUR |
|--|-------------------|
| Balance as at 31.12.2017 | 5,696,362 |
| Elimination of contributions to other share capital | (10,000) |
| Decrease in contributions to other share capital | (2,100,000) |
| Increase in contributions to other share capital | 1,733,638 |
| Balance as at 31.12.2018 | 5,320,000 |
| Contributions to subsidiary share capital | 8,287,170 |
| Reclassification of contributions to other share capital | 106,000 |
| Balance as at 31.03.2019 | 13,713,170 |

On 15 January 2019 the Company signed a purchase agreement with ABLV Bank, AS in Liquidation regarding the purchase of 98.71% of NHC 5, SIA shares for the amount of EUR 8 287 170. On the date of signing the agreement the Company held the remaining 1.29% of NHC 5, SIA shares. This transaction was registered in the Company Register on 8 February 2019.

| Company name | Number of shares as at 31.03.2019 % | Investment carrying amount as at 31.03.2019 EUR | Subsidiary equity value as at 31.03.2019 EUR | Subsidiary profit / (loss) in the reporting period EUR |
|--------------|---|--|--|---|
| NHC 1, SIA | 100 | 500,000 | 981,002 | 47,662 |
| NHC 2, SIA | 100 | 3,000,000 | 3,527,243 | (25,258) |
| NHC 3, SIA | 100 | 700,000 | 2,561,186 | 44,751 |
| NHC 4, SIA | 100 | 1,100,000 | 3,366,146 | 53,732 |
| NHC 5, SIA | 100 | 8,393,170 | 8,171,720 | (89,534) |
| NHC 6, SIA | 100 | 20,000 | 8,114 | (1,178) |
| Total | | 13,713,170 | 18,615,411 | 30,177 |

| Company name | Number of shares as at 31.12.2018 % | Investment carrying amount as at 31.12.2018 EUR | Subsidiary equity value as at 31.12.2018 EUR | Subsidiary profit / (loss) in the reporting period EUR |
|--------------|---|--|--|---|
| NHC 1, SIA | 100 | 500,000 | 933,337 | 413,337 |
| NHC 2, SIA | 100 | 3,000,000 | 3,552,500 | 155,534 |
| NHC 3, SIA | 100 | 700,000 | 2,516,435 | 721,808 |
| NHC 4, SIA | 100 | 1,100,000 | 3,312,415 | 212,415 |
| NHC 5, SIA | 100 | 20,000 | 9,291 | (4,751) |
| Total | | 5,320,000 | 10,323,978 | 1,498,343 |

13. Loans to subsidiaries

| | Group 31.03.2019 EUR | Group 31.12.2018 EUR | NHC 31.03.2019 EUR | NHC 31.12.2018 EUR |
|------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| Long term part | | | | |
| Loans to subsidiaries | - | - | - | - |
| Short term part | | | | |
| Loans to subsidiaries | - | - | 18,042,000 | 18,442,000 |
| NHC 1, SIA | - | - | 2,070,000 | 2,070,000 |
| NHC 2, SIA | - | - | 9,923,000 | 10,323,000 |
| NHC 3, SIA | - | - | 1,502,000 | 1,502,000 |
| NHC 4, SIA | - | - | 4,542,000 | 4,542,000 |
| NHC 6, SIA | - | - | 5,000 | 5,000 |
| Total | - | - | 18,042,000 | 18,442,000 |

Loans to related companies include loans to subsidiaries and loans to Group related companies disclosed as credit lines.

14. Other assets

| | Group 31.03.2019 EUR | Group 31.12.2018 EUR | NHC 31.03.2019 EUR | NHC 31.12.2018 EUR |
|---|----------------------------|----------------------------|--------------------------|--------------------------|
| Balances on bank accounts: ABLV Bank, AS in Liquidation | 12,091,003 | 12,091,003 | 12,056,904 | 12,056,904 |
| Accrued income | 306,610 | 222,273 | 276,172 | 18,766 |
| Deferred expenses | 253,898 | 83,906 | 43,198 | 42,130 |
| Other assets | 30,610 | 54,506 | 11,814 | 14,405 |
| Total | 12,682,120 | 12,451,688 | 12,388,088 | 12,132,205 |

*The Board believes that that the funds in ABLV Bank, AS in Liquidation accounts are fully recoverable.

15. Share capital

| | % | Group 31.03.2019 EUR | % | Group 31.12.2018 EUR | % | NHC 31.03.2019 EUR | % | NHC 31.12.2018 EUR |
|--------------------------------|------------|----------------------------|------------|----------------------------|------------|--------------------------|------------|--------------------------|
| ABLV Bank, AS in Liquidation | 88 | 22,000,000 | 88 | 22,000,000 | 88 | 22,000,000 | 88 | 22,000,000 |
| PREMIUM FINANCE GROUP, SIA | - | - | 6 | 1,500,000 | - | - | 6 | 1,500,000 |
| ASG Resolution Capital, AS | 6 | 1,500,000 | - | - | 6 | 1,500,000 | - | - |
| Cassandra Holding Company, SIA | 6 | 1,500,000 | 6 | 1,500,000 | 6 | 1,500,000 | 6 | 1,500,000 |
| Total | 100 | 25,000,000 | 100 | 25,000,000 | 100 | 25,000,000 | 100 | 25,000,000 |

On 16 January 2019 the Company share holder PREMIUM FINANCE GROUP, SIA (reg. num. 40103210371) signed a sales agreement with ASG Resolution Capital, AS (reg. num. 40203155131) on the sale of Company shares in the amount of EUR 750 000 or 3% of the Company share capital. The Company registered shareholder changes in the shareholder register on 17 January 2019.

On 16 January 2019 the Company share holder PREMIUM FINANCE GROUP, SIA (reg. num. 40103210371) signed an exchange agreement with ASG Resolution Capital, AS (reg. num. 40203155131) on the sale of Company shares in the amount of EUR 750 000 or 3% of the Company share capital. The Company registered shareholder changes in the shareholder register on 21 January 2019.

16. Loans and bonds

| | Group 31.03.2019 EUR | Group 31.12.2018 EUR | NHC 31.03.2019 EUR | NHC 31.12.2018 EUR |
|--|----------------------------|----------------------------|--------------------------|--------------------------|
| Long term loans from credit institutions | 15,628,197 | 9,956,521 | 5,790,000 | - |
| Issued debt securities (bonds) | 8,956,052 | 8,956,052 | 8,956,052 | 8,956,052 |
| Total long term loans | 24,584,249 | 18,912,573 | 14,746,052 | 8,956,052 |
| Short-term part of long-term loans from credit institutions | 544,571 | 568,196 | - | - |
| Short term part of issued debt securities (bonds) | 1,043,948 | 1,043,948 | 1,043,948 | 1,043,948 |
| Accrued interest on long term loans | - | 12,055 | - | - |
| Accrued liabilities for coupon interest payments on issued debt securities (bonds) | 223,923 | 101,424 | 223,923 | 101,424 |
| Total short-term-loans | 1,812,442 | 1,725,623 | 1,267,871 | 1,145,372 |
| Total long and short term loans | 26,396,690 | 20,638,196 | 16,013,923 | 10,101,424 |
| Changes in loans | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 |
| At the beginning of the reporting period | 20,638,196 | 18,542,626 | 10,101,424 | 10,560,920 |
| Loans received | 5,790,000 | 3,000,000 | 5,790,000 | - |
| Loans repaid | 141,950 | 902,946 | - | 457,152 |
| Changes in accrued loan and coupon interest liabilities | 110,444 | (1,484) | 122,499 | (2,344) |
| At the end of the reporting period | 26,396,690 | 20,638,196 | 16,013,923 | 10,101,424 |
| Loans by category of lender | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 |
| Related credit institutions | 9,843,498 | 4,080,588 | 9,843,498 | - |
| Other credit institutions | 10,382,767 | 6,456,184 | - | - |
| Debt securities (bonds) issued | 10,223,923 | 10,101,424 | 6,170,425 | 10,101,424 |
| Total loans | 30,450,189 | 20,638,196 | 16,013,923 | 10,101,424 |
| Loans by maturity | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 |
| < 1 year (short term part of long term loans) | 1,812,442 | 1,725,623 | 1,267,871 | 8,956,052 |
| 1 – 5 years | 24,584,249 | 18,912,573 | 14,746,052 | 1,145,372 |
| > 5 years | - | - | - | - |
| Total loans | 26,396,690 | 20,638,196 | 16,013,923 | 10,101,424 |

On 15 January 2019 the Company signed a loan agreement with ABLV Bank, AS in Liquidation in the amount of EUR 5 790 000. The company used this agreement to finance NHC 5, SIA share purchase. The loan repayment is due on 15 January 2021.

The bonds were issued in EUR and the total nominal value of the issue was EUR 10 000 000, the nominal value of a bond is EUR 1 000. The annual interest rate is fixed at 4.9% and coupon payments are made twice a year. Initial placement price: 100% of the face value. The issue date is 16 October 2017, and the maturity date is 16 October 2022. The issuer may exercise the call option prematurely. On 19 October 2017, the bonds were admitted to the regulated market —the Baltic Bond List of Nasdaq Riga (ISIN LV0000802312).

17. Other liabilities

| | Group 31.03.2019 EUR | Group 31.12.2018 EUR | NHC 31.03.2019 EUR | NHC 31.12.2018 EUR |
|---|----------------------------|----------------------------|--------------------------|--------------------------|
| Long term part | | | | |
| Security deposits received from tenants | 86,854 | 86,854 | - | - |
| Short term part | | | | |
| Security deposits received from tenants | 536,417 | 333,228 | 14,200 | 14,200 |
| Taxes due | 214,649 | 18,364 | - | 391 |
| Other creditors | 226 | 5,180 | 116 | 165 |
| Total | 838,145 | 443,626 | 14,316 | 14,756 |

18. Operating segments

The operating activities of the Group are analyzed by the Board of the Company on the level of individual group companies. The operating income represents revenue generated from lease of premises. The subsidiaries do not employ any staff and professional services are outsourced.

The Company has agreements in place with its subsidiaries concerning management services. These management services include strategic management, day-to-day management and supervision of investments. Compensation for the management services is set on an arm's length basis.

| Assets | 31.03.2019 | 31.12.2018 |
|-------------------------------------|-------------------|-------------------|
| | EUR | EUR |
| NHC | 45,793,713 | 39,775,599 |
| NHC 1, SIA | 7,284,652 | 7,308,842 |
| NHC 2, SIA | 13,811,686 | 14,362,052 |
| NHC 3, SIA | 7,679,224 | 7,702,997 |
| NHC 4, SIA | 11,569,801 | 11,250,067 |
| NHC 5, SIA | 8,552,161 | - |
| NHC 6, SIA | 13,377 | 15,964 |
| Eliminated intra-group transactions | (32,277,113) | (24,335,732) |
| Total | 62,427,502 | 56,079,789 |
| Liabilities | 31.03.2019 | 31.12.2018 |
| | EUR | EUR |
| NHC | 16,117,305 | 10,158,623 |
| NHC 1, SIA | 6,303,651 | 6,375,505 |
| NHC 2, SIA | 10,284,443 | 10,809,552 |
| NHC 3, SIA | 5,118,038 | 5,186,562 |
| NHC 4, SIA | 8,203,654 | 7,937,652 |
| NHC 5, SIA | 380,441 | - |
| NHC 6, SIA | 5,263 | 6,673 |
| Eliminated intra-group transactions | (18,695,859) | (19,015,733) |
| Total | 27,716,937 | 21,458,834 |

Profit and loss for the period 01.01.2019 - 31.03.2019

| | NHC | NHC 1 | NHC 2 | NHC 3 | NHC 4 | NHC 5 | NHC 6 | Eliminated upon consolidation | Total |
|---|---------------|----------------|-----------------|----------------|----------------|-----------------|----------------|--------------------------------------|----------------|
| Net sales (external) | 20,060 | 113,098 | 310,679 | 139,599 | 276,676 | 59,180 | - | - | 919,292 |
| Net sales (internal) | 58,141 | - | - | - | - | - | - | (58,141) | - |
| Operating expenses | (56,682) | (2,547) | (214,501) | (32,382) | (85,044) | (137,750) | - | - | (528,905) |
| Gross profit | 21,519 | 110,551 | 96,177 | 107,217 | 191,633 | (78,570) | - | (58,141) | 390,386 |
| Administrative expenses | (80,239) | (12,000) | (32,472) | (14,465) | (21,759) | (10,963) | (1,134) | 58,141 | (114,891) |
| Other operating income | - | - | 10,301 | 1,533 | - | - | - | - | 11,834 |
| Other operating expenses | (4,419) | (1,221) | (3,200) | (1,351) | (104) | - | - | - | (10,295) |
| Interest received and similar income | 276,172 | - | - | - | - | - | - | (276,172) | - |
| Interest paid and similar expenses | (153,601) | (49,668) | (96,065) | (48,167) | (116,037) | - | (43) | 276,172 | (187,409) |
| Profit / (loss) before taxes | 59,433 | 47,662 | (25,258) | 44,766 | 53,732 | (89,533) | (1,178) | - | 89,625 |
| CIT | - | - | - | (15) | - | - | - | - | (15) |
| Profit / (loss) for the reporting period | 59,433 | 47,662 | (25,258) | 44,751 | 53,732 | (89,533) | (1,178) | - | 89,610 |


Profit and loss for the period 01.01.2018 - 31.03.2018

| | NHC | NHC 1 | NHC 2 | NHC 3 | NHC 4 | Other | Eliminated upon consolidation | Total |
|---|-----------------|----------------|---------------|----------------|----------------|-----------------|-------------------------------|----------------|
| Net sales (external) | 27,925 | 109,106 | 323,415 | 180,051 | 296,199 | - | | 936,696 |
| Net sales (internal) | 50,175 | - | - | - | - | - | (50,175) | - |
| Operating expenses | (92,143) | (8,261) | (235,534) | (26,698) | (132,554) | (36,895) | - | (532,085) |
| Gross profit | (14,043) | 100,845 | 87,881 | 153,353 | 163,645 | (36,895) | (50,175) | 404,611 |
| Administrative expenses | (85,341) | (11,421) | (15,247) | (12,956) | (18,857) | (2,166) | 43,382 | (102,606) |
| Other operating income | 37,890 | - | - | - | - | - | - | 37,890 |
| Other operating expenses | (1,102) | (1,212) | - | (1,250) | (750) | - | - | (4,314) |
| Interest received and similar income | 168,072 | - | - | - | - | - | (137,429) | 30,643 |
| Interest paid and similar expenses | (123,500) | (19,199) | (71,646) | (25,972) | (58,311) | (820) | 137,429 | (162,019) |
| Profit / (loss) before taxes | (18,024) | 69,013 | 988 | 113,175 | 85,727 | (39,881) | (6,793) | 204,205 |
| Profit / (loss) for the reporting period | (18,024) | 69,013 | 988 | 113,175 | 85,727 | (39,881) | (6,793) | 204,205 |

19. Subsequent events

In the period from the condensed interim financial statement last day till the day this Group and Company Interim Report signing there have been no events that would require adjustments to these condensed interim financial statements or would have to be included in the notes to these condensed interim financial statements.

On behalf of the Board:



Edgars Mijūns
 Chairman of the Board



Arnolds Romeiko
 Member of the Board

20 May 2019