

JOINT STOCK COMPANY "MOGO"
(UNIFIED REGISTRATION NUMBER LV50103541751)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

PREPARED IN ACCORDANCE WITH INTERNATIONAL
ACCOUNTING STANDARD No. 34

Riga, 2016

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General information

| | |
|---|---|
| Name of the company | mogo |
| Legal status of the company | JOINT STOCK COMPANY |
| Unified registration number, place and date of registration | LV50103541751 Riga, 3 May 2012 |
| Registered office | Skanstes street 50 Riga, LV-1013, Latvia |
| Major shareholders | Since 01.07.2014: Mogo Finance S.A. (100%) 6, rue Guillaume Schneider L-2522, Luxembourg |
| Board Members | Aleksandrs Čerņagins, Chairman of the Board from 17 July 2015 |
| Council Members | Ramona Miglāne, from 5 August 2014 Uldis Judinskis, from 5 August 2014 Ieva Judinska-Bandeniece, from 5 August 2014 Mārtiņš Bandenieks, from 24 October 2014 |
| Financial period | 1 January – 30 June 2016 |
| Previous financial period Statement of Financial Position | 1 January – 31 December 2015 |
| Previous financial period Statement of Profit or Loss | 1 January – 30 June 2015 |
| Auditors | PricewaterhouseCoopers SIA Commercial licence No. 5 Krišjāņa Valdemāra street 21-21, Riga, LV-1010, Latvia Certified auditor in charge Ilandra Lejiņa Sworn auditor Certificate No. 168 |

Management report

31 August, 2016

General information

JSC mogo (hereinafter – the Company) is a market leading leaseback and finance lease solutions Company measured by the number of leased items. The Company provides quick and convenient services for both individuals and legal entities in Latvia offering vehicle finance lease transactions for amounts up to 10 000 euro and leaseback transactions for amounts up to 50 000 euro with duration up to six years. Funding is being offered online through the Company's branded website and mobile homepage and onsite at customer service centers, as well as at the sales centres of car dealerships.

Company's main goal is to offer its customers easily available, quickly executable, convenient and transparent leaseback and finance lease solutions. In order to achieve this the Company offers to its customers various solutions adjusted to their needs, as well as highest quality service and accessibility. The Company directly operates with a wide network of car dealerships, where the customers can buy a vehicle by obtaining funding from the Company.

Mission, vision and values

Mission

The Company's mission is to offer accessible and affordable leasing services to clients who need quick and simple way of getting financing or would like to purchase a vehicle.

Vision

The Company's vision is to be the market leading, customer friendly and accessible leaseback and finance lease solutions Company in Latvia.

Values

- Quick assistance without unnecessary formalities - the Company will provide the required funding within a couple of hours.
- Open communication and adaptation – the core value of the Company is an open communication and an adaptive approach to each and every customer, which results in a mutually beneficial outcome in every situation.
- Long term relationship – the Company values and creates mutually beneficial long term relationship with all its customers, it welcomes feedback and suggestions for improvement.
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Operations and Financial Results

The first 6 months of 2016 was a period of very rapid growth in profitability for the Company due to significant improvements of the issued loans portfolio as well as Company's operational efficiency. Turnover amounted to EUR 4,8 million (9% increase, compared to the same period in 2015), EBITDA reached EUR 2,8 million (91% increase, compared to the same period in 2015) and comprehensive income was EUR 1,4 million (356% increase, compared to the same period in 2015). At the end of June 2016 gross value of the lease portfolio reached 28 million euro (3% increase, compared to the end of December 2015).

The results of the first 6 months of 2016 have proven that customers continue to evaluate the Company's services and their benefits. After reviewing and optimizing the operations of customer service and debt collection, the Company has decreased the total number of employees as well as revised its interest rates and various commission fees. As a result the Company's net profit increase has been very significant.

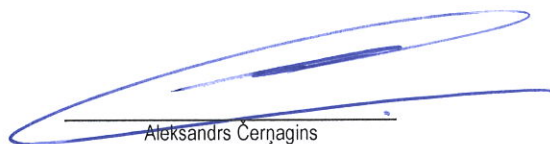
During the first half of 2016 the Company has continued its operations in order to support its mission – to offer accessible leasing services in a quick and simple way. The Company continued to invest significant resources in the development of information system solutions in order to improve its operational activities by automating current processes in the nearest future, at the same time increasing customers satisfaction with the provided service.

The first 6 months of 2016 were successful in terms of cooperation with the car dealerships. This network has significantly contributed to the growth of the vehicle finance lease volume. For the establishment of more integrated cooperation, with the partners in the field of vehicle trade the Company offers various partnership solutions and individual approach to effective processing of client applications, as well as provides various marketing materials and conducts joint marketing campaigns.

During the first half of 2016, the Company continued the execution of various marketing activities on TV, radio and internet advertisements and outdoor ads thus helping to promote the brand and to strengthen the Company's positions in terms of brand recognition in the leaseback and finance lease solutions sector.

Financial risk management is disclosed in note 18 and events after statement of financial date are described in note 20 to these financial statements.

Signed on behalf of the Company on 31 August, 2016 by:



Aleksandrs Čerņagins
Chairman of the Board

Statement of Management Responsibility

31 August, 2016

JSC mogo management is responsible for preparation of the financial statements.

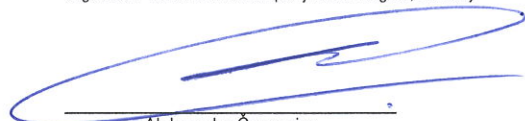
Management of the Company declares that in accordance with the information in their possession, financial statements have been prepared in accordance with accounting transaction documentation and with the International Accounting Standard 34 and give a true and fair view of the Company's assets, liabilities, financial position as at 30 June 2016, results of operations and cash flows for the year ended 30 June 2016.

Management of the Company confirms that an appropriate and consistent accounting policies and management estimates are used. Management of the Company confirms that the financial statements are prepared using prudence principle as well as the going concern assumption. Management of the Company confirms it's responsibility for maintaining proper accounting provisioning, as well as monitoring, control and conservation policies of the Company's assets.

The Company's management is responsible for detection and prevention of the error, inaccuracy and / or fraud. The Company's management is responsible for the Company's activities to be carried out in compliance with the legislation of the Republic of Latvia.

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

Signed on behalf of the Company on 31 August, 2016 by:



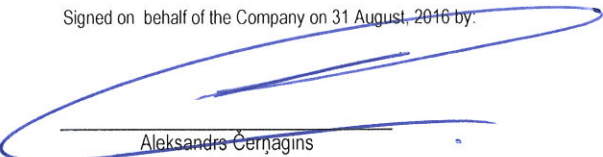
Aleksandrs Čerņagins
Chairman of the Board

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

| | Notes | 01.01.2016-30.06.2016 unaudited EUR | 01.01.2015-30.06.2015 EUR |
|--|-------|---|------------------------------|
| Interest and similar income | 3 | 4 817 048 | 4 439 403 |
| Interest expense and similar expense | 4 | (955 078) | (1 052 781) |
| Impairment | 5 | (146 712) | (1 213 557) |
| Gross profit | | 3 715 258 | 2 173 065 |
| Selling expense | | (249 640) | (286 928) |
| Administrative expense | | (1 592 351) | (1 411 175) |
| Amortization and depreciation | | (182 678) | (74 733) |
| Other operating income | | 6 411 | 20 970 |
| Other operating expense | | (3 403) | (12 125) |
| Other interest receivable and similar income | | 297 | 26 771 |
| Profit before tax | | 1 693 894 | 435 845 |
| Corporate income tax | | (235 434) | (184 541) |
| Deferred corporate income tax | | (21 463) | 63 584 |
| Total comprehensive income for the period | | 1 436 997 | 314 888 |

The accompanying notes on pages 12 to 19 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 31 August, 2016 by:



Aleksandrs Čerņagins
Chairman of the Board

Interim Condensed Statement of Financial Position

| ASSETS | | Notes | 30.06.2016. unaudited EUR | 31.12.2015. restated EUR |
|---|--|-------|---------------------------------|--------------------------------|
| NON-CURRENT ASSETS | | | | |
| Intangible assets | | | | |
| Concessions, patents, licences and similar rights | | | 10 757 | 8 416 |
| Other intangible assets | | | 943 165 | 643 762 |
| Prepayments for intangible assets | | | - | 32 891 |
| TOTAL | | | 953 922 | 685 069 |
| Property, plant and equipment | | | | |
| Leasehold improvements | | | - | 2 308 |
| Other fixtures and fittings, tools and equipment | | | 217 685 | 220 123 |
| TOTAL | | | 217 685 | 222 431 |
| Non-current financial assets | | | | |
| Investments in related companies | | | 20 | - |
| Finance Lease Receivables | | | 6 | 16 100 752 |
| Loans to related companies | | | 7 | - |
| Deferred tax | | | 16 | 409 528 |
| TOTAL | | | 18 753 224 | 16 510 280 |
| TOTAL NON-CURRENT ASSETS | | | 19 924 831 | 17 417 780 |
| Receivables | | | | |
| Finance Lease Receivables | | | 6 | 7 678 734 |
| Loans to non related parties | | | - | - |
| Receivables from related companies | | | 8 | 83 172 |
| Other receivables | | | - | 172 012 |
| Other assets held for sale | | | - | 259 725 |
| Prepaid expense | | | - | 74 038 |
| Accrued revenue | | | - | 3 155 |
| TOTAL | | | 8 226 296 | 8 270 836 |
| Cash and cash equivalents | | | 9 | 399 884 |
| TOTAL CURRENT ASSETS | | | 8 406 314 | 8 670 720 |
| TOTAL ASSETS | | | 28 331 146 | 26 088 500 |

The accompanying notes on pages 12 to 19 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 31 August, 2016 by:



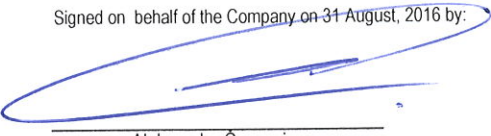
Aleksandrs Čerņagins
Chairman of the Board

Interim Condensed Statement of Financial Position

| EQUITY AND LIABILITIES | | 30.06.2016. | 31.12.2015. |
|-------------------------------------|-------|-------------------|-------------------|
| | Notes | unaudited | restated |
| | | EUR | EUR |
| EQUITY | | | |
| Share capital | 10 | 5 000 000 | 5 000 000 |
| Retained earnings: | | | |
| brought forward | | 750 429 | (119 709) |
| for the period | | 1 436 997 | 870 138 |
| TOTAL EQUITY | | 7 187 426 | 5 750 429 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Liabilities for issued bonds | 11 | 14 263 598 | 15 039 453 |
| Loans from credit institutions | 12 | 5 700 000 | 3 539 913 |
| Loans from non related parties | 13 | 500 000 | 500 000 |
| TOTAL | | 20 463 598 | 19 079 366 |
| Current liabilities | | | |
| Prepayments received from customers | | 175 540 | 198 369 |
| Loans from credit institutions | 12 | 18 222 | 16 049 |
| Trade payables | | 64 174 | 103 787 |
| Payables to related companies | 14 | - | 369 744 |
| Loans from non related parties | | - | 187 864 |
| Taxes payable | | 100 599 | 82 912 |
| Other liabilities | | 157 580 | 106 906 |
| Other provisions | | 126 016 | 85 209 |
| Accrued liabilities | | 37 991 | 107 865 |
| TOTAL | | 680 122 | 1 258 705 |
| TOTAL LIABILITIES | | 21 143 720 | 20 338 071 |
| TOTAL EQUITY AND LIABILITIES | | 28 331 146 | 26 088 500 |

The accompanying notes on pages 12 to 19 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 31 August, 2016 by:



Aleksandrs Černagins
Chairman of the Board

Interim Condensed Statement of Cash Flows

| | Notes | 2016 unaudited EUR | 2015 restated EUR |
|--|-------|--------------------------|-------------------------|
| Cash flows generated from/ (used in) operating activities | | | |
| Profit before tax | | 1 693 894 | 435 845 |
| Adjustments for: | | | |
| Amortisation and depreciation | | 182 678 | 74 733 |
| Interest income | | (2 042) | - |
| Interest expense | | 1 220 992 | 1 984 240 |
| Loss on disposal of property, plant and equipment | | 28 840 | 799 |
| Increase/(decrease) of impairment | 5 | (107 436) | 453 109 |
| Bonds acquisition expenses written off | | 3 145 | - |
| Operating profit before working capital changes | | 3 020 072 | 2 948 726 |
| (Increase)/ decrease in inventories | | - | 44 019 |
| (Increase)/ decrease in receivables | | (501 711) | (3 284 446) |
| Increase/ (decrease) in payables | | (470 116) | (23 282) |
| Cash generated from operations | | 2 048 245 | (314 983) |
| Corporate income tax paid | | (157 656) | (482 516) |
| Net cash flows generated from/ (used in) operating activities | | 1 890 589 | (797 499) |
| Cash flows generated from/ (used in) investing activities | | | |
| Purchase of property, plant and equipment | | (475 625) | (293 504) |
| Investments in subsidiaries | | (20) | - |
| Loans issued | | (1 611 256) | - |
| Interest received | | 2 042 | - |
| Net cash flows generated from/ (used in) investing activities | | (2 084 860) | (293 504) |
| Cash flows generated from/ (used in) financing activities | | | |
| Proceeds from borrowings | | 3 568 590 | 8 880 089 |
| Repayment of borrowings | | (1 404 302) | (11 055 849) |
| Purchase of securities | 9 | (779 000) | 3 883 000 |
| Interest paid | 4 | (1 410 884) | (1 984 240) |
| Securities issued | | - | 938 000 |
| Net cash flows generated from/ (used in) financing activities | | (25 596) | 661 000 |
| Change in cash and cash equivalents | | (219 866) | (430 003) |
| Cash and cash equivalents at the beginning of the period | | 399 884 | 768 619 |
| Cash and cash equivalents at the end of the period | 10 | 180 018 | 338 616 |

The accompanying notes on pages 12 to 19 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 31 August, 2016 by:



Aleksandrs Čerņagins
Chairman of the Board

Interim Condensed Statement of Changes in Equity

| | Share capital | Retained earnings/ (Accumulated loss) | Total |
|---|---------------|--|-----------|
| Balance as at 31.12.2014 (before restatement) | 5 000 000 | (72 710) | 4 880 291 |
| Correction | - | (46 999) | (46 999) |
| Balance as at 31.12.2014 (after restatement) | 5 000 000 | (119 709) | 4 880 291 |
| Total comprehensive income for the reporting period | - | 314 888 | 314 888 |
| Balance as at 30.06.2015 | 5 000 000 | 195 179 | 5 195 179 |
| <hr/> | | | |
| Balance as at 31.12.2015. (before restatement) | 5 000 000 | 748 584 | 5 748 584 |
| Correction | - | 1 846 | 1 846 |
| Balance as at 31.12.2015. (after restatement) | 5 000 000 | 750 429 | 5 750 429 |
| Total comprehensive income for the reporting period | - | 1 436 997 | 1 436 997 |
| Balance as at 30.06.2016. | 5 000 000 | 2 187 426 | 7 187 426 |

The accompanying notes on pages 12 to 19 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 31 August, 2016 by:

Aleksandrs Černagins
Chairman of the Board

Notes to the Financial Statements

1. Corporate information

AS mogo (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 3 May 2012. The registered office of the Company is at 50 Skanstes, Riga, LV-1013, Riga, Latvia. The Company's shareholder is Mogo Finance S.A. (registered in Luxembourg), which acquired 100% equity of the Company in 1 July 2014.

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

These interim condensed financial statements have been approved for issue by the Board on 31 August, 2016.

2. Summary of significant accounting policies

a) Basis of preparation

The Company's interim condensed financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the interim condensed financial statements. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

These interim condensed financial statements for the 6 month period ended 30 June 2016 are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted in the European Union.

The financial statements are prepared on a historical cost basis. The Company's functional and presentation currency is euro (EUR). The financial statements cover the period of 1 January 2016 through 30 June 2016. Accounting policies and methods are consistent to those applied in previous years.

Corporate income tax is recognized in each interim period based on the best estimate of the weighted average effective annual income tax rate expected for the full financial year. If the estimate of the weighted average effective annual income tax rate changes, amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year. Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate is applied to the pre-tax income of the interim period.

The Company's management does not use segment reporting in its operating decision making process.

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

| Reclassification and correction made in financial statements: | 31.12.2015. before restatement | Correction | 31.12.2015. restated |
|---|--------------------------------------|-------------|-------------------------|
| <i>Balance sheet</i> | | | |
| Finance Lease Receivables (current) | 7 940 304 | (261 570) | 7 678 734 |
| Other assets held for sale | - | 259 725 | 259 725 |
| Other investments in securities | 4 889 000 | (4 889 000) | - |
| Liabilities for issued bonds | 19 928 453 | (4 889 000) | 15 039 453 |
| <i>Profit or loss statement</i> | | | |
| Selling expense | 600 705 | 1 846 | 602 552 |
| <i>Statement of Cash Flows</i> | | | |
| Cash flows generated from/ (used in) investing activities | 3 883 000 | (3 883 000) | - |
| Cash flows generated from/ (used in) financing activities | - | 3 883 000 | 3 883 000 |
| | 31.12.2014. before restatement | Correction | 31.12.2014. restated |
| Finance Lease Receivables (current) | 7 870 609 | (48 846) | 7 821 763 |
| Retained earnings | (72 710) | (48 846) | (121 556) |

b) Adoption of new revised standards and interpretations

The following new and amended IFRS and interpretations became effective in the first part of 2016, but have no significant impact on the operations of the company and these condensed interim financial statements:

Amendment to IFRS 11 "Joint arrangements" on acquisition of an interest in a joint operation;

Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" regarding bearer plants;

Amendment to IAS 16 "Property, plant and equipment", IAS 38 "Intangible assets" on depreciation and amortisation;

Amendments to IAS 27 "Separate financial statements" on the equity method;

Amendments to IAS 1 "Presentation of financial statements" regarding disclosure initiative;

Annual improvements 2014. The amendments include changes that affect 4 standards.

2. Summary of significant accounting policies (continued)**b) Adoption of new revised standards and interpretations (continued)**

Certain new standards and interpretations have been published that become effective for the accounting periods beginning after 1 July 2016 or later periods or are not yet endorsed by the EU:

Amendments to IFRS 14, "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU);

Amendments to IFRS 10 "Consolidated financial statements", IAS 28 "Investments in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU);

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

Amendments to IAS 12, "Income taxes" recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU);

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

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

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

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

The Management of the Company has disclosed the evaluation of these new standards and interpretations (if any) on the financial statements for 2015. Further detailed evaluation is in progress and its results will be disclosures in financial statements for the year ended 31 December 2016.

3. Interest and similar income

| | 01.01.2016-30.06.2016 unaudited EUR | 01.01.2015-30.06.2015 EUR |
|--|---|------------------------------|
| Interest income * | 4 345 993 | 4 136 060 |
| Commission income | 255 839 | 187 598 |
| Income from penalties received | 122 748 | 115 745 |
| Income from debt collection activities | 78 184 | - |
| Profit from repossessed car disposal | 12 242 | - |
| Intercompany interest income | 2 042 | - |
| TOTAL: | 4 817 048 | 4 439 403 |

* Actual interest income received for the period was 4 514 927 EUR.

4. Interest expense and similar expense

| | 01.01.2016-30.06.2016 unaudited EUR | 01.01.2015-30.06.2015 EUR |
|--|---|------------------------------|
| Interest expenses on borrowings | 220 992 | 217 719 |
| Interest expenses on bonds | 734 086 | 750 706 |
| Expenses from debt collection activities | - | 84 356 |
| TOTAL: | 955 078 | 1 052 781 |

5. Impairment

| | 01.01.2016-30.06.2016 unaudited EUR | 01.01.2015-30.06.2015 EUR |
|----------------------|---|------------------------------|
| Change in impairment | (107 435) | 453 109 |
| Written off debts | 254 147 | 760 448 |
| TOTAL: | 146 712 | 1 213 557 |

6. Finance Lease Receivables

| | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
|----------------------------------|---------------------------------|--|--------------------------------|--|
| <i>Finance lease receivables</i> | 30.06.2016. unaudited EUR | 30.06.2016. unaudited EUR | 31.12.2015. restated EUR | 31.12.2015. restated EUR |
| Up to one year | 18 150 410 | 9 641 036 | 17 775 019 | 9 260 355 |
| Years 2 through 5 including | 30 785 179 | 16 299 142 | 27 295 125 | 15 456 831 |
| More than 5 years | 1 631 844 | 1 301 562 | 1 722 318 | 1 567 609 |
| TOTAL, GROSS: | 50 567 433 | 27 241 740 | 46 792 462 | 26 284 795 |

| | | |
|--------------------------------|---------------------------------|--------------------|
| <i>Unearned finance income</i> | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
| Up to one year | 8 509 374 | 8 514 665 |
| Years 2 through 5 including | 14 486 037 | 11 838 294 |
| More than 5 years | 330 282 | 154 709 |
| TOTAL, GROSS: | 23 325 693 | 20 507 668 |

| | | |
|---------------------------------------|---------------------------------|--------------------|
| <i>Finance lease receivables</i> | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
| Non-current finance lease receivables | 17 600 704 | 17 024 440 |
| Current finance lease receivables | 9 641 036 | 9 260 355 |
| TOTAL, GROSS: | 27 241 740 | 26 284 795 |

| | |
|---|----------------------|
| <i>Movement in impairment allowance</i> | Impairment allowance |
| Impairment allowance as at 1 January 2015 | 1 260 030 |
| Created in period | 1 213 557 |
| Written-off in period | (760 448) |
| Impairment allowance as at 30 June 2015 | 1 713 139 |
| Impairment allowance as at 1 January 2016 | 3 238 796 |
| Created in period | 146 712 |
| Written-off in period | (254 147) |
| Impairment allowance as at 30 June 2016 | 3 131 361 |

| | Non-Current 30.06.2016. unaudited EUR | Current 30.06.2016. unaudited EUR | Non-Current 31.12.2015. restated EUR | Current 31.12.2015. restated EUR |
|---|--|--|---|---|
| <i>Finance lease receivables, net</i> | | | | |
| Finance lease receivables | 17 600 704 | 9 641 036 | 17 024 440 | 9 260 355 |
| Accrued interest | - | 745 956 | - | 912 563 |
| Fees paid and received upon loan disbursement | (265 019) | (149 241) | (114 851) | (64 225) |
| Impairment allowance | (570 546) | (2 560 815) | (808 837) | (2 429 959) |
| | 16 765 139 | 7 676 936 | 16 100 752 | 7 678 734 |

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 43% in 2015 and 47% as of 30.06.2016. All leases are denominated in euros. The average term of finance lease entered into is 41 months in 2015 and 49 month in 2016.

| | | |
|---|---------------------------------|--------------------|
| <i>Ageing of overdue finance lease receivables:</i> | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
| 1-30 days | 2 950 521 | 2 814 134 |
| 31-60 days | 198 717 | 72 471 |
| 61-90 days | 548 341 | 545 004 |
| 90 + days | 3 091 109 | 2 668 564 |
| | 6 788 688 | 6 100 173 |

7. Loans to related companies

| | <i>Interest rate per annum (%)</i> | <i>Maturity</i> | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
|--|--|-----------------|---------------------------------|--------------------|
| Loan receivable from Lithuanian sister company | 10.5 | 30.06.2017 | 1 600 000 | - |
| TOTAL: | | | 1 600 000 | - |

Loan is unsecured and is not guaranteed by any type of pledge.

8. Receivables from related companies

| | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
|------------------------------------|---------------------------------|--------------------|
| Receivables from related companies | 20 639 | 22 992 |
| Accrued interest | 60 180 | 60 180 |
| TOTAL: | 80 819 | 83 172 |

9. Cash and cash equivalents

| | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
|---------------|---------------------------------|--------------------|
| Cash at bank | 150 120 | 399 695 |
| Cash on hand | 29 898 | 189 |
| TOTAL: | 180 018 | 399 884 |

10. Share capital

The share capital of the Company is EUR 5 000 000 and consists of 5 000 000 shares. The par value of each share is EUR 1. All the shares are fully paid.

11. Liabilities for issued bonds

| | <i>Interest rate per annum (%)</i> | <i>Maturity</i> | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
|--------------------------|--|-----------------|---------------------------------|--------------------|
| Bonds nominal value | 10 | 31.03.2021 | 20 000 000 | 20 000 000 |
| Bonds available for sale | | | (5 668 000) | (4 889 000) |
| Bonds acquisition costs | | | (68 402) | (71 547) |
| TOTAL: | | | 14 263 598 | 15 039 453 |

On 17 March 2014 the Company registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 20 million. The Company has raised a total of EUR 14 332 000 as at 30 June 2016 (15 111 000 EUR as at 31 December 2015). Remaining part Company has purchased and holds itself. This bond issue is unsecured. The notes are issued at par, have a maturity of seven years and carry a fixed coupon of 10% per annum, paid monthly in arrears. The note type on 11 November 2014 was changed to "publicly issued notes" and were listed on the regulated market of NASDAQ OMX Baltic.

12. Loans from credit institutions

| <i>Non-current</i> | <i>Interest rate per annum (%)</i> | <i>Maturity</i> | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
|-------------------------------------|------------------------------------|-----------------|---------------------------------|--------------------|
| Loan from bank | 6,5 + 6m EURIBOR | 30.06.2017. | 5 700 000 | 3 539 913 |
| | | | 5 700 000 | 3 539 913 |
| <i>Current</i> | | | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
| Accrued interest for loan from bank | | | 18 222 | 11 660 |
| Finance lease liabilities | | | - | 4 389 |
| | | TOTAL: | 18 222 | 16 049 |

The loan from the bank is secured by Commercial Pledges on Company's pool of assets and its shares. Pledges are registered at Commercial Pledge Register of the Enterprise Register of the Republic of Latvia.

13. Loans from non related parties

| <i>Non-current</i> | <i>Interest rate per annum (%)</i> | <i>Maturity</i> | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
|-----------------------------|--|-----------------|---------------------------------|--------------------|
| Loan from non related party | 14 | 01.03.2017. | 100 000 | 100 000 |
| Loan from non related party | 14 | 01.04.2017. | 100 000 | 100 000 |
| Loan from non related party | 14 | 01.05.2017. | 100 000 | 100 000 |
| Loan from non related party | 14 | 01.06.2017. | 100 000 | 100 000 |
| Loan from non related party | 14 | 01.07.2017. | 100 000 | 100 000 |
| | | TOTAL: | 500 000 | 500 000 |
| <i>Current</i> | <i>Interest rate per annum (%)</i> | <i>Maturity</i> | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
| Loan from non related party | 14 | 19.12.2016. | - | 187 864 |
| | | TOTAL: | - | 187 864 |

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

14. Payables to related companies

| | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
|-------------------------------------|---------------------------------|--------------------|
| Other payables to related companies | - | 369 744 |
| KOPA: | - | 369 744 |

15. Related party disclosures

Related parties are defined as subsidiaries and associates of the Company as well as shareholders that have the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions, members of the key management personnel of the Company or its parent company, and close members of the families of any individual referred to previously and entities over which these persons exercise significant influence or control.

As from 1 July 2014 the Company is controlled by Mogo Finance S.A. (registered in Luxembourg) which owns 100% equity and is the ultimate controlling party.

| Related party | | Sales to related parties | Purchases from related parties | Amounts owed by related parties | Amounts owed to related parties |
|---|--------------------------|--------------------------|--------------------------------|---------------------------------|---------------------------------|
| Entities with significant influence over the Company: | | | | | |
| Parent company | 2015 | 7 865 | - | 7 865 | - |
| | 2016 | - | - | 7 865 | - |
| Associates: | | | | | |
| | 2015 | 42 599 | - | 75 307 | 369 744 |
| | 2016 | 22 707 | 330 | 1 672 954 | - |
| | Total as at: 2015 | 50 464 | - | 83 172 | 369 744 |
| | Total as at: 2016 | 22 707 | 330 | 1 680 819 | - |

16. Deferred income tax liability

| | 01.01.2016-30.06.2016 unaudited EUR | 01.01.2015-30.06.2015 EUR |
|---|---|------------------------------|
| Current corporate income tax charge for the reporting period | 235 434 | 184 541 |
| Deferred corporate income tax due to changes in temporary differences | 21 463 | (63 584) |
| Corporate income tax charged to the income statement: | 256 897 | 120 957 |

Deferred corporate income tax:

| | Balance sheet | | Income statement | |
|--|--------------------|--------------------|----------------------------------|----------------------------------|
| | 30.06.2016. EUR | 31.12.2015. EUR | 01.01.2016- 30.06.2016 EUR | 01.01.2015- 30.06.2015 EUR |
| Deferred corporate income tax liability | | | | |
| Accelerated depreciation for tax purposes | 100 541 | 89 536 | 11 005 | 10 388 |
| Gross deferred tax liability | 100 541 | 89 536 | 11 005 | 10 388 |
| Deferred corporate income tax asset | | | | |
| Unused vacation accruals | (18 902) | (12 781) | (6 121) | (6 006) |
| Impairment | (469 704) | (485 819) | 16 115 | (67 966) |
| Other | - | (464) | 464 | - |
| Gross deferred tax asset | (488 606) | (499 064) | 10 458 | (73 972) |
| Net deferred tax asset | (388 065) | (409 528) | 21 463 | (63 584) |

Net deferred tax asset is recognized as the Company's management believes that the above liabilities will be offset against the respective tax assets during the next years when the deferred tax liabilities realise.

17. Commitments and contingencies**Commitments under operating leases**

The Company as a lessee has entered into property lease and operating car lease agreements. As at 30 June 2016, the future aggregate minimum lease payments under non-cancellable operating leases were as follows:

| | 30.06.2016. unaudited EUR | 31.12.2015. EUR |
|----------------------------|---------------------------------|--------------------|
| Less than one year | 157 549 | 211 350 |
| Between one and five years | 621 171 | 785 380 |
| More than five years | 698 463 | 540 131 |
| TOTAL: | 1 477 183 | 1 536 861 |

18. Financial risk management

The Company's principal financial instruments comprise bond issued, borrowings from related and non-related parties, borrowings from bank, finance lease receivables, loan issued and cash. The main purpose of these financial instruments is to ensure financing for the Company's operations. The Company has other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its operations.

Financial risks

The main financial risks arising from the Company's financial instruments are interest rate risk, liquidity risk, and credit risk.

Foreign currency risk

The Company's financial assets and liabilities are not exposed to foreign currency risk. All transactions are concluded in euros.

Interest rate risk

The Company is exposed to interest rate risk because part of its liabilities are interest bearing borrowings with a variable interest rate. The rest of the Company's short and long term borrowings as well as the Company's finance lease receivables have fixed interest rate. Taking into account insignificant proportion of financial liabilities with variable interest rate in total financial liabilities, possible changes of interest rate does not leave significant effect on the Company's profit before tax. The interest rates payable on the Company's borrowings are disclosed in Note 12 and 13 and the average interest rate receivable from finance lease receivables is disclosed in Note 6.

Liquidity risk

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

The table below presents the cash flows payable by the Company and to the Company under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow. Cash flow payable for borrowings includes estimated interest payments assuming principal is paid in full at maturity date.

| | | Contractual cash flows | | | | |
|--|----------------|------------------------|--------------|--------------|-------------------|--------------|
| | Carrying value | On demand | Up to 1 year | 1-5 years | More than 5 years | Total |
| As at 30.06.2016. | | | | | | |
| Assets | | | | | | |
| Cash in bank | 180 018 | 180 018 | - | - | - | 180 018 |
| Other short-term financial receivables | - | 178 935 | (178 935) | - | - | - |
| Finance lease receivables | 24 856 335 | - | 16 335 551 | 30 214 633 | 1 631 844 | 48 182 028 |
| Total undiscounted financial assets | 25 036 353 | 358 953 | 16 156 616 | 30 214 633 | 1 631 844 | 48 362 047 |
| Liabilities | | | | | | |
| Borrowings | (6 200 000) | - | (6 256 996) | - | - | (6 256 996) |
| Bonds | (14 263 598) | - | (2 000 000) | (21 763 598) | - | (23 763 598) |
| Current liabilities | (504 320) | - | (504 320) | - | - | (504 320) |
| Total undiscounted financial liabilities | (20 967 918) | - | (8 761 316) | (21 763 598) | - | (30 524 914) |
| Net undiscounted financial assets | 4 068 435 | 358 953 | 7 395 300 | 8 451 035 | 1 631 844 | 17 837 133 |

Credit risk

The Company is exposed to credit risk through its finance lease receivables, as well as cash and cash equivalents.

The key areas of credit risk policy cover lease granting process (including solvability check of the lease), monitoring methods, as well as decision making principles.

The Company operates by applying a clear set of finance lease granting criteria. This criteria includes assessing the credit history of customer, means of lease repayment and understanding the lease object. The Company takes into consideration both quantitative and qualitative factors when assessing the creditworthiness of the customer. Based on this analysis, the Company sets the credit limit for each and every customer.

When the lease agreement has been signed, the Company monitors the lease object and customer's solvency. The Company has developed lease monitoring process so that it helps to quickly spot any possible non-compliance with the provisions of the agreement. The receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimized, and, where appropriate, provisions are being made.

The Company does not have a significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as going concern. The Company fulfills externally imposed capital requirements. In order to maintain or adjust the capital structure, the Company may attract new credit facilities or increase its share capital.

19. Fair value of financial assets and liabilities

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

When determining fair values of assets and liabilities, the Company is using various sources of fair value, which are grouped into three categories based of following hierarchy:

Category 1 – quoted market prices in an active market;

Category 2 – models to determine fair value using data directly observable in the market;

Category 3 – other methods for determining fair value using data, which is not directly observable in the market.

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

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

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

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

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

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

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

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

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

| | Carrying value 30.06.2016 EUR | Fair value 30.06.2016 EUR | Carrying value 31.12.2015 EUR | Fair value 31.12.2015 EUR |
|--|--|---------------------------------|--|---------------------------------|
| Assets | | | | |
| Finance lease receivables non-current | 16 765 139 | 16 765 139 | 16 100 752 | 16 100 752 |
| Loans to related companies | 1 600 000 | 1 600 000 | - | - |
| Finance lease receivables current | 7 676 936 | 7 676 936 | 7 678 734 | 7 678 734 |
| Loans to non related parties | 11 256 | 11 256 | - | - |
| Receivables from related companies | 80 819 | 80 819 | 83 172 | 83 172 |
| Other receivables | 68 420 | 68 420 | 84 559 | 84 559 |
| Cash and cash equivalents | 180 018 | 180 018 | 399 884 | 399 884 |
| Total assets | 26 382 587 | 26 382 587 | 24 347 101 | 24 347 101 |
| Liabilities | | | | |
| Liabilities for issued bonds | 14 263 598 | 14 263 598 | 15 039 453 | 15 039 453 |
| Loans from credit institutions non-current | 5 700 000 | 5 700 000 | 3 539 913 | 3 539 913 |
| Payables to related companies non-current | 500 000 | 500 000 | 500 000 | 500 000 |
| Loans from credit institutions | 18 222 | 18 222 | 16 049 | 16 049 |
| Trade payables | 64 174 | 64 174 | 103 787 | 103 787 |
| Other liabilities | 28 315 | 28 315 | 7 583 | 7 583 |
| Accrued liabilities | 37 991 | 37 991 | 42 710 | 42 710 |
| Total liabilities | 20 612 300 | 20 612 300 | 19 249 495 | 19 249 495 |

The table below specified analysis by fair value categories as at 30 June 2016 and 31 December 2015 (based on their carrying amounts):

| | Category 1 30.06.2016 EUR | Category 2 30.06.2016 EUR | Category 3 30.06.2016 EUR | Category 1 31.12.2015 EUR | Category 2 31.12.2015 EUR | Category 3 31.12.2015 EUR |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| As at 30 June 2016 | | | | | | |
| Assets at fair value | | | | | | |
| Finance lease receivables non-current | - | - | 16 765 139 | - | - | 16 100 752 |
| Loans to related companies | - | - | 1 600 000 | - | - | - |
| Finance lease receivables current | - | - | 7 676 936 | - | - | 7 678 734 |
| Loans to non related parties | - | - | 11 256 | - | - | - |
| Receivables from related companies | - | - | 80 819 | - | - | 83 172 |
| Other receivables | - | - | 68 420 | - | - | 84 559 |
| Cash and cash equivalents | - | 180 018 | - | - | 399 884 | - |
| Total assets at fair value | - | 180 018 | 26 202 570 | - | 399 884 | 23 947 217 |
| Liabilities at fair value | | | | | | |
| Liabilities for issued bonds | - | 14 263 598 | - | - | 15 039 453 | - |
| Loans from credit institutions non-current | - | 5 700 000 | - | - | 3 539 913 | - |
| Payables to related companies non-current | - | - | 500 000 | - | - | 500 000 |
| Loans from credit institutions | - | - | 18 222 | - | - | 16 049 |
| Trade payables | - | - | 64 174 | - | - | 103 787 |
| Other liabilities | - | - | 28 315 | - | - | 7 583 |
| Accrued liabilities | - | - | 37 991 | - | - | 42 710 |
| Total liabilities at fair value | - | 19 963 598 | 648 702 | - | 18 579 366 | 670 129 |

20. Events after balance sheet date

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



REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the shareholder of AS "mogo"

Introduction

We have reviewed the accompanying interim condensed statement of financial position of AS "mogo" as of 30 June 2016 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 6 months period then ended. Management is responsible for the preparation and presentation of the interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on the interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We have read the Report of the Management set out on pages 4 to 5 and did not identify material inconsistencies between the financial information contained in the Report of the Management and that contained in the condensed interim financial statements for the six month period ended 30 June 2016.

PricewaterhouseCoopers SIA
Certified audit company
Licence No.

Ilandra Lejina
Certified auditor in charge
Certificate No.168

Riga, Latvia
31 August 2016