



Xanthus Holdings p.l.c.
168 St. Christopher Street

Valletta VLT1467 / Malta

Consolidated Financial Statements

**for the period from
1 January to 31 December 2014**

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Xanthus Holdings p.l.c., Malta

Consolidated Statement of Financial Position as of 31 December 2014

Assets

| | Notes | 31 December 2014 kEUR | 31 December 2013 kEUR |
|-------------------------------------|-------|--------------------------|--------------------------|
| A. <u>Non-current assets</u> | | | |
| Loans | 7 | 2,032 | 0 |
| Total non-current assets | | 2,032 | 0 |
| B. <u>Current assets</u> | | | |
| I. Loans | 7 | 0 | 3,365 |
| II. Other investments | 8 | 1,671 | 2,591 |
| III. Other financial assets | 9 | 9 | 9,848 |
| IV. Cash and cash equivalents | 10 | 9 | 20 |
| Total current assets | | 1,689 | 15,824 |
| Total assets | | 3,721 | 15,824 |

Xanthus Holdings p.l.c., Malta

Consolidated Statement of Financial Position as of 31 December 2014

Shareholders' equity and liabilities

| | Notes | 31 December 2014 kEUR | 31 December 2013 kEUR |
|--|-----------|--------------------------|--------------------------|
| A. <u>Shareholders' equity</u> | | | |
| I. Common stock | | 19,758 | 19,758 |
| II. Accumulated amounts recognised directly in equity relating to currency translation adjustments | | -131 | -131 |
| III. Accumulated losses | | -17,977 | -5,186 |
| Total shareholders' equity | 11 | 1,650 | 14,441 |
| B. <u>Liabilities</u> | | | |
| I. Financial liabilities due to related parties | 12 | 1,875 | 1,251 |
| II. Trade payables | 13 | 35 | 21 |
| III. Provisions | 14 | 161 | 111 |
| Total liabilities | | 2,071 | 1,383 |
| Total shareholders' equity and liabilities | | 3,721 | 15,824 |

Xanthus Holdings p.l.c., Malta

**Consolidated Income Statement
for the period from 1 January to 31 December 2014**

| | Notes | 1 January 2014 to 31 December 2014 kEUR | 1 January 2013 to 31 December 2013 kEUR |
|---|-------|---|---|
| Investment revenues | | | |
| Interest income | 15 | 601 | 1,147 |
| Gain from valuation of assets and liabilities | 16 | 176 | 1,207 |
| Other business related income | 6,17 | 0 | 25 |
| Total investment revenues | | 777 | 2,379 |
| Investment costs | | | |
| Management fees | | -172 | -479 |
| Interest expenses | | -126 | -63 |
| Loss from valuation of assets and liabilities | 18 | -947 | -482 |
| Impairment loss on financial assets | 19 | -11,930 | -1,617 |
| Amortisation and impairment on film rights | 6 | 0 | -120 |
| Other business related fees | | -393 | -302 |
| Total investment costs | | -13,568 | -3,063 |
| Loss before tax | | -12,791 | -684 |
| Income taxes | 20 | 0 | 0 |
| Loss for the period | | -12,791 | -684 |
| Basic and diluted earnings per share | 22 | -0.65 | -0.03 |

Xanthus Holdings p.l.c., Malta

Consolidated Statement of Comprehensive Income
for the period from 1 January to 31 December 2014

| | Notes | 1 January 2014 to 31 December 2014 kEUR | 1 January 2013 to 31 December 2013 kEUR |
|---|-------|---|---|
| Loss for the period | 21 | -12,791 | -684 |
| Other comprehensive Income | | | |
| <i>Items that will be reclassified subsequently to profit or loss:</i> | | | |
| Unrealised gains (losses) from currency translation adjustments, net of tax | 21 | 0 | -1 |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| | | 0 | 0 |
| Other comprehensive income (loss) | | 0 | -1 |
| Total comprehensive income (loss) | 21 | -12,791 | -685 |
| thereof loss attributable to shareholders' of the parent | | -12,791 | -685 |

Xanthus Holdings p.l.c., Malta

Consolidated Statement of Changes in Shareholders' Equity
for the period from 1 January to 31 December 2014

| | Common stock | | Accumulated losses | Accumulated amounts recognised directly in equity relating to currency translation adjustments | Total shareholders' equity |
|--|------------------|---------------|--------------------|--|----------------------------|
| | Shares thousands | Amount kEUR | Amount kEUR | Amount kEUR | Amount kEUR |
| Balance 1 January 2013 | 19,758 | 19,758 | -4,502 | -130 | 15,126 |
| Loss for the period | | | -684 | | -684 |
| Other comprehensive income, net of tax | | | | -1 | -1 |
| Total comprehensive income | | | -684 | -1 | -685 |
| Balance 31 December 2013 | 19,758 | 19,758 | -5,186 | -131 | 14,441 |
| Loss for the period | | | -12,791 | | -12,791 |
| Other comprehensive income, net of tax | | | | - | - |
| Total comprehensive income | | | -12,791 | - | -12,791 |
| Balance 31 December 2014 | 19,758 | 19,758 | -17,977 | -131 | 1,650 |

Xanthus Holding p.l.c., Malta

Consolidated Cash Flow Statement
for the period from 1 January to 31 December 2014

| | Notes | 1 January 2014 to 31 December 2014 kEUR | 1 January 2013 to 31 December 2013 kEUR |
|---|-------|---|---|
| Operating activities: | | | |
| Loss for the period | 30 | -12,791 | -684 |
| <i>Adjustments:</i> | | | |
| Loss from valuation of financial assets | | 947 | 482 |
| Amortisation and impairment on film rights | | 0 | 120 |
| Loss (gain) on disposal of a investments/subsidiaries | | 0 | 0 |
| Impairment loss on financial assets | | 11,930 | 1,617 |
| Interest expenses recognised in profit and loss | | 126 | 63 |
| Other non-cash income and expenses | | -411 | -2,347 |
| <i>Movements in working capital:</i> | | | |
| Change in assets, provisions and other payables from operating activities | | 55 | 73 |
| <i>Cash used for operations</i> | | | |
| Interests paid | | -5 | -16 |
| Cash flow from operating activities | | -149 | -692 |
| Investing activities: | | | |
| Proceeds from sale of assets | | 0 | 0 |
| Cash flow used for investing activities | | 0 | 0 |
| Financing activities: | | | |
| Proceeds from loans granted by related companies | | 182 | 1,362 |
| Payments for redemptions of loans granted by related companies | | -44 | -187 |
| Cash flow provided by financing activities | | 138 | 1,175 |
| Change in cash and cash equivalents | | -11 | 483 |
| Opening balance of cash and cash equivalents 1 January 2014 | | 20 | -463 |
| Closing balance of cash and cash equivalents 31 December 2014 | | 9 | 20 |

1 General Information

Xanthus Holdings p.l.c., Malta, (“the Company”) is a limited liability company incorporated as of 21 March 2011 in Malta, with a financial year-end as of 31 December each year. It is the parent holding company of the Xanthus Group (herein referred to as “the Group”).

The Company is registered with the Registry of Companies in Malta, registration number C 52332 with its registered office at 168 St. Christopher Street, Valletta, VLT1467, Malta.

The principle purpose of Xanthus Holdings p.l.c., Malta, and the Xanthus Group is one of investment. The objectives of the Company and the Group are to acquire and hold, buy and/or sell shares, stocks, bonds or securities of/or in any other company, any movable or immovable property, and to invest these funds, and the assets of the Company, and the Group as a whole in a matter such as deemed appropriate by the Board of Directors. This also includes the granting/advancing of money, extension of credit to companies and/or partnerships on such terms that the Company and the Group deem appropriate.

2 Application of new and revised International Financial Reporting Standards (IFRS) and new and revised IFRSs in issue but not yet effective

(a) Application of new and revised IFRSs

In publishing its financial statements the Group has applied all relevant new and revised IFRSs which were issued and published by the IASB and IFRIC as far as they were effective for business years commencing on, or after 1 January 2014 and adopted by the EU.

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance. IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below. IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities.

Impact of the application of IFRS 10

IFRS 10 changes the definition of control such that an investor has control over an investee when

- a) it has power over the investee,
- b) it is exposed, or has rights, to variable returns from its involvement with the investee and
- c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The directors of the Company made an assessment as at the date of initial application of IFRS 10 (i.e. 1 January 2014) as to whether or not the Group has control over its subsidiaries in accordance with the new definition of control and the related guidance set out in IFRS 10. The directors concluded that the application of IFRS 10 has no impact on the consolidated financial statements for the Group.

Impact of the application of IFRS 11

IFRS 11 replaces IAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The directors concluded that there have been no changes in control definition in comparison to the definition as of IAS 28 prior years consolidated financial statements. Therefore, the first time implementation of IFRS 11 did not have any impact on the consolidated financial statements for the Group.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- obtains funds from one or more investors for the purpose of providing them with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities. In general, the amendments require retrospective application, with specific transitional provisions.

The first-time adoption has had no effect on the consolidated financial statements. The adoption of this standard had no material impact on the Company's financial positions and cash flows.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments require retrospective application.

The first-time adoption of the amendments has had no effects on the consolidated financial statements, since the group has no financial assets and financial liabilities that qualify for offsetting.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The amendments require retrospective application.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application.

As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

(b) New and revised IFRSs in issue but not yet effective

The following standards/amendments to standards and interpretations have been issued, but are not effective for the financial statements of the Company and have not been considered for early adoption by the Company.

IFRS 9 Financial Instruments (as revised in 2014) (Effective for annual periods beginning on or after 1 January 2018)

The replacement project on financial instruments consists of the following three phases:

- Phase 1: Classification and measurement of financial assets and financial liabilities;
- Phase 2: Impairment methodology; and
- Phase 3: Hedge accounting.

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which will supersede IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety upon the former's effective date.

Compared to IFRS 9 (as revised in 2013), the 2014 version includes limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. It also adds the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

The completed IFRS 9 (as revised in 2014) contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under IFRS 9, all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- all other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage – a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period ending on 17 October 2014.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2015. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting.

Due to the nature of the Company and its business model the amendments to *IFRS 9* are likely to have a significant impact on the Company's accounting of financial assets. At present, the Company has not opted for early adoption of this standard, thus the full potential impacts on the financial statements have not yet been fully assessed.

IFRS 14 Regulatory Deferral Accounts (Effective for first annual IFRS financial statements with annual periods beginning on or after 1 January 2016)

IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

IFRS 14 is effective for an entity's first annual IFRS financial statements for annual periods beginning on or after 1 January 2016, with earlier application permitted.

It is expected that the first-time adoption of this standard will not have an effect on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers (Effective for annual periods beginning on or after 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue standards and interpretations upon its effective date:

- IAS 18 *Revenue*;
- IAS 11 *Construction Contracts*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 15 *Agreements for the Construction of Real Estate*;
- IFRIC 18 *Transfers of Assets from Customers*; and
- SIC 31 *Revenue-Barter Transactions Involving Advertising Services*.

As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* (or IFRS 9 *Financial Instruments*, if IFRS 9 is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Far more prescriptive guidance has been introduced by the new Revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.
- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset. Extensive disclosures are required by the new standard.

Many entities across the different industries will likely be affected by IFRS 15 (at least to a certain extent). In some cases, the changes may be substantial and may require changes to the existing IT systems and internal controls. Entities should consider the nature and extent of these changes.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2018 with early application permitted. Entities can choose to apply the standard retrospectively or to use a modified transition approach, which is to apply the standard retrospectively only to contracts that are not completed contracts at the date of initial application (for example, 1 January 2018 for an entity with a 31 December year-end).

Due to the nature of the Company and its business model the application of *IFRS 15* is likely to have no impact on the Company's accounting of financial assets. At present, the Company has not opted for early adoption of this standard.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (Effective for annual periods beginning on or after 1 January 2016)

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016.

The first-time adoption will not have any effect on the consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative (Effective for annual periods beginning on or after 1 January 2016)

The amendments to IAS 1 are made to remove existing barriers for the preparers in respect of the exercise of discretion in the presentation of financial (materiality, presentation of statement of financial position as well as the profit and loss statement or other comprehensive income).

The impact of the first-time adoption of this amendment is still being analysed and evaluated.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Effective for annual periods beginning on or after 1 January 2016)

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment.

The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined, the revenue that is to be generated might be an appropriate basis for amortising the intangible asset; or
- b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The first-time adoption of these amendments will not have any effect on the consolidated financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (Effective for annual periods beginning on or after 1 February 2015)

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight-line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. A retrospective application is required.

The first-time adoption of these amendments will not have any effect on the consolidated financial statements.

IFRIC 21 Levies (Effective for annual periods beginning on or after 17 June 2014)

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. IFRIC 21 requires retrospective application.

It is expected that the first-time adoption of this interpretation has no material effect on the consolidated financial statements.

Annual Improvements to IFRSs 2010 – 2012 Cycle (Effective for annual periods beginning on or after 1 February 2015)

The Annual Improvements include amendments to a number of IFRSs: IFRS 2 – Share-based Payments, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurements, IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets and IAS 23 Related Party Disclosures.

The first-time adoption of these amendments will not have any material effect on the consolidated financial statements.

Annual Improvements to IFRSs 2011 – 2013 Cycle (Effective for annual periods beginning on or after 1 January 2015)

The Annual Improvements include amendments to a number of IFRSs: IFRS 3 Business Combinations, IFRS 13 Fair Value Measurements and IAS 40 Investment Property.

The first-time adoption of these amendments will not have any material effect on the consolidated financial statements.

Annual Improvements to IFRSs 2012 – 2014 Cycle (Effective for annual periods beginning on or after 1 January 2016)

The Annual Improvements include amendments to a number of IFRSs: IFRS 5 Non-current assets held for sale and discontinued operations, IFRS 7 Financial instruments: disclosures, IAS 19 Employee Benefits and IAS 34 Interim financial reporting.

The first-time adoption of these amendments will not have material effects on the consolidated financial statements.

3 Summary of Significant Accounting Policies and Valuation Methods

3.1 Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

3.2 Basis of preparation

The Company's financial year ran from 1 January to 31 December 2014. The financial year ended as of 31 December 2013, herein referred to as the 'previous year/previous period', ran from 1 January to 31 December 2013. The Company has disclosed comparative information in respect of the previous period for all amounts reported in the current period's Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared in accordance with *IAS 1* based on historical cost, except financial instruments which have been measured at fair value in accordance with *IAS 39*. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The structure of the Consolidated Statement of Financial Position follows the traditional Current/Non-Current classification. The entity has elected to present all items of income and expense in a two statement format, a statement displaying components of profit or loss, and a second statement displaying components of other comprehensive income. The Company presents all expenses based on the nature of expenses method.

The following financial components, in accordance with the fore mentioned reporting standard (*IAS 1*), have been prepared:

- a Consolidated Statement of Financial Position as of 31 December 2014 (and a Consolidated Statement of Financial Position as of 31 December 2013, as comparable figures);
- a Consolidated Income Statement for the period 1 January to 31 December 2014; (and comparable figures for the period from 1 January to 31 December 2013);
- a Consolidated Statement of Comprehensive Income for the period from 1 January to 31 December 2014 (and a comparable Statement of Comprehensive Income for the period from 1 January to 31 December 2013);
- a Consolidated Cash Flow Statement for the period from 1 January to 31 December 2014 (and comparable figures for the period from 1 January to 31 December 2013);
- a Consolidated Statement of Changes in Shareholders' Equity for the period from 1 January to 31 December 2014 (and comparable figures for the period from 1 January to 31 December 2013); and
- a set of accompanying explanatory Notes to these Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared and presented in Euro (EUR) which is the functional and reporting currency of the Group in accordance with *IAS 21*. In accordance with proper accounting practices rounding have been applied throughout to the nearest thousand Euro (kEUR), therefore rounding differences may occur.

3.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if these results in the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation of the Group.

3.4 Going Concern

The Board of Directors has, at the time of approving the Consolidated Financial Statements, a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the Consolidated Financial Statements.

3.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred. Acquisition-related costs are generally expensed as incurred and recognised in the income statement.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition amounts of the identifiable assets acquired and any liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceed the consideration given, then the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the Consolidated Income Statement as gain from bargain purchase.

Non-controlling interests (Minority interests) in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of combination.

3.6 Foreign currencies

The individual financial statements of each company of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The presentation currency of the Consolidated Financial Statements is the functional currency of the Group – Euro (EUR). In preparing the financial statements of the individual companies, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated at the rates prevailing at the date when the items were recognised the first time.

Exchange differences are recognised in the income statement in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings,
- exchange differences on transactions entered into in order to hedge certain foreign currency risks, and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of those group companies, which have a functional currency other than the parent company, are translated to the currency expressed in the Consolidated Financial Statements of the Company (EUR). Assets and liabilities of the companies included into consolidation are translated at the average exchange rates on the balance sheet date. The respective income statements are translated at annual average exchange rates. If the average exchange rate does not reasonably approximate the actual transaction rate, translation is subject to the respective transaction rates. According to *IAS 21* exchange differences arising are separately presented in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Shareholders' Equity. Such exchange differences are recognised in the Consolidated Income Statement in the period in which the foreign operation is disposed of.

3.7 Intangible assets

3.7.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of film rights is conducted on the basis of a unit-of-production method, which shows the consumption of used film rights as a factor of the revenues that can be achieved. This method is known as the “individual film forecast method”. According to this method, a film title is amortised in the period on the basis of a quotient “revenues generated from the film in the period divided by estimated remaining total revenues generated by the film” multiplied by the residual carrying value of the film. The estimation of the total revenue is reviewed at the end of each reporting period. The quotient of the amortisation charge for the period is determined on the basis of any adjusted total revenue. An impairment test is conducted when a triggering event arises.

Amortisation of other intangible assets, except film rights are recognised on a straight line basis over the estimated useful life of the asset. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted on a prospective basis. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost less accumulated impairment losses.

3.7.2 Internally generated intangible assets – research and development

During the business year the Group did not have any internally generated intangible assets.

3.7.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits will flow into the entity. Gains or losses arising on disposal of the asset, measured as the difference between net proceeds and the carrying amount of the intangible asset, are recognised in the Consolidated Income Statement when the asset is derecognised.

3.8 Impairment on intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indicator and/or triggering event to determine if those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the assets may be impaired.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows of the Company are discounted to their present value using a pre-tax discount rate that reflects current market assessments of both, the time value of money, and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, and in which case, the impairment loss is treated as a revaluation decrease through equity.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Financial Instruments

Financial assets and financial liabilities are recognised when an entity of the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than those recognised at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

3.10 Financial assets

Financial assets are classified into the following specified categories in accordance with *IAS 39*:

- Financial assets 'at fair value through profit or loss' (FVTPL)
- 'Held-to-maturity' investments
- 'Available-for-sale' (AFS) financial assets and
- 'Loans and receivables'.

The classification in one of the four above mentioned categories depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.10.1 Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future
- it is a part of an identified portfolio of financial instruments as determined by the Board of Directors and has a recent actual pattern of short-term profit-taking or
- it is a derivative (except for a derivative that is a financial guarantee contract) that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise,
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis to the Board of Directors, or
- it forms part of a contract containing one or more embedded derivatives, and *IAS 39* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognised in profit and loss (Consolidated Income Statement). The net gain, or loss recognised in the Consolidated Income Statement incorporates any dividend or interest earned on the financial asset.

3.10.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are recorded at amortised acquisition cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Currently, the Group does not have any held-to-maturity investments.

3.10.3 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivative financial assets that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit and loss.

AFS are measured at their fair value at the end of each reporting period. Fair value is determined in the manner described in note 24. The Group has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). An AFS investment that does not have a quoted market price in an active market and whose fair value cannot be reliably determined are measured at cost less any identified impairment losses at the end of the period.

3.10.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at FVTPL or as AFS financial assets or those for which the Company may not recover substantially all of its initial investment other than because of credit deterioration. Loans and receivables (including trade receivables, bank balances and cash, and other financial loans extended by the loan to third parties) are measured at amortised cost, plus interest (interest income is recognised by applying the effective interest rate method, except for to short-term receivables when the recognition of interest would be immaterial) using the effective interest method, less any impairment.

3.10.5 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability on initial recognition.

3.10.6 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty,
- default or delinquency in interest or principal payments, or
- it becoming probable that the borrower will enter bankruptcy or financial restructuring.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

3.10.7 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the differences between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair value of those parts on the date of transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash at hand and other short-term highly liquid investments that are readily convertible and have a maturity of up to three months when initially recognised as cash and cash equivalents.

3.12 Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.12.1 Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

3.12.2 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.12.3 Derivative financial instruments

The Group has not entered into any transactions involving derivative financial instruments.

3.12.4 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

3.13 Provisions

Provisions are recognised for all identifiable risks and for unsecure obligations when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation in the future, and a reliable estimate can be made as to the amount of the obligation.

The amount recognised as a provision is the Board of Director's best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Present obligations arising under onerous contracts are recognised and measured as provision. An onerous contract is considered to exist when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3.14 Dividend and interest income

Dividend income from investments is recognised when the shareholders right to receive payment has been established (provided that it is probable that economic benefits will flow into the Group and that the level of income can be reliably measured).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow into the Group and the amount of income can be reliably measured. Interest income is accrued on a timely basis, by reference to the principle outstanding and at the appropriate effective interest rate, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's net carrying amount at initial recognition.

3.15 Taxation

Income tax expense represents the total of current and deferred tax expenses. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method in compliance with IAS 12. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets on existing tax loss-carry forwards are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and tax loss-carry forwards can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset in compliance with IAS 12 when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.16 Earnings per share

In compliance with IAS 33 a calculation of the Earnings per share (EPS) must be presented in the Consolidated Financial Statements of the Company if the shares are (a) traded on a public market, or (b) are in the process of filing its Consolidated Financial Statements with a securities commission. The EPS illustrates a basis return of total earnings divided by the total amount of shares, shown separately for every share class and for continuing and discontinued operations. Detailed information about earnings per share can be found in note 22 to the Consolidated Financial Statements.

3.17 Critical accounting judgements and key sources of estimation uncertainty

Preparation of Consolidated Financial Statements requires that estimates and assumptions are made affecting the presentation of assets, liabilities, accruals, prepaid expenses, deferred taxes, income and expenses as well as commitments and contingent liabilities. Although accounting estimates and assumptions are conscientiously made thoroughly it cannot be excluded that the actual amounts to be presented will deviate from the estimates.

Factors which may lead to changes in accounting estimates may result from the development of the world economy, development of exchange and interest rates as well as significant legal proceedings, changes in environmental law or other legal regulations. Loss of major customers and changes in financing may also affect future results of the Group.

In the process of applying the Group's accounting policies, the Board of Directors has made judgements which significantly affect the amounts recognised in the Consolidated Financial Statements and, at the end of the reporting period, there were key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) Valuation of financial assets

As described in note 24, the Group uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of certain types of financial instruments. Note 24 provides detailed information regarding these valuation methods, and the key assumptions used in performing such valuations. The Board of Directors believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the financial instruments in accordance with IFRS.

Note 24 describes the terms and conditions of the outstanding loans and other financial assets that are recognised in the Consolidated Statement of Financial Positions. The Group recognised loans in the amount of kEUR 1,478 (previous year kEUR 2,778) and other financial assets in the amount of EUR 1 (previous year kEUR 9,848) as overdue for repayment. The directors have reviewed the Group's loans and other financial assets in the light of their maturity date and their recoverability at the end of the year. This review resulted in an impairment loss of kEUR 11,930 (previous year kEUR 1,617). Due to the fact of an on-going garnishment order and the filed insolvency of the debtor without court decision yet, the management believes that the gross amount of the purchase price receivable might not be collectable. This was recognised as impairment loss for prudence reason of the asset as of 31 December 2014. Detailed analyses have been carried out and the directors are confident that the carrying amount of the asset will be recovered in full. This situation will be closely monitored, and adjustments will be made in future periods, if any further impairment indications arise.

b) Provisions

In the Consolidated Financial Statement of the Company the recognised provisions amount to kEUR 161 as of 31 December 2014 (previous year kEUR 111). The Group exercises considerable judgement in measuring and recognising provisions. Because of inherent uncertainties in the evaluation process these provisions may be subject to changes as new and relevant information becomes available through the support of both internal and external consultants.

4 Scope of Consolidation

As of 31 December 2014, Xanthus Holdings p.l.c., Malta, held shares in the following entities:

| <u>Entity</u> | <u>Place of incorporation</u> | <u>Proportion of ownership interest % 31 Dec 2014</u> | <u>Proportion of ownership interest % 31 Dec 2013</u> |
|--------------------------------------|-----------------------------------|---|---|
| Xanthus Spec 1 Limited | Malta | 100.0% | 100.0% |
| Xanthus Special Investment 1 Limited | Cayman Islands | 100.0% | 100.0% |
| North Wall Productions Limited | Cayman Islands | 100.0% | 100.0% |

During the financial year ended 31 December 2013 and ended 31 December 2014 the Group did not acquire any businesses.

5 Segment Information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Board of Directors (chief operating decision maker) in order to allocate resources to the segments, and to assess their performance.

The investment operations of the Group are conducted on a global basis, i.e. without differentiating between segments, such as geographical regions, or investment activities. Thus there is only one reportable segment to the Group's business. The Group has determined this on the following basis:

The purpose of the Group is one of investment. The Group has two major sources of revenue, the first deriving from its ability to acquire and hold, buy and/or sell shares, stocks, bonds or securities of or in any other company and any movable or immovable property, and to invest the funds and assets of the Group in such a manner as the Board of Directors may deem fit. The second stream consists of interest obtained from the granting/advancing money and/or credit given to companies or partnerships, on such terms that the Group deems appropriate. The revenues recognised in the Financial Statements as of 31 December 2014 are attributable to loans which are all granted to German companies.

For the purposes of internal and external segmental reporting it would be impractical to distinguish between the two streams of revenue, since the granting/advancing of money and/or credit is only given to companies in which the Company invests in. This, therefore, does not constitute a separable segment. Thus, additional detailed segment information is not necessary.

Due to the purpose of Xanthus Holdings p.l.c., Malta, which is one of investment, the Group does not have any reliance on major customers.

All additionally required information by *IFRS 8 Operating Segments* regarding the one segment in which the Group operates can directly be derived from the Consolidated Statement of Financial Position and the Consolidated Income Statement.

6 Intangible assets

The Xanthus Group bridged the finance gap of a third party U.S. film/movie production and has the right to receive certain revenue streams from the outcome of that film/movie production. During the period ending 31 December 2014 the Group recognised revenue streams relating to the intangible assets in the amount of kEUR 0, previous period kEUR 25.

The Consolidated Statement of Financial Position as of 31 December 2014 discloses an intangible asset balance of kEUR 0 regarding film rights/royalties, previous year kEUR 0.

According to the International Financial Reporting Standards; rights for such items are included within the scope of *IAS 38 Intangible Assets*. Due to that standard an active market cannot exist for film rights due to the uniqueness of such assets/individual contracts. Therefore the original costs of kUSD 1,683 (kEUR 1,260) were used to recognise the film rights at the time of their acquisition.

Until 31 December 2013, these film rights were amortised using the “individual film forecast method”. In addition, an impairment test was carried out at year-end 2013. During the financial year 2011 information was received that the underlying movie was not as successful as originally planned and therefore the income stream was and is expected to be much lower. Based on these expected future short term revenue streams (value in use of the intangible asset) a total amortisation and impairment charge of kEUR 120 was recognised in the Consolidated Income Statement for the period 1 January to 31 December 2013. The calculation for determining the value in use of the intangible asset as of 31 December 2013 was based on the fact that the management does not expect any future revenue stream, which will flow into the Group.

The movement of the intangible asset during the financial year 2014 and 2013 can be analysed as follows:

| | 2014 | 2013 |
|---|-------------|-------------|
| | <u>kEUR</u> | <u>kEUR</u> |
| Carrying amount at 1 January | 0 | 121 |
| Less: amortisation and impairment | 0 | -120 |
| Less: exchange differences on the translation of the financial statements of the Group entity which the intangible asset owns | 0 | -1 |
| Carrying amount at 31 December | 0 | 0 |

7 Loans

The Group granted several interest-bearing loans to selected entities on a short- and mid-term basis. In most cases, the loans are given to entities in which the Group was or is invested. The loans are carried at amortised costs using the effective interest method in accordance with *IAS 39*.

As of 31 December 2014 these loans amounted to kEUR 2,032 in total (previous year kEUR 3,365). All of these loans were reclassified as non-current asset as of 31 December 2014.

The outstanding loan due from Riese Beteiligungsgesellschaft mbH, Hamburg, Germany, in the amount of kEUR 554 (previous year kEUR 587) bears an interest at 12.5%. In the financial year ended 31 December 2014 the management revised the estimation of their probable redemption date from December 2014 to June 2018 due to the current development of the company which received these loans and the resulting change of the expectations of the payments. To reflect the actual and revised estimated cash flows a revaluation was necessary by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment of kEUR 88 regarding the downwards revaluation of the total loan to amortised costs has been recognised as loss for the period in the Consolidated Income Statement for the period 1 January to 31 December 2014.

The remaining amount of the loans includes an outstanding loan due from Duesseldorf Rheinblick GmbH, Duesseldorf, Germany, in the amount of kEUR 1,478 (previous year kEUR 2,778). The loan was initially payable by 31 December 2012 and bears an interest rate of 8.0%. As of 31 December 2014 the repayment is still outstanding due to the on-going negotiations with the debtor. Therefore, the management revised the future cash flows. The management expects a minimum final repayment of kEUR 2,000 by the end of the financial year 2017. This results in an impairment of kEUR 895 which has been recognised as impairment loss for the period in the Consolidated Income Statement for the period 1 January to 31 December 2014. Furthermore, the change in the estimated redemption date resulted in a loss of kEUR 550 which has been also recognised in the Consolidated Income Statement for the period from 1 January to 31 December 2014.

8 Other investments

As of 31 December 2014, Xanthus Holdings p.l.c., Malta, held equity shares in several other companies some of which are listed at several German stock exchanges:

| | 31 Dec 2014 | 31 Dec 2013 |
|-----------------------------|--------------|--------------|
| | kEUR | kEUR |
| Listed equity investments | 923 | 1,232 |
| Unlisted equity investments | 748 | 1,359 |
| Total | 1,671 | 2,591 |

Listed equity investments are categorised as financial assets at fair value through profit or loss. At 31 December 2014 their fair value was derived from the quoted market price at the stock exchange and amounts of kEUR 923, previous year kEUR 1,232.

As of 31 December 2014 the Group held a total of 971,433 shares (previous year 971,433) in InCity Immobilien AG, Frankfurt am Main, Germany, a total of 683,999 shares (previous year 683,999) in Worldlink Group p.l.c., Great Britain, and a total of 7,339 shares (previous year 7,339) in Betting Service Ltd., Great Britain.

Regarding the listed equity investments a total loss for the period has been recognised in the Consolidated Income Statement in the amount of kEUR 309 (previous year kEUR 382) due to the revaluation of the investment to their fair values. No shares were sold in 2014.

The unlisted equity instruments were categorised as financial assets available-for sale, which are measured at cost because they do not have an active market and whose fair value cannot be reliably measured.

The remaining shares of 6% in MERLINCOUNTRY GmbH, Germany, are part of the investments of Xanthus Special 1 Limited, Malta. As of 31 December 2014 the Group accounted for this investment in accordance with IAS 39 at acquisition cost less any identified impairment loss an amount of kEUR 0, previous year kEUR 611, at the end of the reporting period. After a review of the recoverable amount of this investment an impairment loss of kEUR 611 was recognised in 2014, due to the fact of an on-going garnishment order and the filed insolvency of the debtor's subsidiary without court decision yet.

In 2013, Xanthus Spec 1 Limited, Malta, acquired from its subsidiary Xanthus Special Investments 1 Limited, Cayman Island, a nominal amount of 71,112 shares in UDG United Digital Group GmbH, Germany, formerly known as Riese Media GmbH, Germany, on 16 May 2013. The purchase price was kEUR 677 and was paid via the offsetting of an outstanding declared dividend in the same amount.

Thus Xanthus Holdings p.l.c. holds a direct interest of 1.796% in UDG United Digital Group GmbH, Germany, as of 31 December 2014, in the total amount of kEUR 748, previous year kEUR 748. In accordance with IAS 39, the carrying amount of these shares was booked in the amount of kEUR 748 as of 31 December 2014, previous year kEUR 748. No impairment assessment was performed in the reporting period as there was no indication of impairment.

9 Other financial assets

The other financial assets of kEUR 9 at 31 December 2014 (previous year kEUR 9,848) constitute several other assets including the purchase price receivable from the sale of a 94% share in MERLINCOUNTRY GmbH, Berlin, Germany, and its subsidiaries (EUR 1; previous year kEUR 9,848).

The original purchase price receivable (kEUR 10,000) was due for payment by 31 December 2012; however the original purchase price plus interest is still outstanding as of 31 December 2014. The purchase price receivable bears an interest at 6% (from 1 July 2012 to 31 December 2012) and at 8% (since 1 January 2013).

Whereas in the first half of 2014 the legally agreed interest were still recognised, in the second half of 2014 no interest income was recognised anymore on the principal. Due to the delay in the redemption of the purchase price receivable and the on-going negotiations and garnishment order with the debtor as well as the filed insolvency without court decision yet, the management of Xanthus revised its estimations of future cash flows and carried out an impairment test as of 31 December 2014. At year-end 2014, the whole carrying amount was written-down and led to an impairment loss of kEUR 10,424.

10 Cash and cash equivalents

As of 31 December 2014 Cash and cash equivalents comprising cash at bank totalled kEUR 9, previous year kEUR 20.

11 Shareholders' equity

As of 31 December 2014, Xanthus Holdings p.l.c., Malta, has an authorised capital of 80,000,000, previous year 80,000,000, ordinary shares of par value of EUR 1.00, which do not entitle the subscriber to a fixed profit. As of 31 December 2014 and 31 December 2013, respectively 19,757,762 ordinary shares were issued and fully paid in.

| | Number of shares | | Common stock | | Additional paid-in capital | |
|--|------------------|-------------|--------------|-------------|----------------------------|-------------|
| | 31 Dec 2014 | 31 Dec 2013 | 31 Dec 2014 | 31 Dec 2013 | 31 Dec 2014 | 31 Dec 2013 |
| | '000 | '000 | kEUR | kEUR | kEUR | kEUR |
| Issued and fully paid capital: ordinary shares of par value EUR 1.00 | 19,758 | 19,758 | 19,758 | 19,758 | 0 | 0 |

The movement in issued and paid-up ordinary shares of Xanthus Holdings p.l.c., Malta, during the period was as follows:

| | 2014 | 2013 |
|---------------------------|-----------------|-----------------|
| | thousand shares | thousand shares |
| Balance as of 1 January | 19,758 | 19,758 |
| Issue of shares | 0 | 0 |
| Balance as of 31 December | 19,758 | 19,758 |

During the financial years 2013 and 2014, Xanthus Holdings p.l.c., Malta, did not grant any share-based payments.

The currency translation adjustment of kEUR -131 as of 31 December 2014, previous year kEUR -131, arose from USD/EUR exchange differences relating to the translation of the results and net assets of the Group's foreign operations (Northwall Productions Limited, Cayman Islands) from their functional currencies (USD) to the Group's presentation currency (EUR). These exchange differences are recognised directly in the Other Comprehensive Income and accumulated in the foreign currency translation reserve.

12 Financial liabilities due to related parties

Selected related parties have provided interest-bearing loans to the Xanthus Group on a short-term basis. The loans payable are carried at amortised costs using the effective interest method in accordance with *IAS 39*. As of 31 December 2014 they amounted to kEUR 1,875 in total (previous year kEUR 1,251, thereof kEUR 21 trade payables outstanding due to related parties). We also refer to note 29.

13 Trade payables

Trade payables amount to a total of kEUR 35 for the year ended 31 December 2014, previous year kEUR 21. They consist primarily of unpaid expenses for services rendered.

14 Provisions

As of 31 December 2014, the Group discloses provisions of kEUR 161, previous year kEUR 111. They primarily consist of estimated costs and outstanding invoices from lawyers, consultants, auditors and other third parties. The increase of kEUR 50 in the financial year 2014 resulted from outstanding invoices of consulting and audit services. As of 31 December 2014 all reported provisions are short-term by their nature.

15 Interest income

For the period ending 31 December 2014 the Group earned interest income in the amount of kEUR 601, previous period kEUR 1,147, from the loans granted to third parties. This income stems from the interest on granted loans to Riese Beteiligungsgesellschaft mbH, Hamburg, Germany, kEUR 55, interests on a granted loan due to Duesseldorf Rheinblick GmbH, Duesseldorf, Germany, in the amount of kEUR 146 (see note 7) and from interests on the outstanding purchase price receivable from the sale of the shares in MERLINCOUNTRY GmbH, Germany, kEUR 400 (see note 9).

16 Gain from valuation of assets and liabilities

Due to the change in estimations of the expected redemption date for the purchase price receivable from the sale of the shares in MERLINCOUNTRY GmbH, Germany, the Company had to recognise a gain from the valuation adjustments according to *IAS 39 AG8* (kEUR 176; previous year kEUR 1,207).

17 Other business related income

During the period from 1 January to 31 December 2014 the Group did not realise other business related income. In the previous period kEUR 25 were recognised as revenue stream from the outcome of the film production (see note 6).

18 Loss from valuation of assets and liabilities

During the period from 1 January to 31 December 2014 the Group realised a loss from the fair value valuation of their financial assets and liabilities of kEUR 947, previous period kEUR 482. They were recognised from the lower quoted market price of listed equity investments as at 31 December 2014 (kEUR 309; previous year kEUR 382; see note 8), from the change in the estimated redemption date in 2014 of the loan granted to Duesseldorf Rheinblick GmbH, Duesseldorf, Germany (kEUR 550; previous year kEUR 0; see note 7) and from the adjustment of kEUR 88 regarding the downwards revaluation in 2014 of the loan granted to Riese Beteiligungsgesellschaft mbH, Hamburg, Germany, (previous year kEUR 0; see also note 7).

19 Impairment loss on financial assets

During the period from 1 January to 31 December 2014 the Group realised a total impairment loss of kEUR 11,930 (previous period kEUR 1,617). The impairment loss was recognised from the completely write-down of the purchase price receivable due from the sale of a 94% share in MERLINCOUNTRY GmbH, Berlin, Germany, and its subsidiaries (kEUR 10,424, previous year kEUR 1,617; see note 9), from the write-down of the 6% shares in MERLINCOUNTRY GmbH, Germany, (kEUR 611, previous year kEUR 0; see note 8), and from a partial write-down of the outstanding loan granted to Duesseldorf Rheinblick GmbH, Duesseldorf, Germany (kEUR 895; previous year kEUR 0; see note 7).

20 Income Taxes

On a long-term basis the Board of Directors of Xanthus Holdings p.l.c., Malta, plans to generate revenues via dividend income from its Maltese subsidiary Xanthus Spec 1 Limited, Malta. From a taxation point of view Xanthus Spec 1 Limited, Malta, is expected to make profit from two sources of income streams:

- Dividend income/capital gains which would be exempted from income taxes in Malta through the application of the participation exemption under the Maltese tax law. Therefore no deferred tax assets would be recognised;
- Other income (such as interest and dividends/capital gains which do not benefit from the participation exemption referred to above) which would be liable to income taxes in Malta. As a result of the operation of the imputation system of taxation, the tax suffered at the level of Xanthus Spec 1 Limited, Malta, would be in part or fully refunded to Xanthus Holdings p.l.c., Malta, upon the distribution of a dividend by Xanthus Spec 1 Limited, Malta, out of those profits on which the income taxes were suffered.

Regarding the loss for the period 1 January to 31 December 2014 the Group allocates it to the first income stream described above; therefore no deferred taxes were recognised for this period.

Foreign income tax is basically calculated at the tax rate prevailing in the relevant countries, which is 0% on the Cayman Islands.

There was no taxable income during the financial periods ended 31 December 2014, and 31 December 2013, respectively.

Under the tax laws prevailing in Malta tax losses carried forward may be carried forward and offset against future profit without any time restrictions. Companies forming part of a group may benefit from group relief provisions in respect of allowable losses which are surrendered. However, group relief only applies to companies' resident in Malta, and such companies that are deemed to form part of a group if one or more companies are owned, directly or indirectly, as to at least fifty-one per cent.

The Group assumes to realise deferred tax assets in accordance with *LAS 12* to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. However, tax loss carried forwards can only be used in the future if they do not belong to non-taxable income.

21 Comprehensive Income

The Consolidated Statement of Comprehensive Income contains reconciliation from the loss for the period from 1 January to 31 December 2014 of kEUR 12,791, previous year kEUR 684, to a total comprehensive loss of kEUR 12,791, previous year kEUR 685.

22 Earnings per share

Information is given for earnings per share are in accordance with *LAS 33*.

| | 1 January – 31 December 2014 EUR/Share | 1 January – 31 December 2013 EUR/Share |
|---------------------------------|--|--|
| Total Earnings per share | | |
| Basic Earnings per share | -0.65 | -0.03 |
| Diluted Earnings per share | -0.65 | -0.03 |

The earnings per share can be seen directly in the Consolidated Income Statement. The calculation of the basic earnings per share is based on the following data:

The weighted average number of shares for basic earnings per share for the period of 1 January to 31 December 2014 (2013) amounts to 19,757,762 (previous financial year 19,757,762) shares.

No diluted effects were comprised in the calculation of the diluted earnings per share, neither regarding the profit/loss for the period 1 January to 31 December 2014 nor for the comparative period, nor concerning the number of shares because such instruments were not used by the Group (thus, the Group has no potential dilutive ordinary shares). Therefore, for the period to 31 December 2014, as well as for the comparative period, there were no dilutive effects on the Earnings per share.

The whole loss is attributable to the parent company Xanthus Holdings p.l.c., Malta.

23 Litigations

Regarding the discussions with Mr. Lemberg we refer to note 7, 8, 9 and 29. Besides this circumstance the Group was not involved in any legal claims as at 31 December 2014.

24 Information about financial instruments and fair values

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another. All financial instruments for the Group as at 31 December 2014 can be classified as non-derivative instruments.

IAS 39 requires the classification of financial instruments into separate categories for which the accounting requirement is different. The Group has classified its financial instruments as follows.

- Loans extended to third parties, funds held with banks or other financial institutions and trade receivables (if any) are classified in accordance with *IAS 39* as Loans and Receivables.
- Quoted market price investments are classified as Financial assets at fair value through profit and loss.
- Unquoted investments are classified as Financial assets available-for-sale.
- Trade payables, short-term borrowings due to banks and short-term and long-term loans are classified as Other financial liabilities.
- The Group does not have any financial assets classified within the Held-to-maturity category.

The following table shows fair values and book values in accordance with IFRS 7 *Financial Instruments: Disclosure*.

| Measurement Category | Fair Value through Profit and Loss | | | |
|----------------------|------------------------------------|------------|------------------|------------|
| | 31 December 2014 | | 31 December 2013 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | kEUR | kEUR | kEUR | kEUR |
| Other investments | 923 | 923 | 1,232 | 1,232 |

| Measurement Category | Available-for-sale | | | |
|--------------------------------|--------------------|------------|------------------|------------|
| | Fair Value | | | |
| | 31 December 2014 | | 31 December 2013 | |
| Assets | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | kEUR | kEUR | kEUR | kEUR |
| Other investments ¹ | 748 | 748 | 1,359 | 1,359 |

| Measurement Category | Loans and receivables | | | |
|---------------------------|-----------------------|------------|------------------|------------|
| | Amortised Cost | | | |
| | 31 December 2014 | | 31 December 2013 | |
| Assets | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | kEUR | kEUR | kEUR | kEUR |
| Loans | 2,032 | 2,032 | 3,365 | 3,365 |
| Other financial assets | 9 | 9 | 9,848 | 9,848 |
| Cash and cash equivalents | 9 | 9 | 20 | 20 |

| Measurement Category | Other Financial Liabilities | | | |
|--|-----------------------------|------------|------------------|------------|
| | Amortised Cost | | | |
| | 31 December 2014 | | 31 December 2013 | |
| Liabilities | Carrying amount | Fair Value | Carrying amount | Fair Value |
| | kEUR | kEUR | kEUR | kEUR |
| Financial liabilities due to related parties | 1,875 | 1,875 | 1,251 | 1,251 |
| Trade payables | 35 | 35 | 21 | 21 |

The above financial instrument tables contain financial assets and liabilities only to the extent that a contractual right to receive/or to release cash and cash equivalents at a future date is included.

Cash and cash equivalents, Other financial assets, Other investments, Financial liabilities due to related parties and Trade payables have a short maturity. Therefore their carrying amounts as of 31 December 2014 are approximately equal to their fair value.

¹ Financial assets available-for-sale are unlisted investments (equity instruments), whose fair value cannot be reliably determined in accordance with IAS 39, and therefore were valued as of acquisition cost less impairment (amounting to kEUR 748)

Information about income and expenses items on financial assets:

The following table shows the net result of financial assets and liabilities in compliance with valuation categories in the period 1 January to 31 December 2014:

| | Investment revenues | | Investment revenues | |
|------------------------|--------------------------------------|--------------------------------------|--|--------------------------------------|
| | Interest income | | Gain from valuation of assets and liabilities at amortised cost | |
| | 1 January to 31 December 2014 | 1 January to 31 December 2013 | 1 January to 31 December 2014 | 1 January to 31 December 2013 |
| | kEUR | kEUR | kEUR | kEUR |
| Loans | 201 | 347 | 0 | 0 |
| Other financial assets | 400 | 800 | 176 | 1,207 |

| | Investment costs | | Investment costs | |
|--|--------------------------------------|--------------------------------------|--|--------------------------------------|
| | Interest expenses | | Loss from valuation of assets and liabilities at fair value | |
| | 1 January to 31 December 2014 | 1 January to 31 December 2013 | 1 January to 31 December 2014 | 1 January to 31 December 2013 |
| | kEUR | kEUR | kEUR | kEUR |
| Other investments | 0 | 0 | 309 | 382 |
| Other financial assets | 0 | 0 | 0 | 0 |
| Financial liabilities due to related parties | 21 | 57 | 0 | 0 |

| | Investment costs | | Investment costs | |
|------------------------|--|--------------------------------------|--------------------------------------|--------------------------------------|
| | Loss from valuation of assets and liabilities at amortised cost | | Loss from impairment | |
| | 1 January to 31 December 2014 | 1 January to 31 December 2013 | 1 January to 31 December 2014 | 1 January to 31 December 2013 |
| | kEUR | kEUR | kEUR | kEUR |
| Other investments | 0 | 0 | 611 | 0 |
| Other financial assets | 0 | 0 | 10,424 | 1,617 |
| Loans | 638 | 100 | 895 | 0 |

The loss from valuation of assets and liabilities at fair value is attributable to the Financial assets at fair value through profit and loss as well as the Financial assets held as available-for-sale.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of the financial assets and liabilities have been determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Fair values for unquoted equity instruments, where accessed in accordance with three valuation theories, The Market approach, Income approach and Asset-based approach. When no reliable valuation could be determined and the probability of the various estimates could not be reasonably assessed the assets were valued at acquisition cost in accordance with *IAS 39*.
- Loans extended to third parties are measured at amortised cost. The financial asset is measured at initial recognition, minus principle repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Specifically, significant assumptions used in determining the fair values/amortised costs of the following financial assets are set out below:

Other investments with unquoted market price

As of 31 December 2014 the unlisted shares held by the Company amounting to kEUR 748, previous year kEUR 1,359. Such investments have been valued at acquisition cost (less any identified impairment loss) on the assumption that no reliable fair value for these unlisted companies can be determined. This is due to special circumstances that relate to the respective companies. For example, the company is a newly active company with no real historical figures, in addition management has not been able to reliably determine the future cash flows of the entity in which can be used to calculate a fair value using the discounted cash flow method.

Other financial assets

As disclosed in note 9, the nominal purchase price receivable of kEUR 10,000 was due as of 31 December 2012. The receivable is still outstanding at year-end 2014 and the management had to revise the estimation of the future cash flows. As of 31 December 2014 the carrying amount of kEUR 0, previous period kEUR 9,848, represents the Company's maximum exposure to credit risk. The management of Xanthus have reviewed the Group's financial asset in the light of their maturity date and their recoverability at the end of the year. This review resulted in an impairment loss of kEUR 10,424 (previous year kEUR 1,617), due to the interest of kEUR 400 and the gain from valuation of kEUR 176 in the first half of the year 2014. Due to the on-going garnishment order and the filed insolvency without court decision yet, the management believes that the gross amount of the purchase price receivable might not be collectable. We refer to note 3.17 and 9.

Loans

As disclosed in note 7, the loan due from Duesseldorf Rheinblick GmbH amounting of kEUR 1,478 as of 31 December 2014, was due as of 31 December 2012 (kEUR 2,566). The loan is still outstanding at year-end 2014 and the management had to revise the estimation of the future cash flows. Based on the assessment of the Board of Directors the Group expects the final repayment by the end of the financial year 2017. Thus, a discounting with the original effective interest rate of 10.6% was recognised in 2014. As of 31 December 2014 the carrying amount of kEUR 1,478 represents the Company's maximum exposure to credit risk.

Fair value measurements recognised in the Consolidated Statement of Financial Position

The following paragraphs provide information on financial instruments that are measured subsequent to initial recognition at fair value in the Consolidated Statement of Financial Position as of 31 December 2014, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date: Other investments at an amount of kEUR 923, previous year kEUR 1,232.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices): None held.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs): None held.

There were no transfers between these levels during the period 1 January to 31 December 2014.

25 Financial risks and the Company's management of those risks

The Group's Board of Directors ensures financial risk management both in domestic and international financial markets. Xanthus Holdings p.l.c., Malta, monitors and manages the financial risks relating to the operations of the Group's internal risk reports, which produce analysis regarding both the quantitative and qualitative exposure of the Group to certain risks. These risks include, but are not limited to, market risk, currency risk, credit risk and liquidity risk.

The Xanthus Holdings p.l.c., Malta, seeks to minimise the effects of these risks through on-going operating and financial-orientated activities. Since the development and compliance of the risk management system is part of the total responsibility of the Board of Directors, the Group's policy is to ensure on-going risk management through approval of the Board of Directors regarding certain transactions.

Credit Risk

Credit risk is the risk that one party of the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. If the counterparty were to fail to repay a loan to the Group this may result in partial or complete loss for the Group. Therefore, the Board of Directors ensures that credit/loan investments are only extended to companies in which the Group invests, furthermore exposures are measured in relation to the nature, market value and maturity of each contract; this is in accordance with the accounting policies of the Group. The maximum risk in loss would be determined by the book value of the loan in the Consolidated Statement of Financial Position.

The loans and receivables disclosed in the Consolidated Statement of Financial Position include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Notes to the Consolidated Financial Statements as of 31 December 2014

The following table shows an age analysis of the remaining loans and receivables as of 31 December 2014 which were past due but not impaired:

| 31 December 2014 | Book values | not more than three months | more than three months and not more than six months | more than six months and not more than one year | more than one year |
|------------------------|--------------|----------------------------|---|---|--------------------|
| Loans | 2,032 | | | | 2,032 |
| Other financial assets | 9 | 2 | | 7 | |
| Total | 2,041 | 2 | | 7 | 2,032 |

The loans disclosed in the line item Financial Liabilities due to related parties in the amount of kEUR 1,854 were secured by several collaterals:

- The Financial liabilities due to Mr. Jimmy Lee (herein referred to as “First Lender”), transferred to Asiamerica Limited, Malta, in 2014 (kEUR 973) are secured by 971,433 (kEUR 923) shares in InCity Immobilien AG, Germany. The securities cover all claims of the Lender against Xanthus Spec1, Malta. The Lender is entitled to exercise the securities if payments under this agreement are due and a grace period of 14 days has elapsed. A second pledge of all claims of Xanthus Special Investment 1 Limited, Cayman Islands, arising out of the loan agreement with Duesseldorf Rheinblick (kEUR 1,478) exist.
- Moreover the Group agreed on an assignment of claims to secure the liabilities due to DYVA Holding AG, Zug, Switzerland (kEUR 833). This assignment relates to all claims and rights out of the kEUR 10,000 purchase price receivable due from Merlin Holding GmbH, Berlin and the assignment of all claims for reassignment of the claims under the kEUR 2,000 loan agreement with Duesseldorf Rheinblick GmbH, Berlin. In addition the Group pledged its rights to 971,433 shares in InCity Immobilien AG which are presently pledged and to the First Lender.
- The Financial liabilities due to BT Biofuels Europe GmbH, Berlin, transferred to Asiamerica Limited, Malta, in 2014 (kEUR 48) are secured by the shares in UDG amounting of kEUR 748 as of 31 December 2014. The lender is entitled to exercise the securities if payments under this agreement are due and a grace period of seven days has elapsed.

Liquidity Risk

Ultimate responsibility for the liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group’s short-, medium- and long-term funding. The Group manages liquidity risk by continuously monitoring forecasts, actual cash flows and by matching the maturity profiles of financial assets and liabilities. In addition, cash flow forecasts are stress tested for various scenarios and reviewed regularly by the Board of Directors to ensure sufficient headroom exists for a 12 month period.

The following table shows an analysis of the remaining time of maturity for all contractual agreed liabilities as of 31 December 2014:

| 31 December 2014 | Book values | Up to 30 days | 31 up to 90 days | 91 days up to 1 year | 1 to 5 years | More than 5 years |
|--|--------------|---------------|---------------------|-------------------------|-----------------|----------------------|
| Financial liabilities due to related parties | 1,875 | | | 1,875 | | |
| Trade payables | 35 | | | 35 | | |
| Provisions | 161 | | | 161 | | |
| Total financing liabilities | 2,071 | | | 2,071 | | |

Market Risk

Currently the Group has some exposure to foreign currency exchange risks, however at the present time these risks are not substantial enough to warrant hedging through the use of derivative financial instruments. The costs involved in this process would at this stage in the Group's business cycle far outweigh the benefits. Instead, where possible, management uses techniques such as offsetting (recipes due in one currency, offset against payments due in the same currency) as a way of managing risk. The changes in foreign currencies (USD/EUR) do not have a material impact on the consolidated financial statements.

Due to the contractual fixed interest rates on the loans and other financial assets a change in the interest rates will not have a major impact on the Consolidated Financial Statement. Therefore no sensitivity analyses are made for such risks. There is no link with the currency risk because the loans are nominated in EUR.

Some of the capitalised other investments are listed shares. Their fair value as of 31 December 2014 was kEUR 923, previous year kEUR 1,232. If the general conditions on the German Stock Exchange will heavily deteriorate, the fair value of these listed shares may decrease. For instance, if the listed share price was to decrease (or increase) by 10%, the fair value would also decrease (increase) by 10%.

Other parameters of the capital market (like changes in interest rates etc.) do not have a major impact on the Consolidated Financial Statements therefore no sensitivity analyses are made for such risks.

26 Capital Management

The objectives of the Group's capital management arise from the strategic guidelines of the Board of Directors. Thereby, it is focused on long-term increase in Company's value on behalf of its investors. The Company was provided with sufficient equity which is deemed the major capital source and core capital. Regarding the short- and middle term planning, the Board of Directors expects substantial cash income from the assets disclosed in the Consolidated Statement of Financial Position at 31 December 2014.

27 Rental and lease obligations

The Group entered into commitments arising from rental agreements concluded for office space and services in Malta. Thereby, it concerns standard contracts without specific articles.

As of 31 December 2014, future obligations arising from operating rental and lease agreements of the continuing operations amounted to:

| | Short-term kEUR | 1-5 years kEUR | more than 5 years kEUR |
|-----------------|--------------------|-------------------|---------------------------|
| Rental payments | 2 | 2 | 0 |

In the period from 1 January to 31 December 2014 kEUR 2, previous period kEUR 2, from rental payments are comprised in Other business related fees. No lease agreements were concluded during the financial period ending 31 December 2014.

28 Governing board and compensations

For the year ending 31 December 2014, the Board of Directors of the Group comprised the following persons:

- Dr. Stefan Feuerstein
- René Mueller
- Claudio Morandi.

Claudio Morandi, René Mueller and Dr. Stefan Feuerstein are appointed as directors and Dr. Stefan Feuerstein is appointed as Chairman of the Board of Directors.

Thomas Jacobsen is Secretary of the Company.

The Board of Directors did not receive any remuneration for the period.

29 Related party disclosures

According to *IAS 24* “Related Party Disclosures” an entity is required to identify all relationships and transactions with related parties and individual persons, since the relationships can have an impact on net worth, financial and profit situation of the Group.

Intergroup transactions, which are related parties in the sense of *IAS 24*, are eliminated in the preparation of Interim Consolidated Financial Statements of the Xanthus Group and will not be mentioned in this note. We refer to note 4 for the presentation of all subsidiaries.

As of 31 December 2014, *DYVA Holding AG*, Zug, Switzerland, held 55.37% of the voting shares (31 December 2013 55.37%), *Xanthus Advisory AG*, Zug, Switzerland, 0.10% (31 December 2013 0.10%) and other shareholders, 44.53% (31 December 2013 44.53%).

All members of the governing body of the Group (the Board of Directors) and their immediate family members are deemed to be related parties from the point of view of Xanthus Holdings p.l.c., Malta, in accordance with *IAS 24 Related Party Disclosures*.

The parent company of Xanthus Holdings p.l.c., Malta, *DYVA Holding AG*, Zug, Switzerland, granted the Group a loan during the financial period 2014 in the amount of kEUR 833 as of 31 December 2014. This loan is granted for an unlimited period but the managing Board of the Group assumes a repayment in June 2014. In the financial period ended 2014 interest expenses in the amount of kEUR 52 were realised, the loan bears an interest rate of 10.5%. In 2013, *DYVA Holding AG*, Zug, Switzerland, invoiced kEUR 21 to the Group for advanced third-party legal and consulting fees. This amount was still outstanding as of 31 December 2014 and disclosed as Financial liabilities due to related parties in the Consolidated Statement of Financial Position as of 31 December 2014. There were no other outstanding balances from these transactions and no further related party transactions have been occurred during the reporting period (note 12).

Valreco AG, Winterthur, Switzerland, a company controlled by Mr. Claudio Morandi, member of the Board of Directors of Xanthus Holdings p.l.c., Malta, entered into a new Service Level Agreement with Xanthus Spec 1 Limited to provide administration and management services. In accordance with that agreement, Xanthus Spec 1 Limited, Malta, compensated Valreco AG, Winterthur, Switzerland, for its services by kEUR 172 for the period ending 31 December 2014 (previous period kEUR 136). As of 31 December 2014, outstanding balances existed in the amount of kEUR 2, which is disclosed as provision in the Interim Consolidated Financial Statements as of 31 December 2014.

Joerg Lemberg, is a member of the Board of Directors of Xanthus Spec 1 Limited, Malta and holds 75% of the shares in **Merlin Holding GmbH**, Berlin, Germany, which bought 94% of the shares in MERLINCOUNTRY GmbH, Berlin, Germany, on 15 June 2011 from Xanthus Spec 1 Limited, Malta. The total nominal purchase price of kEUR 10,000 was due for payment by 31 December 2012. The respective negotiation with the debtor, represented by Xanthus Holdings former chairman, Mr. Joerg Lemberg, had to be terminated by the Company without any result in February 2013. Since then, the Company is consistently evaluating its legal options and initiated first steps to secure its rights and protect its assets. For these negotiations incurred expenses in the amount of kEUR 13, these were recognised during the financial year 2012. During the financial year 2013 an impairment loss in the amount of kEUR 1.617 was recognized. The nominal purchase price amount of kEUR 10,000 bears a 6% interest rate from 1 July 2012 to 31 December 2012 and an 8% interest rate since 1 January 2013, of which the Group recognised kEUR 400 for the first half of the financial year 2014, previous period kEUR 800. Due to the on-going garnishment order and the filed insolvency without court decision yet, the management believes that the gross amount of the purchase price receivable might not be collectable. This was recognised as impairment loss for prudence reason of the asset as of 31 December 2014. The receivable due from Merlin Holding GmbH is disclosed in the balance sheet as of 31 December 2014 in the amount of EUR 1 as other financial asset in the current asset section (see also note 9).

As of 31 December 2011 Xanthus Special Investment 1 Limited, Cayman Islands, disclosed an outstanding loan issued to **Duesseldorf Rheinblick GmbH**, Erfstadt, Germany, a subsidiary of MERLINCOUNTRY GmbH, Berlin, Germany, at a nominal amount of kEUR 2,000 with an 8% interest rate. This loan was due for repayment by 31 December 2012. The respective negotiation with the debtor, represented by Xanthus Holdings former chairman, Mr. Joerg Lemberg, had to be terminated by the Company without any result in February 2013. Since then, the Company is consistently evaluating its legal options and initiated first steps to secure its rights and protect its assets. The Board of Directors of Xanthus Special Investment 1 Limited filed a lawsuit on 27 May 2014 against Duesseldorf Rheinblick GmbH and its ultimate owner Mr. Joerg Lemberg, in order to collect its loan receivables. The court decision of the regional court of cologne confirmed the outstanding loan receivable at the 21st of October 2014. The case is still under appeal therefore the Group expects the final repayment by the end of the financial year 2017. The amortised costs as of 31 December 2014 amount to kEUR 1,478, previous year kEUR 2,778.

Asiamercia Limited, Malta, one of the ultimate shareholder's company's, took over the loan of BT Biofuels GmbH, Berlin, in 2014 and accounted the loan in their Financial Statements as of 31 December 2014. BT Biofuels GmbH granted Xanthus Spec 1 Limited, Malta, a secured loan of nominal kEUR 150 with an interest rate of 8% p.a. A repayment in the amount of kEUR 103 was made in October 2013. The respective interest expense amounts to kEUR 4 and is disclosed in the consolidated income statement for the period from 1 January to 31 December 2014. As of 31 December 2014 the outstanding liability amounted to kEUR 48 and is disclosed in the Consolidated Statement of Financial Position as liabilities due to related parties. Furthermore Asiamercia Limited, Malta, took over the loans of the First Lender in 2014 and accounted the loan in their Financial Statements as of 31 December 2014. The First Lender granted Xanthus Spec 1 Limited, Malta, several secured loans in a total nominal amount of kEUR 862 with an interest rate of 8% p. a. The respective interest expense during the financial period ending 31 December 2014 amounted to kEUR 70 and is disclosed in the Consolidated Income Statement for the period from 1 January to 31 December 2014.

30 Additional information to the Consolidated Cash Flow Statement

The preparation of the Consolidated Cash Flow Statement has been prepared in accordance with *IAS 7*.

The closing balance of cash and cash equivalents as of 31 December 2014 in the Consolidated Cash Flow Statement comprises the following items from the Consolidated Statement of Financial Position:

| | Year ended 31 December 2014 | Year ended 31 December 2013 |
|---------------------------|--------------------------------|--------------------------------|
| | kEUR | kEUR |
| Cash and cash equivalents | <u>9</u> | <u>20</u> |

The cash flows included in financing activities are calculated on an as-paid basis. The cash flows included in operating activities are calculated by using the indirect method.

Both interests paid and received and taxes paid are basically included in the operating activities. A breakdown can be seen in the following table:

| | Year ended 31 December 2014 | Year ended 31 December 2013 |
|-------------------|--------------------------------|--------------------------------|
| | kEUR | kEUR |
| Interest received | 0 | 0 |
| Interest paid | 5 | 16 |
| Taxes received | 0 | 0 |
| Taxes paid | 0 | 0 |

Non-cash transactions

The Group entered into the following non-cash investing and financing activities which are not reflected in the Consolidated Cash Flow Statement.

As described in note 29 the First Lender granted Xanthus Spec 1 Limited, Malta, in the financial period 2013 several secured loans, of which kEUR 8 are attributable to a directly paid invoice of the First Lender on behalf of the Xanthus Group.

During the financial period 2014, DYVA Holding AG, Zug, Switzerland, granted the Group a loan in the amount of kEUR 833 (see note 29), of which kEUR 365 are attributable to directly paid invoices on behalf of the Xanthus Group.

During the financial periods ending 31 December 2014 and 31 December 2013, respectively no further non-cash investing and financing activities were recognised which are not reflected in the Consolidated Cash Flow Statement.

31 Additional information about employees

During the period January to December 2014 no employees were employed by the Group, previous period none.

32 Events after the balance sheet date

There were no reportable subsequent events that occurred after the balance sheet date of 31 December 2014.

33 Authorisation for issue

The Board of Directors of Xanthus Holdings p.l.c., Malta, has discussed and approved the Consolidated Financial Statements for issue in accordance with IFRS on 24 June 2015.

34 Guarantee of the Board of Directors

In all conscience we assure, as representative for the Board of Directors of Xanthus Holdings p.l.c., Malta, that the Consolidated Financial Statements for the period 1 January to 31 December 2014 are in compliance with IFRSs, as adopted by the EU, and give a true and fair view of the Group's Net Assets, Financial Position and Results of Operations.

Malta, 24 June 2015

Dr. Stefan Feuerstein

Claudio Morandi

René Mueller

Under the condition, that the prior year's consolidated financial statements of Xanthus Holdings p.l.c., Malta, and its subsidiaries, for the period from 1 January to 31 December 2013 are approved in the version audited by us and given an unqualified independent auditors' report on 27 June 2014, we issue the following independent auditors' report:

Independent Auditors' Report

To Xanthus Holdings p.l.c., Malta

We have audited the accompanying consolidated financial statements of Xanthus Holdings p.l.c., Malta, and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Xanthus Holdings p.l.c., Malta, give a true and fair view of the financial position of Xanthus Holdings p.l.c., Malta, and its subsidiaries as at 31 December 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Leipzig, 24 June 2015

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft



(Schwarz)

Wirtschaftsprüfer

[German Public Auditor]



(Sauer)

Wirtschaftsprüfer

[German Public Auditor]