

X α NTHUS
Holdings p.l.c.

168 St. Christopher Street
Valetta VLT1467 / Malta

Consolidated Financial Statements

**for the year ended
31 December 2015**

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Xanthus Holdings p.l.c., Malta

Consolidated Statement of Financial Position as of 31 December 2015

Assets

	<u>Notes</u>	<u>31 December 2015</u> kEUR	<u>31 December 2014</u> kEUR
A. <u>Non-current assets</u>			
Loans		0	2,032
Total non-current assets		0	2,032
B. <u>Current assets</u>			
I. Other investments		0	1,671
II. Other financial assets		0	9
III. Cash and cash equivalents		0	9
IV. Assets classified as held for distribution to owners	6	4,034	0
Total current assets		4,034	1,689
Total assets		4,034	3,721

Xanthus Holdings p.l.c., Malta

Consolidated Statement of Financial Position as of 31 December 2015

Shareholders' equity and liabilities

	Notes	31 December 2015 kEUR	31 December 2014 kEUR
A. <u>Shareholders' equity</u>	7		
I. Common stock		19,758	19,758
II. Accumulated amounts recognised directly in equity relating to currency translation adjustments		-131	-131
III. Accumulated losses		-18,626	-17,977
Total shareholders' equity		1,001	1,650
B. <u>Liabilities</u>			
I. Financial liabilities due to related parties		0	1,875
II. Trade payables	8	89	35
III. Provisions	9	106	161
IV. Liabilities directly associated with assets classified as held for distribution to owners	6	2,838	0
Total liabilities		3,033	2,071
Total shareholders' equity and liabilities		4,034	3,721

Xanthus Holdings p.l.c., Malta

Consolidated Income Statement for the period from 1 January to 31 December 2015

	<u>Notes</u>	<u>2015</u> <u>kEUR</u>	<u>2014</u> <u>kEUR</u>
Continuing operations			
Investment costs			
Management fees	10	-114	0
Other business related fees	11	-191	-103
Total investment costs		-305	-103
 Loss before tax		 -305	 -103
Income tax expenses	12	0	0
Loss for the year from continuing operations		-305	-103
 Discontinued operations			
Loss for the year from discontinued operations	13	-344	-12,688
 Loss for the year		 -649	 -12,791
 Attributable to:			
Owners of the Company		-649	-12,791
Non-controlling interests		0	0
 Earnings per share			
<u>From continuing and discontinued operations</u>			
Basic and diluted earnings per share	15	-0.03	-0.65
 <u>From continuing operations</u>			
Basic and diluted earnings per share	15	0.01	-0.01

Xanthus Holdings p.l.c., Malta

**Consolidated Statement of Comprehensive Income
for the period from 1 January to 31 December 2015**

	Notes	1 January 2015 to 31 December 2015 kEUR	1 January 2014 to 31 December 2014 kEUR
Loss for the year	14	-649	-12,791
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	14	0	0
<i>Items that will not be reclassified subsequently to profit or loss:</i>		0	0
Other comprehensive income (loss)		0	0
Total comprehensive income (loss)	14	-649	-12,791
thereof loss attributable to shareholders' of the parent		-649	-12,791

Xanthus Holdings p.l.c., Malta

**Consolidated Statement of Changes in Shareholders' Equity
for the period from 1 January to 31 December 2015**

	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 2014	19,758	19,758	-5,186	-131	14,441
Loss for the year			-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
Loss for the year			-649		-649
Other comprehensive income, net of tax				-	-
Total comprehensive income			-649	-	-649
Balance 31 December 2015	19,758	19,758	-18,626	-131	1,001

Xanthus Holdings p.l.c., Malta

**Consolidated Cash Flow Statement
for the period from 1 January to 31 December 2015**

	Notes	1 January 2015 to 31 December 2015 kEUR	1 January 2014 to 31 December 2014 kEUR
Operating activities:	22		
Loss for the year		-649	-12,791
<i>Adjustments:</i>			
Loss from valuation of financial assets		0	947
Amortisation and impairment on film rights		0	-
Loss (gain) on disposal of a investments/subsidiaries		-	-
Impairment loss on financial assets		-49	11,930
Interest expenses recognised in profit and loss		246	126
Other non-cash income and expenses		-43	-411
<i>Movements in working capital:</i>			
Change in assets, provisions and other payables from operating activities		23	55
<i>Cash used for operations</i>			
Interests paid		-1	-5
Cash flow from operating activities		-473	-149
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		521	182
Payments for redemptions of loans granted by related companies		-10	-44
Cash flow provided by financing activities		511	138
Change in cash and cash equivalents		38	-11
Opening balance of cash and cash equivalents 1 January 2015		9	20
Closing balance of cash and cash equivalents 31 December 2015		47	9

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)

(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 2015 and adopted by the EU. In the current year, the Group has applied a number of amendments to IFRSs issued by the IASB that are mandatory effective for an accounting period that begins on or after 1 January 2015. The impact of the application of these amendments is set out below.

Annual Improvements to IFRSs 2010 – 2012 Cycle

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 24 Related Party Disclosures.

The first-time adoption of these amendments has had no material effect on the consolidated financial statements.

Annual Improvements to IFRSs 2011 – 2013 Cycle

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 has had no material effect on the 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 consolidated financial statements of the Company and have not been considered for early adoption by the Company:

IFRS 9	<i>Financial Instruments</i> ²
IFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
Amendments to IAS 1	<i>Disclosure Initiative</i> ¹
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2012 – 2014 Cycle</i> ¹

¹ Effective for annual periods beginning on or after 1 January 16, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 18, with earlier application permitted

IFRS 9 *Financial Instruments* (as revised in 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) 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.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes 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 fair value through profit or loss is presented in profit or loss;
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised; and
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for 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 also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Due to the nature of the Company and its business model the application of 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 15 *Revenue from Contracts with Customers*

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: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The Board of the Directors of the Company anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is impracticable to provide a reasonable estimate of the effect of implementing IFRS 15 until the Group finalized a detailed review.

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

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 amendments should be applied prospectively to acquisitions of interest in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The Board of Directors of the Company anticipate that the application of these amendments to IFRS 11 may have an impact on the Group's consolidated financial statements in future should such transactions arise.

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The Board of the Directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

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; and
- 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 IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The Board of Directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The Board of Directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to IFRSs 2012 – 2014 Cycle

The *Annual Improvements to IFRSs 2012-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The Board of the Directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's 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 run from 1 January to 31 December 2015. The financial year ended as of 31 December 2014, herein referred to as the 'previous year/previous period', run from 1 January to 31 December 2014. 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 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 statement components, in accordance with *IAS 1*, have been prepared:

- a Consolidated Statement of Financial Position as of 31 December 2015 (and a Consolidated Statement of Financial Position as of 31 December 2014, as comparable figures);
- a Consolidated Income Statement for the period 1 January to 31 December 2015 (and comparable figures for the period from 1 January to 31 December 2014);
- a Consolidated Statement of Comprehensive Income for the period from 1 January to 31 December 2015 (and a comparable Statement of Comprehensive Income for the period from 1 January to 31 December 2014);
- a Consolidated Statement of Changes in Shareholders' Equity for the period from 1 January to 31 December 2015 (and comparable figures for the period from 1 January to 31 December 2014);

Notes to the Consolidated Financial Statements as of 31 December 2015

- a Consolidated Cash Flow Statement for the period from 1 January to 31 December 2015 (and comparable figures for the period from 1 January to 31 December 2014; 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.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.6 Non-current assets held for distribution to owners

Non-current assets and disposal groups are classified as distribution to owners if their carrying amount will be recovered principally through a distribution transaction to its shareholders rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate contribution in its present condition subject only to terms that are usual and customary for distribution of such asset (or disposal group) and this distribution is highly probable. Management must be committed to the contribution, which should be expected to qualify for recognition as a completed contribution within one year from the date of classification.

When the Group is committed to a distribution plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as distribution to owners when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a contribution plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be distributed is classified as held for distribution to owners when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for distribution to owners. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for distribution to owners continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of distribution when the disposal results in the Group losing significant influence over the associate or joint venture.

After the distribution takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.7 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.

3.8 Financial Instruments

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

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.

3.9 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.

3.11.1 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) 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 or contingent consideration that may be paid by an acquirer as part of a business combination 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.

3.11.2 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.

3.11.3 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 17. 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.

3.11.4 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.

3.11.5 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.

3.11.6 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.

3.11.7 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.

3.12 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.

3.13 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.

3.13.1 Financial liabilities

Financial liabilities are classified as ‘other financial liabilities’.

3.13.2 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.

3.13.3 Derivative financial instruments

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

3.13.4 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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 15 to the Consolidated Financial Statements.

3.18 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:

Notes to the Consolidated Financial Statements as of 31 December 2015

a) Valuation of assets and related liabilities classified as held for distribution to owners

As described in Note 6, the Company has classified all material assets as held for distribution to owners as of 31 December 2015 (kEUR 4,034; 31 December 2014: kEUR 0) and related liabilities (kEUR 2,838; 31 December 2014: kEUR 0). They are valued at its carrying value which is lower than the expected fair value less cost to sell. This carrying value is the result of valuation techniques which used the Group (as described in note 17) and certain 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. The Board of Directors has reviewed the Group's assets and related liabilities classified as held for distribution to owners in the light of the expected distribution point of time and all relevant circumstances. The Board is confident that the carrying amount of these assets and related liabilities will be paid in full to the owners of the Company until the end of May 2016.

b) Provisions

In the Consolidated Financial Statement of the Company the recognised provisions amount to kEUR 106 as of 31 December 2015 (31 December 2014: kEUR 161). 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.

Scope of Consolidation

As of 31 December 2015, 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 2015</u>	<u>Proportion of ownership interest % 31 Dec 2014</u>
Xanthus Spec 1 Limited	Malta	100.0%	100.0%
Xanthus Special Investment 1 Limited	Malta	100.0%	100.0%
North Wall Productions Limited	Cayman Islands	100.0%	100.0%

Xanthus Special Investment 1 Limited relocated from Cayman Islands to Malta and registered in Malta with effective date 18 June 2015.

During the financial years ended 31 December 2014 and 2015, respectively, 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 investing. 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 2015 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 available.

Due to the purpose of Xanthus Holdings p.l.c., Malta, which is one of investing, 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 Assets classified as held for distribution to owners

	31 Dec 2015 kEUR	31 Dec 2014 kEUR
Assets classified as held for distribution to owners	4,034	0
Liabilities directly associated with assets classified as held for distribution to owners	2,838	0

On 19 November 2015, the shareholders of the Company decided in an extraordinary meeting to reduce the issued share capital of the Company by the cancellation of 1,563,000 shares issued. The consideration for the reduction shall be the transfer of all of the Company's shares in its subsidiary Xanthus Spec 1 Limited, Malta (status changed and renamed in 2016 in Taiga Atlas p.l.c. Malta; see Note 25). The Board of Directors was immediately authorised to initiate all steps to realise this plan.

The Group intends to contribute all material assets to its shareholders. The Board of Directors of the Company anticipates to complete the transaction until May 2016. The assets and liabilities were previously used in the Group's operations. The Board of Directors of the Company expect that the fair value less costs to sell of the Group's business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised on reclassification of the assets and liabilities as held for distribution to owners as at 31 December 2015. The major classes of assets and liabilities of the business of the subsidiary at the end of the reporting period are as follows:

	31 Dec 2015 kEUR
Loans	2,261
Other investments	1,719
Other financial assets	7
Cash and cash equivalents	47
Assets classified as held for distribution to owners	4,034
Financial liabilities due to related parties	2,796
Trade payables	9
Provisions	33
Liabilities directly associated with assets classified as held for distribution to owners	2,838
Net assets classified as distribution to owners	1,196

7 Shareholders' equity

As of 31 December 2015, Xanthus Holdings p.l.c., Malta, has an authorised capital of 300,000,000, 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 2015 and 31 December 2014, respectively 19,757,762 ordinary shares were issued and fully paid in.

	Number of shares		Common stock		Additional paid-in capital	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2015	2014	2015	2014	2015	2014
	'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:

	2015 thousand shares	2014 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 2014 and 2015, Xanthus Holdings p.l.c., Malta, did not grant any share-based payments.

The currency translation adjustment of kEUR -131 as of 31 December 2015, 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.

8 Trade payables

Trade payables amount to a total of kEUR 89 for the year ended 31 December 2015, previous year: kEUR 35. They consist primarily of unpaid expenses for services rendered.

9 Provisions

As of 31 December 2015, the Group discloses provisions of kEUR 106, 1 January 2015 kEUR 161. They primarily consist of estimated costs and outstanding invoices attributable to the preparing and auditing of financial statements as of 31 December 2015. The whole amount of provision is probable to incur during financial year 2016, however the exact timing of cash outflow cannot be forecasted and is therefore uncertain. The provisions recognised in the previous year (31 December 2014: kEUR 161) were completely used during the financial year 2015. As of 31 December 2015 all reported provisions are short-term by their nature.

10 Management fees

The management fees incurred in 2015 (kEUR 114) relate to one-time strategic expenses.

11 Other business related fees

Other business related fees (2015: kEUR 191; 2014: kEUR 103) relate to the continuing designated sponsoring and listing fee for the German Stock Exchange, The Malta Stock Exchange, registration and legal fees and the General Meeting as well as consulting, accounting and auditing fees.

12 Income tax expenses

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 year from 1 January to 31 December 2015 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 2015, and 31 December 2014, respectively.

Under the tax laws prevailing in Malta tax losses carried forward may be carried forward and offset against future profits 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 *IAS 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.

13 Discontinued operations

As described in note 6, the Shareholders of the Company decided to initiate a plan to dispose significant parts of the Group's business by the way of contributing it to its shareholders as consideration for the reduction in shares issued. The Group has not recognised any impairment losses in respect of this business, neither when the assets and liabilities of the operation were reclassified as held for distribution to owners nor at the end of the reporting period.

The result of the discontinued operations included in the profit for the year is set out below. The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

Notes to the Consolidated Financial Statements as of 31 December 2015

	2015 kEUR	2014 kEUR
Loss for the year from discontinued operations		
Investment revenues		
Interest income	229	601
Gain from valuation of assets and liabilities	49	176
Other business related income	8	0
Total investment revenues	286	777
Investment costs		
Management fees	-85	-172
Interest expenses	-246	-126
Loss from valuation of assets and liabilities	0	-947
Impairment loss on financial assets	0	-11,930
Other business related fees	-299	-290
Total investment costs	-630	-13,465
Loss before tax	-344	-12,688
Attributable income tax expense	0	0
	-344	-12,688
Loss on remeasurement to fair value less costs to sell	0	0
Gain on disposal/distribution	0	0
Loss for the year from discontinued operations (attributable to the owners of the Company)	-344	-12,688
	2015 kEUR	2014 kEUR
Cash flows from discontinued operations		
Net cash outflows from operating activities	-473	-149
Net cash flows from investing activities	0	0
Net cash flows from financing activities	511	138
Net cash flows	38	-11

The whole business has been classified and accounted for at 31 December 2015 as a disposal group held for distribution to owners (see note 6).

14 Comprehensive Income

The Consolidated Statement of Comprehensive Income contains reconciliation from the loss for the period from 1 January to 31 December 2015 of kEUR 649, previous year: kEUR 12,791, to a total comprehensive loss of kEUR 649, previous year: kEUR 12,791.

15 Earnings per share

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

	1 January – 31 December 2015 EUR/Share	1 January – 31 December 2014 EUR/Share
Basic and diluted earnings per share		
From continuing operations	-0.01	-0.01
From discontinued operations	-0.02	-0.64
Total basic and diluted earnings per share	-0.03	-0.65

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

The loss for the period used in the calculation of basic and diluted earnings per share is as follows:

	1 January – 31 December 2015 kEUR	1 January – 31 December 2014 kEUR
Loss for the year attributable to owners of the Company	-649	-12,791
Loss for the year from discontinued operations used in the calculation of basic and diluted earnings per share from discontinued operations	-344	-12,688
Loss for the year used in the calculation of basic and diluted earnings per share from continuing operations	-305	-103

The weighted average number of shares for basic earnings per share for the period of 1 January to 31 December 2015 (2014) amounts to 19,757,762 (31 December 2014: 19,757,762) shares. The same number of shares was used for the calculation of the earnings per share from continuing and from discontinued operations.

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 2015 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 2015, as well as for the comparative period, there were no dilutive effects on the earnings per share.

16 Litigations

Regarding the discussions with Mr. Lemberg we refer to note 22. Besides this circumstance the Group was not involved in any legal claims as at 31 December 2015.

17 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 2015 are classified as non-derivative instruments.

As of 31 December 2015 all assets and associated liabilities were reclassified as held for distribution to owners (see note 6 and 13) and measured according to IFRS 5. They will be distributed to the owners of the Company until the end of May 2016. Therefore the following information relates only to 31 December 2014 situation except there otherwise stated.

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			
	Fair Value		Fair Value	
	31 December 2015		31 December 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets	kEUR	kEUR	kEUR	kEUR
Other investments	0	0	923	923

Measurement Category	Available-for-sale			
	Fair Value		Fair Value	
	31 December 2015		31 December 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets	kEUR	kEUR	kEUR	kEUR
Other investments ¹	0	0	748	748

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 0; previous year: kEUR 748)

Measurement Category		Loans and receivables			
		Amortised Cost			
Assets	31 December 2015		31 December 2014		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
	kEUR	kEUR	kEUR	kEUR	
Loans	0	0	2,032	2,032	
Other financial assets	0	0	9	9	
Cash and cash equivalents	0	0	9	9	

Measurement Category		Other Financial Liabilities			
		Amortised Cost			
Liabilities	31 December 2015		31 December 2014		
	Carrying amount	Fair Value	Carrying amount	Fair Value	
	kEUR	kEUR	kEUR	kEUR	
Financial liabilities due to related parties	0	0	1,875	1,875	
Trade payables	89	89	35	35	

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.

As of 31 December 2014, the carrying values of Cash and cash equivalents, Other financial assets, Other investments, Financial liabilities due to related parties and Trade payables were approximately equal to their fair values.

Information about income and expenses items on financial assets:

In 2015, the Company discloses investment costs as continuing operations only. The remaining income and expenses are summarised in the line item discontinued operations and are shown in detail in note 13. Therefore, the following table shows the net result of financial assets and liabilities in compliance with valuation categories:

Notes to the Consolidated Financial Statements as of 31 December 2015

	Investment revenues		Investment revenues	
	Interest income		Gain from valuation of assets and liabilities at amortised cost	
	1 January to 31 December	1 January to 31 December	1 January to 31 December	1 January to 31 December
	2015	2014	2015	2014
	kEUR	kEUR	kEUR	kEUR
Loans	0	201	0	0
Other financial assets	0	400	0	176

	Investment costs		Investment costs	
	Interest expenses		Loss from valuation of assets and liabilities at fair value	
	1 January to 31 December	1 January to 31 December	1 January to 31 December	1 January to 31 December
	2015	2014	2015	2014
	kEUR	kEUR	kEUR	kEUR
Other investments	0	0	0	309
Other financial assets	0	0	0	0
Financial liabilities due to related parties	0	21	0	0

	Investment costs		Investment costs	
	Loss from valuation of assets and liabilities at amortised cost		Loss from impairment	
	1 January to 31 December	1 January to 31 December	1 January to 31 December	1 January to 31 December
	2015	2014	2015	2014
	kEUR	kEUR	kEUR	kEUR
Other investments	0	0	0	611
Other financial assets	0	0	0	10,424
Loans	0	638	0	895

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 2015 the unlisted shares held by the Company amounting to kEUR 0 (previous year: kEUR 748), because they are part of a disposal group and were classified as held for distribution to the owners. In previous years such investments had been valued at acquisition cost (less any identified impairment loss) on the assumption that no reliable fair value for these unlisted companies could be determined. This was 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.

Loans

As of 31 December 2015 the loans held by the Company amounting to kEUR 0 (previous year: kEUR 2,032), because they are part of a disposal group and were classified as held for distribution to the owners. As of 31 December 2015, these amounts are still outstanding and Board of Directors 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 in future years.

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 2015 and 31 December 2014 respectively, 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: None held, previous year: kEUR 923.

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 2015 and the previous year respectively.

18 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.

All assets shown in the balance sheet as of 31 December 2015 (kEUR 4,034) will be distributed to the owners of the company until the end of May 2016 (see note 6).

The Liabilities directly associated with assets classified as held for distribution to owners (31 December 2015: kEUR 2,838) were partly (at the amount of kEUR 2,796) secured by several collaterals:

- The Financial liabilities due to Asiamerica Limited, Malta (hereinafter referred to as “First Lender”), (kEUR 1,881) are secured by 971,433 shares in InCity Immobilien AG, Germany (carrying value as of 31 December 2015: kEUR 971). The securities cover all claims of Asiamerica Limited, Malta, against Xanthus Spec 1 Limited, Malta. A second pledge has Asiamerica Limited, Malta, with the loan due from Duesseldorf Rheinblick (carrying value as of 31 December 2015: kEUR 1,635). Furthermore, the above mentioned financial liabilities are secured by the shares in UDG (carring amount as of 31 December 2015: kEUR 748). In addition, the Financial liabilities due to Asiamerica Limited, Malta, are also secured by the kEUR 10,000 purchase price receivable due from Merlin Holding GmbH, Berlin (carrying value as of 31 December 2015: EUR 1).
- Moreover, the Group agreed on an assignment of claims to secure the liabilities due to DYVA Holding AG, Zug, Switzerland (kEUR 915). This assignment relates to all claims and rights out of the kEUR 10,000 purchase price receivable due from Merlin Holding GmbH, Berlin (carrying value as of 31 December 2015: EUR 1) and the assignment of all claims for reassignment of the claims under the loan due from Duesseldorf Rheinblick GmbH, Berlin (carrying value as of 31 December 2015: kEUR 1,635). In addition the Group pledged its rights to 971,433 shares in InCity Immobilien AG which are presently pledged to the First Lender.

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.

Loans in the amount of kEUR 2,796 were reclassified as held for distribution to owners and will be distributed to the owners of the Company until the end of May 2016 (see note 13).

The following table shows an analysis of the remaining time of maturity for all contractual agreed liabilities as of 31 December 2015:

31 December 2015	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
Liabilities directly associated with assets classified as held for distribution to owners	2,838			2,838		
Trade payables	89			89		
Provisions	106			106		
Total liabilities	3,033			3,033		

Market Risk

Currently the Group has only a very limited 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 Statements. Therefore no sensitivity analyses are made for such risks. There is no link with the currency risk because the loans are nominated in EUR.

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

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 2015.

19 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 2015, 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 2015 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 2015.

20 Governing board and compensations

For the year ending 31 December 2015, 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.

21 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 2015, DYVA Holding AG, Zug, Switzerland, held 55.37% of the voting shares (31 December 2014 55.37%), Xanthus Advisory AG, Zug, Switzerland, 0.10% (31 December 2014: 0.10%) and other shareholders 44.53% (31 December 2014: 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 a loan to the Group amounting to kEUR 915 as of 31 December 2015. As of 31 December 2015 this loan is part of the liabilities directly associates with assets classified as held for distribution to owners (total amount kEUR 2,838). In the financial year ended 31 December 2015, interest expenses at the amount of kEUR 83 were realised, the loan mentioned above bears an interest rate of 10.5%. Due to the discontinuation of the business of the Group, this interest expenses were disclosed in the line item Loss for the year from discontinued operations in the Consolidated Income Statement for the period 1 January to 31 December 2015. There were no other outstanding balances from these transactions, and no further related party transactions occurred during the reporting period.

Valreco AG, Winterthur, Switzerland, a company controlled by Mr. Claudio Morandi, member of the Board of Directors of Xanthus Holdings p.l.c., Malta, provides administration and management services to Xanthus Holdings p.l.c., Malta, and to Xanthus Spec 1 Limited, Malta. In 2015, Xanthus Holdings p.l.c., Malta, compensated Valreco AG, Winterthur, Switzerland, for its services by kEUR 114 for the year ended 31 December 2015 (previous period: kEUR 0); and Xanthus Spec 1 Limited, Malta, compensated Valreco AG, Winterthur, Switzerland, for its services by kEUR 85 for the year ended 31 December 2015 (previous period: kEUR 172). As of 31 December 2015, outstanding balances existed at the amount of kEUR 1, which is disclosed as provision in the Interim Consolidated Financial Statements as of 31 December 2015.

Joerg Lemberg, a member of the Board of Directors of Xanthus Spec 1 Limited, Malta, until 28 September 2015, 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 on 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. As of 31 December 2015, the receivable due from Merlin Holding GmbH in the amount of EUR 1 was classified as held for distribution to owners.

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 21 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 2015 amount to kEUR 1,635 (previous year kEUR 1,478) and was disclosed as asset classified as held for distribution to owners as of 31 December 2015.

Asiamerica Limited, Malta, one of shareholders of the Company, granted a loan to the Group amounting to kEUR 1,881 as of 31 December 2015. As of 31 December 2015, this loan is part of the liabilities directly associated with assets classified as held for distributions to owners (total amount kEUR 2,838). In the financial year ended 31 December 2015, interest expenses at the amount of kEUR 163 were realised, the loan mentioned above bears an interest rate of 15%. Due to the discontinuation of the business of the Group, this interest expenses were disclosed in the line item Loss for the year from discontinued operations in the Consolidated Income Statement for the period 1 January to 31 December 2015. There were no other outstanding balances from these transactions, and no further related party transactions occurred during the reporting period.

22 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 2015 in the Consolidated Cash Flow Statement can be reconciled to the items of the Consolidated Statement of Financial Position as follows:

	Year ended 31 December 2015 kEUR	Year ended 31 December 2014 kEUR
Closing balance of cash and cash equivalents of Consolidated Cash Flow Statement	47	9
Cash and cash equivalents reclassified as part of the assets classified as held for distribution to owners (see note 6)	47	0
Cash and cash equivalents of Consolidated Statement of Financial Position	0	9

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 included in the operating activities. A breakdown can be seen in the following table:

	Year ended 31 December 2015 kEUR	Year ended 31 December 2014 kEUR
Interest received	0	0
Interest paid	1	5
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.

During the financial period 2015, Asiamerica Limited, Malta, granted to the Group a loan at the amount of kEUR 707, of which an amount of kEUR 521 was received in cash by the Group, and the remaining kEUR 186 are attributable to commitment, administration and lawyers' fees.

In prior years, DYVA Holding AG, Zug, Switzerland, granted to the Group a loan at the amount of kEUR 833 (total cumulative outstanding amount as of 31 December 2014). In 2014, the Group received an amount of kEUR 182 in cash and additional kEUR 365 are attributable to directly paid invoices on behalf of the Xanthus Group.

During the financial periods ending 31 December 2015 and 31 December 2014, respectively no further non-cash investing and financing activities were recognised which are not reflected in the Consolidated Cash Flow Statement.

23 Additional information about employees

During the period 1 January to 31 December 2015 no employees were employed by the Group, previous period none.

24 Events after the balance sheet date

After the balance sheet date of 31 December 2015 the following events occurred:

On 15 October 2015, the Company decided in an extraordinary shareholder meeting to change the status of its subsidiary Xanthus Spec 1 Limited, Malta from a private liability company to a public liability company and to change the name to Taiga Atlas p.l.c. Both changes became effective on 2 February 2016.

The issued share capital of the Company was reduced in two steps:

At first, the issued share capital was reduced by the way of cancellation of 16,218,986 ordinary shares issued by the Company leaving a balance of 3,538,776 ordinary shares issued and outstanding. Thereby the unanimously approved resolution No 1 of the Extraordinary General Meeting of the Company held on 19 November 2015 has become effective with value of 22 February 2016. The purpose of the reduction was to offset losses incurred.

In a second step, the issued share capital of the Company was reduced by the cancellation of 1,563,000 ordinary shares issued by the Company leaving a balance of 1,975,776 ordinary shares issued and outstanding. Thereby the unanimously approved resolution No 2 of the Extraordinary General Meeting of the company held on 19 November 2015 has become effective with value of 4 May 2016. The purpose of the reduction was to transfer all of the Company's holdings of shares in Taiga Atlas p.l.c, to the existing shareholders of Xanthus Holdings p.l.c., Malta, in proportion to their shareholding in Xanthus Holdings p.l.c., Malta. The Company's shareholders now hold shares in Xanthus Holdings p.l.c., Malta, and their proportional share in Taiga Atlas p.l.c.

On 15 February 2016, DYVA Holding AG, Zug, Switzerland, informed the Board of Directors of the Company, that they hold less than 5 % of the issued and outstanding shares of Xanthus Holdings p.l.c., Malta. On 16 February 2016, Asiamerica Limited, Malta, informed the Board of Directors of the Company, that they control more than 50% of the issued and outstanding shares of Xanthus Holdings p.l.c.

Xanthus Special Investment 1 Limited, Malta, was renamed in Boreal United Limited, Malta. This change has become effective as of 24 February 2016.

25 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 11 May 2016.

26 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 2015 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, 11 May 2016

Dr. Stefan Feuerstein

Claudio Morandi

René Mueller

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 2015, 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 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Leipzig, 11 May 2016

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft



(Schwarz)

Wirtschaftsprüfer
[German Public Auditor]



(Sauer)

Wirtschaftsprüfer
[German Public Auditor]

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services - not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires - except for financial attestation engagements - an express written agreement.

(3) The engagement does not extend - to the extent it is not directed thereto - to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer - even without his special request - is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations - especially quantity and cost computations - prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected - and also be applicable versus third parties - by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw - also versus third parties - such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind - except for damages resulting from injury to life, body or health - for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim - at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client - especially numerical disclosures - are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records - especially tax assessments - material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- examination of tax assessments in relation to the taxes mentioned in (a)
- negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled - within the purposes stipulated by the client - to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement - that had been provided to him and that he has prepared himself - as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.