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

Valetta VLT1467 / Malta

Consolidated Financial Statements

for the period from
1 January to 31 December 2013

Contents

Xanthus Holdings p.l.c., Malta

Consolidated Statement of Financial Position as of 31 December 2013

Assets

	Notes	31 December 2013 kEUR	31 December 2012 kEUR
A. Non-current assets			
I. Intangible assets	7	0	121
II. Loans	8	0	552
III. Other financial assets	10	0	9,458
Total non-current assets		**0**	**10,131**
B. Current assets			
I. Loans	8	3,365	2,566
II. Other investments	9	2,591	2,973
III. Other financial assets	10	9,848	0
IV. Cash and cash equivalents	11	20	17
Total current assets		**15,824**	**5,556**
Total assets		**15,824**	**15,687**

Xanthus Holdings p.l.c., Malta

Consolidated Statement of Financial Position as of 31 December 2013

Shareholders' equity and liabilities

	Notes	31 December 2013 kEUR	31 December 2012 kEUR
A. Shareholders' equity			
I. Common stock		19,758	19,758
II. Accumulated amounts recognised directly in equity relating to currency translation adjustments		-131	-130
III. Accumulated losses		-5,186	-4,502
Total shareholders' equity	12	**14,441**	**15,126**
B. Liabilities (current)			
I. Financial liabilities due to banks	13	0	480
II. Financial liabilities due to related parties	14	1,251	0
III. Trade payables	15	21	12
IV. Provisions	16	111	69
Total liabilities (current)		**1,383**	**561**
Total shareholders' equity and liabilities		**15,824**	**15,687**

Xanthus Holdings p.l.c., Malta

Consolidated Income Statement
for the period from 1 January to 31 December 2013

	Notes	1 January 2013 to 31 December 2013 kEUR	1 January 2012 to 31 December 2012 kEUR
Investment revenues			
Interest income	17	1,147	477
Gain from valuation of assets and liabilities	18	1,207	0
Other business related income	19	25	469
Total investment revenues		**2,379**	**946**
Investment costs			
Management fees	30	-479	-723
Interest expenses	30	-63	-863
Loss from valuation of assets and liabilities	20	-482	-882
Loss on disposal of investments	9	0	-200
Impairment loss on financial assets	10	-1,617	-82
Amortisation and impairment on film rights	7	-120	-349
Other business related fees		-302	-159
Total investment costs		**-3,063**	**-3,258**
Loss before tax		**-684**	**-2,312**
Income taxes	21	0	0
Loss for the period		**-684**	**-2,312**
Basic and diluted earnings per share	23	-0.03	-0.12

Xanthus Holdings p.l.c., Malta

Consolidated Statement of Comprehensive Income
for the period from 1 January to 31 December 2013

	Notes	1 January 2013 to 31 December 2013 kEUR	1 January 2012 to 31 December 2012 kEUR
Loss for the period		**-684**	**-2,312**
Other comprehensive Income			
Items that will be reclassified subsequently to profit or loss:			
Unrealised gains (losses) from currency translation adjustments, net of tax	22	-1	-111
Items that will not be reclassified subsequently to profit or loss:		0	0
Other comprehensive income (loss)		**-1**	**-111**
Total comprehensive income (loss)	22	**-685**	**-2,423**
thereof loss attributable to shareholders' of the parent		-685	-2,423

Xanthus Holdings p.l.c., Malta

Consolidated Statement of Changes in Shareholders' Equity for the period from 1 January to 31 December 2013

	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 2012	**19,758**	**19,758**	**-2,190**	**-19**	**17,549**
Loss for the period			-2,312		-2,312
Other comprehensive income, net of tax				-111	-111
Total comprehensive income			**-2,312**	**-111**	**-2,423**
Balance 31 December 2012	**19,758**	**19,758**	**-4,502**	**-130**	**15,126**
Loss for the period			-684		-684
Other comprehensive income, net of tax				-1	-1
Total comprehensive income			**-684**	**-1**	**-685**
Balance 31 December 2013	**19,758**	**19,758**	**-5,186**	**-131**	**14,441**

Xanthus Holdings p.l.c., Malta

Consolidated Cash Flow Statement
for the period from 1 January to 31 December 2013

	Notes	1 January 2013 to 31 December 2013 kEUR	1 January 2012 to 31 December 2012 kEUR
Operating activities:	30		
Loss for the period		-684	-2,312
Adjustments:			
Loss from valuation of financial assets		482	963
Amortisation and impairment on film rights		120	349
Loss (gain) on disposal of a investments/subsidaries		0	200
Impairment loss recognised on purchase price receivables		1,617	0
Other non cash income and expenses		-2,347	-289
Interest expenses recognised in profit and loss		63	21
Movements in working capital:			
Change in assets, provisons and other payables from operating activities		73	103
Cash generated from operations			
Interests paid		-16	-21
Cash flow used for operating activities		**-692**	**-986**
Investing activities:			
Proceeds from sale of shares in investments		0	1,522
Cash flow used for investing activities		0	**1,522**
Financing activities:			
Proceeds from loans granted by related companies		1,362	0
Payments for redemptions of loans granted by related companies		-187	0
Cash flow provided by financing activities		**1,175**	**0**
Increase in cash and cash equivalents		**483**	**536**
Opening balance of cash and cash equivalents 1 January 2013		-463	-999
Closing balance of cash and cash equivalents 31 December 2013		**20**	**-463**

1 General Information

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

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

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

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

(a) Application of new and revised IFRSs

In publishing its financial statements the Group has applied all relevant new and revised IFRSs which were issued and published by the IASB and IFRIC as far as they were effective for business years commencing on, or after 1 January 2013 and adopted by the EU.

Amendments to IAS 1 *Presentation of items of Other Comprehensive Income*

The Group has applied the amendments to *IAS 1 Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to *IAS 1*, the *'statement of comprehensive income'* is renamed as the '*statement of profit or loss and other comprehensive income'* and the *'income statement'* is renamed as the *'statement of profit or loss'*. The amendments to *IAS 1* retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to *IAS 1* require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to *IAS 1* does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IAS 1 Presentation of Financial Statements
(as part of the Annual Improvements to IFRSs 2009 — 2011 Cycle issued in May 2012)

The Annual Improvements to IFRSs 2009 — 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Group are the amendments to *IAS 1* regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied a number of new and revised IFRSs, which has not resulted in material effects on the information in the consolidated statement of financial position as at 1 January 2012.

Amendments to IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 Disclosures Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have to be applied retrospectively for fiscal years starting on or after 1 January 2013. The amendments were endorsed by the EU in December 2012. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

IFRS 13 Fair Value Measurement

This standard is effective for annual periods beginning on or after 1 January 2013. The amendments were endorsed by the EU in December 2012. The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of *IFRS 2 Share-based Payment*, leasing transactions that are within the scope of *IAS 17 Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under *IFRS 13* is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, *IFRS 13* includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new discourses required by *IFRS 13* for the 2012 comparative period. The Company has applied the amendments; they do not have a material impact on the consolidated financial statements of the Company.

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

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

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. *IFRS 9* was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. Taking into account the amendments of December 2011, *IFRS 9* is effective for annual periods beginning on or after 1 January 2018. The standard has not yet been endorsed by the EU.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of *IFRS 39 Financial Instruments: Recognition and Measurement* are to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model, (as is the case for Xanthus Spec 1 Limited, Malta) whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principle and interest on the principle outstanding are generally measured at amortised cost at the end of the subsequent accounting periods. Currently Xanthus is measuring all loans under the amortised cost method and so when the Company fully adopts *IFRS 9* in this instance a material impact is not anticipated. 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 changes 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. Previously 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 was presented in profit or loss.

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

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of *IAS 27* Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. *IFRS 10* changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in *IFRS 10* to explain when an investor has control over an investee. The effective date of *IFRS 10* is 1 January 2014 and was endorsed by the EU in April 2013. The first-time adoption is not expected to have an effect on the consolidated financial statements. The adoption of this standard will not have a material impact on the Company´s financial positions and cash flows.

IFRS 11 Interests in Joint Ventures

IFRS 11 replaces *IAS 31* Interests in Joint Ventures, and the guidance contained in a related interpretation, SIC-13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers, has been incorporated in *IAS 28* (as revised in 2011). *IFRS 11* deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under *IFRS 11*, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under *IFRS 11* is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (e.g. joint venturers) have rights to the net assets of the arrangement. The most significant change in *IFRS 11* from *IAS 31* is the elimination of the proportionate consolidation method, requiring the use of the equity method of accounting for interest in joint ventures. The effective date of *IFRS 11* is for business years starting on or after 1 January 2014 and was endorsed by the EU in April 2013. The first-time adoption will not have any effect on the consolidated financial statements.

IFRS 12 Disclosure of Interest in Other Entities

This standard requires extensive disclosures regarding an entities interest in subsidiaries, joint ventures, associates and unconsolidated structured entities in order to assist users of the financial statements to evaluate the nature and risk associated with its interest in other entities and the effects of those interests on its financial statements. The standard is effective for business years starting on or after 1 January 2014 and was endorsed by the EU in April 2013. The adoption of this standard will not have a material impact on the presentation of the Company's financial position and cash flows, but the standard will impact the extent of disclosures required by the Company.

IAS 27 (amended 2011) Separate Financial Statements

The consolidation principles previously part of *IAS 27* (2008) were amended and are now part of *IFRS 10* Consolidated Financial Statements. The objective of *IAS 27* is to prescribe the accounting requirements for investments in subsidiaries, joint ventures and associates when an entity decides to prepare separate financial statements. The standard becomes effective for business years starting on or after 1 January 2014 and was endorsed by the EU in December 2012. First time application will have no effect on the consolidated financial statements.

IAS 28 (revised 2011) Investments in Associates and Joint Ventures:

Within the scope of the publication of the new standard *IFRS 11* in May 2011, *IAS 28 Investments in Associates* was renamed and amended. Joint ventures, which fall under the definition of "Joint Arrangements" within the new standard *IFRS 11*, have to be capitalised according to the equity method pursuant to the amended *IAS 28*. The underlying approach to determining the existence of significant influence by an entity as well as the regulations regarding the application of the equity method remains unchanged. The new standard is applicable to annual reporting periods beginning on or after 1 January 2014 and was endorsed by the EU in December 2012. The first-time adoption of the amendments will not have any effects on the consolidated financial statements.

IAS 32 Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB issued amendments to *IAS 32 Offsetting Financial Assets and Financial Liabilities*. The principles formulated in *IAS 32* for the offsetting remained unchanged, but have been supplemented by substantiating application guidelines. These illustrate in detail the meaning of the current legally enforceable right to offsetting and include exemplifying criteria under which a system generally geared for gross netting can lead to settle on a net basis. The amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and were endorsed by the EU in December 2012. The first-time adoption of the amendments will not have any effects on the consolidated financial statements.

3 Summary of Significant Accounting Policies and Valuation Methods

3.1 Statement of compliance

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

3.2 Basis of preparation

The Company's financial year ran from 1 January to 31 December 2013. The financial year ended as of 31 December 2012, herein referred to as the 'previous year/previous period', ran from 1 January to 31 December 2012. 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 will follow the traditional Current/Non-Current classification. The entity has elected to present all items of income and expense in a two statement format, a statement displaying components of profit or loss, and a second statement displaying components of other comprehensive income. The Company presents all expenses based on the nature of expenses method.

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

- a Consolidated Statement of Financial Position as of 31 December 2013 (and a Consolidated Statement of Financial Position as of 31 December 2012, as comparable figures);
- a Consolidated Income Statement for the period 1 January to 31 December 2013; (and comparable figures for the period from 1 January to 31 December 2012);
- a Consolidated Statement of Comprehensive Income for the period from 1 January to 31 December 2013 (and a comparable Statement of Comprehensive Income for the period from 1 January to 31 December 2012);
- a Consolidated Cash Flow Statement for the period from 1 January to 31 December 2013 (and comparable figures for the period from 1 January to 31 December 2012);
- a Consolidated Statement of Changes in Shareholders' Equity for the period from 1 January to 31 December 2013 (and comparable figures for the period from 1 January to 31 December 2012); 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 controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

3.4 Going Concern

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

3.5 Business combinations

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

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

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

3.6 Goodwill

Goodwill constitutes capitalised differences arising on the consolidation of equity in the Consolidated Financial Statements. Goodwill represents the excess of the cost of the acquisition, established at the date of acquisition, over the Group’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary controlled. These amounts have been capitalised in accordance with IFRS 3. 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 amounts of non-controlling interests in the acquire and the fair value of the acquirer’s previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Goodwill arising on a business combination is not allowed to be amortised. Instead in accordance with *IAS 36*, the Group tests this goodwill annually for impairment, or more frequently if there are any indications that goodwill may be impaired. The value in use of the individual business is determined based on the discounted cash flow method. The impairment loss (if any) is allocated first to reduce the carrying amount of the allocated goodwill, if the impairment loss exceeds the carrying amount of the goodwill then the remaining impairment is allocated on a pro rata basis to the remaining assets. An impairment loss recognised for goodwill is not reversible in subsequent periods.

On disposal of the subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.7 Non-current assets/liabilities held for sale

Non-current assets/liabilities and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current assets/ liabilities are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from date of classification.

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

3.8 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.

3.9 Intangible assets

3.9.1 Intangible assets acquired separately

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

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

3.9.2 Internally generated intangible assets – research and development

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

3.9.3 De-recognition of intangible assets

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

3.10 Impairment on intangible assets

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

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

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

3.11 Financial Instruments

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

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

3.12 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.

3.12.1 Financial assets at FVTPL

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

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

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

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

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

3.12.2 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.

3.12.3 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 25. 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.

3.12.4 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.

3.12.5 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.

3.12.6 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.

3.12.7 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.

3.13 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.

3.14 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.

3.14.1 Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

3.14.2 Financial liabilities at FVTPL

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

- it has been incurred principally for the purpose of repurchasing 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 liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability 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 liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability.

3.14.3 De-recognition of financial liabilities

The Group de-recognises 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.

3.14.4 Derivative financial instruments

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

3.14.5 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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss or the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.15 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.

3.16 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.

3.17 Taxation

Income tax expense represents the sum of all the tax currently payable and deferred tax. 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.

3.18 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 23 to the Consolidated Financial Statements.

3.19 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 no judgements which can significantly affect the amounts recognised in the Consolidated Financial Statements and, at the end of the reporting period, there were no 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 other than as disclosed below.

a) Impairment on intangible assets

In the Consolidated Income Statement for the period 1 January to 31 December 2013 the Group realised an impairment loss in the amount of kEUR 95 (previous period kEUR 0), which is included in the line item “Amortisation and impairment on film rights” (see note 7). As described in detail in note 3.10 the Group performed an impairment test at 31 December 2013. The recoverable amount and the fair values are typically determined using a discounted cash flow method which incorporates reasonable market assumptions. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require Board of Directors to make significant judgements concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

b) Valuation of financial assets

As described in note 25, the Group uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of certain types of financial instruments. Note 25 provides detailed information regarding these valuation methods, and the key assumptions used in performing such valuations. The Board of Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the financial instruments in accordance with IFRS.

Note 25 describes the terms and conditions of the outstanding loans and other financial assets that are recognised in the Consolidated Statement of Financial Positions. The Group recognised loans in the amount of kEUR 2,778 and other financial assets in the amount of kEUR 9,848 as overdue for repayment. The directors have reviewed the Group´s loans and other financial assets in the light of their maturity date and their recoverability at the end of the year. This review resulted in an impairment loss of kEUR 1,617. Due to several meetings and negotiations during the last month the management believes that a portion of the gross amount of the purchase price receivable might not be collectable within a short period of time. This portion was recognised as impairment loss for prudence reason of the asset as of 31. December 2013. Detailed analyses have been carried out and the directors are confident that the carrying amount of the asset will be recovered in full. This situation will be closely monitored, and adjustments will be made in future periods, if any further impairment indications arise.

c) Provisions

In the Consolidated Financial Statement of the Company the recognised provisions amount to kEUR 111 as of 31 December 2013 (previous year kEUR 69). The Group exercises considerable judgement in measuring and recognising provisions. Because of inherent uncertainties in the evaluation process these provisions may be subject to changes as new and relevant information becomes available through the support of both internal and external consultants.

4 Scope of Consolidation

As of 31 December 2013, Xanthus Holdings p.l.c., Malta, held shares in the following entities:

Entity	Place of incorporation	Proportion of ownership interest % 31 Dec 2013	Proportion of ownership interest % 31 Dec 2012
Xanthus Spec 1 Limited	Malta	100.0%	100.0%
Xanthus Special Investment 1 Limited	Cayman Islands	100.0%	100.0%
North Wall Productions Limited	Cayman Islands	100.0%	100.0%
North Wall Entertainment Holdings Limited	Cayman Islands	0 %	liquidated in 2012

As of 31 December 2013, Xanthus Spec 1 Limited, Malta, held 100% of the shares in North Wall Productions Limited, Cayman Islands. On 27 July 2012, North Wall Entertainment Holdings Limited, previously a 100% subsidiary of Xanthus Spec 1 Limited, Malta, and 100% parent company to North Wall Productions Limited; entered into voluntary liquidation, and as of 27 December 2012 the company was fully dissolved. As a result of this liquidation Xanthus Holdings p.l.c. now holds a direct interest of 100% in North Wall Productions Limited, Cayman Islands. In the business year 2011 this had been an indirect interest in the amount of 100% via its 100% holding in North Wall Entertainment Holdings Limited, Cayman Islands.

In accordance with IFRS 5, this disposal/abandonment is not classified as a discontinued operation, and as such does not need to be disclosed separately under discontinued operations in the Consolidated Statement of Comprehensive Income. Although the entity’s business model includes conducting operations through strategic investment, which can result in the classification of a ‘*component of an entity*’, North Wall Entertainment Holdings Limited cannot be classified as a component of an entity in accordance with *IFRS 5* due to the fact that the company was essentially a holding company with little operational activity, and in turn not generate sufficient cash flows that could be clearly distinguished for financial reporting purposes. The cash flows generated, are done so in North Wall Productions Limited, and since this entity has not been abandoned/disposed of no separate major line of business has in fact been discontinued.

5 History, Business Combinations and Sale of Companies

On 21 March 2011 Xanthus Holdings p.l.c., Malta, founded Xanthus Spec 1 Limited, Malta, with a subscribed share capital of kEUR 1. Xanthus Spec 1 Limited, Malta, acquired in three legal steps several businesses accounted for as business combinations in accordance with IFRS 3 as well as several assets.

On 6 April 2011 Xanthus Holdings p.l.c., Malta, for a consideration other than cash, issued a total of 11,074,710 ordinary shares with a nominal value of EUR/share 1 to DYVA Holding AG, Zug, a company incorporated under the laws of Switzerland. The consideration for the allotment to the shareholders was the capitalisation of the debt due by Xanthus Holdings p.l.c., Malta, to DYVA Holding AG, Zug, Switzerland. The above said debt arose as a result of the assignment of a debt which was originally due by Xanthus Spec 1 Limited, Malta, the 100% subsidiary of Xanthus Holdings p.l.c., Malta, to DYVA Holding AG, Zug, Switzerland, in which several assets and a business combination (MERLINCOUNTRY GmbH, Berlin, Germany) were acquired. Through the acquisition of MERLINCOUNTRY GmbH, Berlin, Germany, Xanthus Holdings p.l.c., Malta, indirectly acquired its 100% subsidiary, Duesseldorf Rheinblick GmbH, Berlin, Germany. This company holds land for the purpose of development and capital appreciation. In addition, Jade GmbH, Berlin, Germany (formerly known as Rheinblick Lage 1 GmbH, Berlin, Germany), as an 100% subsidiary of Duesseldorf Rheinblick GmbH, Berlin, Germany, was also acquired.

The acquisition of MERLINCOUNTRY GmbH and its subsidiaries was a business combination in accordance with IFRS 3 *Business Combinations*. The fair value of the consideration transferred amounted to kEUR 9,572 and consisted of 9,571,820 ordinary shares of Xanthus Holdings p.l.c., Malta, no cash was given to the seller. No goodwill resulted from this business combination.

As of 15 June 2011 Xanthus Spec 1 Limited, Malta, sold a 94% share in MERLINCOUNTRY GmbH, Berlin, Germany, as well as the subsidiary (subsequently referred to as “Merlin-Group”) for a purchase price of kEUR 10,000. The remaining shares in MERLINCOUNTRY GmbH, Berlin, Germany, totalling 6%, continues to remain with Xanthus Spec 1 Limited, Malta.

The purchase price was initially payable by 31 December 2012. As of 31 December 2013 the payment of the purchase price is still outstanding. The respective negotiation with the debtor 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. Due to the delay in the redemption of the purchase price receivable and the long lasting negotiations with the debtor the management’s revised its estimations of future cash flows and carried out an impairment test as of 31 December 2013. Therefore as of 31 December 2013 the Group has recognised an allowance for doubtful debts in the amount of kEUR 1,617 (previous year kEUR 0). The receivable, plus interests is carried at amortised costs using the effective interest method in accordance with *IAS 39*. As of 31 December 2013 the purchase price receivable amounted to kEUR 9,848 (previous year kEUR 9,458) which bears interest at 6% (from 1 July 2012 to 31 December 2012) and at 8% (since 1 January 2013) and will be probably repaid by 31 December 2014. The valuation of this receivable as of 31 December 2013 resulted in a gain from valuation of assets and liabilities of kEUR 1,207 which was recognised in the Consolidated Income Statement for the period 1 January to 31 December 2013.

Additionally on 2 May 2011 Xanthus Holdings p.l.c., again for a consideration other than cash, issued a total of 8,633,052 ordinary shares with a nominal value of EUR 1 to Xanthus European Fund Limited, an exempt company incorporated under the laws of the Cayman Islands, and Xanthus Germany Fund Limited, also an exempt company incorporated under the laws of the Cayman Islands, 4,762,584 and 3,870,468 ordinary shares respectively. The consideration for the allotment to the shareholders was the capitalisation of the debt due by Xanthus Holdings p.l.c., Malta, to Xanthus European Fund Limited, Cayman Islands, and Xanthus Germany Fund Limited, Cayman Islands. The above said debt arose as a result of the assignment of a debt which was originally due by Xanthus Spec 1 Limited, Malta, to Xanthus European Fund Limited, Cayman Islands, and Xanthus Germany Fund Limited, Cayman Islands. The assigned debt arose as a result of the transfer of certain assets and businesses. In addition to the transfer of assets from Xanthus European Fund Limited, Cayman Islands, and Xanthus Germany Fund Limited, Cayman Islands, Xanthus Spec 1 Limited, Malta, also acquired the 100% of the shares in Xanthus Special Investments 1 Limited, Cayman Islands, and 100% of the shares in North Wall Entertainment Holdings Limited, Cayman Islands.

In addition, via the afore mentioned contracts, dated 6 April 2011 and 2 May 2011, Xanthus Spec 1 Limited, Malta, through the acquisition of North Wall Entertainment Holdings Limited acquired indirect control of North Wall Productions Limited, Cayman Islands; an 100% subsidiary of North Wall Entertainment Holdings Limited. The purpose of this company is the investment in film and movie rights.

The acquisition of Xanthus Special Investment 1 Limited, Cayman Islands, was also a business combination in accordance with IFRS 3 *Business Combinations*. The fair value of the consideration transferred amounted to kEUR 5,797 and consisted of 5,797,253 ordinary shares of Xanthus Holdings p.l.c., Malta; no cash was given to the seller.

The acquisition of North Wall Entertainment Holdings Limited, Cayman Islands, and its 100% subsidiary North Wall Productions Limited, Cayman Islands, was again a business combination in accordance with IFRS 3 *Business Combinations*. Regarding this acquisition, a 25.0% stake had previously been acquired from DYVA Holding AG, Zug, Switzerland, on 6 April 2011, the remaining holdings were acquired on 2 May 2011; a 40.275% and 34.725% stake from Xanthus European Fund Limited, Cayman Islands, and Xanthus Germany Fund Limited, Cayman Islands, respectively.

The fair values of the assets acquired and liabilities assumed at the date of the acquisitions amounted to kEUR 1,270. The consideration transferred consisted of 1,269,865 ordinary shares of Xanthus Holdings p.l.c., Malta, no cash was given to the seller. No goodwill resulted from this business combination.

Please note that the stand-alone interim financial statements of North Wall Entertainment Holdings Limited, Cayman Islands, and its subsidiary are denominated in US Dollars. For purposes of acquisition these stand-alone interim financial statements have been translated to Euro at the equivalent exchange rate USD/EUR.

The purpose of all business combinations described above was to form a new integrated Private Equity Group with a public listing within the European Union.

During the financial year ended 31 December 2012 and ended 31 December 2013 the Group did not acquire any businesses accounted for as business combinations in accordance with IFRS 3.

6 Segment Information

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

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

The purpose of the Group is one of investment. The Group has two major sources of revenue, the first deriving from its ability to acquire and hold, buy and/or sell shares, stocks, bonds or securities of or in any other company and any movable or immovable property, and to invest the funds and assets of the Group in such a manner as the Board of Directors may deem fit. The second stream consists of interest obtained from the granting/advancing money and/or credit given to companies or partnerships, on such terms that the Group deems appropriate. The revenues recognised in the Financial Statements as of 31 December 2013 are attributable to loans which are all granted to German companies.

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

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

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

7 Intangible assets

The Consolidated Statement of Financial Position as of 31 December 2013 discloses an intangible asset balance of kEUR 0 regarding film rights/royalties, previous year kEUR 121.

The Xanthus Group bridged the finance gap of a third party U.S. film/movie production and has the right to receive certain revenue streams from the outcome of that film/movie production. During the period ending 31 December 2013 the Group recognised revenue streams relating to the intangible assets in the amount of kEUR 25, previous period kEUR 349.

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

Until 31 December 2013, these film rights were amortised using the "individual film forecast method". In addition, an impairment test was carried out at year-end 2013. During the financial year 2011 information was received that the underlying movie was not as successful as originally planned and therefore the income stream was and is expected to be much lower. Based on these expected future short term revenue streams (value in use of the intangible asset) a total amortisation and impairment charge of kEUR 120 was recognised in the Consolidated Income Statement for the period 1 January to 31 December 2013 (previous period kEUR 349). The calculation for determining the value in use of the intangible asset as of 31 December 2013 was based on the fact that the management does not expect any future revenue stream, which will flow into the Group.

The movement of the intangible asset during the financial year 2013 and 2012 can be analysed as follows:

	2013 kEUR	2012 kEUR
Carrying amount at 1 January	121	469
Less: amortisation and impairment	-120	-349
Less: exchange differences on the translation of the financial statements of the Group entity which the intangible asset owns	-1	1
Carrying amount at 31 December	0	121

8 Loans

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

As of 31 December 2013 these loans amounted to kEUR 3,365 in total (previous year kEUR 3,118).

Some of these loans (kEUR 587; previous year kEUR 552) were reclassified as current asset as of 31 December 2013 and bear interest at 12.5%. In the financial year ended 31 December 2013 the management revised the estimation of their probable redemption date from March 2014 to December 2014 due to the current development of the companies which received these loans and the resulting change of the expectations of the payments. To reflect the actual and revised estimated cash flows a revaluation was necessary by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment of kEUR 20 regarding the downwards revaluation of the total loan to amortised costs has been recognised as loss for the period in the Consolidated Income Statement for the period 1 January to 31 December 2013.

The remaining amount of the loans includes an outstanding loan due from Duesseldorf Rheinblick in the amount of kEUR 2,778 (previous year kEUR 2,566). The loan was initially payable by 31 December 2012 and bears an interest rate of 8.0%. As of 31 December 2013 the repayment is still outstanding due to the ongoing negotiations with the debtor. Therefore, the management revised the future cash flows but did not recognise an allowance for doubtful debts because the amount is still considered recoverable as of 31 December 2013. The change in the estimated redemption date resulted in a loss of kEUR 80 which has been recognised in the Consolidated Income Statement for the period 1 January to 31 December 2013.

9 Other investments

As of 31 December 2013, Xanthus Holdings p.l.c., Malta, held equity shares in several other companies some of which are listed at the German Stock Exchange:

	31 Dec 2013 kEUR	31 Dec 2012 kEUR
Listed equity investments	1,232	1,614
Unlisted equity investments	1,359	1,359
Total	2,591	2,973

Listed equity investments are categorised as financial assets at fair value through profit or loss. At 31 December 2013 their fair value was derived from the quoted market price at the stock exchange and amounts of kEUR 1,232, previous year kEUR 1,614.

As of 31 December 2013 the Group held a total of 971,433 shares (previous year 971,433) in InCity Immobilien AG, Germany, a total of 683,999 shares (previous year 683,999) in Worldlink Group p.l.c., Great Britain and a total of 7,339 shares (previous year 0), in Betting Service Ltd, Great Britain.

Regarding the listed equity investments a total loss for the period has been recognised in the Consolidated Income Statement in the amount of kEUR 382 due to the revaluation of the investment to fair value. No shares were sold in 2013. In the previous year a total loss of kEUR 1,164 was recognised, of which kEUR 200 a loss resulting from the sale (disposal) of shares; a loss of kEUR 882 in accordance with *IAS 39* regarding the downwards revaluation of the investment to fair value, and an impairment loss of kEUR 82 regarding the shares held in Worldlink Group.

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

The remaining shares in MERLINCOUNTRY GmbH, Germany, (see note 5), totalling 6% are part of the investments of Xanthus Special 1 Limited, Malta. As of 31 December 2013 the Group accounted for this investment in accordance with IAS 39 at acquisition cost of kEUR 611, previous year kEUR 611, less any identified impairment loss at the end of the reporting period, because this unlisted investment cannot be reliably determined. After a review of the recoverable amount of this investment no impairment loss was recognised during the reporting period.

In 2013, Xanthus Spec 1 Limited, Malta acquired from its subsidiary Xanthus Special Investments 1 Limited, Cayman Island, a nominal amount of 71.112 shares in UDG United Digital Group GmbH, Germany, formerly known as Riese Media GmbH, Germany on 16 May 2013. The purchase price was kEUR 677 and was paid via the offsetting of an outstanding declared dividend in the same amount.

As a result Xanthus Holdings p.l.c. now holds a direct interest of 1.814 % in UDG United Digital Group GmbH, Germany as of 31 December, in the total amount of kEUR 748, previous year kEUR 748. In accordance with IAS 39, the carrying amount of these shares was booked in the amount of kEUR 748 as of 31 December 2013, previous year kEUR 748. No impairment assessment was performed in the reporting period as there was no indication of impairment.

10 Other financial assets

The other financial assets of kEUR 9,848 constitute the purchase price receivable from the sale of shares in MERLINCOUNTRY GmbH, Berlin, Germany, and its subsidiaries (see note 5). This purchase price was due for payment by 31 December 2012; however it is still outstanding. Due to the revised estimated repayment date by 31 December 2014 an adjustment in the amount of kEUR 1.207, previous year kEUR -842, to the amortised cost in accordance with *IAS 39 AG* 8 was necessary. Due to the delay in the redemption of the purchase price receivable and the long lasting negotiations with the debtor the management's revised its estimations of future cash flows and carried out an impairment test as of 31 December 2013. Therefore an impairment loss of kEUR 1.617 (previous period kEUR 0) was recognised for the period ended 31 December 2013 in the line item impairment loss on financial assets. The purchase price receivable is secured by the shares sold in MERLINCOUNTRY GmbH.

11 Cash and cash equivalents

As of 31 December 2013 Cash and cash equivalents comprising cash at bank totalled kEUR 20, previous year kEUR 17.

12 Shareholders‘ equity

As of 31 December 2013, Xanthus Holdings p.l.c., Malta, has an authorised capital of 80,000,000, previous year 80,000,000, ordinary shares of par value of EUR 1.00, which do not entitle the subscriber to a fixed profit. As of 31 December 2013 and 31 December 2012, respectively 19,757,762 ordinary shares were issued and fully paid in.

	Number of shares		Common stock		Additional paid-in capital	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	'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:

	1 January – 31 December 2013	**1 January – 31 December 2012**
	thousand shares	**thousand shares**
Balance as of 1 January	19,758	19,758
Issue of shares	0	0
Balance as of 31 December	**19,758**	**19,758**

During the financial years 2012 and 2013, Xanthus Holdings p.l.c., Malta, did not grant any share-based payments.

The currency translation adjustment of kEUR -131 as of 31 December 2013, previous year kEUR -130, 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. Due to the liquidation of North Wall Entertainment Holdings Limited, Cayman Islands, in the financial period ended 31 December 2012 an amount of kEUR 120 was reclassified in accordance with *IAS 21* from the Other Comprehensive Income into the Consolidated Income Statement (other business related income).

13 Financial liabilities due to banks (short-term)

As of 31 December 2012 the Group disclosed short-term borrowings to banks (bank overdrafts) in the amount of kEUR 480. This short- term liability was fully repaid by 7 August 2013.The interest rate on this bank overdraft was EONIA plus 2.5%.

14 Financial liabilities due to related parties

Selected related parties granted several interest-bearing loans to the Xanthus Group on a short-term basis. The loans payable are carried at amortised costs using the effective interest method in accordance with *IAS 39*. As of 31 December 2013 they amounted to kEUR 1,230 in total (previous year kEUR 0). In addition, there were kEUR 21 trade payables outstanding due to related parties. We also refer to note 30.

15 Trade payables

Trade payables amount to a total of kEUR 21 for the year ended 31 December 2013, previous year kEUR 12. They consist primarily of unpaid expenses for services rendered.

16 Provisions

As of 31 December 2013, the Group discloses provisions of kEUR 111, previous year kEUR 69. They primarily consist of estimated costs and outstanding invoices from lawyers, consultants, auditors and other third parties. The increase of kEUR 42 in the financial year 2013 resulted from outstanding invoices of consulting services. As of 31 December 2013 all reported provisions are short term by their nature.

17 Interest income

For the period ending 31 December 2013 the Group earned interest income in the amount of kEUR 1,147, previous period kEUR 477, from the loans granted to third parties and the purchase price receivable. This income stems from the interest on granted loans to Riese Beteiligungsgesellschaft GmbH, Germany, kEUR 55, interests on a granted loan due to Duesseldorf Rheinblick GmbH in the amount of kEUR 292 (see note 8) and from interests on the outstanding purchase price receivable from the sale of the shares in MERLINCOUNTRY GmbH, Germany, kEUR 800 (see note 5).

18 Gain from valuation of assets and liabilities

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

19 Other business related income

During the period from 1 January to 31 December 2013 the Group realised other business related income in the amount of kEUR 25 (previous period kEUR 469) of which kEUR 25 (previous period kEUR 349) were recognised as revenue stream from the outcome of the film production (see note 7).

20 Loss from valuation of assets and liabilities

During the period from 1 January to 31 December 2013 the Group realised a loss from the fair value valuation of their financial assets and liabilities of kEUR 482, previous period kEUR 882. They were mainly recognised from the lower quoted market price of listed equity investments as at 31 December 2013.

21 Income Taxes

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

- Dividend income/capital gains which would be exempted from income taxes in Malta through the application of the participation exemption under the Maltese tax law. Therefore no deferred tax assets would be recognised;

- Other income (such as interest and dividends/capital gains which do not benefit from the participation exemption referred to above) which would be liable to income taxes in Malta. As a result of the operation of the imputation system of taxation, the tax suffered at the level of Xanthus Spec 1 Limited, Malta, would be in part or fully refunded to Xanthus Holdings p.l.c., Malta, upon the distribution of a dividend by Xanthus Spec 1 Limited, Malta, out of those profits on which the income taxes were suffered.

Regarding the loss for the period 1 January to 31 December 2013 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 2013, and 31 December 2012, respectively.

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

The Group assumes to realise deferred tax assets in accordance with *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.

22 Comprehensive Income

The Consolidated Statement of Comprehensive Income contains reconciliation from the loss for the period from 1 January to 31 December 2013 of kEUR 684, previous year kEUR 2,312, to a total comprehensive loss of kEUR 685, previous year kEUR 2,423. This difference can be attributed to an exchange difference which occurred upon conversion of the individual financial statements of a subsidiary with a different functional currency to that of the parent company (Xanthus Holdings p.l.c., Malta).

23 Earnings per share

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

	1 January – 31 December 2013 EUR/Share	1 January – 31 December 2012 EUR/Share
Total Earnings per share		
Basic Earnings per share	-0.03	-0.12
Diluted Earnings per share	-0.03	-0.12

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

The weighted average number of shares for basic earnings per share for the period of 1 January to 31 December 2013 (2012) amounts to 19,757,762 (previous financial year 19,757,762) shares.

No diluted effects were comprised in the calculation of the diluted earnings per share, neither regarding the profit/loss for the period 1 January to 31 December 2013 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 2013, as well as for the comparative period, there were no dilutive effects on the Earnings per share.

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

24 Litigations

As at 31 December 2013 the Group was not involved in any legal claims. We also refer to note 30.

25 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 2013 can be classified as non-derivative instruments.

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

- Loans extended to third parties, funds held with banks or other financial institutions and trade receivables (if any) are classified in accordance with *IAS 39* as Loans and Receivables.

- Quoted market price investments are classified as Financial assets at fair value through profit and loss.

- Unquoted investments are classified as Financial assets available-for-sale.

- Trade payables, short-term borrowings due to banks and short-term and long-term loans are classified as Other financial liabilities.

- The Group does not have any financial assets classified within the Held-to-maturity category.

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

Measurement Category	**Fair Value through Profit and Loss**			
	Fair Value			
	31 December 2013		31 December 2012	
Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	kEUR	kEUR	kEUR	kEUR
Other investments	1,232	1,232	1,614	1,614

Measurement Category	**Available-for-sale**			
	Fair Value			
	31 December 2013		31 December 2012	
Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	kEUR	kEUR	kEUR	kEUR
Other investments	1,359	1,359	1,359	1,359[1]

[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 (amounting to kEUR 1,359)

Measurement Category	**Loans and receivables**			
	Amortised Cost			
	31 December 2013		31 December 2012	
Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	kEUR	kEUR	kEUR	kEUR
Loans	3,365	3,365	3,118	3,118
Other financial assets	9,848	9,848	9,458	9,458
Cash and cash equivalents	20	20	17	17

Measurement Category	**Other Financial Liabilities**			
	Amortised Cost			
	31 December 2013		31 December 2012	
Liabilities	Carrying amount	Fair Value	Carrying amount	Fair Value
	kEUR	kEUR	kEUR	kEUR
Financial liabilities due to banks	0	0	480	480
Financial liabilities due to related parties	1,251	1,251	0	0
Trade payables	21	21	12	12
Provisions	111	111	69	69

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

Cash and cash equivalents, Other financial assets, Other investments, Loans, Financial liabilities due to related parties, Trade payables have a short maturity. Therefore there carrying amounts as of 31 December 2013 are approximately equal to their fair value.

<u>Information about income and expenses items on financial assets:</u>

The following table shows the net result of financial assets and liabilities in compliance with valuation categories in the period 1 January to 31 December 2013:

	Investment revenues		**Investment revenues**	
	Interest income		Gain from valuation of assets and liabilities at amortised cost	
	1 January to 31 December 2013	1 January to 31 December 2012	1 January to 31 December 2013	1 January to 31 December 2012
	kEUR	kEUR	kEUR	kEUR
Loans	347	177	0	0
Other financial assets	800	300	1,207	0

	Investment costs Interest expenses		**Investment costs** Loss from valuation of assets and liabilities at fair value	
	1 January to 31 December 2013	1 January to 31 December 2012	1 January to 31 December 2013	1 January to 31 December 2012
	kEUR	kEUR	kEUR	kEUR
Other investments	0	0	382	882
Other financial assets	0	842	0	0
Financial liabilities due to banks	6	21	0	0
Financial liabilities due to related parties	57	0	0	0

	Investment costs Loss from valuation of assets and liabilities at amortised cost		**Investment costs** Loss from impairment	
	1 January to 31 December 2013	1 January to 31 December 2012	1 January to 31 December 2013	1 January to 31 December 2012
	kEUR	kEUR	kEUR	kEUR
Other financial assets	0	0	1,617	82
Loans	100	0	0	0

The loss from valuation of assets and liabilities at fair value is attributable to the Financial assets at fair value through profit and loss only. No losses were caused by 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 uncollectability.

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 2013 the unlisted shares held by the Company amounting to kEUR 1,359, previous year kEUR 1,359. Such investments have been valued at acquisition cost on the assumption that no reliable fair value for these unlisted companies can be determined. This is due to special circumstances that relate to the respective companies. For example, the Company is a newly active company with no real historical figures, in addition management have not been able to reliably determine the future cash flows of the entity in which can be used to calculate a fair value using the discounted cash flow method.

Other financial assets

As disclosed in note 5 and 10, the amount receivable of kEUR 10,000 as of 31 December 2011, was due as of 31 December 2012. The receivable is still outstanding at year-end 2013 and the management had to revise the estimation of the future cash flows. Thus, an adjustment in the amount of kEUR 1,207, previous period kEUR -842, from valuation of assets and liabilities to amortised cost with the original effective interest rate of 3.8% was recognised in 2013. As of 31 December 2013 the carrying amount of kEUR 9,848, previous period kEUR 9,458, represents the Company's maximum exposure to credit risk. This amount already includes an impairment loss in the amount of kEUR 1,617, previous year kEUR 0 (we refer to note 3.19 and 10).

Loans

As disclosed in note 8, the loan due from Duesseldorf Rheinblick GmbH amounting of kEUR 2,778 as of 31 December 2013, was due as of 31 December 2012 (kEUR 2,566). The loan is still outstanding at year-end 2013 and the management had to revise the estimation of the future cash flows. Based on the assessment of the Board of Directors the Group expects the final repayment by the end of the financial year 2014. Thus, a discounting with the original effective interest rate of 10.6% was recognised in 2013. As of 31 December 2013 the carrying amount of kEUR 2,778 represents the Company's maximum exposure to credit risk.

Fair value measurements recognised in the Consolidated Balance Sheet

The following paragraphs provide information on financial instruments that are measured subsequent to initial recognition at fair value in the Consolidated Balance Sheet as of 31 December 2013, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date: Other investments at an amount of kEUR 1,232, previous year kEUR 1,614.

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 2013.

26 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 ongoing 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 ongoing risk management through approval of the Board of Directors regarding certain transactions.

Credit Risk

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

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

The following table shows an age analysis of the remaining loans and receivables as of 31 December 2013 which are past due but not impaired:

31 December 2013	**Book values**	**not more than three months**	**more than three months and not more than six months**	**more than six months and not more than one year**	**more than one year**
Loans	3,365			3,365	
Other financial assets	9,848			9,848	
Total	**13,213**			**13,213**	

Collateral held as security:

The short-term borrowings due to banks of kEUR 480 as at 31 December 2012 were repaid during the financial year 2013. The bank overdraft was secured by the shares held by the subsidiary Xanthus Special Investment 1 Limited, Cayman Islands, in Worldlink Group p.l.c., Great Britain, and by the shares held by the subsidiary Xanthus Spec 1, Malta, in InCity Immobilien AG, Germany.

The loans disclosed in the line item Financial Liabilities due to related parties in the amount of kEUR 1,230 were secured by several collaterals:

- The Financial liabilities due to Jimmy Lee, Dubai (kEUR 903) are secured by 971,433 (kEUR 1,232) shares in InCity Immobilien AG, Germany. The securities cover all claims of the Lender against Xanthus Spec1, Malta. The Lender is entitled to exercise the securities if payments under this agreement are due and a grace period of 14 days has elapsed. A second pledge of all claims of Xanthus Special Investment 1 Limited, Cayman Islands, arising out of the loan agreement with Duesseldorf Rheinblick (kEUR 2,778) exist.
- Moreover the Group agreed on an assignment of claims to secure the liabilities due to DYVA Holding AG, Zug, Switzerland (kEUR 278). This assignment relates to all claims and rights out of the kEUR 10,000 purchase price receivable due from Merlin Holding GmbH, Berlin and the assignment of all claims for reassignment of the claims under the kEUR 2,000 loan agreement with Duesseldorf Rheinblick GmbH, Berlin. In addition the Group pledged its rights to 971,433 shares in InCity Immobilien AG which are presently pledged and to the first lender.
- The Financial liabilities due to BT Biofuels Europe GmbH, Berlin (kEUR 49) are secured by the shares in UDG amounting of kEUR 748 as of 31 December 2013. The lender is entitled to exercise the securities if payments under this agreement are due and a grace period of seven days has elapsed.

Liquidity Risk

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

The following table shows an analysis of the remaining time of maturity for all contractual agreed liabilities as of 31 December 2013:

31 December 2013	**Book values**	**Up to 30 days**	**31 up to 90 days**	**91 days up to 1 year**	**1 to 5 years**	**More than 5 years**
Financial liabilities due to related parties	1,251			1,251		
Trade payables	21		21			
Provision	111			111		
Total financing liabilities	**1,383**		**21**	**1,362**		

Market Risk

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

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

Some of the capitalised other investments are listed shares. Their fair value as of 31 December 2013 was kEUR 1,232, previous year kEUR 1,614. If the general conditions on the German Stock Exchange will heavily deteriorate, the fair value of these listed shares may decrease. For instance, if the listed share price was to decrease (or increase) by 10%, the fair value would also decrease (increase) by 10%.

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

27 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 2013.

28 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 2013, future obligations arising from operating rental and lease agreements of the continuing operations amounted to:

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

In the period from 1 January to 31 December 2013 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 2013.

29 Governing board and compensations

For the year ending 31 December 2013, the Board of Directors of the Group comprised the following persons:

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

In February 2013, Emanuel Kunz resigned from his position as Director, Claudio Morandi and Dr. Stefan Feuerstein were appointed as directors and Dr. Stefan Feuerstein was appointed as Chairman of the Board of Directors, replacing Joerg Lemberg, who resigned from his position as a Director on 26 November 2013.

Thomas Jacobsen is Secretary of the Company.

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

30 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 ISA 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 2013, DYVA Holding AG, Zug, Switzerland, held 55.37% of the voting shares (31 December 2012 55.37%), Xanthus Advisory AG, Zug, Switzerland, 0.10% (31 December 2012 0.10%) and other shareholders, 44.53% (31 December 2012 44.53%).

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

The parent company of Xanthus Holdings p.l.c., Malta, ***DYVA Holding AG***, Zug, Switzerland, granted the Group a loan during the financial period 2013 in the amount of kEUR 278 as of 31 December 2013. This loan is granted for an unlimited period but the managing Board of the Group assumes a repayment in the financial year 2014. In the financial period ended 2013 interest expenses in the amount of kEUR 5 were realized, the loan bears an interest rate of 10.5%. In addition, DYVA Holding AG, Zug, Switzerland, invoiced kEUR 21 to the Group for advanced third-party legal and consulting fees in the period ended 31 December 2013. This amount is still outstanding as of 31 December 2013 and is disclosed as Financial liabilities due to related parties in the Consolidated Statement of Financial Position. As of 31 December 2013, there were no outstanding balances from these transactions and no further related party transactions have been occurred during the reporting period (note 14).

Xanthus Advisory AG, Zug, Switzerland, performed comprehensive financial, legal, tax and business services to the Xanthus Group till 30 June 2013. Therefore, a service level agreement was closed on

3 May 2011 between the involved entities. In accordance with that agreement, Xanthus Spec 1 Limited, Malta, compensated Xanthus Advisory AG, Zug, Switzerland, for its services during the period ending 31 December 2013 by kEUR 416, previous period kEUR 715. As of 31 December 2013, there were no outstanding balances from these transactions.

Valreco AG, Winterthur, Switzerland, a company controlled by Mr. Claudio Morandi, member of the Board of Directors of Xanthus Holdings p.l.c., Malta, entered into a new Service Level Agreement with Xanthus Spec 1 Limited to provide administration and management services. In accordance with that agreement, Xanthus Spec 1 Limited, Malta, compensated Valreco AG, Winterthur, Switzerland, for its services by kEUR 136 for the period ending 31 December 2013 (previous period kEUR 7). As of 31 December 2013, outstanding balances existed in the amount of kEUR 5, which is disclosed as provision in the Interim Consolidated Financial Statements as of 31 December 2013.

Joerg Lemberg, was a member of the Board of Directors of Xanthus Holdings p.l.c., Malta, and Xanthus Spec 1 Limited, Malta till November 2013 and holds 75% of the shares in ***Merlin Holding GmbH***, Berlin, Germany, which bought 94% of the shares in MERLINCOUNTRY GmbH, Berlin, Germany, on 15 June 2011 from Xanthus Spec 1 Limited, Malta. The total nominal purchase price of kEUR 10,000 was due for payment by 31 December 2012. The respective negotiation with the debtor, represented by Xanthus Holdings former chairman, Mr. Joerg Lemberg, had to be terminated by the Company without any result in February 2013. Since then, the Company is consistently evaluating its legal options and initiated first steps to secure its rights and protect its assets. For these negotiations incurred expenses in the amount of kEUR 13, these were recognised during the financial year 2012. During the financial year 2013 an impairment loss in the amount of kEUR 1.617 was recognized. The nominal purchase price amount of kEUR 10,000 bears a 6% interest rate from 1 July 2012 to 31 December 2012 and an 8% interest rate since 1 January 2013, of which the Group recognised kEUR 800 during the financial year 2013, previous period kEUR 300. The receivable due from Merlin Holding GmbH is disclosed in the balance sheet as of 31 December 2013 as other financial asset in the current asset section (see also note 10). The Board of Directors considers it likely, that Xanthus Spec1 Limited will have to initiate legal action against Merlin Holding GmbH, Berlin, and its Managing Director, Mr. Frank Breuer and the ultimate owner Mr. Joerg Lemberg, in order to collect its receivables.

As of 31 December 2011 Xanthus Special Investment 1 Limited, Cayman Islands, disclosed an outstanding loan issued to ***Duesseldorf Rheinblick GmbH***, Erftstadt, 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. Nevertheless the Group expects the final repayment by the end of the financial year 2014. The amortised costs as of 31 December 2013 amount to kEUR 2,778, previous year 2,566.

BT Biofuels Europe GmbH, Berlin, one of the ultimate shareholder´s company´s, granted Xanthus Spec 1 Limited, Malta, a secured loan of nominal kEUR 150 with an interest rate of 8% p.a. The respective interest expense amount to kEUR 10 and is disclosed in the consolidated income statement for the period from 1 January to 31 December 2013. As of 31 December 2013 the outstanding liability amounted to kEUR 49 and is disclosed in the Consolidated Statement of Financial Position as liabilities due to related parties.

Jimmy Lee, *Dubai*, one of the ultimate shareholder´s, granted Xanthus Spec 1 Limited, Malta, several secured loans in a total nominal amount of kEUR 946 with an interest rate of 8% p.a. The respective interest expense during the financial period ending 31 December 2013 amounted to kEUR 43 and is disclosed in the Consolidated Income Statement for the period from 1 January to 31 December 2013.

Other related party transactions are described in note 5 to these Consolidated Financial Statements.

31 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 2013 in the Consolidated Cash Flow Statement comprises the following items from the Consolidated Statement of Financial Position:

	Year ended 31 December 2013	Year ended 31 December 2012
	kEUR	kEUR
Cash and cash equivalents	20	17
Financial liabilities due to banks (short-term)	0	-480
	20	-463

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

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

	Year ended 31 December 2013	Year ended 31 December 2012
	kEUR	kEUR
Interest received	0	0
Interest paid	16	21
Taxes received	0	0
Taxes paid	0	0

Non-cash transactions

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

As described in note 30 Jimmy Lee granted Xanthus Spec 1 Limited, Malta several secured loans, of which kEUR 8 are attributable to a directly paid invoice of Jimmy Lee on behalf of the Xanthus Group.

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

32 Additional information about employees

During the period January to December 2013 no employees were employed by the Group, previous period none.

33 Events after the balance sheet date

There were no reportable subsequent events that occurred after the balance sheet date of 31 December 2013.

34 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 27 June 2014.

35 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 2013 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, 27 June 2014

Dr. Stefan Feuerstein Claudio Morandi René Müller

Under the condition, that the prior year's consolidated financial statements of Xanthus Holdings p.l.c., Malta, and its subsidiaries, for the period from 1 January to 31 December 2012 are approved in the version audited by us and given an unqualified independent auditors' report on 27 June 2013, we issue the following independent auditors' report:

Independent Auditors' Report

To Xanthus Holdings p.l.c., Malta

We have audited the accompanying consolidated financial statements of Xanthus Holdings p.l.c., Malta, and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, 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 2013, 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, 27 June 2014

Deloitte & Touche GmbH
Wirtschaftspruefungsgesellschaft

(Schwarz)	(Sauer)
Wirtschaftspruefer	Wirtschaftspruefer
[German Public Auditor]	[German Public Auditor]