NATLAND Group

Consolidated Financial Statements for the year ended
31 December 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CZK '000)

For the year ended 31 December

	2014
Net gain/ (loss) on sale and revaluation of subsidiaries, associates and other investments	**(109 734)**
Income	
Interest income	75 340
Dividend income	4 451
Net gain/ (loss) from receivables	18 961
Revenues from services sold	38 564
Other Income	2 779
Total Income	**140 096**
Expense	
Interest expense	(27 731)
Personal expenses	(13 145)
Provisions for receivables and receivable´s write-offs	(91 797)
Project expenses	(10 165)
Administration & Other general expenses	(25 202)
Net foreign exchange losses	(1 137)
Total expense	**(169 177)**
Operating profit/(loss)	**(138 816)**
Profit/(loss) before tax	**(138 816)**
Income tax	(5 103)
Profit/(loss) after tax	**(143 919)**
Other comprehensive income	
Items to be reclassified to profit or loss in subsequent periods:	**0**
Exchange differences on translation of foreign operations	**0**
Tax effects	**0**
Other comprehensive income after tax attributable to the shareholders	**0**
Total comprehensive income after tax attributable to the shareholders	**(143 919)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CZK '000)

As at 31 December

	2014
Assets	
Non-current assets	
Property, plant & equipment	651
Intangible assets	1 932
Loans to subsidiaries	90 106
Loans to third parties	58 962
Financial assets at fair value through profit or loss	
Investment in subsidiaries	674 624
Debentures and other interest bearing investments	7 599
Derivative financial instruments	65 260
Other non-current financial assets	148 770
Trade and other receivables	52 060
Total non-current assets	**1 099 965**
Current assets	
Loans to subsidiaries	435 785
Loans to third parties	13 884
Other current financial assets	1 876
Trade and other receivables	4 028
Income tax and other taxes	0
Cash and Cash equivalents	102 631
Total current assets	**558 204**
Total assets	**1 658 169**
Liabilities	
Equity	
Share capital	5 026
Share premium	489 717
Other capital funds	2 500
Retained earnings	571 987
Profit/loss current period	(143 919)
Total equity	**925 312**
Non-current liabilities	
Loans from banks and other regulated institutions	572 002
Other loans	36 209
Other financial liabilities	46 682
Total non-current liabilities	**654 893**
Current liabilities	
Other loans	57 507
Other financial liabilities	10 189
Income tax and other taxes	4 916
Trade and other payables	5 351
Total current liabilities	**77 963**
Total equity and liabilities	**1 658 169**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(CZK '000)

For the year ended 31 December

	Notes	Share capital	Share premium	Other Capital funds	Retained earnings	Total equity
At January 1, 2014		**26**	**489 717**	**2 500**	**571 987**	**1 064 230**
Changes in share capital		5 000				5 000
Profit for the year						(143 919)
Other comprehensive income						0
Total Comprehensive income for the year						0
Dividends distribution						0
At December 31, 2014		**5 026**	**489 717**	**2500**	**571 987**	**925 312**

CONSOLIDATED STATEMENT OF CASH FLOWS
(CZK '000)

For the year ended 31 December

	2014
Operating activities:	
Payments for purchase of investments designed at fair value through profit and loss	(70 876)
Payments to suppliers	(43 895)
Payments of loans to subsidiaries	(139 861)
Proceeds from loans to subsidiaries	87 983
Payments of loans to non-related parties	(70 114)
Proceeds from loans from non-related parties	34 408
Proceeds received from receivables	37 371
Other payables repayments	(27 024)
Interest received	21 775
Dividends received (net of withholding tax)	2 032
Interest paid	(6 532)
Operating income received	11 043
Operating expenses paid	(15 849)
Income tax paid	(3 197)
Net cash flow from operating activities	**(182 736)**
Cash flow from financing activities:	
Proceed from issue of shares	5 000
Proceeds from bank and other loans	294 445
Repayments of bank and other loans	(21 200)
Net cash flow from financing activities	**278 245**
Net increase/(decrease) in cash and cash equivalents	95 509
Cash and cash equivalents at 1 January	7 122
Cash and cash equivalents at end of period	**102 631**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of the Group, which comprise NATLAND Group ("NATLAND, as the parent") and all its subsidiaries (collectively, "the Group"), for the year ended 31 December 2014. Detailed Group structure is shown in Appendix 1.

The principal activities of the Group are investing to majority and minority equity in medium-sized enterprises, to interesting start-up projects and also to the segment of distressed assets; providing a special form of financing for medium-sized enterprises and investors in this segment.

Shareholders holding a 5 % or greater interest in the Group's basic capital as at 31 December 2014 are as follows:

Shareholder	Interest in basic capital 31 December 2014
Tomáš Raška	92%
Karel Týc	8%

These consolidated financial statements are prepared as the first consolidated financial statements of the NATLAND Group under new ultimate, parent company NATLAND Group SE as a result of the Group restructure and reflecting the ongoing transfer of the activities and net assets from the Cyprus and Luxemburg to the Czech Republic. The transfer process ends 31 December 2015

Members of the statutory bodies as at 31 December 2014 were as follows:

Board of Directors	
Chair:	Tomáš Raška
Member:	Karel Týc

2. BASIS OF PREPARATION

The accompanying consolidated financial statements were prepared on going concern basis.

The Group's fiscal year begins on 1 January and ends on 31 December.

3. BASIS OF CONSOLIDATION

The consolidated financial statements have been prepared on historical cost basis except from Investments which are measured at fair value through profit and loss. The consolidated financial statements are presented in CZK and all values are rounded to the nearest thousands, except when otherwise indicated.

The Group is an investment entity and, as such does not consolidate the entities it controls. Instead, interest in subsidiaries are classified as fair value through profit or loss and measured at fair value. Investment in associates are also classified as fair value through profit or loss, and measured at fair value.

Besides the requirement stated above, an investment entity has subsidiaries that provide services that relate to the investment entity’s investment activities or forming a Group holding structure, and consolidate these subsidiaries in accordance with IFRS using full consolidation method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the consolidated financial statements are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

4.1. Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through the profit or loss is sub-divided into:

4.1.1. Investment in subsidiaries and associates

In accordance with exemption under IFRS 10 Consolidated Financial Statements, the Company does not consolidate its subsidiaries, except those providing services that relate to the investment entity’s investment activities, in the financial statements. Investment in subsidiaries is accounted for as financial instrument at fair value through profit or loss. The Company already implemented this exemption. In accordance with the exemption with IAS 28 investment in associates and joint ventures, the Group does not account for its investments in associates using the equity method. Instead the Group has elected to measure its investments in associates at fair value through profit or loss.

4.1.2. Financial assets and liabilities held for trading

Financial assets and receivables are classified as held for trading if they are acquired for purpose of selling and/or repurchasing in the near term. This category includes Debentures and other interest bearing investments, Derivative financial instruments and Call options. These assets are acquired principally for the purpose of generating profit from short term fluctuation in price. All derivatives, debentures and liabilities from short sales of financial instruments are classified as held for trading. Receivables held for trading are valuated at fair value. The group policy is not to apply hedge accounting.

4.2. Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.3. Fair value measurement

The Group measures financial instruments such as investments in subsidiaries and associates, derivatives and debentures at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.4. Impairment of financial assets

The Group assesses at each reporting period date whether a financial asset or group of financial assets are impaired. A financial assets or group of financial assets are deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset ant that loss event has an impact on estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indication that debtor, or a group of debtors, is experiencing significant financial difficulty. Default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and, where observable data indicated that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlates with defaults. If there is objective evidence that impairment loss has been incurred, the amount of the loss is measured as a difference between assets' carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss statement.

4.5. Revenue recognition

Net gain/ (loss) on sale and revaluation of subsidiaries, associates and other investments

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at fair value through profit and loss and excludes interest and dividend income and expense.

Dividend income

Dividend income is recognized on the date which the investment is quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available–for-sale, interest income or expense is recorded using the effective interest rate, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

Other revenues and income

Other revenues and income is recognized on an accrual basis, meaning recognition in the period in which they are earned.

Expenses except provisions for receivables and receivable's write-offs

Expenses are recognized on an accrual basis, meaning recognition in the period in which they are earned.

4.6. Taxes

Current income tax

Current income tax assets and liabilities for an accounting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is calculated separately for each company of the Group using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

4.7. Foreign currency transactions

The Group’s consolidated financial statements are presented in CZK. The functional currencies of all Group companies are presented in the table below. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Group company	*Functional currency*
NATLAND Group, SE	*CZK*
NG Holding a.s.	*CZK*
NG Finance investicni fond a.s.	*CZK*
NG Management s.r.o	*CZK*
NATLAND Finance S.à r.l.	*CZK*
NATLAND GROUP LIMITED	*CZK*
NATLAND GROUP LIMITED , organizační složka	*CZK*

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange valid at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss as finance income and expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

On consolidation, the assets and liabilities of foreign operations with non-CZK functional currencies are translated into CZK at the exchange rates prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rate for each month of the relevant year. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

4.8. Loans to subsidiaries and to third parties

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

4.9. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating leases

Leases where the lessee does not obtain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments, other than contingent rentals, are recognized as an expense in the statement of income on a straight-line basis over the lease term.

4.10. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Receivables

Trade receivables are carried at the original invoice amount, including value-added tax and other sales taxes, and less allowance for doubtful receivables. Trade receivables are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. An allowance is recorded at the best available estimate of expected losses.

Bad debts are written off in the period in which they are determined to be completely unrecoverable.

4.11. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and liquid valuables.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

4.12. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.13. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Trade and other payables

Trade payables are recognized at their nominal value which is deemed to be materially the same as the fair value.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.14. Derivative financial instruments

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Segment disclosure

As the Group has no publicly traded debt or equity instruments neither files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market segment disclosure is voluntary.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

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

The Group reports to its investors via yearly investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS. The Group has a clearly documented exit strategy for all of its investments.

The Board has also concluded that the Group meets the definition of an investment entity. This conclusion will be reassessed on annual basis, if any of these criteria or characteristics changes.

Fair value measurement

When the fair values of financial assets and liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

SEGMENT INFORMATION

As the Group has no publicly traded debt or equity instruments neither files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market segment disclosure is voluntary.

6. GROUP INFORMATION

The consolidated financial statements of the Group include:

Name	Principal activities	Registered office
NG Finance investiční fond, a.s.	Providing of loans, financing	Rohanské nábřeží 671/15, Karlín, 186 00 Prague 8
NG Holding, a.s.	Holding company	Rohanské nábřeží 671/15, Karlín, 186 00 Prague 8
NG Management, s.r.o.	Group service provider	Rohanské nábřeží 671/15, Karlín, 186 00 Prague 8
NATLAND Group, SE	Holding company	Rohanské nábřeží 671/15, Karlín, 186 00 Prague 8
NATLAND Finance S.à r.l.	Providing of loans	Office at 6, rue Eugène Ruppert, L-2453, Luxembourg, Grand Duchy of Luxembourg
NATLAND GROUP LIMITED	Holding company and providing of loans	Arch. Makariou & Kalograion, 4, NIKOLAIDES SEA VIEW CITY, 9th Floor, Flat/Office 903-904, Block A-B, 6016, Larnaca
NATLAND GROUP LIMITED, organizační složka	Group service provider	Sokolovská 394/17, Karlín, 186 00 Prague 8

Other investments are disclosed in Note 10.

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss

CZK '000	31 December 2014
Assets:	
Investment in subsidiaries	674 624
Debentures and other interest bearing investments	7 599
Derivative financial instruments	65 260
Liabilities:	
Debentures	0
Derivative financial instruments	0
Total	**747 483**

7.1. VALUATION TECHNIQUE

Unlisted Debentures, derivatives, call options and other financial instruments

The Group invests in debentures, derivatives, call options and other financial instruments. In the absence of quoted price in an active market, they are using observable inputs such as transaction prices of the comparable instruments. Adjustments are made to the valuations when necessary to recognized differences in the instrument's terms. To the extent that the significant inputs are observable, the Group categories these investments as Level 2 and Level 3.

Investment property

The fair values of investment property are determined by analytical/valuation department using recognized valuation techniques. This technique comprises the discounted cash flow model (DCF) and income capitalization method.

Under the DCF method, a property's fair value is estimated explicit assumptions regarding benefits and liabilities of ownership over the asset's life including estimated income and an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market-derivate discount rate is applied to establish the present value of the income stream.

Under the income capitalization method, a property's value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

The fair value of investment property is included within Level 3.

7.1.1. VALUATION PROCESS FOR LEVEL 3 VALUATIONS

Valuations are responsibility of the Board of directors of the Group.

The valuation of assets and liabilities through profit or loss are performed on yearly basis by the valuation department and reviewed by investment committee. The valuation of investment property is performed once a year by an independent valuer or internal valuer and reviewed by analytical department and investment committee. On a yearly basis the valuation department will review property valuations and inputs for significant changes, and will consult with external valuer if consider appropriate.

The valuations are also subject to quality assurance procedures performed within valuation department. The valuation department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information.

Changes in valuation

For the year ended 31 December 2013 loan to M & K Development, a.s. was reclassified and reported as contractual financial asset at fair value in the amount of CZK 31 525 thousand.

7.2. FAIR VALUE HIERARCHY

IFRS 13 requires disclosures relating to fair value measurement using three-level fair value hierarchy.

The following table provides the fair value measurement hierarchy of the Group's assets. Fair value measurement hierarchy for assets and liabilities as at 31 December 2014 (CZK '000):

		Fair value measurement using			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:	31.12.2014				*747 483*
Investment in subsidiaries	31.12.2014			674 624	674 624
Investment in associates	31.12.2014				0
Debentures and other interest bearing investments	31.12.2014		7 599		7 599
Derivative financial instruments	31.12.2014			65 260	65 260
Liabilities:	31.12.2014				*0*
Debentures	31.12.2014				0
Derivative financial instruments	31.12.2014				0

There have been no transfers between Level 1 and Level 2 during the period.

Level 3 reconciliation

The following table shows a reconciliation of all movement in the fair value of financial instruments categorized within Level 3 between the beginning and the end of the reporting period:

	Subsidiaries	Debentures	Derivative financial instruments
Balance as at 1 January 2014	*573 125*	*0*	*7 403*
Transfers into LEVEL 3			
Total gains/losses in profit or loss	(84 453)		57 839
Purchases	200 352		18
Sales	(14 400)		
Balance as at 31 December 2014	*674 624*		*65 260*

8. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	2014 in '000 CZK
Ad Base Services s.r.o.	588
AVANT Consulting, a.s.	127 423
Česká hlava fond, a.s.	1 941
EC Financial Services, a.s.	147 790
GAUSS Algorithmic, s.r.o.	1 321
MKBD s.r.o.	2 578
NG Development, a.s.	581
NG majetková a.s.	4 581
ORION 001, uzavřený investiční fond, a.s.	7 937
Prague City Golf, s.r.o.	69 555
První rezidenční uzavřený investiční fond, a.s.	310 330
Total	**674 624**

There are no significant restrictions on the ability of unconsolidated subsidiaries to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary.

During the current year, the Group provided support in form of loan of CZK 199 971 thousand:

Interest rate	2014 in '000 CZK
5 % - 8 %	114 335
8,1 % - 10 %	25 002
10,1 % - 12 %	1 779
12,1 % - 14 %	51 500
14,1 -15 %	7 355

9. NEW ACQUISITION AND DISPOSALS OF INVESTMENTS

NG Development, a.s. acquisition

On 24 June 2014 the Group founded a company NG Development, a.s.. The sole shareholder is NG Holding, a.s.. An unlisted company based in Prague, Czech Republic. It is development company.

BESODEIA, s.r.o. acquisition

On 2 December 2014 the Group acquired of 100% of the voting shares of BESODEIA, s.r.o.. Company based in Prague, Czech Republic. Its major activity is holdings of minority interest in EC Financial Services, a.s.

Prague City Golf, s.r.o. acquisition

On 12 March 2014 the Group acquired of 100% of the voting shares of Prague City Golf. An unlisted company based in Prague, Czech Republic.

SLAMINER TRADING LIMITED acquisition

On 24 February 2014 the Group purchased 30 shares of SLAMINER TRADING LIMITED, company based in Nicosia, Cyprus.

HORBET, a.s. disposal

On 22 December 2014 the Group sold 2 shares of HORBET, a.s., representing 10 % of all shares of the company.

Capamera Limited disposal

On 13 January 2014 the Group sold 2000 shares of Capamera Limited, representing 100 % of all shares of the company.

The Group has elected to measure the non-controlling interests in the acquiree at fair value / at the proportionate share of its interest in the acquiree's identifiable net assets.

10. LOANS TO SUBSIDIARIES, ASSOCIATES AND TO THIRD PARTIES

CZK '000	31 December 2014
Loans to subsidiaries	525 891
Loans to third parties	72 846
Total	**598 737**

11. TRADE AND OTHER RECEIVABLES, OTHER CURRENT AND NON-CURRENT ASSETS

CZK '000	31 December 2014
Trade receivables	11 747
Other receivables	44 341
Other current assets	0
Other non-current assets	0
Total	**56 088**

Trade receivables are non-interest bearing. The fair value of receivables approximates their carrying value due to their short term maturities.

Other receivables as at 31 December 2014 represent are non-interest receivables other from loans.

Allowances against outstanding receivables that are considered doubtful were charged to income statement based on the analysis of their collectability in the year ended 31 December 2014.

As of 31 December 2014 receivables overdue for more than 365 days totaled CZK 0.

The ageing analysis of trade receivables was as follows (carrying amounts after valuation allowance in CZK '000):

	Neither past due nor impaired	Past due 1 - 90 days	Past due but not impaired			Total
			Past due more than 90 days	Past due more than 180 days	Past due more than 360 days	
As at 1 January 2014	1 313	469	1 823	1 090	5 274	9 969
As at 31 December 2014	10 609	414	199	524	0	11 747

12. TRADE AND OTHER PAYABLES, LOANS FROM BANKS AND OTHER REGULATED INSTITUTIONS, OTHER LOANS AND OTHER FINANCIAL LIABILITIES

CZK '000	31 December 2014
Loans from banks and other regulated institutions	572 002
Other loans	93 716
Other financial liabilities	56 872
Trade and other payables	5 351
Income tax and other taxes	4 916
Total	**732 857**

The Group draws a loan of CZK 45 000 thousand from a bank entity, from other regulated institutions CZK 483 300 thousand.

The interest expense relating to bank loans and borrowings for the year ended 31 December 2014 was CZK 1 203 thousand (bank loans) and CZK 20 187 thousand (other regulated institutions).

The bank loan is secured by a pledge of selected real estate property.

Other loans and other financial liabilities primarily represent items such as loans from entities other than bank or other regulated institutions.

Trade payables are non-interest bearing. The fair value of payables approximates their carrying value due to their short term maturities.

As of 31 December 2014, payables overdue for more than 365 days totaled CZK 0.

Income tax liability in the amount of CZK 4 916 thousands was payable within EU.

13. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

CZK '000	Within 12 month	After 12 months	Total
Assets:	Current	Non-current	
Loans to subsidiaries	435 785	90 106	525 891
Loans to associates	0	0	0
Loans to third parties	72 846	0	72 846
Trade and other receivables	56 088	0	56 088
Liabilities:	Current	Non-current	
Loans from bank and other regulated institutions	0	572 002	572 002
Other loans	57 506	36 209	93 716
Trade and other payables	5 351	0	5 351

14. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

CZK '000	31 December 2014
Cash at banks and on hand	102 631
Short-term deposits	0
Total	102 631

The fair value of cash and cash equivalents approximates their carrying value due to their short term maturities.

15. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. *Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.*

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2014.

16. NET GAIN/LOSS ON SALE AND THE REVALUATION OF SUBSIDIARIES, ASSOCIATES AND OTHER INVESTMENTS

Gains and losses for the year ended 31 December 2014 were as follows (CZK '000):

	Subsidiaries	Associates	Other investments	Total
Net gain/loss on sale	(4 904)	0	0	(4 904)
Fair value revaluation	(104 830)	0	0	(104 830)
Total	(109 734)	0	0	(109 734)

17. EXPENSES

Expenses for the year ended 31 December were as follows (CZK '000):

	2014
Interest expense	27 731
Personal expenses	13 145
Provision and receivable’s write-offs	91 797
Project expenses	10 165
Administration & Other general expenses	25 202
Net foreign exchange loss	1 137
Total	**169 177**

18. PERSONNEL EXPENSES

Personnel expenses for the year ended 31 December consist of the following (CZK '000):

	2014	
	Total personnel	Members of managerial bodies
Number of full time employees	23	N/A
Wages and salaries	9 685	N/A
Social security and health insurance	3 286	N/A
Social cost	0	N/A
Other personnel cost (unused vacation)	174	N/A
Total personnel expense	13 145	N/A

19. INCOME

Finance income and expenses include interest and dividend income, gain/loss from receivables and services sold, net foreign exchange gains and other income.

Income for the year ended 31 December were as follows (CZK '000):

	Notes	2014
Interest income		75 340
Dividend income		4 451
Net gain/loss from receivables		18 961
Revenues from services sold		38 564
Net foreign exchange gains		0
Other income		2 779
Total		**140 096**

20. INCOME TAX

Structure of the income tax for the year ended 31 December is as follows (CZK '000). Taxable temporary differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credit does not result in the recognition of a deferred tax.

	2014
Current income tax	4 916
Deferred tax	0
Total	4 916

21. FINANCIAL RISK MANAGEMENT

The Group's classes of financial instruments correspond with the line items presented in the consolidated statement of financial position.

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The management of the Group identifies the financial risks that may have adverse impact on the business objectives and through active risk management mitigates these risks to an acceptable level.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by using foreign currency forwards.

The Group invoices mainly in CZK and EUR. The Group does not use any hedging instruments.

Financial assets and liabilities include cash and cash equivalents, trade and other receivables and interest-bearing loans and borrowings, trade and other payables, lease liabilities and other current liabilities. All remaining assets and liabilities in foreign currencies are immaterial or not subject to exchange rate exposure (such as property, plant and equipment).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk in an increased extent by nature of private equity business as the Group realizes opportunity investments carrying recovery in short or long term horizon or not at all. Also the Group purchases receivables from subjects being in financial difficulties and manages the restructuring process to recover in investment. The Group is exposed from its operating activities (primarily trade receivables and payables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments to a higher credit risk as the recoverability rate is not certain.

The outstanding balances of receivables are monitored on a regular basis, and the aim of management is to minimize exposure of credit risk to single counterparty or group of similar counterparties. As of 31 December 2014 there is no significant concentration of credit risk as there were no individually significant customers.

The ageing of receivables is regularly monitored by Group management.

Liquidity risk

The Group performs regular monitoring of its liquidity position to keep sufficient financial sources to settle its liabilities and commitments.

As at 31 December 2014 the Group's current ratio (current assets divided by current liabilities) was 5,59.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (CZK '000):

31 December 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	36 401		55 450	573 867	0	665 718
Other financial liabilities	21 378	486	34 607	400	0	56 871
Trade and other payables	0	4 041	1 310	0	0	5 351
Total	57 779	4 527	91 367	574 267	0	727 941

22. RELATED PARTY DISCLOSURES

Compensation of key management personnel of the Group

The members of statutory and supervisory bodies didn't receive any bonuses and compensations in 2014.

The Group didn't provide any Loans to the members of statutory and supervisory bodies.

As at 31 December 2014 the members of statutory and supervisory bodies Tomáš Raška and Karel Týc owned 100% shares of the Group.

23. SUBSEQUENT EVENTS

Significant events which occurred after the date of the Statement of Financial Position:

Bonds issuing

On 3 July 2015 the Group (companies NG Finance investiční fond, a.s. and NG Holding a.s.) issued bonds in the total amount of CZK 131 560 thousand. Issued bonds are exchangeable for shares of the bond issuers within the period of 31 December 2016. Result of this transaction was reduction of loan indebtedness (Loans from other regulated institutions) of the Group up to CZK 131 560 thousand.

Cross-Border Merger

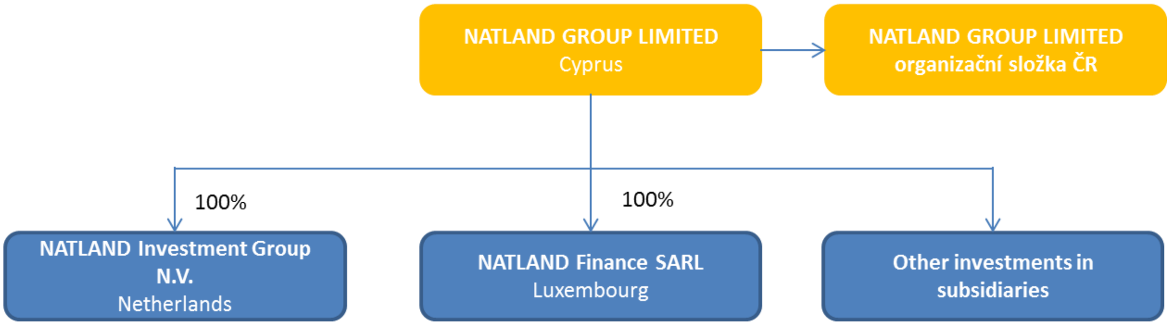
On 23 December 2014 was signed Draft Terms of Cross-Border Merger by acquisition of dissolving company NATLAND Finance S.à r.l. and successor company NATLAND Group, SE. On the effective date (1 January 2015) all assets and liabilities of NATLAND Finance S.à r.l. were transferred to NATLAND Group, SE.

Restructuring

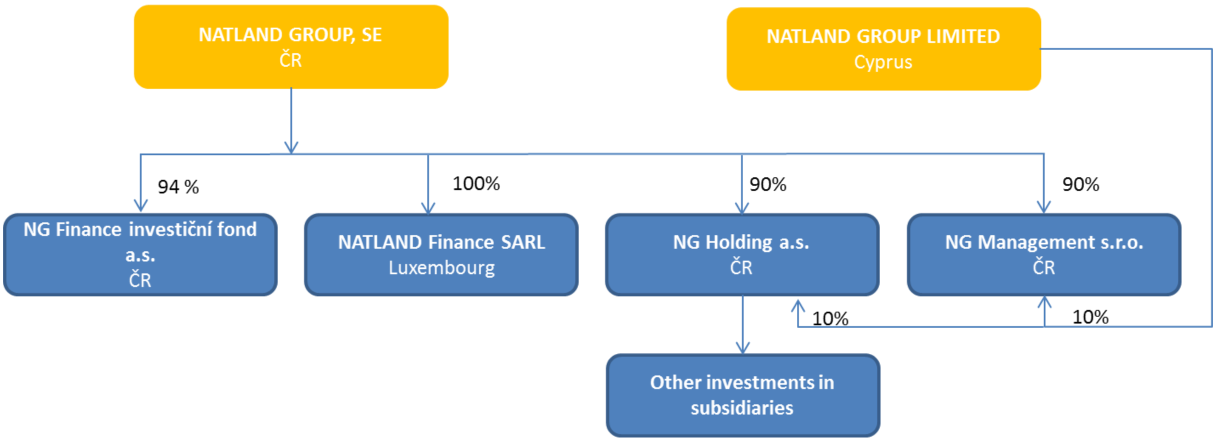
During the reporting period the Group started the process of restructuring which was finalized within 2015. All net assets were transferred from NATLAND GROUP LIMITED into NATLAND Group, SE, NG Holding a.s., NG Finance investiční fond, a.s. fond or NG Management s.r.o..

Below charts describe holding structure before restructuring, state as at 31 December 2014 and planned holding structure after restructuring as at 31 December 2015.

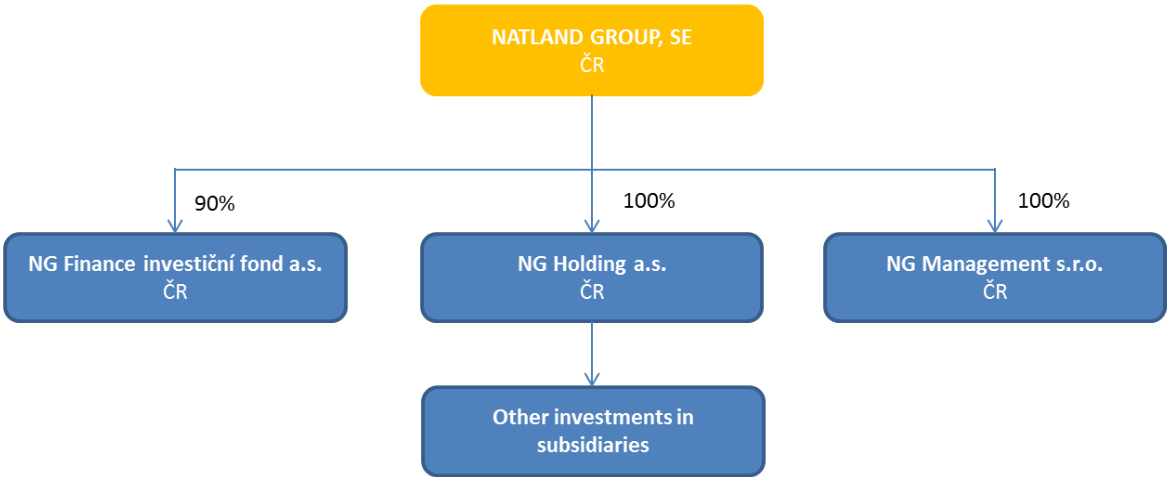
Holding chart before restructuring as at 31 December 2013



Holding chart as at 31 December 2014



Holding chart after restructuring as at 31 December 2015



Prepared on:	Signature of entity's statutory body:	Person responsible for financial statements:
December 15, 2015 in Prague	Tomas Raska, Executive Partner, shareholder and board member	David Manych, Group CFO, supervisory board member

APPENDIX 1 – DETAILED GROUP STRUCTURE AS AT 31 DECEMBER 2014