CURETIS AG

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December

in Euro	2014	2013	2012
Revenue [4]	274,552	671,255	145,757
Cost of sales [5]	642,519	219,248	428,918
Gross profit	**-367,967**	**452,007**	**-283,161**
Distribution costs [7]	1,939,334	1,575,923	1,863,562
Administrative expenses [8]	1,637,406	1,256,411	1,436,804
Research and development expenses [10]	6,297,554	5,894,522	5,357,955
Other income	110,600	48,896	22,244
Operating profit	**-10,131,661**	**-8,225,953**	**-8,919,238**
Finance income	5,754	29,934	71,411
Finance costs	22,363	28,298	42,597
Finance costs fair value measurement	2,285,652	2,496,979	32,098,214
Finance income/costs - net [11]	-2,302,261	-2,495,343	-32,069,400
Profit before income tax	**-12,433,922**	**-10,721,296**	**-40,988,638**
Tax income [29]	-	-	-76,982
Profit for the year	**-12,433,922**	**-10,721,296**	**-40,911,656**
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	**-12,433,922**	**-10,721,296**	**-40,911,656**

Earnings/loss per share [12]	**2014**	2013	2012
Basic	-18.97	-16.35	-62.41
Diluted	-18.97	-16.35	-62.41

[..] Bracketed numbers refer to the related notes to the financial statements, which form an integral part of these financial statements.

CURETIS AG

STATEMENT OF FINANCIAL POSITION

For the years ended 31 December

Assets

in Euro	31.12.2014	31.12.2013	31.12.2012	01.01.2012
Current assets	**6,485,882**	8,798,456	11,129,221	12,204,470
Cash and cash equivalents [13]	2,993,883	5,381,963	9,777,456	11,856,939
Trade receivables [14]	42,235	139,879	55,635	-
Inventories [16]	3,153,137	2,785,994	1,005,299	86,593
Other current assets [17]	296,627	490,620	290,831	260,938
Non-current assets	**7,307,395**	7,308,403	6,988,977	5,425,628
Intangible assets [18]	286,355	330,856	336,412	176,687
Property, plant and equipment [19]	6,591,674	6,457,050	5,986,285	5,198,715
Other non-current assets	390	6,571	16,054	-
Other non-current financial assets [20]	428,976	513,926	650,226	50,226
Deferred tax assets [29]	-	-	-	-
TOTAL ASSETS	**13,793,277**	16,106,859	18,118,198	17,630,098

[..] Bracketed numbers refer to the related notes to the financial statements which form an integral part of these financial statements.

CURETIS AG
STATEMENT OF FINANCIAL POSITION

For the years ended 31 December

Equity and Liabilities

in Euro	31.12.2014	31.12.2013	31.12.2012	01.01.2012
Current liabilities	**1,304,748**	1,089,513	1,258,963	1,330,411
Trade and other payables [21]	579,862	615,968	633,503	947,281
Provisions current [22]	34,800	5,599	651	-
Other current liabilities [23]	316,817	300,977	445,928	383,130
Other current financial liabilities [24]	373,269	166,969	178,881	-
Non-current liabilities	**131,024,233**	121,119,128	112,239,721	70,768,517
Provisions non-current [22]	816,065	777,210	770,281	741,535
Provision PSO [25]	3,913,841	2,957,022	3,089,847	1,086,611
Other non-current financial liabilities [26]	258,168	391,918	519,440	-
Financial liability for preferred and common shares [28]	126,036,159	116,992,978	107,860,153	68,863,389
Deferred tax liabilities [29]	-	-	-	76,982
TOTAL LIABILITIES	**132,328,981**	122,208,641	113,498,684	72,098,928
EQUITY	**-118,535,704**	-106,101,782	-95,380,486	-54,468,830
Subscribed equity [30]	50,000	50,000	50,000	50,000
Additional paid-in capital	-	-	-	-
Retained earnings	-118,585,704	-106,151,782	-95,430,486	-54,518,830
TOTAL EQUITY AND LIABILITIES	**13,793,277**	16,106,859	18,118,198	17,630,098

[..] Bracketed numbers refer to the related notes to the financial statements which form an integral part of these financial statements.

CURETIS AG

STATEMENT OF CASH FLOWS

For the years ended 31 December

in Euro	2014	2013	2012
Profit before income tax	-12,433,922	-10,721,296	-40,988,638
Adjustments for:			
- Net finance cost	2,302,261	2,495,343	32,069,400
- Depreciation, amortization and impairments	1,448,455	1,271,931	956,422
- Changes in provisions (excluding deferred taxes)	1,023,028	-120,948	2,032,633
Changes in working capital relating to:			
- Inventories	-367,143	-1,780,695	-918,706
- Trade receivables and other receivables	382,767	-138,250	-701,582
- Trade payables and other payables	179,807	-180,335	496,316
Income taxes received (+) / paid (-)	-	-	-
Interest received (+) / paid (-)	-16,609	1,636	28,814
Net cash flow provided by operating activities	**-7,481,356**	**-9,172,614**	**-7,025,341**
Investments in intangible assets	-66,878	-89,223	-210,214
Investments in property, plant and equipment	-1,512,013	-1,648,814	-2,383,503
Receipts from sale of assets	4,000	-	690,000
Proceeds from disposal of fixed assets	38,161	897	-
Net cash flow used in investing activities	**-1,536,730**	**-1,737,140**	**-1,903,717**
Payments of finance lease liabilities	-127,523	-121,585	-48,975
Cash received from issuance of preferred shares	6,757,529	6,635,846	6,898,550
Net cash flow provided by / used in financing activities	**6,630,006**	**6,514,261**	**6,849,575**
Net change in cash and cash equivalents	**-2,388,080**	**-4,395,493**	**-2,079,483**
Cash and cash equivalents at the beginning of the year	5,381,963	9,777,456	11,856,939
Change in cash and cash equivalents	-2,388,080	-4,395,493	-2,079,483
Cash and cash equivalents at the end of the year	**2,993,883**	**5,381,963**	**9,777,456**

[..] Bracketed numbers refer to the related notes to the financial statements which form an integral part of these financial statements.

CURETIS AG

STATEMENT OF CHANGES IN EQUITY

in Euro	Subscribed capital	Capital reserve	Retained earnings	Total equity
Balance as of 1 January 2012 (German GAAP)	3,888,786	25,910,552	-15,606,817	14,192,521
IFRS 1 Opening Adjustments	-3,838,786	-25,910,552	-38,912,013	-68,661,351
Balance as of 1 January 2012 (IFRS)	50,000	-	-54,518,830	-54,468,830
Profit of the year 2012	-	-	-40,911,656	-40,911,656
Total comprehensive income for the year 2012	-	-	*-40,911,656*	*-40,911,656*
Balance as of 31 December 2012 (IFRS)	50,000	-	-95,430,486	-95,380,486
Profit of the year 2013	-	-	-10,721,296	-10,721,296
Total comprehensive income for the year 2013	-	-	*-10,721,296*	*-10,721,296*
Balance as of 31 December 2013 (IFRS)	50,000	-	-106,151,782	-106,101,782
Profit of the year 2014	-	-	-12,433,922	-12,433,922
Total comprehensive income for the year 2014	-	-	*-12,433,922*	*-12,433,922*
Balance as of 31 December 2014 (IFRS)	50,000	-	-118,585,704	-118,535,704

[..] Bracketed numbers refer to the related notes to the financial statements which form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS:

1 General Information

Curetis AG (Curetis or the Company) was incorporated in 2007 and is domiciled in Holzgerlingen, Germany. The address of its registered office is Max-Eyth-Str. 42, 71088 Holzgerlingen.

Curetis is a molecular diagnostics company specialized in the development of solutions for diagnosing severe infectious diseases in hospitalized patients. The solutions enable physicians to detect pathogens and antibiotic resistance markers early.

2 Accounting and valuation methods

The principal accounting policies applied in the preparation of these financial statements are set out below and applied consistently to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements as at 31 December 2014, 31 December 2013, and 31 December 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Interpretations (IFRIC) as endorsed by the European Union (EU) and were approved for issuance by the Board of Management on 22 October 2015.

The financial statements have been prepared under the historical cost convention except for the financial liabilities connected with preferred and common shares that are measured at fair value as required by IFRS. The statement of profit or loss is prepared based on the cost-of-sales method.

The financial statements have been prepared on a going concern basis. However, in the event Curetis would not be able to attract any additional funds from the IPO, the company´s ability to continue as a going concern is threatened by risks. The business plan prepared in case of a withdrawn IPO includes significant reductions to operating expenses through elimination of anticipated costs of “being public” and suspension of clinical trials. Personnel cost reductions are to be achieved through reductions in planned head count and cancellation of salary increases. Additionally, in order to improve working capital, reductions will be made to capital expenditure for new projects. Management is of the opinion that the combination of these measures enables Curetis to continue as a going concern for at least 12 months as of the date of the financial statements. In order to ensure going concern beyond these 12 months the company may rely on further significant operating expenditure and capital expenditure reductions or may also seek additional financing from current or future shareholders privately, whether in the form of bridge loans and/or equity offerings.

Considering the above stated countermeasures, even in case of a withdrawn IPO, Curetis would be able to continue as a going concern for at least 12 months as of the date of the financial statements.

These financial statements cover the business year from 1 January 2014 to 31 December 2014 (comparative annual period: 1 January 2013 to 31 December 2013 as well as 1 January 2012 to 31 December 2012) and represent Curetis’ first financial statements prepared in accordance with IFRS, following the guidance of IFRS 1.

The functional currency of the Company is Euro. The primary financial statements are presented in Euro and the notes to the financial statements are presented in thousands of Euros (kEUR) in accordance with commercial rounding practices unless stated otherwise. The financial year corresponds to the calendar year.

The following explanatory notes are an integral part of the financial statements which further comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in equity.

2.2 Standards, interpretations, and amendments issued, but not yet to be applied

The International Accounting Standards Board (IASB) continues to issue new standards, interpretations and amendments to existing standards. Curetis applies these new standards when their mandatory application is required by the EU. Curetis has not opted for early adoption for any of these standards.

New standards, amendments and interpretations revised but not yet effective

The following new standards and interpretations and amendments to existing standards will become effective on or after 1 January 2015.

Standard/Interpretation	Content	Adopted by the EU	Application mandatory from
IFRS 9: Financial Instruments	Classification and Measurement requirements, Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39	No	-
IFRS 14: Regulatory deferral accounts	Accounting for regulatory deferral accounts	No	-
IFRS 15: Revenue from contracts with customers	Accounting for revenue recognition	No	-
Amendments to IAS 1	Disclosure Initiative	No	-
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and an associate or joint venture	No	-
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	Yes	01.02.2015
Amendments to IFRS 11	Acquisition of an interest in a joint operation	No	-
Amendments to IAS 16 and IAS 38	Acceptable methods of depreciation and amortization	No	-
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	No	-
Amendments to IAS 19	Defined Benefit Plans: Employee Contribution	Yes	01.02.2015
Amendments to IAS 27	Equity method in separate financial statements	No	-
IFRIC 21: Levies	Account for liabilities to pay levies imposed by governments	Yes	17.06.2014
Amendments to IFRSs	Annual Improvements to IFRs 2010-2012 Cycle	Yes	01.02.2015
Amendments to IFRSs	Annual Improvements to IFRs 2011-2013 Cycle	Yes	01.01.2015
Amendments to IFRSs	Annual Improvements to IFRs 2012-2014 Cycle	No	-

Curetis is yet to analyze the impact of these new standards and amendments to standards and interpretations on the financial statements and does not expect major impacts.

IFRS 9 'Financial Instruments' contains rules for the classification and measurement of financial assets and liabilities. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Company's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. In the case of equity investments that are not held for trading, an entity may irrevocably opt at initial recognition to recognize future changes in their fair value outside profit or loss in the statement of comprehensive income. In November 2013, the IASB issued further amendments under the title 'Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39'. The focus of the amendments is on a thorough revision of hedge accounting rules with the aim of more appropriately reflecting risk management activities in the financial statements. This involves additional disclosures in the notes. In July 2014, the IASB published the new rules for the disclosure of financial instrument impairments. This new impairment model is based on the principle of accounting for expected losses.

IFRS 14, ‘Regulatory deferral accounts’ permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for ‘regulatory deferral accounts balances’ in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

IFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The IASB voted to publish an Exposure Draft proposing a one-year deferral of the effective date of the standard to 1 January 2018. Curetis is currently evaluating the impact the changes will have on the presentation of its financial position.

The amendment to IAS 1 ‘Presentation of Financial Statements’ clarify, rather than significantly change, existing IAS 1 requirements.

The amendment to IFRS 10 and IAS 28 address an acknowledgement inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets in a subsidiary.

The amendment to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception” address issues that have arisen in relation to the exemption from consolidation for investment entities.

The amendment to IFRS 11 adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

The amendment to IAS 16 and IAS 38 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of intangible assets.

The amendment to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16. Curetis is not engaged in agricultural activities.

The objective of the amendment to IAS 19 is to simplify the accounting for contributions from employees or third parties to a defined benefit plan. The simplified accounting permits such contributions to be recognized as a reduction in the current service cost in the period in which the related service is rendered if the amount of the contributions is independent of the number of years of service.

The amendment to IAS 27 will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors.

The interpretation IFRIC 21 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, Annual Improvements to IFRSs 2011-2013 Cycle and Annual Improvements to IFRSs 2012-2014 Cycle which amended various standards in detail. The improvements primarily aim to provide clarifications. The date of initial application varies from standard to standard.

2.3 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services. Curetis recognizes revenue at the time that the relevant risks and opportunities associated with the ownership of the sold goods and products are transferred to the customer and when it is probable that future economic benefits will flow to the entity. Revenues are presented net of value-added tax, rebates and discounts.

2.4 Cost of sales

Cost of sales include the costs for sold products manufactured as well as delivery costs for the sold merchandise. Manufacturing costs for products manufactured in-house include the directly allocable individual material and production costs, the allocable parts of the overhead costs for production including depreciation of production equipment and reduction in inventories.

2.5 Research and development expenses

Research expenses are defined as costs incurred for investigations undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development expenses are defined as costs incurred for the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

Research and development costs are expensed as incurred unless the recognition criteria outlined in IAS 38 are met. The criteria for the recognition of development costs are closely defined: an intangible asset must be recognized if, and only if, there is reasonable certainty of receiving future cash flows that will cover an asset’s carrying amount. Since Curetis’ development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the recognition of costs incurred before receipt of approvals are not satisfied in the ordinary course of business of Curetis.

2.6 Leases

Leasing transactions are classified according to the lease agreements and to the underlying risks and rewards. Curetis has entered into agreements in which it is the lessor and other agreements in which it is the lessee. Additionally, certain arrangements are analyzed with regard to embedded leases (IFRIC 4). If specific criteria are met, certain arrangements should be accounted as leases that do not take the legal form of a lease.

2.6.1 As the lessee

Curetis leases certain property, plant and equipment. Leasing transactions in which Curetis is the lessee are classified either as finance leases or operating leases. Leases of property, plant and equipment where Curetis bears substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Accordingly, Curetis recognizes the asset and the associated liability in equal amounts. The leased property is depreciated over its useful economic life or, if it is shorter, the term of the lease. The liability is measured by using the effective interest method.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other current financial liabilities and other non-current financial liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and lease term.

All other transactions not classified as a finance lease in which Curetis is the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.6.2 As the lessor

In case Curetis acts as the lessor and substantially all the risks and rewards incident to ownership of the leased property are transferred to the lessee, the leasing transactions are classified as finance leases.

In case Curetis acts as the lessor in a finance lease, the transaction is accounted for as a normal sale and the present value of the minimum lease payments as well as the unguaranteed residual value accruing to Curetis, in sum the net investment in the lease, is recognized as a receivable. The difference between the net investment in the lease and the gross investment in the lease (that is the nominal values of the minimum lease payments as well as the unguaranteed residual value accruing to Curetis) is recognized as interest over the lease term using the effective interest method.

All other transactions in which Curetis acts as lessor are classified as operating leases. The property retains on the balance sheet as an asset, and the lease payments are generally recorded on a straight-line basis as income over the term of the lease.

2.7 Finance income and finance costs

Interest income and expenses are recognized using the effective interest method.

2.8 Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit (loss) for the period attributable to equity owners of Curetis by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. Curetis' potentially dilutive shares comprise two classes of preferred shares. Potential ordinary shares are antidilutive when their conversion to ordinary shares increases earnings per share or decreases loss per share.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.10 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Receivables qualify as loans and receivables in accordance with IAS 39 (see below) and are initially recognized at fair value, and subsequently measured at amortized cost using the effective interest rate method, less provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that Curetis will not be able to collect all amounts due, according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.11 Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of merchandise as well as raw, auxiliary and operating materials is determined by using the specific identification of their individual cost method. The cost of semi-finished and finished goods is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

If the net realizable value of a finished good is lower than costs, the difference is recognized as impairment immediately.

2.12 Intangible Assets

Intangible assets that are acquired against payment are recognized at acquisition cost. They are amortized systematically in accordance with their respective useful life (between three and five years). Intangible assets are amortized according to the straight-line method. There are no intangible assets with an indefinite useful life. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value may no longer be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. Impairments are reversed if and to the extent that the reasons for impairment no longer exist. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use.

2.13 Property, plant and equipment

Property, plant and equipment is valued at cost less depreciation and impairment losses, if any. Cost includes direct costs (e.g. materials, direct labor and work contracted out) and directly attributable overhead costs.

Asset retirement obligations are recognized as part of the cost of tangible fixed assets and expensed as either depreciation over the asset's estimated useful life or as impairment charges. The estimated useful lives of the principal property, plant and equipment categories are as follows:

Asset class	Depreciation term
Building on third-parties' land	Max. 10 years
Technical equipment	3-13 years
Office equipment	2-14 years
Unyvero-Platforms	3-5 years

Property, plant and equipment is depreciated using the straight-line method, based on estimated useful life, taking into account residual value. Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the book value of the assets concerned may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use. Impairments are reversed if and to the extent that the reasons for impairment no longer exist.

The assets' residual values and useful lives are reviewed at least annually and adjusted if appropriate.

2.14 Original financial instruments

Financial instruments are contracts that lead to a financial asset at one company and a financial liability or equity instrument at another.

Financial assets and liabilities are disclosed on the balance sheet when Curetis becomes a contractual party to a financial instrument. Financial assets are recognized at their fair value in the initial disclosure. Subsequent valuation depends on the classification of the financial instruments.

IAS 39 classifies financial assets into the following categories:

- financial assets at fair value through profit or loss,
- financial assets held to maturity,
- loans and receivables, and
- available-for-sale financial assets.

Financial instruments of the 'Loans and receivables' category are recognized upon delivery or settlement of the service, e.g. at the time the claim to payment arises (settlement date). Derivatives are recorded on the day of the transaction, and all other financial assets are recorded on the settlement date. The transaction day is the day on which Curetis enters into the obligation to purchase or sell an asset. The settlement date is the day on which an asset is delivered to or by the Company.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate, less an allowance for uncollectibility. Amortized cost is calculated by taking into account any discounts or premiums on acquisition and transactions costs. Effects from subsequent measurement using the effective interest rate are recognized in the statement of profit or loss under finance income. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Curetis' loans and receivables comprise 'trade receivables' and 'other non-current financial assets', 'cash and cash equivalents' in the balance sheet which are measured at amortized cost using the effective interest rate, less any impairment.

Derecognition of a financial asset takes place on the selling date (trading day) or when the claim has been settled. Derecognition also takes place when a receivable has become irrecoverable. Any effects arising from derecognition are recognized through profit or loss.

Financial instruments are impaired when there are objective indications for this. Such indications for a financial instrument could include:

- severe financial difficulties on the part of the issuer,
- breach of contract by the debtor, e.g. defaulting on interest or debt repayments,
- concessions made to a debtor that would not have been made under normal circumstances,
- a high probability of insolvency proceedings or other financial restructuring by the debtor,
- observable information from which a reduction in the expected future cash flows can be deduced (e.g. adverse changes in the conduct of debtor payments, national or local commercial circumstances), as well as
- a lasting or significant reduction in the fair value of equity instruments under acquisition costs.

The impairment is determined by taking into account collateral held, or other credit enhancements, with recourse to the objective indications. The carrying amount of the asset is reduced by using an adjustment account and recognizing the impairment loss with an effect on profit or loss. Interest earnings, based on the original effective interest rate of the asset, continue to be reported on the reduced carrying amount. Receivables, together with the relevant amortization, are derecognized when they are classified as irrecoverable and when all collateral has been accessed and utilized. If the amount of an estimated amortization expense increases or decreases in a later reporting period due to an event occurring after the amortization expense was reported, then the previously reported amortization expense is increased or decreased with an effect on profit or loss by adjusting the amortization account. If a derecognized receivable is again classified as recoverable due to an event occurring after derecognition, then the relevant amount is immediately reported as recoverable with an effect on profit or loss. The cash value of the expected future cash flow is reduced by the original effective interest rate of the financial asset.

Curetis' financial liabilities include liabilities from preferred and common shares, finance lease agreements as well as payables related to the operating activities (trade and other payables).

They are to be recognized when the Company becomes a contractual party to the provisions of a financial instrument. Liabilities incurred due to an obligation to purchase goods or services are recognized on the settlement date for the respective delivery or service. For financial liabilities, the appropriate liabilities are to be recognized on the settlement date, i.e. the value date. Derivatives are recognized on the day of the transaction. Financial liabilities are derecognized when they have been settled, i.e. when the obligations stated in the contract have been met, lifted or expired. Initial disclosure is made at fair value. Where there is a financial liability that is valued at fair value without an effect on profit or loss, valuation occurs after deducting transaction costs from the consideration received. The subsequent valuation is dependent on the categorization.

IAS 39 classifies financial liabilities into the following categories:

- financial liabilities measured at fair value through profit or loss, and
- other liabilities.

In the subsequent periods, other liabilities are recognized at amortized costs. For current liabilities, this means that they are recognized at the redemption or settlement amount. Non-current liabilities and financial debts are accounted for using the effective interest method.

Management determines the classification of the financial liabilities at initial recognition and assesses the designation at every reporting date, except 'Financial liabilities measured at fair value through profit or loss'.

Currently, Curetis classifies its finance lease agreements and trade and other payables relating to the operating activities into the category 'Financial liabilities measured at amortized cost' (referred to in IAS 39 as "other liabilities") and its liabilities relating to preferred and common shares into the category 'Financial liabilities measured at fair value through profit or loss'.

Financial liabilities are classified as current liabilities unless Curetis has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial assets and liabilities are offset and reported on a net basis on Curetis' statement of financial position only when there currently is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables qualify as financial liabilities measured at amortized cost (or other liabilities), in accordance with IAS 39 (see above). Trade payables are initially recognized at fair value, net of directly attributable transaction costs. After initial recognition, they are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss until maturity of the liability using the effective interest method. Amortized cost is calculated by taking into account any discounts or premiums on acquisition or issuance and transaction costs. The effective interest rate amortization is recognized in the statement of profit or loss under finance costs.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.16 Provisions for other liabilities and charges

Provisions are recognized when Curetis has a present legal or constructive obligation as a result of past events; and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where future cash outflows are expected to occur after one year, the provision is recognized at the present value of their expected settlement amounts if the interest rate effect resulting from discounting is material.

2.17 Current and deferred tax income

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, as well as for tax loss carryforward. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. In addition, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined applying tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In accordance with IAS1 'Presentation of financial statements', the current part of deferred taxes is recognized as non-current assets/ liabilities in the balance sheet.

2.18 Equity

Share capital is classified as equity. Mandatorily redeemable preference shares as well as common shares are classified as liabilities. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

2.19 Share-based payments

Curetis operates a cash-settled, share-based compensation plan under which Curetis receives services from employees and freelancers as consideration for Phantom Stock Options (PSO). This share-based payment plan issued by Curetis is accounted for in accordance with IFRS 2, 'Share-Based Payment'. The plan involves share-based payment transactions that are settled in cash and measured at fair value. The fair value of a PSO is determined using an option pricing model after assessing the fair value through a discounted cash flow model. Expenses occurred in the vesting period are recognized as a provision. The vesting period starts at the grant date up to the time the claims are vested. The grant date is defined as the date on which both parties agree to the plan. This is usually the date of signing the contract. In case of a listing, the beneficiaries receive cash in the amount of the opening quotation less the strike price. The acquired services and the incurred debt are recognized at the fair value of the debt. Services received, and a liability to pay for those services are recognized, as the employees render service. Until the debt has been settled, the fair value of the debt is re-measured at every balance sheet date and all changes to the fair value are recognized as profit or loss.

2.20 Currency translation

Foreign currency transactions are translated into the functional currency at the exchange rate applicable at the time of the transaction. Gains and losses resulting from the fulfilment of such transaction are reported with an effect on profits or losses.

2.21 Use of assumptions and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates relate to determination of the useful lives of property, plant and equipment, inventories, valuation of phantom stock options, provisions, valuation of preferred shares, discounted cash flows for impairment testing, recognition of deferred tax assets and the determination of the fair value of certain financial instruments.

The uniform determination of the useful economic life for intangible assets and property, plant and equipment of Curetis is subject to the estimations made by the management.

Inventories are valued at the lower value of acquisition and manufacturing cost and net realizable value. The net realizable value is determined by subtracting the costs incurred up to completion from the expected sales price of the end product. If assumptions regarding future share prices or end product market potentials are not appropriate, this may lead to a further need for depreciating inventories.

Curetis has a cash-settled, share-based payment plan in place. The estimation of the fair value of the phantom stock options is based on an option pricing model. Estimating the fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the option plan. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the phantom stock option, volatility, likely exit scenarios and their respective probabilities and dividend yield and making assumptions about them.

When accounting for provisions, management must make assumptions regarding the probability of certain business transactions resulting in an impending loss of commercial benefit for Curetis. Estimates regarding the amount and timing of possible economic outflows form the basis for the measurement of provisions. If the actual amount and the timing differ from estimates made, then this may affect the results of Curetis.

Preferred and common shares are measured at their fair value. For the determination of the fair value management needs to make assumptions on several input factors (e.g. business development, weighted average cost of capital, beta factors).

To test for impairment, the value in use is determined by means of the discounted cash flow method. Assumptions regarding future business developments and general underlying data are to be made for this purpose. If there are any changes in these input factors, the recognition of an impairment may be necessary.

The calculation of deferred tax assets requires assumptions to be made with regard to the level of future taxable income and the timing of recovery of deferred tax assets. These assumptions take account of forecast operating results and the impact on earnings of the reversal of taxable temporary differences. Since future business developments cannot be predicted with certainty and to some extent cannot be influenced by Curetis, the measurement of deferred tax assets is subject to uncertainty.

3 First Time adoption of IFRS

The Company applied IFRS 1 “First-time Adoption of International Financial Reporting Standards” in making the transition to IFRS as of 1 January 2012 (date of transition to IFRS). These are the Company’s first financial statements under IFRS. The Company prepared its financial statements in accordance with German GAAP. IFRS 1 requires that all IFRS standards and interpretations that are effective for the first IFRS financial statements as of 31 December 2014 shall be applied consistently and retrospectively for all periods presented.

The following reconciliations describe the effect of the differences between German GAAP and IFRS on equity as of 31 December 2014, 31 December 2013, 31 December 2012 and 1 January 2012 as well as on net income for the annual periods 2012, 2013 and 2014.

(a) Property, plant and equipment – Useful Life

The Company reassessed the useful life of its property, plant and equipment. Under German GAAP, the useful life of property, plant and equipment is shorter than under IFRS.

(b) Asset retirement obligation

Curetis has contractual obligations to remove its clean rooms which have been constructed in one of Curetis’ sites leased from third parties. According to IFRS, provisions for such asset retirement obligations shall be recognized at their present value as part of the cost of the related property, plant and equipment and accordingly as a provision. Subsequently, the provision is increased by the accrued interest and the item of property, plant and equipment is depreciated applying the increased depreciation charge. Contrary to IFRS, under German GAAP dismantling, removal and restoration costs cannot be recognized as part of property, plant and equipment and are recorded ratably over time.

(c) Profit sharing provision

Provisions must be recognized for profit sharing under both German GAAP and IFRS. For German GAAP and IFRS purposes it is required that the amount of a provision must be the present value of the expected expenditures if the effect of the time value of money is material. The main difference between IFRS and German GAAP is the underlying discount rate. In accordance with German GAAP, the liability is discounted using a 7-years average discount rate preset by the German Federal Bank. Under IFRS, a high quality corporate bond interest rate is used.

(d) Preferred and common shares

Under German GAAP, the shares were classified as equity. In accordance with IFRS the common shares as well as the preferred shares of the Company need to be classified as financial liabilities. At initial recognition, the financial liability was measured at its fair value. Any changes in the fair value are recorded in the income statement.

(e) Phantom Stock Options

In accordance with German GAAP, a provision was recognized for Curetis’ Phantom Stock Options. Under German GAAP, the provision increased straight-line on a pro rata basis and was adjusted to its fair value at each reporting date. Under IFRS, the Phantom Stock Option Plan is classified as a cash-settled, share-based payment transaction and a provision is recognized over the vesting period and also assessed to its fair value at each reporting date. The main differences between German GAAP and IFRS are the underlying valuation model and the discount rate.

(f) Deferred taxes

Under German GAAP, deferred taxes are recognized for timing differences only. Under German GAAP, recognition of deferred tax assets in excess of deferred tax liabilities is optional. IFRS requires the Company to recognize deferred tax liabilities in respect of all taxable temporary differences with a few exceptions not applicable for the Company. Furthermore, under IFRS, deferred tax assets are recognized in respect of all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference will be utilized. Curetis does not recognize deferred taxes for German GAAP purposes. Adjustments regarding deferred tax assets and deferred tax liabilities refer to additional differences between the carrying amount of assets and liabilities under IFRS and the corresponding tax basis. Deferred tax assets and liabilities were recognized on temporary differences.

(g) Fixed purchase model

Under German GAAP, a finance lease receivable was shown on a gross basis and unearned finance income on finance leases was classified as deferred revenue and released proportionally as revenue. Under IFRS, the finance lease receivable is recognized on a net basis, recognizing finance income in the statement of profit or loss as incurred.

(h) Lease contract classification

Under German GAAP, the lease accounting classification generally follows certain tax-based regulations. Under IFRS, the classifications of leased property are based on the allocation of risk and rewards incidental to ownership. Lease contracts in which Curetis is the lessee were classified as operating leases under German GAAP and classified as finance leases under IFRS. According to IFRS, as a lessee, Curetis recognizes finance lease assets and liabilities in their statement of financial position. Different classification of leasing contracts, led to a reversal of German GAAP lease expenses and a breakdown of minimum lease payments between finance charges and reductions of outstanding liabilities.

(i) Inventories

In accordance with German GAAP's underlying principle of prudence, write-downs on inventories are higher in comparison to write-downs in accordance with IFRS.

Reconciliation of shareholders' equity

in kEuro	**31 December 2014**	31 December 2013	31 December 2012	1 January 2012
Equity under previous (German) GAAP as published	9,876	12,646	14,137	14,193
Correction of an error	-	-	-	-
Equity under previous (German) GAAP adjusted	**9,876**	**12,646**	**14,137**	**14,193**
(a) Property, plant and equipment - Useful Life	697	409	121	8
(b) Assets retirement obligation	1	1	2	2
(c) Profit sharing provision	-40	-8	-12	-12
(d) Preferred and common shares	-126,036	-116,993	-107,860	-68,863
(e) Phantom Stock Options	-3,101	-2,121	-1,757	281
(f) Deferred taxes	-	-	-	-77
(g) Fixed purchase model	-0	-0	-	-
(h) Lease contract classification	-53	-35	-12	-
(i) Inventories	120	-	-	-
Total Impact of Change to IFRS	-128,412	-118,748	-109,517	-68,661
Equity under IFRS	**-118,536**	-106,102	-95,380	**-54,469**

in kEuro	**2014**	2013	2012
Income/loss under previous (German) GAAP	**-9,527**	**-8,127**	**-6,954**
Correction of an error	-	-	-
Income/loss under previous (German) GAAP adjusted	**-9,527**	**-8,127**	**-6,954**
(a) Property, plant and equipment - Useful Life	288	288	113
(b) Assets retirement obligation	-	-1	0
(c) Profit sharing provision	-32	4	0
(d) Preferred and common shares	-2,286	-2,497	-32,098
(e) Phantom Stock Options	-980	-365	-2,038
(f) Deferred taxes	-	-	77
(g) Fixed purchase model	-	-	-
(h) Lease contract classification	-17	-23	-12
(i) Inventories	120	-	-
Total impact of change to IFRS	**-2,907**	**-2,594**	**-33,958**
Profit under IFRS	**-12,434**	**-10,721**	**-40,912**
Other comprehensive income	-	-	-
Comprehensive income	**-12,434**	**-10,721**	**-40,912**

Differences between German GAAP and IFRS in the statement of cash flows arise from the allocation of cash outflows to operating and financing activities for some leases with the Company as lessee that are classified as finance leases under IFRS which were treated as operating leases under German GAAP (see (h) above). This has a positive impact on net cash flow used in operating activities and a negative impact on cash flow provided by financing activities. Under German GAAP, the cash inflow from interests is classified as cash flow used in investing activities. Under IFRS, these cash inflows are classified under cash flow used in operating activities. Further differences in the statement of cash flow arise from the definition of cash and cash equivalents under IFRS. For IFRS purposes cash equivalents are short-term, highly liquid investments that are readably convertible to known amounts of cash. Therefore, an assigned account was reclassified as other non-current financial asset.

in kEuro

Reconciliation of cash flows 2014	Cash flows under previous (German) GAAP	Cash flows under IFRS	Total impact of change to IFRS
Net cash flow provided by operating activities	-7,680	-7,481	199
Net cash flow provided by investing activities	-1,532	-1,537	-5
Net cash flow provided by / used in financing activities	6,739	6,630	-109
Net change in cash and cash equivalents	-2,473	-2,388	85
Cash and cash equivalents at the beginning of the year	5,832	5,382	-450
Cash and cash equivalents at the end of the year	**3,359**	**2,994**	-365

NOTES TO THE STATEMENT OF PROFIT OR LOSS

4 Revenues

in kEuro	2014	2013	2012
Sale of Unyvero-Systems	33	250	136
Sales of cartridges	154	33	10
Sales of services	46	388	-
Sale of spare parts	42	-	-
Total revenues	**275**	671	146

In accordance with IFRS 8, Curetis is a single-segment entity. Revenues from external customers by country, based on the destination of the customer are as follows:

in kEuro	2014	2013	2012
Germany, Austria, Switzerland	157	388	-
Western Europe	-	-	-
Rest of the world	118	283	146
Total revenues	**275**	671	146

All revenues are derived from 12 external customers, including hospitals as well as distribution partners.

5 Cost of sales

Cost of sales includes the total acquisition and manufacturing costs incurred for products, goods and services that are sold. In 2014, cost of sales amounting to kEUR 643 (2013: kEUR 219, 2012: kEUR 429).

6 Expenses by nature

in kEuro	2014	2013	2012
Employee benefit expenses	4,734	3,567	5,193
Depreciation, amortization and impairment charges	1,448	1,272	956
Changes in inventories of finished goods and work in progress	71	-111	-71
Raw material and consumables used	393	318	445
Other expenses	3,871	3,900	2,564
Total Cost of Sales, distribution costs, administrative expenses and research & development expenses	**10,517**	8,946	9,087

7 Distribution costs

Distribution costs include all individual sales and overhead sales costs. They include all expenses for personnel, marketing, materials and depreciation, in addition to other sales expenditures. In 2014, distribution costs comprise primarily personnel expenses amounting to kEUR 1,130 (2013: kEUR 778, 2012: kEUR 1,396).

8 Administrative expenses

Administrative expenses include personnel, depreciation and other costs of the central administrative areas, which are not related to production, sales or research and development. In 2014, administrative expenses amounting to kEUR 1,637 (2013: kEUR 1,256, 2012: kEUR 1,437).

9 Employee benefit expenses

in kEuro	2014	2013	2012
Wages and salaries	3,334	3,221	2,913
Social security costs	506	470	416
PSOPs granted to management and employees	894	-124	1,864
Total employee benefits	**4,734**	3,567	5,193

The employer's contribution paid to the statutory pension scheme (Deutsche Rentenversicherung) in Germany amounted to kEUR 233 in 2014 (2013: kEUR 225, 2012: kEUR 186).

10 Research and development expenses

In 2014, R&D expenses comprise personnel expenses amounting to kEUR 2,722 (2013: kEUR 2,215, 2012: kEUR 2,881), depreciation and amortization amounting to kEUR 1,142 (2013: kEUR 1,133, 2012: kEUR 871) as well as material costs amounting to kEUR 740 (2013: kEUR 576, 2012: kEUR 0) and other costs amounting to kEUR 1,694 (2013: kEUR 1,971, 2012: kEUR 1,606).

11 Finance income/costs – net

Finance costs - net amounting to kEUR 2,302 in 2014 (2013: kEUR 2,495, 2012: kEUR 32,069) arising primarily from the fair value measurement of Curetis' preferred and common shares. The changes in the fair value were due primarily to updated fair value calculations.

12 Earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit attributable to holders of common shares of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings/loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has preferred shares as potential dilutive ordinary shares.

	2014	2013	2012
Total profit in kEUR	-12,434	-10,721	-40,912
Weighted average number of ordinary shares in issue	655,556	655,556	655,556
Adjustment for conversion of preferred shares	4,094,169	3,773,357	3,233,230
Weighted average number of ordinary shares for diluted EPS	4,749,725	4,428,913	3,888,786
Basic earnings/loss per share in EUR	**-18.97**	-16.35	-62.41
Diluted earnings/loss per share in EUR	**-18.97**	-16.35	-62.41

NOTES TO THE STATEMENT OF FINANCIAL POSITION

13 Cash and cash equivalents

At 31 December 2014, cash and cash equivalents amounted to kEUR 2,994 (31 December 2013: kEUR 5,382, 31 December 2012: kEUR 9,777, 1 January 2012: kEUR 11,857). These consist of bank balances and cash on hand.

14 Trade receivables

The carrying amounts of the trade receivables approximate to their fair values. Current trade receivables are non-interest bearing.

in kEUR	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Trade receivables, gross	43	141	56	-
less provision for doubtful receivables	-1	-1	-	-
Trade receivables, net	**42**	140	56	-

The ageing of the gross trade receivables at the reporting date was as follows:

in kEUR	31 December 2014		31 December 2013		31 December 2012		1 January 2012	
	gross	provision	gross	provision	gross	provision	gross	provision
Amounts undue	43	-1	89	-	56	-	-	-
Past due 0-30 days	-	-	1	-	-	-	-	-
Past due 31-60 days	-	-	51	-1	-	-	-	-
Past due 61-90 days	-	-	-	-	-	-	-	-
Past due 91-180 days	-	-	-	-	-	-	-	-
Past due 181-270 days	-	-	-	-	-	-	-	-
Past due 271-360 days	-	-	-	-	-	-	-	-
More than one year	-	-	-	-	-	-	-	-
Total	**43**	**-1**	**141**	**-1**	**56**	-	-	-
Trade receivables, net		42		140		56		-

As of 31 December 2014, trade receivables of kEUR 0 (31 December 2013: kEUR 52, 31 December 2012: kEUR 0, 1 January 2012: kEUR 0) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Up to 3 months	-	52	-	-
3 to 6 months	-	-	-	-
Total	-	**52**	-	-

Movements in the Company's provision for impairment of trade receivables are as follows:

in kEUR	2014	2013	2012
Balance as of 1 January	**1**	-	-
Net additions (+) / reversals (-)	-1	1	-
Use	-	-	-
Balance as of 31 December	-	**1**	-

Curetis leases platforms to third parties under finance lease agreements with a usual duration of two years. In 2014, an impairment of finance lease receivables amounting to kEUR 2 (2013: kEUR 0, 2012: kEUR 0) was conducted.

in kEUR	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Non-current receivables				
Finance leases - gross receivables	-	3	-	-
Unearned finance income	-	-1	-	-
Total	-	2		
Current receivables				
Finance leases - gross receivables	-	40	-	-
Unearned finance income	-	-4	-	-
Total	-	36		
Gross receivables from finance leases	-		-	-
- No later than 1 year	-	40	-	-
- Later that 1 year and no later than 5 years	-	3	-	-
- Later than 5 years	-	-	-	-
Total	-	43		
Unearned future finance income on finance leases	-	-5	-	-
Net investment in finance leases	-	38	-	-

The net investment in finance leases may be analyzed as follows:				
No later than 1 year	-	36	-	-
Later than 1 year and no later than 5 years	-	2	-	-
Later than 5 years	-	-	-	-
Total	-	38	-	-

15 Financial instruments by category

The following table displays the carrying amounts of Curetis' financial assets and liabilities:

	31 December 2014	
Assets as per balance sheet date	Loans and receivables	Total
Trade receivables [14]	42	42
Other non-current financial assets [20]	429	429
Cash and cash equivalents [13]	2,994	2,994
Total	3,465	3,465

Liabilities as per balance sheet date	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Total
Finance lease liabilities [24] [27]	-	391	391
Other financial liabilities [24]	-	240	240
Trade payables [21]	-	580	580
Financial liabilities for preferred and common shares [28]	126,036	-	126,036
Total	**126,036**	**1,211**	**127,247**

	31 December 2013	
Assets as per balance sheet date	Loans and receivables	**Total**
Trade receivables	140	140
Other non-current financial assets	514	514
Cash and cash equivalents	5,382	5,382
Total	**6,036**	6,036

Liabilities as per balance sheet date	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Total
Finance lease liabilities	-	520	520
Other financial liabilities	-	39	39
Trade payables	-	616	616
Financial liabilities for preferred and common shares	116,993	-	116,993
Total	**116,993**	**1,175**	**118,168**

	31 December 2012	
Assets as per balance sheet date	Loans and receivables	**Total**
Trade receivables	56	56
Other non-current financial assets	650	650
Cash and cash equivalents	9,777	9,777
Total	**10,483**	10,483

Liabilities as per balance sheet date	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	**Total**
Finance lease liabilities	-	641	641
Other financial liabilities	-	57	57
Trade payables	-	634	634
Financial liabilities for preferred and common shares	107,860	-	107,860
Total	**107,860**	**1,332**	**109,192**

	1 January 2012	
Assets as per balance sheet date	Loans and receivables	**Total**
Trade receivables	-	-
Other non-current financial assets	50	50
Cash and cash equivalents	11,857	11,857
Total	**11,907**	**11,907**

Liabilities as per balance sheet date	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	**Total**
Finance lease liabilities	-	-	-
Other financial liabilities	-	-	-
Trade payables	-	947	947
Financial liabilities for preferred and common shares	68,863	-	68,863
Total	**68,863**	**947**	**69,810**

Please refer to the corresponding notes (bracketed numbers) for further information.

16 Inventories

in kEUR	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Raw materials	623	647	390	87
Semi-finished goods	56	117	46	-
Trade goods	2,734	1,959	544	-
Finished goods	56	65	25	-
Total inventories, gross	**3,469**	2,788	1,005	87
Valuation allowance	-316	-2	-	-
Total inventories, net	**3,153**	2,786	1,005	87

The valuation allowance of inventories recognized as an expense and included in 'Cost of sales' amounted to kEUR 355 (2013: kEUR 2, 2012: kEUR 0).

17 Other current assets

As of 31 December 2014, other current assets mainly comprise VAT receivables amounting to kEUR 170 (31 December 2013: kEUR 267, 31 December 2012: kEUR 118, 1 January 2012: kEUR 116). Furthermore, other current assets include deferred expenses.

18 Intangible assets

in kEUR	Software	Advance payments	Total
Balance as of 1 January 2012	**177**		**177**
Additions	198	12	210
Disposals	-	-	-
Depreciation	-51	-	-51
Reclassifications	-	-	-
Balance as of 31 December 2012	**324**	**12**	**336**
Cost	378	12	390
Accumulated depreciation / impairments	-54	-	-54
Balance as of 31 December 2012	**324**	**12**	**336**
Additions	84	5	89
Disposals	-	-	-
Depreciation	-94	-	-94
Reclassifications	17	-17	-
Balance as of 31 December 2013	**331**	**-**	**331**
Cost	479	-	479
Accumulated depreciation / impairments	-148	-	-148
Balance as of 31 December 2013	**331**	**-**	**331**
Additions	67	-	67
Disposals	-	-	-
Depreciation	-112	-	-112
Reclassifications			
Balance as of 31 December 2014	**286**	**-**	**286**
Cost	546	-	546
Accumulated depreciation / impairments	-260	-	-260
Balance as of 31 December 2014	**286**	**-**	**286**

Amortization of kEUR 1 (2013: kEUR 1, 2012: kEUR 0) is included in 'Cost of sales', in distribution costs kEUR 9 (2013: kEUR 5, 2012: kEUR 0), in R&D costs kEUR 8 (2013: kEUR 3, 2012: kEUR 0) and kEUR 94 (2013: kEUR 86, 2012: kEUR 49) in administrative expenses.

19 Property, plant and equipment

in kEUR	Land and buildings	Property, plant and equipment	Other tangible assets	Assets under construction	Total
Balance as of 1 January 2012	**58**	**2,654**	**647**	**1,840**	**5,199**
Additions	-	1,649	410	323	2,382
Disposals	-	-690	-	-	-690
Depreciation	-7	-476	-422	-	-905
Reclassifications	-	1,970	-	-1,970	-
Balance as of 31 December 2012	**51**	**5,107**	**635**	**193**	**5,986**
Cost	63	5,653	1,141	193	7,050
Accumulated depreciation / impairments	-12	-546	-506	-	-1,064
Balance as of 31 December 2012	**51**	**5,107**	**635**	**193**	**5,986**
Additions	-	320	646	683	1,649
Disposals	-	-1	-	-	-1
Depreciation	-7	-823	-347	-	-1,177
Reclassifications	-	115	-	-115	-
Balance as of 31 December 2013	**44**	**4,718**	**934**	**761**	**6,457**
Cost	63	6,087	1,787	761	8,698
Accumulated depreciation / impairments	-19	-1,369	-853	-	-2,241
Balance as of 31 December 2013	**44**	**4,718**	**934**	**761**	**6,457**
Additions	2	154	702	657	1,515
Disposals	-	-4	-39	-	-43
Depreciation	-7	-957	-373	-	-1,337
Reclassifications	-	1,183	-	-1,183	-
Balance as of 31 December 2014	**39**	**5,094**	**1,224**	**235**	**6,592**
Cost	65	7,420	2450	235	10,170
DIsposals (Cost)	-	-	-453		-453
Accumulated depreciation / impairments	-26	-2,326	-1,226	-	-3,578
Disposals (Accumulated Depreciation)			453		453
Balance as of 31 December 2014	**39**	**5,094**	**1,224**	**235**	**6,592**

The net book value of property, plant and equipment of which Curetis as the lessee is the beneficial owner under finance lease programs amounted to kEUR 339 as of 31 December 2014 (31 December 2013: kEUR 484, 31 December 2012: kEUR 629, 1 January 2012: kEUR 0). For further details please refer to note 27.

Lease rentals amounting to kEUR 71 (2013: kEUR 83, 2012: kEUR 0) relating to the lease of machinery are included in the income statement.

Curetis leases a laser-welding-machine under a non-cancellable finance lease arrangement. The lease term is 5 years and the ownership of the machine lies within the Company.

20 Other non-current financial assets

Other non-current financial assets solely include assigned accounts for rent and bank deposits as follows:

in kEUR	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Rent deposit	64	64	50	50
Bank deposit	365	450	600	-
Total	**429**	514	650	50

21 Trade and other payables

in kEUR	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Trade and other payables	580	616	634	947
Total	**580**	616	634	947

22 Provisions

The following table provides a breakdown of provisions for other liabilities and charges by type of provision:

in kEUR	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Asset retirement obligations	34	32	33	23
Profit sharing	779	743	735	717
PSOP provision	3,914	2,957	3,090	1,087
Other provisions	38	8	3	1
Balance	4,765	3,740	3,861	1,828
- of which: current	35	6	1	-
- of which: non-current	4,730	3,734	3,860	1,828

The movements in the provisions are as follows:

in kEUR	Asset retirement obligations	Profit sharing	PSOP provision	Other provisions
Balance as of 1 January 2012	23	717	1,087	1
Additions	10	18	2,003	-2
Disposals	-	-	-	-
Change in estimates	0	-	-	-
Interest	0	-	-	-
Balance as of 31 December 2012	33	735	3,090	3
Additions	-	8	-133	5
Disposals	-	-	-	-
Change in estimates	-1	-	-	-
Interest	0	-	-	-
Balance as of 31 December 2013	32	743	2,957	8
Additions	2	36	957	30
Disposals	-	-	-	-
Change in estimates	-	-	-	-
Interest	-	-	-	-
Balance as of 31 December 2014	34	779	3,914	38

Curetis has a contractual obligation to dismantle the cleanrooms, in which they produce their cartridges, and to restore the rented building.

Furthermore, Curetis has a contractual obligation to pay members of the management board and certain employees a profit sharing bonus (as compensation for past salaries withheld and not paid in the early stages of the Company) in the event of a positive operating profit or a trade sale, merger or IPO.

Other provisions relate to various risks and commitments for warranty costs and expenses in relation with the preparation of annual financial statements.

23 Other current liabilities

in kEUR	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Accruals for vacation	105	124	113	60
Other tax liabilities	66	68	60	47
Other liabilities	146	109	273	276
Total	**317**	301	446	383

Other liabilities mainly comprise liabilities for bonuses and other personnel expenses amounting to kEUR 77 as of 31 December 2014 (31 December 2013: kEUR 59, 31 December 2012: kEUR 210, 1 January 2012: kEUR 99).

24 Other current financial liabilities

Other current financial liabilities include liabilities for outstanding invoices and finance lease.

in kEUR	31 December 2014	31 December 2013	31 December 2012	1 January 2012
Liabilities for outstanding invoices	240	39	57	-
Lease liabilities	133	128	122	-
Total	**373**	167	179	-

25 Share-based payment

In September 2010, Curetis introduced a remuneration scheme for members of the management, certain employees as well as freelancers. Participants received an individual number of phantom stock options (PSOs), which entitle the beneficiaries to a cash settlement in case of a trade sale, merger or initial public offering.

In the event of a stock exchange listing, the beneficiaries are entitled to sell all of their PSOs which have become vested back to Curetis after the expiry of the holding period defined for the then existing shareholders. The purchase price per PSO will be assessed at the value per share that will be established as first stock quotation of the price for Curetis' shares in the course of the listing, reduced by the Strike Price (nominal amount of the Common share price 1€).

In an exit-event corresponding to trade sale, merger, dissolution, liquidation, share swap or contribution, the beneficiaries are entitled to swap the vested PSOs. One PSO entitles to all payments connected with one Common Share reduced by the Strike Price (nominal amount of the Common share price 1€).

The PSOs have a lifetime of 10 years after the grant date. The plan shall terminate at the end of the lifetime of the PSOs granted under this plan if the period is not extended. In case of an exit-event, all options immediately become fully vested and can be exercised.

As of 31 December 2014, there are 52 beneficiaries entitled to 311,342 options and the grant dates reach from 1 September 2010 to 1 April 2014. The options have a vesting period of 4 years. After this period – or upon accelerated vesting in the case of a trade sale, merger or IPO -the PSOs are fully vested and non-forfeitable.

The basis for calculating the individual allotment of PSOs was the average price of the Curetis share at the respective balance sheet date. The scheme is recognized in accordance with IFRS 2 under the regulations for share-based compensation transactions by cash settlement. Accordingly, the total value of the phantom stock options is determined by applying an option pricing valuation model. The total calculated value is recorded as personnel expenses over the period in which the beneficiary provides services to the Company. The value of the phantom stock option multiplied with the number of phantom stock options fully vested results in the maximum liability from the phantom stock option plan as the date of valuation.

As at 31 December 2014 a total of kEUR 957 was recognized as expenses (2013: kEUR -133, 2012: kEUR 2,003) and as of 31 December 2014 kEUR 3,914 as liabilities (31 December 2013: kEUR 2,957, 31 December 2012: kEUR 3,090, 1 January 2012: kEUR 1,087) for the above mentioned remuneration scheme in accordance with IFRS 2.

Out of the 311,342 outstanding options (2013: 301,342, 2012: 294,842) no options were exercisable.

Share options outstanding at the end of period of the year have the following expiry date and exercise price:

Grant vested	Expiry date - 1 January	exercise price in EUR per PSO	2014	2013	2012
2010	2020	1	145,969	145,969	145,969
2011	2021	1	91,356	91,356	91,356
2012	2022	1	57,017	57,017	57,017
2013	2023	1	7,000	7,000	-
2014	2024	1	10,000	-	-
			311,342	301,342	294,342

An option pricing method is used to determine the fair value of a PSO after assessing the fair value through a discounted cash flow model. The significant inputs into the model were exit assumptions regarding time, probability, volatility and marketability.

26 Other non-current financial liabilites

Other non-current financial liabilities only refer to the non-current liabilities from finance leases.

27 Finance Lease

The Company's finance lease liabilities are split into non-current and current amounts as follows and relate to the lease of machinery as described below:

In kEUR	**31 December 2014**	31 December 2013	31 December 2012	1 January 2012
Finance lease liabilities	**391**	**520**	**641**	**-**
– of which: current	133	128	122	-
– of which: non-current[1]	258	392	519	-

1 The non-current minimum lease payments are all due within 1 - 5 years

Curetis leases machinery under finance lease agreements. The lease term is 5 years.

The following table provides the reconciliation between the total of future minimum lease payments at the end of the reporting period and their present value:

In kEUR	**31 December 2014**	31 December 2013	31 December 2012	1 January 2012
Gross finance lease liabilities – minimum lease payments:				
Less than 1 year	133	128	122	-
1- 5 years	258	392	519	-
More than 5 years	-	-	-	-
Total	**391**	**520**	**641**	**-**

Future finance charges on finance lease liabilities	27	49	77	-
Present value of finance lease liabilities	**419**	**569**	**718**	-

Property, plant and equipment includes the following amounts related to the lease of a laser welding machine.

In kEUR	**31 December 2014**	31 December 2013	31 December 2012	1 January 2012
Cost-capitalized finance lease	690	690	690	-
Accumulated depreciation	-351	-206	-61	-
Total	**339**	**484**	**629**	-

In kEUR	**31 December 2014**	31 December 2013	31 December 2012	1 January 2012
Less than 1 year	145	145	145	-
1- 5 years	194	339	484	-
More than 5 years	-	-	-	-
Total	**339**	**484**	**629**	-

28 Financial liability for preferred and common shares

After completion of the series B financing round of the Company, Curetis' share capital under German GAAP amounted to kEUR 4,660 (2013: kEUR 4,660, 2012: kEUR 3,889) and was divided into 655,556 common shares, 3,233,230 class A voting preferred shares and 771,610 class B voting preferred shares. Among the shareholders are also managers of the Company.

Under IFRS, preferred (A & B shares) and common shares amounting to kEUR 126,036 as of 31 December 2014 (31 December 2013: kEUR 116,993, 31 December 2012: kEUR 107,860, 1 January 2012: kEUR 68,863) are recognized at fair value.

Due to the contractual obligations for the Company to pay cash to the shareholders in certain events which are beyond control of the Company and given that these events may occur at any time, the Company determined it is appropriate to apply the measurement guidance for financial liabilities for preferred and common shares with a demand feature in IFRS 13.47 by analogy. The agreements governing preferred shares include a right and in certain events a contingent obligation to trigger a preference payment or to convert into common shares. As these events may occur at any time, the Company elected to designate the common as well as preferred shares as a financial liability through profit or loss. Upon successful completion of the IPO preferred shares are to be converted into common shares.

The fair value measurement of preferred and common shares is based on a level 3 category estimated by a discounted cash flow model using weighted average cost of capital at each valuation date.

29 Taxation

In Germany, income tax consists of trade tax (‘Gewerbesteuer’) and corporate tax (‘Körperschaftsteuer’). Corporate tax is imposed at a uniform rate of 15% and is additionally subject to a solidarity surcharge of 5.5%, resulting in an effective tax rate of 15.825% (2013-2011: 15.825%). Municipalities impose a trade tax. Each municipality set its individual local multiplier rate, so that no uniform trade tax rate exists in Germany. In 2014, Curetis has a trade tax rate of 12.05% (2013: 12.05%, 2012-2011: 11.76%).

In 2014, the income statement effect resulting from current and deferred taxes is kEUR 0 (2013: kEUR 0, 2012: kEUR 77).

The reconciliation from the statutory tax to the effective tax rate is explained in the table below:

in kEUR	2014	2013	2012
Loss before income tax	*-12,434*	*-10,721*	*-40,989*
Expected income tax at a tax rate 2014: 27.880 % (2013: 27.880%, 2012: 27.590%)	3,467	2,989	11,309
Non-taxable income and non-deductible expenses	-4	-11	-8
Changes in recognition and measurement of deferred tax assets	-2,594	-2,202	-1,883
Tax effect from local taxes	-55	-52	-31
Permanent differences	-811	-724	-9,467
Other effects	-3	-	3
Income tax as stated in P&L	0	0	-77
Effective tax rate	0%	0%	0%

Permanent differences refer to the fair value valuation of preferred and common shares. For IFRS purposes equity was classified as financial liabilities and expenses were recognized. No tax effect will arise from this reclassification.

Deferred tax assets and liabilities

The breakdown of deferred taxes by due date is shown in the following table:

	31 December 2014		31 December 2013		31 December 2012		1 January 2012	
in kEUR	**total**	**thereof current**	total	thereof current	total	thereof current	total	thereof current
DTA	329	39	256	40	215	34	-	-
current income tax receivables	-	-	-	-	-	-	-	-
DTL	329	34	256	-	215	-	77	-
current income tax liabilites	-	-	-	-	-	-	-	-

Deferred taxes relate to the following balance sheet items:

in kEUR	Deferred tax assets				Deferred tax liabilities			
	31 December 2014	31 December 2013	31 December 2012	1 January 2012	**31 December 2014**	31 December 2013	31 December 2012	1 January 2012
Assets								
Trade and other receivables	1	1	-	-	-	-	-	-
Inventories	-	3	-	-	32	-	-	-
Property, plant and equipement	-	-	-	-	295	256	215	9
Liabilities								
Other current liabilities	-	-	-	-	-	-	-	-
Other current financial liabilities	38	36	34		1	-	-	-
Provisions current	-	0	-	-	1	-	-	-
Provision PSOP	251	173	164	-	-	-	-	68
Other non-current finanical liabilities	21	33	6	-	-	-	-	-
Provisons non-current	18	10	11	-	-	-	-	-
Deferred Taxes (gross)	**329**	**256**	**215**	**-**	**329**	**256**	**215**	**77**
Offsetting	329	256	215	-	329	256	215	-
Deferred Taxes (net)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**77**

As of 31 December 2014 temporary differences amounting to kEUR 2,382 (31 December 2013: kEUR 1,767, 31 December 2012: kEUR 2,149, 1 January 2012: kEUR 0) have not been recognized as deferred tax assets as no sufficient future taxable profits or offsetting deferred tax liabilities are available.

As of 31 December 2014, Curetis had tax loss carryforwards that were not utilizable and for which no deferred taxes were recognized. These tax loss carryforwards amount to kEUR 38,000 for corporate tax purposes and kEUR 37,991 for trade taxes purposes (31 December 2013: kEUR 30,009 for corporate tax purposes and kEUR 30,000 for trade tax purposes). Those are available unlimited for offsetting against future taxable profits of Curetis. Deferred tax assets have not been recognized in respect of these losses as no sufficient certainty is given whether such tax loss carryforwards will enable Curetis to offset its future taxable profits.

30 Equity

At 31 December 2014 the share capital of kEUR 50 is divided into 50,000 ordinary shares with a par value of 1 Euro.

As of 31 December 2014, 5,553,689 shares are issued with a par value of 1€. All shares are fully paid. Besides the minimum amount of share capital, required under German law, there are no distribution restrictions applicable. The entity itself does not hold any shares.

ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

31 Financial risk management

31.1 Financial risk factors

Curetis' activities expose the Company to a variety of financial risks such as currency risks, fair value interest risks, cash flow risks, interest rate risks and price risks. Curetis' finance department has created controlling instruments and key metrics to identify and evaluate such risks in close co-operation with the operating units.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Curetis has a strong international business focus and therefore the Company is influenced by foreign currency exchange rates and interest rates. However, Curetis currently does not hold any securities available for sale and Curetis keeps all its liquidity in immediately available money market funds.

b) Foreign exchange risk

Curetis is exposed to foreign currency risks primarily through its operating activities. Curetis identifies the main currency risk in US Dollar, because certain purchase transactions are undertaken in US Dollar ("USD"). Curetis has not yet entered into any currency hedging arrangements in order to cover its exposure. Curetis is managing its foreign currency risks by identifying its mid-term-USD-demands within its rolling forecast and take opportunistic rebounds on the currently historical low FX rates to cover these demands.

In summary it can be said that the foreign exchange risk in 2012-2013-2014 was very limited at Curetis AG, due to the low amounts of transactions in foreign currency. At present, Curetis is not exposed to any material foreign currency risk except for the USD expenses for the US FDA trial. Revenues are mainly generated in Euro.

c) Other market risk

Curetis is not exposed to equity price risk or commodity price risk as it does not invest in these classes of investments.

d) Credit risk

The finance department works in close cooperation with the other operating departments to identify capital risks related to account receivables balances. Curetis analyzes the credit risk of each new client before standard payment and delivery terms and conditions are offered. Curetis has also implemented a well-organized dunning system and in 2014, Curetis had had write-downs on trade receivables of kEUR 2 in (2013: kEUR 0, 2012: kEUR 0). The credit risk on the accounts receivables is limited because Curetis primarily sells to big laboratories, pharma-companies and public hospitals in Curetis' home markets in Central and Western Europe, all of these partners have very good credit ratings. Outside of Europe Curetis works together with large and experienced distributors. If Curetis expands the business to other more credit-risky countries Curetis will consider implementing a commercial credit insurance to cover the risks.

Cash and cash equivalents as well as short-term deposits are invested in € denominated money market funds with highly reputable banks. Curetis follows a strong no-risk-policy what means that Curetis just has sight deposits at banks and sometimes time deposits with short runtime.

e) Liquidity risk

In the past, Curetis has been mostly driven by R&D during the reporting periods and Curetis is at a rather early stage of commercialization. Therefore, historically the main source of cash inflows have been (and will continue to be) obtained through capital increases. Curetis monitors its liquidity by monthly and quarterly rolling forecasts and our financial reports. Curetis has not yet established any credit line with financial institutions. The ability of Curetis to maintain adequate cash reserves to sustain the Company's activities in the medium to long term is highly dependent on our ability to increase cash inflows from product sales, as well as the sale of new shares.

In the event Curetis would not be able to attract any additional funds from the IPO, the company´s ability to continue as a going concern is threatened by risks. The business plan prepared in case of a withdrawn IPO includes significant reductions to operating expenses through elimination of anticipated costs of "being public" and suspension of clinical trials. Personnel cost reductions are to be achieved through reductions in planned head count and cancellation of salary increases. Management is of the opinion that the combination of these measures enables Curetis to continue as a going concern for at least 12 months as of the date of the financial statements. In order to ensure going concern beyond these 12 months the company may rely on further significant cost reductions and reduced operating expenditures, more delayed capital expenditures or may also seek additional financing from current or future shareholders privately, whether in the form of bridge loans and/or equity offerings.

Considering the above stated countermeasures, even in case of a withdrawn IPO Curetis would be able to continue as a going concern for at least 12 months as of the date of the financial statements.

The following table depicts an analysis of the Company's financial liabilities into relevant maturity groupings based on the remaining date on the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows.

Balance as at 1 January 2012	**Up to 1 year**	1-3 years	3-5 years	More than 5 years
Trade and other payables	947	-	-	-
Finance lease liabilities	-	-	-	-
Financial liabilities for preferred and common shares	-	-	-	68,863
Other financial liabilities	-	-	-	-

Balance as at 31 December 2012	**Up to 1 year**	1-3 years	3-5 years	More than 5 years
Trade and other payables	634	-	-	-
Finance lease liabilities	122	261	258	-
Financial liabilities for preferred and common shares	-	-	-	107,860
Other financial liabilities	57	-	-	-

Balance as at 31 December 2013	Up to 1 year	1-3 years	3-5 years	More than 5 years
Trade and other payables	616	-	-	-
Finance lease liabilities	128	274	118	-
Financial liabilities for pre-ferred and common shares	-	-	-	116,993
Other financial liabilities	39	-	-	-

Balance as at 31 December 2014	Up to 1 year	1-3 years	3-5 years	More than 5 years
Trade and other payables	580	-	-	-
Finance lease liabilities	133	258	-	-
Financial liabilities for pre-ferred and common shares	-	-	-	126,036
Other financial liabilities	240	-	-	-

31.2 Capital management

Capital comprises equity attributable to shareholders, cash and cash equivalents. Curetis' policy is to maintain a strong base in terms of equity capital (including preference shares) and sufficient cash balance in order to maintain investor and creditor confidence and to sustain the future development of the business. Our primary goals when managing capital are to ensure sufficient liquidity to meet our working capital requirements, fund capital investments and purchase and to safeguard our ability to continue operating as going concern.

Curetis monitors all capital positions regularly (at least monthly) within its financial reporting, discuss the capital status frequently within the management meetings and also within its supervisory board meetings.

31.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	31 December 2014	31 December 2013	31 December 2012	1 January 2012	
in kEUR	**Fair value**	Fair value	Fair value	Fair value	Fair value level
Financial liabilities					
Measured at fair value through profit or loss					
Financial liabilities for preferred and common shares	**126,036**	116,993	107,860	68,863	3

There were no transfers between the different levels of the fair value hierarchy in any of the periods presented.

Preferred and common shares are designated as financial liabilities at fair value through profit and loss in accordance with IAS 39. Given the input parameters and the valuation method used, their fair value measurement is categorized within Level 3 of the fair value hierarchy.

The fair value of the financial liability was determined using a discounted cash flow model. The model uses the following input parameters to the valuation as of the respective dates:

	Projection Period (years)	Long-term growth rate %	Discount rate %	Level allocation of input parameters
31 December 2014	10	2.0	15.5	3
31 December 2013	10	2.0	17.0	3
31 December 2012	10	2.0	19.5	3
1 January 2012	10	2.0	20.0	3

The following table provides a reconciliation of the opening to the closing balances of the preferred and common shares liability included in non-current financial liabilities.

In kEUR	**2014**	2013	2012
Balance as of 1 January	**116,993**	107,860	68,863
Additional paid-in Series B shares	6,758	6,636	6,899
Losses recognized in profit or loss	2,285	2,497	32,098
Balance as of 31 December	126,036	116,993	107,860

Reasonable changes to the main input factors of the valuation of the preferred and common shares may significantly affect the fair value of these liabilities. The following table provides an overview of the effects on the equity value in Mio. EUR of Curetis of changes in those input factors:

Change in	**31 December 2014**	31 December 2013	31 December 2012	1 January 2012
Discount factor				
+0.25%	127	116	110	71
-0.25%	132	120	113	69
Long-term growth rate				
+0.5%	132	120	112	71

-0.5%	127	116	110	69
Cash flows in projection period				
+10%	141	128	121	75
-10%	118	107	101	65

Financial Instruments at fair value through profit and loss include changes of fair value.

32 Commitments

Operating lease commitments

Curetis leases its offices and production facility under non-cancellable operating leases agreements. The lease term is 5 years and the agreements are renewable at the end of the lease term at market rate.

Curetis also leases machinery and vehicles under non-cancellable operating leases agreements. The lease term is 3 years and the agreements are not renewable at the end of the lease term. The future aggregate minimum lease payments under non-cancellable operating leases and existing purchase commitments are as follows:

in kEUR	2014	2013	2012
No later than 1 year	2,528	4,515	1,733
Later than 1 year and no later than 5 years	1,323	143	290
Later than 5 years	34	-	-
Total	**3,885**	4,658	2,023

33 Related parties

Transactions with related parties occur in the normal course of business. Related party transactions have been listed below.

Compensation of key management

Key management includes the Company's officers and directors. The compensation of key management for employee services is shown below:

in kEUR	2014	2013	2012
Salaries and other short-term employee benefits	490	586	585
Post-employment benefits	-	-	-
Share-based payments	488	-66	1,012
Other	14	3	7
Total	**992**	523	1,604

Compensation of Supervisory Board

The compensation of Supervisory Board is shown below:

in kEUR	2014	2013	2012
Board member remuneration	36	10	10
Total	**36**	10	10

34 Events after the reporting date

The formal kick-off meeting for the project aimed at preparing Curetis for an IPO not before Q4-2015 was held on 29th July 2015. Subsequently during the months of August and September there have been significant efforts and costs incurred on the part of legal counsels to issuer and underwriter, auditors with regards to prospectus review and future comfort letter preparation, corporate communications advisors, road show related expenses. With the first submission of a confidential prospectus draft to the AFM on 31st August 2015 certain discounts in case of a broken IPO deal no longer apply.

On 25 September 2015, Curetis and Beijing CLEAR Biotech Co., Ltd ("**Beijing CLEAR Biotech**") entered into an exclusive international distributor agreement under which Curetis appointed Beijing CLEAR Biotech as the exclusive distributor of the Unyvero Platform in China, Taiwan and Hong Kong. During the registration period, Beijing CLEAR Biotech will conduct and fully fund the prospective multi-centre clinical trials and approval procedure required for the approval of the Unyvero System and the P55 and i60 ITI Application Cartridges for distribution in China. If and once granted, Curetis shall be the owner of the respective license and is obligated to reward Beijing CLEAR Biotech for certain achievements in starting the clinical trial and pursuing the CFDA clinical trial and registration process through milestone payments. Marketing in Taiwan will start earlier, as no specific trial is required for product registration. For the commercialisation of the Unyvero i60 ITI Application Cartridge, Beijing CLEAR Biotech will partner with LandMover Medical Technologies Co. Ltd. (Beijing, China), the exclusive Chinese distributor of HM.

On 5 October 2015, Curetis and Singapore-based Acumen Research Laboratories Pte Ltd. ("**Acumen**") agreed on a co-operation with regard to the development and marketing of a sepsis host response test and the distribution of the Unyvero System and the Application Cartridges in the ASEAN markets, starting with Singapore, Malaysia, Indonesia and Thailand. Acumen granted Curetis the non-exclusive worldwide rights to develop and market a sepsis host response test as an Application Cartridge for the Unyvero System on the basis of Acumen's proprietary sepsis host response biomarker panel. During the R&D phase, Curetis will be responsible for adapting its technology to run the Acumen sepsis host response biomarker panel with the Unyvero Platform, e.g.; transferring the current pre-analytical workflow. It is Acumen's responsibility to further evaluate and optimise the biomarker panel for its intended use and to do health economic analyses and studies. Both parties will collaborate in the performance evaluation studies for Asia and Europe required for commercialisation of the product. Curetis intends to first launch the Application Cartridge as CE-IVD Application Cartridge in Europe and other regions accepting CE-IVD markings.

Q1-2015 saw the full payment of the first tranche of the November 2014 Series B extension financing and subsequently in June 2015 the key milestones defined in that financing round have been successfully met. This triggered the payment of the remaining financing tranche into the agio of kEUR 6,789 during Q3-2015. The key element of said milestone has been the start of the prospective enrolment of Curetis' FDA trial for Unyvero LRT55 in the USA.

In October 2015, Curetis identified and recruited the Company's future Supervisory Directors, including the renowned industry experts Bill Rhodes (future chairman of the board) and Mario Crovetto (future chairman auf die audit committee).

In the third quarter of 2015, Curetis received € 5,989 thousand of the second and final tranche of its Series B Financing Round, while the remaining kEUR 800 will be paid into the newly incorporated Company.

In the event Curetis would not be able to attract any additional funds from the IPO, the company´s ability to continue as a going concern is threatened by risks. The business plan prepared in case of a withdrawn IPO includes cost reductions as stated in note 2.1. Management is of the opinion that the combination of these measures enables Curetis to continue as a going concern for at least 12 months as of the date of the financial statements. In order to ensure going concern beyond these 12 months the company may rely on further significant cost reductions and reduced operating expenditures, more delayed capital expenditures or may also seek additional financing from current or future shareholders privately, whether in the form of bridge loans and/or equity offerings.

Considering the above stated countermeasures, even in case of a withdrawn IPO Curetis would be able to continue as a going concern for at least 12 months as of the date of the financial statements. If however the company fails to implement the above stated countermeasures in case of a withdrawn IPO, it may be unable to continue as a going concern and may ultimately have to file for insolvency.

Holzgerlingen, 22 October 2015

Curetis AG

Oliver Schacht, PhD
Chief Executive Officer (CEO)

Johannes Bacher
Chief Operating Officer (COO)

Andreas Boos
Chief Technology Officer (CTO)

Dr. Achim Plum
Chief Commercial Officer (CCO)