

**REPORT OF INDEPENDENT AUDITORS
on the Financial Statements of**

AXON Neuroscience SE

prepared as at 31.12.2015

Bratislava, April 2016

(Translation of the Report of Independent Auditors originally issued in Slovak.)

REPORT OF INDEPENDENT AUDITORS
to the shareholders, supervisory board and board of directors of

AXON Neuroscience SE

We have audited the accompanying financial statements of AXON Neuroscience SE (hereinafter „the Company“), prepared in accordance with the Slovak Act on Accounting, which comprise the balance sheet as of 31 December 2015, and the income statement, for the year then ended, and the notes, and also a summary of significant accounting policies and accounting methods and other explanatory notes.

Management's Responsibility for the Financial Statements

Company's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Slovak Act No. 431/2002 Coll. on Accounting as amended and for such internal control as company's management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AXON Neuroscience SE as of 31 December 2015, and of its financial performance for the year then ended in accordance with the Slovak Act No. 431/2002 Coll. on Accounting, as amended.


Emphasis of Matter

We draw attention to Note VI to the financial statements which states that given the relocation of the registered seat of the company and the sale of parts of the company in the next accounting period, there may be a change in the valuation of goodwill and the acquired property, plant and equipment.

Bratislava, 27 April 2016

AMV Partners, s.r.o.
SKAU Licence No. 239




Ing. Antonín Masaryk, PhD.
Auditor In-charge
SKAU Licence No. 412

FINANCIAL STATEMENTS

of entrepreneurs maintaining accounts under the system of double entry bookkeeping

as of 31 . 12 . 2015

Tax identification number

2 0 2 3 2 1 3 2 0 3

Financial statements

Accounting entity

For the period

Month Year

from 0 1 2 0 1 5
to 1 2 2 0 1 5

Identification number (IČO)

4 6 0 2 9 8 0 0

☒ - ordinary
☐ - extraordinary
☐ - interim

☐ - small
☒ - large

SK NACE

7 2 . 2 0 . 0

(check x)

Preceding

period

Month Year

from 0 1 2 0 1 4
to 1 2 2 0 1 4

Attached parts of the financial statements

☒ Balance Sheet
(Úč POD 1-01)
(in whole euros)

☒ Income Statement
(Úč POD 2-01)
(in whole euros)

☒ Notes to the Financial Statements
(Úč POD 3-01)
(In whole euros or eurocents)

Legal name (designation) of the accounting entity

A X O N N e u r o s c i e n c e S E

Registered office of the accounting entity, street and number

D V O Ř Á K O V O N Á B R E Ž I E 1 0

Zip code

8 1 1 0 2

Municipality

B R A T I S L A V A

Designation of the Commercial Register and company registration number

D i s t r i c t C o u r t B r a t i s l a v a I
S e c t i o n P O f i l e 1 9 4 7 / B

Telephone

Fax

Email

Prepared on:

04.04. 2016

Approved on:

Signature of the accounting entity's statutory body or a member of the accounting entity's statutory body or the signature of a sole trader who is the accounting entity:

Designation a	ASSETS b	Line No. c	Current accounting period			Preceding accounting period
			1		2	3
			Gross - Part 1	Correction-Part 2	Net	Net
	TOTAL ASSETS line 02 + line 33 + line 74	01	26 259 714	8 294 501	17 965 213	18 154 840
A.	Non-current assets line 03 + line 11 + line 21	02	23 126 703	8 166 590	14 960 113	16 664 422
A.I.	Non-current intangible assets - total (lines 04 to 10)	03	16 934 861	5 778 690	11 156 171	12 571 016
A.I.1.	Capitalized development costs (012) - /072, 091A/	04	0	0	0	0
2.	Software (013)-/073, 091A/	05	50 350	7 190	43 160	15 130
3.	Valuable rights (014)-/074, 091A/	06	14 428 750	5 771 500	8 657 250	10 100 125
4.	Goodwill (015) - /075, 091A/	07	2 455 761	0	2 455 761	2 455 761
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08	0	0	0	0
6.	Acquisition of non-current intangible assets (041) - /093/	09	0	0	0	0
7.	Advance payments made for non-current intangible assets (051) - /095A/	10	0	0	0	0
A.II.	Property, plant and equipment - total (lines 12 to 20)	11	6 191 342	2 387 900	3 803 442	4 092 906
A.II.1.	Land (031) - /092A/	12	0	0	0	0
2.	Structures (021) - /081, 092A/	13	488 078	59 816	428 262	452 666
3.	Individual movable assets and sets of movable assets (022) - /082, 092A/	14	3 939 169	2 328 084	1 611 085	1 830 139
4.	Perennial crops (025) - /085, 092A/	15	0	0	0	0
5.	Livestock (026) - /086, 092A/	16	0	0	0	0
6.	Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/	17	0	0	0	0
7.	Acquisition of property, plant and equipment (042) - /094/	18	1 764 095	0	1 764 095	1 810 101
8.	Advance payments made for property, plant and equipment (052) - /095A/	19	0	0	0	0
9.	Value adjustment to acquired assets (+/- 097) +/- 098	20	0	0	0	0
A.III.	Non-current financial assets - total (lines 22 to 32)	21	500	0	500	500
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A) - /096A/	22	0	0	0	0
2.	Shares and ownership interests with participating interest, except for affiliated accounting entities (062A) - /096A/	23	0	0	0	0
3.	Other available-for-sale securities and ownership interests (063A) - /096A/	24	0	0	0	0
4.	Loans to affiliated accounting entities (066A) - /096A/	25	0	0	0	0
5.	Loans within participating interest, except for affiliated accounting entities (066A) - /096A/	26	0	0	0	0
6.	Other loans (067A) - /096A/	27	0	0	0	0

7.	Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/	28	0	0	0	0
8.	Loans and other non-current financial assets with remaining maturity of up to one year (066A, 067A, 069A, 06XA) - /096A/	29	500	0	500	500
9.	Bank accounts with notice period exceeding one year (22XA)	30	0	0	0	0
10.	Acquisition of non-current financial assets(043) - /096A/	31	0	0	0	0
11.	Advance payments made for non-current financial assets (053) - /095A/	32	0	0	0	0
B.	Current assets line 34 + line 41 + line 53 + line 66 + line 71	33	2 846 617	127 911	2 718 706	1 428 284
B.I.	Inventory - total (lines 35 to 40)	34	1 125 731	127 911	997 820	869 008
B.I.1.	Raw material (112, 119, 11X) - /191, 19X/	35	1 125 731	127 911	997 820	869 008
2.	Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/	36	0	0	0	0
3.	Finished goods (123) - /194/	37	0	0	0	0
4.	Animals (124) - /195/	38	0	0	0	0
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	39	0	0	0	0
6.	Advance payments made for inventory (314A) - /391A/	40	0	0	0	0
B.II.	Non-current receivables - total (line 42 + lines 46 to 52)	41	56 393	0	56 393	56 393
B.II.1.	Trade receivables - total (lines 43 to 45)	42	56 393	0	56 393	56 393
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43	0	0	0	0
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	44	0	0	0	0
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	45	56 393	0	56 393	56 393
2.	Net value of contract (316A)	46	0	0	0	0
3.	Other receivables from affiliated accounting entities (351A) - /391A/	47	0	0	0	0
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	48	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA) - /391A/	49	0	0	0	0
6.	Receivables related to derivative transactions (373A, 376A)	50	0	0	0	0
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51	0	0	0	0
8.	Deferred tax asset (481A)	52	0	0	0	0
B.III.	Current receivables - total (line 54 + lines 58 to 65)	53	442 603	0	442 603	105 367
B.III.1.	Trade receivables - total (lines 55 to 57)	54	40 383	0	40 383	900
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	0	0	0	0
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56	0	0	0	0
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	40 383	0	40 383	900

2.	Net value of contract (316A)	58	0	0	0	0
3.	Other receivables from affiliated accounting entities (351A) - /391A/	59	0	0	0	0
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	60	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA, 398A) - /391A/	61	0	0	0	0
6.	Social security (336A) - /391A/	62	0	0	0	0
7.	Tax assets and subsidies (341, 342, 343, 345, 346, 347) - /391A/	63	354 506	0	354 506	85 939
8.	Receivables related to derivative transactions (373A, 376A)	64	0	0	0	0
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	47 714	0	47 714	18 528
B.IV.	Current financial assets - total (lines 67 to 70)	66	0	0	0	0
B.IV.1.	Current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67	0	0	0	0
2.	Current financial assets, not including current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68	0	0	0	0
3.	Own shares and own ownership interests (252)	69	0	0	0	0
4.	Acquisition of current financial assets (259, 314A) - /291A/	70	0	0	0	0
B.V.	Financial accounts line 72 + line 73	71	1 221 890	0	1 221 890	397 516
B.V.1.	Cash (211, 213, 21X)	72	18 056	0	18 056	5 479
2.	Bank accounts (221A, 22X, +/- 261)	73	1 203 834	0	1 203 834	392 037
C.	Accruals/deferrals - total (lines 75 to 78)	74	286 394	0	286 394	62 134
C.1.	Prepaid expenses - long-term (381A, 382A)	75	69 611	0	69 611	0
2.	Prepaid expenses - short-term (381A, 382A)	76	216 783	0	216 783	62 134
3.	Accrued income - long-term (385A)	77	0	0	0	0
4.	Accrued income - short-term (385A)	78	0	0	0	0

TAX Nr.:	2023213203	Id Nr.:	46029800	BS ÚČ POD 1-01
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Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
	TOTAL EQUITY AND LIABILITIES line 80 + line 101 + line 141	79	17 965 213	18 154 840
A.	Equity line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100	80	15 950 617	5 429 184
A.I.	Share capital - total (lines 82 to 84)	81	27 512 000	27 512 000
A.I.I.	Share capital (411 or +/- 491)	82	27 512 000	27 512 000
2.	Change in share capital +/- 419	83	0	0
3.	Unpaid share capital (-/353)	84	0	0
A.II.	Share premium (412)	85	0	0
A.III.	Other capital funds (413)	86	24 947 794	0
A.IV.	Legal reserve funds line 88 + line 89	87	12 000	12 000
A.IV.I.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	88	12 000	12 000
2.	Reserve fund for own shares and own ownership interests (417A, 421A)	89	0	0
A.V.	Other funds created from profit line 91 + line 92	90	0	0
A.V.I.	Statutory funds (423, 42X)	91	0	0
2.	Other funds (427, 42X)	92	0	0
A.VI.	Differences from revaluation - total (lines 94 to 96)	93	0	0
A.VI.I.	Differences from revaluation of assets and liabilities (+/- 414)	94	0	0
2.	Investment revaluation reserves (+/- 415)	95	0	0
3.	Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger (+/- 416)	96	0	0
A.VII.	Net profit/loss of previous years line 98 + line 99	97	-22 149 613	-11 921 126
A.VII.I.	Retained earnings from previous years (428)	98	0	0
2.	Accumulated losses from previous years (-/429)	99	-22 149 613	-11 921 126
A.VIII.	Net profit/loss for the accounting period after tax +/- line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141)	100	-14 371 564	-10 173 690
B.	Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140	101	1 782 499	12 725 591
B.I.	Non-current liabilities - total (line 103 + lines 107 to 117)	102	1 088	2 098
B.I.1.	Non-current trade liabilities - total (lines 104 to 106)	103	0	0
1.a.	Trade liabilities to affiliated accounting entities (321A, 475A, 476A)	104	0	0
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 475A, 476A)	105	0	0
1.c.	Other trade liabilities (321A, 475A, 476A)	106	0	0
2.	Net value of contract (316A)	107	0	0
3.	Other liabilities to affiliated accounting entities (471A, 47XA)	108	0	0

4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (471A, 47XA)	109	0	0
5.	Other non-current liabilities(479A, 47XA)	110	0	0
6.	Long-term advance payments received (475A)	111	0	0
7.	Long-term bills of exchange to be paid (478A)	112	0	0
8.	Bonds issued (473A/-/255A)	113	0	0
9.	Liabilities related to social fund (472)	114	1 088	1 388
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115	0	0
11.	Non-current liabilities related to derivative transactions (373A, 377A)	116	0	0
12.	Deferred tax liability (481A)	117	0	710
B.II.	Long-term provisions line 119 + line 120	118	0	0
B.II.1.	Legal provisions (451A)	119	0	0
2.	Other provisions (459A, 45XA)	120	0	0
B.III.	Long-term bank loans (461A, 46XA)	121	0	0
B.IV.	Current liabilities - total (line 123 + lines 127 to 135)	122	1 542 558	12 516 269
B.IV.1.	Trade liabilities - total (lines 124 to 126)	123	1 224 738	1 941 253
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	0	0
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125	0	0
1.c.	Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	1 224 738	1 941 253
2.	Net value of contract (316A)	127	0	0
3.	Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	128	0	0
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	129	0	10 275 117
5.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	0	0
6.	Liabilities to employees (331, 333, 33X, 479A)	131	179 031	173 496
7.	Liabilities related to social security (336A)	132	91 353	76 864
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	47 436	48 479
9.	Liabilities related to derivative transactions (373A, 377A)	134	0	0
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	0	1 060
B.V.	Short-term provisions line 137 + line 138	136	238 853	207 224
B.V.1.	Legal provisions (323A, 451A)	137	223 315	207 224
2.	Other provisions (323A, 32X, 459A, 45XA)	138	15 538	0
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139	0	0
B.VII.	Short-term financial assistance (241, 249, 24X, 473A /-/255A)	140	0	0

C.	Accruals/deferrals - total (lines 142 to 145)	141	232 097	65
C.1.	Accrued expenses - long-term (383A)	142	0	0
2.	Accrued expenses - short-term (383A)	143	1 146	65
3.	Deferred income - long-term (384A)	144	230 951	0
4.	Deferred income - short-term (384A)	145	0	0

TAX Nr.: 2023213203		Id Nr.: 46029800		IS ÚČ POD 2-01	
Designation a	Text b	Line No. c	Actual data		
			Current accounting period	Preceding accounting period	
			1	2	
*	Net turnover (part of account class 6 according to the Act)	01	0	0	
**	Operating income - total (lines 03 to 09)	02	43 120	12 990	
I.	Revenue from the sale of merchandise (604, 607)	03	0	0	
II.	Revenue from the sale of own products (601)	04	0	0	
III.	Revenue from the sale of services (602, 606)	05	0	0	
IV.	Changes in internal inventory (+/-) (account group 61)	06	0	0	
V.	Own work capitalized (account group 62)	07	0	0	
VI.	Revenue from the sale of non-current intangible assets, property, plant and equipment, and raw materials (641, 642)	08	0	3 293	
VII.	Other operating income(644, 645, 646, 648, 655, 657)	09	43 120	9 697	
**	Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26	10	13 121 402	9 512 558	
A.	Cost of merchandise sold (504, 507)	11	0	0	
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	1 348 185	567 873	
C.	Value adjustments to inventory (+/-) (505)	13	127 911	0	
D.	Services (account group 51)	14	5 913 022	3 836 720	
E.	Personnel expenses - total (lines 16 to 19)	15	3 659 658	3 185 616	
E.I.	Wages and salaries (521, 522)	16	2 855 614	2 535 735	
2.	Remuneration of board members of company or cooperative (523)	17	0	0	
3.	Social security expenses (524, 525, 526)	18	747 220	609 636	
4.	Social expenses (527, 528)	19	56 824	40 245	
F.	Taxes and fees (account group 53)	20	9 153	5 851	
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to property, plant and equipment (line 22 + line 23)	21	1 971 728	1 877 515	
G.I.	Amortization of non-current intangible assets and depreciation of property, plant and equipment (551)	22	1 971 728	1 877 515	
2.	Value adjustments to non-current intangible assets and property, plant and equipment (+/-) (553)	23	0	0	
H.	Carrying value of non-current assets sold and raw materials sold (541, 542)	24	0	8 225	
I.	Value adjustments to receivables (+/-) (547)	25	0	0	
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	26	91 745	30 758	

***	Profit/loss from operations (+/-) (line 02 - line 10)	27	-13 078 282	-9 499 568
*	Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)	28	-7 389 118	-4 404 593
**	Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44	29	5 032	366
VIII.	Revenue from the sale of securities and shares (661)	30	0	0
IX.	Income from non-current financial assets (lines 32 to 34)	31	0	0
IX.1.	Income from securities and ownership interests in affiliated accounting entities (665A)	32	0	0
2.	Income from securities and ownership interests within participating interest, except for income of affiliated accounting entities (665A)	33	0	0
3.	Other income from securities and ownership interests (665A)	34	0	0
X.	Income from current financial assets - total (lines 36 to 38)	35	0	0
X.1.	Income from current financial assets in affiliated accounting entities (666A)	36	0	0
2.	Income from current financial assets within participating interest, except for income of affiliated accounting entities (666A)	37	0	0
3.	Other income from current financial assets (666A)	38	0	0
XI.	Interest income (line 40 + line 41)	39	74	50
XI.1.	Interest income from affiliated accounting entities (662A)	40	0	0
2.	Other interest income (662A)	41	74	50
XII.	Exchange rate gains (663)	42	4 956	241
XIII.	Gains on revaluation of securities and income from derivative transactions (664, 667)	43	0	0
XIV.	Other income from financial activities (668)	44	2	75
**	Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54	45	1 298 050	672 862
K.	Securities and shares sold (561)	46	0	0
L.	Expenses related to current financial assets (566)	47	0	0
M.	Value adjustments to financial assets (+/-) (565)	48	0	0
N.	Interest expense (line 50 + line 51)	49	1 189 965	607 303
N.1.	Interest expenses related to affiliated accounting entities (562A)	50	0	0
2.	Other interest expenses (562A)	51	1 189 965	607 303
O.	Exchange rate losses (563)	52	103 370	62 698
P.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	53	0	0
Q.	Other expenses related to financial activities (568, 569)	54	4 715	2 861
***	Profit/loss from financial activities (+/-) (line 29 - line 45)	55	-1 293 018	-672 496

****	Profit/loss for the accounting period before tax (+/-) (line 27 + line 55)	56	-14 371 300	-10 172 064
R.	Income tax (line 58 + line 59)	57	264	1 626
R.1.	Income tax - current (591, 595)	58	974	969
2.	Income tax - deferred (+/-) (592)	59	-710	657
S.	Transfer of net profit/net loss shares to partners (+/-596)	60	0	0
****	Profit/loss for the accounting period after tax (+/-) (line 56 - line 57 - line 60)	61	-14 371 564	-10 173 690

Article I General information about the accounting entity

Article I (1) General information

AXON Neuroscience SE (BELAVIO, SE, at the establishment, the Company) was established as a European company on 24 January 2011 and incorporated on 3 March 2011 (Companies Register of District Court Bratislava I in Bratislava, Section Po, File No. 1947/B).

Business name of the accounting entity: AXON Neuroscience SE
 Registered office of the accounting entity: Dvořákovo nábrežie 10, 811 02 Bratislava

Description of the economic activity based on the scope of business

At present, AXON Neuroscience SE is a clinical-stage company developing immunotherapeutics and early diagnosis of Alzheimer's disease; it can be considered a global leader in Tau protein and Tauopathies with its globally largest team of scientists focused exclusively on Tau protein and Tauopathies. In 2015, the company successfully finished phase 1 of clinical trials with AADvac1 in patients with mild to moderate Alzheimer's disease. The first phase of clinical trials focused solely on the safety of the drug and, secondarily, it addresses its efficacy to slow or halt Alzheimer's disease. After the successful completion of phase 1 of clinical trials, the Company is going to implement phase 2 of clinical trials, where the primary task is still the acquisition of more data regarding the safety of the drug, however, the Company wants to focus on acquisition of knowledge whether the drug under trial has the potential to halt and treat Alzheimer's disease in human patients. Phase 3a/3b follows after the completion of phase 2, almost entirely addressing the confirmation of the safety and efficacy of the treatment in a group of 1,000–3,000 patients with Alzheimer's disease. The overall trial period may take 10 years from phase 1 to phase 3, however, with a statistically significant proof of treatment efficacy to slow or halt AD and a subsequent risk/benefit analysis, granting of a marketing authorisation by the relevant regulatory authorities within 5-7 years may be expected. At the same time, the Company has been continuously planning the development and commencement of production of other components of the product portfolio.

- informative testing, measurement, analysis, and control,
- research and development in the field of natural and technical sciences,
- research and development in the field of social sciences and the humanities,
- entering clinical trials of drugs.

Article I (3) (4) Date of approval of the Financial Statements and legal reasons

The Financial Statements have been prepared as ordinary financial statements.

Article I (3) Date of approval of the Financial Statements for the preceding accounting period: 29 June 2015

Article I (4) Legal reason for the preparation of the Financial Statements: The Financial Statements have been prepared as ordinary financial statements.

Article I (5) Information about the Group

The Company is included in the consolidated unit of ISTROKAPITAL SE, with its registered seat at 41-43 Klimentos Street, Klimentos Tower, 1st Floor, Flat 12, 1061 Nicosia, Republic of Cyprus. As at 31 December 2015, the Company is at the highest consolidation level. ISTROKAPITAL SE has no obligation to prepare 2015 consolidated financial statements.

Article I (6)

Average number of employees during the accounting period

Name of item	Current accounting period	Preceding accounting period
Average recalculated number of employees	75	64
Number of employees as at the financial statements date, of which:	80	72
Number of managers	4	4

Article II Information about adopted procedures

Article II (1) Going concern of the accounting entity

As at 1 April 2016, AXON HOLDING SE, with its registered seat at 4 Arch.Makariou&Kalogreon, Nic.Sea View City, fl.506 Larnaca 6016, Republic of Cyprus, as the majority owner represents that AXON NEUROSCIENCE SE shall further continue as a going concern for at least 12 months from the date of the ordinary Financial Statements. At the same time, the majority owner acknowledges that it is able to finance the Company during this period.

Article II (2) Accounting principles and policies, changes in accounting principles and policies

Accounting policies and principles have been applied within the applicable Act on Accounting. Accounting policies and principles have not been changed compared to the preceding accounting period.

Article II (4) Method and determination of valuation of assets and liabilities

In 2012, under the Contract for Sale of Material Assets, the Company acquired a company with an acquisition cost determined based on an expert's opinion at fair value. The purchase price consisted of the following components:

Patents, know-how, licence rights

Tangible assets - instrumentation

100% business interest of DANUBE CLONE, spol. s r.o.

All contractual relationships, including a loan receivable towards ISTROKAPITAL CYPRUS LIMITED (Loan Agreement of 9 November

2010) Bond liability

In 2012, the Company also merged with DANUBE CLONE, spol. s r.o., with the Company being the 100% owner of DANUBE CLONE, spol. s r.o. which was dissolved by merger without liquidation. The Company is the legal successor. The date of merger was 1 May 2012.

Goodwill generated by merger has been kept in the assets by the Company based on the impairment test performed as of the financial statements date. In the future, the Company expects increase of the economic benefits from this asset.

Article II (4) a) Method of valuation of assets and liabilities - acquisition cost, conversion cost, nominal value

The overview is shown in the following table:

Valuation of assets and liabilities	AE contains (x)	Notes on valuation
At acquisition cost		
1. Tangible assets except for self-constructed tangible assets	x	Acquisition cost, transport, customs duty
2. Inventory except for own work capitalized	x	Acquisition cost, transport, customs duty, foreign VAT in storage of inventory abroad
3. Intangible assets except for self-constructed intangible assets	x	Acquisition cost
At nominal value		
1. Funds and valuables	x	At nominal value
2. Receivables	x	At nominal value
3. Liabilities	x	At nominal value

Article II (4) a) Method of valuation of assets and liabilities - weighted average, FIFO method

The company accounted for inventory under the Accounting Procedures (AP) of Section 43 using

method A of accounting for inventory. Ancillary cost related to the acquisition of inventory on the receipt

to the warehouse is included in the acquisition cost.

Upon discharge of inventory from the warehouse, valuation based on the weighted average of acquisition costs, updated on a monthly basis, was used.

Article II (4) b) Estimated impairment of assets, creation of value adjustment

Value adjustment to inventory was created on the basis of assessment of usability in the accounting entity.

Type of assets	Estimated impairment	VA at the beginning of the accounting period	Creation of VA	Reversal of VA	VA at the end of the accounting period
Inventory - material	127,911		127,911		127,911

Article II (4) c) Determination of valuation of liabilities, estimated valuation of provisions

Liabilities are valued at their nominal value at the time of their occurrence. Provisions are liabilities of uncertain timing. They are valued at the expected amount of the liability.

Article II (4) f) Creation of depreciation plan

The period of depreciation of non-current assets was determined on the basis of assessment of the accounting entity, according to the expected period of use and utilisation of non-current assets. The depreciation plan is prepared for every increase in assets individually and it is updated for every accounting period. Accounting depreciation is time depreciation.

The method of preparation of the accounting depreciation plan for non-current assets and the accounting depreciation policy applied in the determination of accounting depreciation:

The depreciation plan of accounting depreciation of intangible assets was based on the requirement of Act No. 431/2002 on Accounting. The principle of its depreciation in the accounts in compliance with the depreciation plan was observed. Depreciation charges for accounting and tax depreciation of non-current intangible assets are equal.

The Company prepared the depreciation plan of accounting depreciation of tangible assets by an internal regulation, relying on the expected wear and tear of the assets corresponding to the normal conditions of their use. Accounting and tax depreciation is not equal.

Method of preparation of the accounting depreciation plan for individual types of property, plant and equipment and non-current intangible assets and the depreciation policy applied in the determination of accounting depreciation:

Type of assets	Depreciation period	Depreciation charges	Depreciation policy
Instrumentation	36 months	1/36 monthly	straight-line
Motor vehicles, instrumentation	48 months	1/48 monthly	straight-line/accelerated
Instrumentation	60 months	1/60 monthly	straight-line
Instrumentation, fittings and fixtures	72 months	1/72 monthly	straight-line/accelerated
Instrumentation	92 months	1/92 monthly	straight-line
Instrumentation	96 months	1/96 monthly	straight-line
Instrumentation	120 months	1/120 monthly	straight-line
Cooling and ventilation equipment	144 months	1/144 monthly	straight-line
Technical upgrade of the building, FIT OUT	240 months	1/240 monthly	straight-line
Software	48 months	1/48 monthly	straight-line
Software	72 months	1/72 monthly	straight-line
Valuable rights	120 months	1/120 monthly	straight-line

Article II (5) Correction of material errors of previous accounting periods accounted for in the current period

The overview is shown in the following table:

Description of a material error	Impact on retained earnings from previous years	Impact on accumulated loss from previous years
accounting for supplier invoice for services relating to the acc. period of		54,797

Article III Information explaining and supplementing balance sheet items Article III (1) Information on data reported on the assets side**Article III (1) a) Overview of non-current assets**

Article III (1) a) 1-3. Non-current intangible assets – current period

The overview is shown in the following table:

1.-3. Movement of acquisition costs, accumulated depreciation, value adjustments, net value of non-current intangible assets - current period

Non-current intangible assets Balance sheet line:	Capitalized development costs 04	Software 05	Valuable rights 06	Goodwill 07	Other NCIA 08	Acquisition of NCIA 09	Advance payments made for NCIA 10	Total
Initial valuation								
Opening balance		16,600	14,428,750	2,455,761				16,901,111
Increases		33,750				33,750		67,500
Decreases						33,750		33,750
Transfers (+/-)								
Closing balance		50,350	14,428,750	2,455,761				16,934,861
Accumulated depreciation								
Opening balance		1,470	4,328,625					4,330,095
Increases		5,720	1,442,875					1,448,595
Decreases								
Transfers (+/-)								
Closing balance		7,190	5,771,500					5,778,690
Value adjustments								
Opening balance								
Increases								
Decreases								
Transfers (+/-)								
Closing balance								
Carrying value (NET)								
Opening balance		15,130	10,100,125	2,455,761				12,571,016
Closing balance		43,160	8,657,250	2,455,761				11,156,171

Article III (1) a) 1-3. Non-current intangible assets – preceding period

The overview is shown in the following table:

1.-3. Movement of acquisition costs, accumulated depreciation, value adjustments, net value of non-current intangible assets - preceding period

Non-current intangible assets Balance sheet line:	Capitalized development costs 04	Software 05	Valuable rights 06	Goodwill 07	Other NCIA 08	Acquisition of NCIA 09	Advance payments made for NCIA 10	Total
Initial valuation								
Opening balance		2,849	14,428,750	2,455,761				16,887,360
Increases		16,600				16,600		33,200
Decreases		2,849				16,600		19,449
Transfers (+/-)								
Closing balance		16,600	14,428,750	2,455,761				16,901,111
Accumulated depreciation								
Opening balance		2,849	2,885,750					2,888,599
Increases		1,470	1,442,875					1,444,345
Decreases		2,849						2,849
Transfers (+/-)								
Closing balance		1,470	4,328,625					4,330,095
Value adjustments								
Opening balance								
Increases								
Decreases								
Transfers (+/-)								
Closing balance								
Carrying value (NET)								
Opening balance			11,543,000	2,455,761				13,998,761
Closing balance		15,130	10,100,125	2,455,761				12,571,016

Article III (1) a) 1-3. Property, plant and equipment – current period

The overview is shown in the following table:

1.-3. Movement of acquisition costs, accumulated depreciation, value adjustments, net value of property, plant and equipment - current period

Property, plant and equipment Balance sheet line:	Land 12	Structures 13	Individual movables and sets of movables 14	Perennial crops 15	Livestock and draught animals 16	Other PPE 17	Acquisition of PPE 18	Advance payments made for PPE 19	Total
Initial valuation									
Opening balance		488,078	3,659,494				1,810,101		5,957,673
Increases			279,675				233,669		513,344
Decreases							279,675		279,675
Transfers (+/-)									
Closing balance		488,078	3,939,169				1,764,095		6,191,342
Accumulated depreciation									
Opening balance		35,412	1,829,355						1,864,767
Increases		24,404	498,729						523,133
Decreases									
Transfers (+/-)									
Closing balance		59,816	2,328,084						2,387,900
Value adjustments									
Opening balance									
Increases									
Decreases									
Transfers (+/-)									
Closing balance									
Carrying value (NET)									
Opening balance		452,666	1,830,139				1,810,101		4,092,906
Closing balance		428,262	1,611,085				1,764,095		3,803,442

Article III (1) a) 1-3. Property, plant and equipment – preceding period

The overview is shown in the following table:

1.-3. Movement of acquisition costs, accumulated depreciation, value adjustments, net value of property, plant and equipment - preceding period

Property, plant and equipment Balance sheet line:	Land 12	Structures 13	Individual movables and sets of movables 14	Perennial crops 15	Livestock and draught animals 16	Other PPE 17	Acquisition of PPE 18	Advance payments made for PPE 19	Total
Initial valuation									
Opening balance		488,078	2,940,675				903,053	857,000	5,188,806
Increases			784,466				1,685,128	460,000	2,929,594
Decreases			65,647				778,080	1,317,000	2,160,727
Transfers (+/-)									
Closing balance		488,078	3,659,494				1,810,101		5,957,673
Accumulated depreciation									
Opening balance		11,007	1,469,126						1,480,133
Increases		24,405	416,990						441,395
Decreases			56,761						56,761
Transfers (+/-)									
Closing balance		35,412	1,829,355						1,864,767
Value adjustments									
Opening balance									
Increases									
Decreases									
Transfers (+/-)									
Closing balance									
Carrying value (NET)									
Opening balance		477,071	1,471,549				903,053	857,000	3,708,673
Closing balance		452,666	1,830,139				1,810,101		4,092,906

Article III (1) d) Characteristics of Goodwill

AXON Neuroscience SE merged with DANUBE CLONE, spol. s r.o. under a merger contract of 25 April 2012. AXON Neuroscience SE is the universal legal successor and DANUBE CLONE, spol. s r.o. was dissolved by merger without liquidation. The date was 1 May 2012.

The assets and liabilities of the dissolved company DANUBE CLONE, spol. s r.o. were valued in line with the carrying amount and fair value. The equity of the dissolved company DANUBE CLONE, spol. s r.o. was accounted for in the opening balance sheet of the legal successor AXON Neuroscience SE against its financial investment. Therefore, a positive goodwill in the amount of EUR 2,455,760.99 was generated.

DANUBE CLONE, spol. s r.o. was an R&D servicing company. The merger was of crucial importance to AXON Neuroscience SE since DANUBE CLONE, spol. s r.o. had cumulated knowledge and unique techniques available, through which it delivered research results based on AXON Neuroscience's order.

Goodwill generated by merger has been kept in the assets by the Company based on the impairment test performed as of the financial statements date. In the future, the Company expects increase of the economic benefits from this asset. The events of 2015 (completion of phase I and commencement of phase II) confirm that the Company has moved closer to the future marketing authorisation of the drug in terms of both procedure and time.

Reason for goodwill	Value	Value calculation method
by merger	2,455,761	difference in the value of assets, liabilities and carrying amount

Article III (1) e) Research and development activities in the accounting period

AXON Neuroscience SE does not capitalise development costs due to non-compliance with the conditions for capitalisation as the following cannot be proved as of 31 December 2015:

- the possibility of its technical completion for the purposes of use or sale,
- the intention of its completion, use or sale,
- the method of creation of future economic benefits and existence of the market for outputs of non-current intangible assets or for non-current intangible assets alone, or their usability if used inside the accounting entity,
- the availability of corresponding technical sources, financial sources and other sources for completion of its development, use or sale,
- the reliable valuation of costs related to its acquisition during development.

The amount of non-capitalised development costs is shown in the following table:

Costs	Research costs	Development costs spent in the accounting period - not	Development costs spent in the accounting period -
R&D costs	2,754,391	9,636,953	

Article III (1) f) Structure of non-current financial assets and its allocation according to the balance sheet items

The overview is shown in the following table:

Business name and registered office of the company in which AE has its NCFA allocated	Interest of AE in SC in %	Interest of AE in voting rights in %	Value of equity of AE in which AE has its NCFA allocated	Profit or loss of AE in which AE has its NCFA allocated	Carrying value of NCFA
Accounting units with decisive influence (subsidiaries)					
Accounting units with common decisive influence					
Accounting entities with significant influence					
Other available-for sale securities and					
Contribution of the founder in NII, n.o.	100.00	100.00	8,838	6,190	500
Acquired NCFA for the purposes of exercising influence over another AE					
Total NCFA	x	x	x	x	500

Article III (1) g), i) Overview of non-current financial assets

Article III (1) g), i) Overview of non-current financial assets according to the balance sheet items – current period

The overview is shown in the following table:

Movement of acquisition costs, value adjustments, net value – current accounting period

Non-current financial assets	Shares and ownership interests in related AEs	Shares and ownership interests with participating interest except for in related AEs	Other available-for sale securities and ownership interests	Loans to related AEs, loans within participating interest	Debt securities and other NCFA, accounts in banks with fixation over 1 year	Other loans and other NCFA with maturity up to 1 year	Acquisition of NCFA	Advance payments made for NCFA	Total
Balance sheet line:	22	23	24	25, 26,	28, 30,	27, 29,	31	32	
Initial valuation									
Opening balance						500			500
Increases									
Decreases									
Transfers (+/-)									
Closing balance						500			500
Value adjustments									
Opening balance									
Increases									
Decreases									
Transfers (+/-)									
Closing balance									
Carrying amount									
Opening balance						500			500
Closing balance						500			500

Article III (1) g), i) Overview of non-current financial assets according to the balance sheet items – preceding period

The overview is shown in the following table:

Movement of acquisition costs, value adjustments, net value – preceding accounting period

Non-current financial assets	Shares and ownership interests in related AEs	Shares and ownership interests with participating interest except for in related AEs	Other available-for sale securities and ownership interests	Loans to related AEs, loans within participating interest	Debt securities and other NCFA, accounts in banks with fixation over 1 year	Other loans and other NCFA with maturity up to 1 year	Acquisition of NCFA	Advance payments made for NCFA	Total
Balance sheet line:	22	23	24	25, 26,	28, 30,	27, 29,	31	32	
Initial valuation									
Opening balance						500			500
Increases									
Decreases									
Transfers (+/-)									
Closing balance						500			500
Value adjustments									
Opening balance									
Increases									
Decreases									
Transfers (+/-)									
Closing balance									
Carrying amount									
Opening balance						500			500
Closing balance						500			500

Article III (1) h) Valuation of non-current financial assets as of the financial statements date

The overview is shown in the following table:

Assets	Type of valuation	CP	PP	Valuation difference CP
Other non-current fin. assets	at fair value	500	500	

Article III (1) m) Value adjustments to inventory according to the balance sheet items

The overview is shown in the following table:

Inventory	Chart of accounts	VA at the beginning of the accounting period	Creation of VA	Reason for creation of VA	Accounting for VA due to cessation of reasons	Accounting for VA due to disposal of the assets from the accounts	VA at the end of the accounting period
Material	(112, 119, 11X) - /191, 19X/		127,911	assessment usability			127,911
Work in progress and semi-finished products	(121, 122, 12X) - /192, 193, 19X/						
Finished products	(123) - 194						
Livestock	(124) - 195						
Goods	(132, 133, 13X, 139) - /196, 19X/						
Real estate for sale							
Advance payments made for inventory	(314A) - 391A						
Total inventory			127,911				127,911

Article III (1) q) Due and past due receivables

The overview is shown in the following table:

Name of item	Balance sheet line	Due	Past due	Total receivables
Non-current receivables				
Other trade receivables	45	56,393		56,393
Trade receivables towards related accounting entities	43			
Trade receivables within participating interest except for receivables towards related AEs	44			
Other receivables towards related accounting entities	47			
Receivables towards shareholders, members and association	49			
Other receivables	46, 48, 50, 51, 52			
Total non-current receivables		56,393		56,393
Current receivables				
Other trade receivables	57	40,383		40,383
Trade receivables towards related accounting entities	55			
Trade receivables within participating interest except for receivables towards related AEs	56			
Other receivables towards related accounting entities	59			
Receivables towards shareholders, members and association	61			
Social insurance	62			
Tax assets and subsidies	63	354,506		354,506
Other receivables	58, 60, 64, 65	47,714		47,714
Total current receivables		442,603		442,603

Article III (1) s) Calculation of deferred tax asset

The Company does not account for deferred tax asset. It is not likely that the tax base is achievable (Section 10 (11) of accounting procedures) The

overview is shown in the following table:

Reason	Base for calculation CP	Base for calculation PP	Amount of def. tax asset CP	Amount of def. tax asset PP
Tax net book value of non-current assets is higher than the carrying value	4,977			

Article III (1) t) Components of current financial assets - financial accounts

The overview is shown in the following table:

Name of item	Current accounting period	Preceding accounting period
Cash on hand, stamps	18,056	5,479
Current accounts in bank or foreign bank branch	1,203,894	392,037
Term deposits in bank or foreign bank branch		
Cash in transit	-60	
Total	1,221,890	397,516

Article III (1) y) Highlights of prepaid expenses and accrued income

The overview is shown in the following table:

Description of accrual/deferral	Chart of accounts	Current accounting period	Preceding accounting period
Prepaid expenses - long-term – Insurance of clinical trials	(381A, 382A)	69,611	
Prepaid expenses - short-term, of which:	(381A, 382A)	216,783	62,134
Insurance of clinical trials		65,486	
Lease		52,287	
Travel expenses		47,062	
Online access to professional databases		17,800	
Registration fee for conferences		19,556	
Other		14,592	
Accrued income - long-term, of which:	(385A)		
Accrued income - short-term, of which:	(385A)		

Article III (2) Information on data reported on the
liabilities side Article III (2) a) Information about equity
Article III (2) a) 1.,2.,5. Information about equity

The overview is shown in the following table:

Text	Amount CP	Amount PP
Total share capital	27,512,000	27,512,000
Number of shares (JSC)	27,392,012	27,392,012
Nominal value per share (JSC) 12 pcs	10,000	10,000
Nominal value per share (JSC) 27,392,000 pcs	1	1
Value of interests according to shareholders (trading company)		
Value of shares ISTROKAPITAL CYPRUS LIMITED		3,686,608
Value of shares ISTROKAPITAL SE	23,825,392	23,825,392
Value of shares PORTOWN TRADING LIMITED	2,448,568	
Value of shares SUNBERRA CONSULTANTS LIMITED	412,680	
Value of shares PAPERLINE HOLDINGS LIMITED	825,360	
-		
Earnings per share or capital share		
Value of subscribed equity		
Number of subscribed shares (JSC)		
Nominal value of subscribed shares (JSC)		
Other reason for change in equity		
Value of paid-up share capital	27,512,000	27,512,000

Article III (2) a) 3.,6. Settlement of accounting loss from preceding accounting period

The overview is shown in the following table:

Decision on settlement of loss from previous year:

Name of item	Preceding accounting period	Proposed settlement of accounting loss Accounting period of
Accounting loss	10,173,690	14,371,564
Settlement of accounting loss	Current accounting period	Current accounting period
From legal reserve fund		
From statutory and other funds		
From retained earnings of previous periods		
Settlement of loss by shareholders		
Transfer to accumulated losses from previous periods	10,173,690	14,371,564
Other		
Total	10,173,690	14,371,564

Article III (2) a) 4. Overview of amounts not accounted for as cost/income but directly to equity accounts

The overview is shown in the following table:

Text	Amount CP	Amount PP
Correction of significant errors of previous periods	54,796	43,425

Article III (2) b) Creation and utilisation of provisions - current period

The overview is shown in the following table:

Name of item	Opening balance	Creation	Utilisation	Reversal	Closing balance
Long-term provisions:					
Short-term provisions, of which:	207,224	238,853	207,224		238,853
Provision for holiday	197,224	223,315	197,224		223,315
Provision for audit and accounting	10,000	13,500	10,000		13,500
Other provisions		2,038			2,038

Article III (2) b) Creation and utilisation of provisions - preceding period

The overview is shown in the following table:

Name of item	Opening balance	Creation	Utilisation	Reversal	Closing balance
Long-term provisions:					
Short-term provisions, of which:	155,012	207,224	155,012		207,224
Provision for holiday	143,012	197,224	143,012		197,224
Provision for audit	12,000	10,000	12,000		10,000

Article III (2) c) Amount of due and past due liabilities

The overview is shown in the following table:

Text	Amount CP	Amount PP
Due liabilities	1,694,242	11,279,988
Past due liabilities	88,257	1,445,603

Article III (2) d) Structure of liabilities according to the remaining maturity

The overview is shown in the following table:

Liability balance sheet item	Total therein	Remaining maturity up to 1 year incl.	Remaining maturity from 1 to 5 years incl.	Remaining maturity over 5 years (CP)	Remaining maturity over 5 years (PP)
114 - Liabilities related to social fund	1,088		1,088		
126 - Other trade payables	1,224,738	1,224,738			
131 - Liabilities towards employees	179,031	179,031			
132 - Liabilities related to social insurance	91,353	91,353			
133 - Tax liabilities and subsidies	47,436	47,436			
137 - Statutory provisions	223,315	223,315			
138 - Other provisions	15,538	15,538			
Total:	1,782,499	1,781,411	1,088		

Article III (2) f), (1) s) Information about deferred tax liability or deferred tax asset

Deferred tax asset is not accounted for; it is not likely that the tax base is achievable. Section 10 (11) of the accounting procedures.

Name of item	Current accounting period	Preceding accounting period
Temporary differences between the carrying value of assets and tax base, of which:		
Deductible	4,977	
Taxable		3,227
Temporary differences between the carrying value of liabilities and tax base, of which:		
Deductible		
Taxable		
Tax losses which are possible to carry forward to future periods		
Possibility to transfer unused tax deductions		
Income tax rate (in %)	22	22
Deferred tax asset		
Recognized tax asset		
Recorded as an expense		
Recorded in equity		
Deferred tax liability		710
Change in deferred tax liability		
Recorded as an expense		657
Recorded in equity		53
Other		

Article III (2) g) Liabilities related to social fund

Based on the decision of the accounting entity, the social fund has been created beyond

the scope of law. The overview is shown in the following table:

Name of item	Current accounting period	Preceding accounting period
Opening balance of social fund	1,388	3,949
Creation of social fund against expenses	19,621	13,055
Creation of social fund from profit		
Other creation of social fund		
Total creation of social fund	19,621	13,055
Utilisation of social fund	19,921	15,616
Closing balance of social fund	1,088	1,388

Article III (2) i) Loans, returnable financial assistance

The amount of interest rates on the mentioned loans is EUR 1,189,965.28 in the accounting period of 2015. The principal amounts to EUR 0 as of 31 December 2015. The loans include no collateral.

The overview is shown in the following table:

Name of item	Currency	Interest p. a. in %	Due date	Amount of principal in the relevant currency for the current accounting period	Amount of principal in EUR for the current accounting period	Amount of principal in the relevant currency for the preceding accounting period
Long-term loans						
Short-term loans						
Loan of ISTROKAPITAL SE	10.35	15 October 2015			9,639,170
Loan of ISTROKAPITAL SE	10.35	31/12/2015			
Short-term financial aids						

Article III (2) j) Highlights of prepaid expenses and accrued income

A subsidy to promote scientific activities is a highlight of accrued income. As a cooperating member of the consortium, the Company obtains new knowledge and human resources for its further operation.

The overview is shown in the following table:

Name of item	Chart of accounts	Current accounting period	Preceding accounting period
Prepaid expenses - long-term, of which:	(383A)		
Prepaid expenses - short-term, of which:	(383A)	-1,146	-65
Accrued income - long-term - Subsidy	(384A)	-230,951	
Accrued income - short-term, of which:	(384A)		

Article III (5) Information about deferred tax Article III (5) a) to e)

Deferred tax

The overview is shown in the following table:

Name of item	Current accounting period	Preceding accounting period
Total deferred tax asset recorded as an income or expense arising from the change of the income tax rate		
Total deferred tax liability recorded as an expense or income arising from the change of the income tax rate		
Total deferred tax asset with respect to tax loss carry-forward, unused tax deductions and other claims, and temporary differences from prev. accounting periods with respect to which a deferred tax asset was not recognized in the prev. accounting periods		
Total deferred tax liability arising from the part of a deferred tax asset not recognized in the current accounting period, which was recognized in previous accounting periods		
Total tax losses carried forward, unused tax deductions and other tax claims and deductible temporary differences with respect to which a deferred tax asset was not recognized	5,322,882	3,182,413
Deferred income tax related to items recognized directly to equity accounts without being recognized to expense and income accounts		53

Article III (5) f) and g) Comparison of current and deferred income tax and the tax in the profit/loss before tax, change in the income tax rate

The overview is shown in the following table:

Name of item	(CP) Tax base	(CP) Tax	(CP) Tax in %	(PP) Tax base	(PP) Tax	(PP) Tax in %
Profit/loss before tax, of which:	-14,371,300	x	x	-10,172,064	x	x
Theoretical tax	x			x		
Tax non-deductible expenses	2,132,974			618,491		
Income not subject to tax	-74			-50		
Impact of deferred tax asset not recognised						
Tax loss carry-forward						
Change in the tax rate						
Other	-55,139			-46,412		
Other I.302 of the tax return	15,540					
Total	-12,277,999			-9,600,035		
Current income tax	x	974	22	x	969	22
Deferred income tax	x	-710		x	657	
Total income tax	x	264	22	x	1,626	22

Article IV Information explaining and supplementing profit and loss

statement items Article IV (1) Information on data reported in income and cost

Article IV (1) c), d), f) Highlights of income in capitalisation of cost, other operating income, financial income and the total amount of exchange rate differences

The overview is shown in the following table:

Name of item	Current accounting period	Preceding accounting period
Highlights in capitalisation of cost		
Other highlights of operating income, of which:		
Revenue from sale of property, plant and equipment		3,293
Financial income, of which:		
Exchange rate gains, of which:	4,956	241
Exchange rate gains as at the financial statements date	1,903	
Other highlights of financial income, of which:		
Interest	74	50

Article IV (1) e) Total amount of personnel expenses

The overview is shown in the following table:

Personnel expenses	Profit and Loss Statement line	Current accounting period	Preceding accounting period
Total amount of personnel expenses, of which	15	3,659,658	3,185,616
- wages	16	2,855,614	2,535,735
- other costs of dependent work	17		
- social and health insurance	18	747,220	609,836
- social insurance	19	56,824	40,245

Article IV (1) g) Highlights of costs of services provided

The overview is shown in the following table:

Cost items	Value CP	Value PP
Services related clinical trials	3,021,123	1,195,557
Leasing	466,617	473,598
Marketing and advertising	317,081	88,905
Travel expenses	306,254	187,522

Article IV (1) h) Highlights of operating expenses

The overview is shown in the following table:

Cost items	Value CP	Value PP
Depreciation of non-current assets	1,971,728	1,877,515
Consumption of material, energy	1,348,185	567,873

Article IV (1) i) Highlights of financial expenses and the total amount of exchange rate losses

The overview is shown in the following table:

Cost items	Value CP	Value PP
Total exchange rate losses, of which:	103,370	62,698
Exchange rate losses as at the financial statements date	480	50,180
Other highlights of financial expenses, of which:		
Interest	1,189,965	607,303

Article IV (2) Information on the amount and character of income and expenses of extraordinary volume or occurrence

The overview is shown in the following table:

Name of item	Value CP	Value PP
Income of extraordinary volume or occurrence, of which:		
Expenses of extraordinary volume or occurrence, of which:		
damage to material	33,000	

Article IV (3) Description and the total amount of costs of having the individual financial statements audited by an auditor or auditing company

The overview is shown in the following table:

Name of item	Current accounting period	Preceding accounting period
Costs or auditor, auditing company, of which:	10,000	10,000
Costs of auditing the individual financial statements	10,000	10,000
Other assurance audit services		
Related audit services		
Tax consultancy		3,000
Other non-audit services		

Article V Information about other assets and other liabilities.

The Company expects significant income and assets from the R&D outcome in the future.

Article VI Information on events occurring between the financial statements date and the date on which the financial statements were prepared

On 28 December 2015, the Company filed a motion to District Court Bratislava I, under reg. No.: 1/2016 Ov, to relocate the registered seat of the European company to the Republic of Cyprus. An extraordinary General Meeting of 7 March 2016 decided on relocation of the registered seat of the European company to the Republic of Cyprus.

In the next accounting period, the accounting entity is going to sell parts of the company, with the date being set on 1 May 2016. Purchaser: AXON Neuroscience CRM Services SE and AXON Neuroscience R&D Services SE

Given the relocation of the registered seat of the company to the Republic of Cyprus and the sale of parts of the company in the next accounting period, there may be a change in the valuation of goodwill and the acquired property, plant and equipment.

Article VII (1) a) to c) List and characteristics of related-party transactions

The overview is shown in the following table:

Related party	Characteristics of the transaction	Value (CP)	Balance as at the financial statements date	Securing the balance	Value adjustment to doubtful receivables	Derecognition of doubtful receivables as an expense
Entity exercising controlling influence in AE	financing - received loan	14,982,711				
	financing - repaid loan	1,500,000				
	creation of other equity funds	24,947,794	24,947,794			
Entity exercising common controlling or material influence in AE						
Subsidiaries						
Common accounting entities						
Affiliated accounting entities						
key management of the accounting unit or its parent accounting entity						
Other related parties						

Article VII (2) Information about the income and advantages of members of statutory body, supervisory body and other bodies

Article VII (2) a Remuneration granted for the accounting period to members of the Company's bodies – current period

The overview is shown in the following table:

Type of remuneration/payment	Value of remuneration of current members of statutory bodies	Value of remuneration of current members of supervisory bodies	Value of remuneration of current members of other bodies	Value of payment of former members of statutory bodies	Value of payment of former members of supervisory bodies	Value of payment of former members of other bodies
Remuneration for performance of function		48,000				

Article VII (2) a Remuneration granted for the accounting period to members of the Company's bodies – preceding period

The overview is shown in the following table:

Type of remuneration/payment	Value of remuneration of current members of statutory bodies	Value of remuneration of current members of supervisory bodies	Value of remuneration of current members of other bodies	Value of payment of former members of statutory bodies	Value of payment of former members of supervisory bodies	Value of payment of former members of other bodies
Remuneration for performance of function		48,000				

Article IX Overview of equity movements

Article IX (1 - 3) Overview of equity movements within ordinary financial statements – current period

The overview is shown in the following table:

In the current accounting period of 2015, other equity funds were created pursuant to the GM Decision and the Agreement on Offsetting Mutual Receivables.

Equity item	Chart of accounts	Opening balance	Increases	Decreases	Transfers (+/-)	Closing balance
Share capital	(411)	27,512,000				27,512,000
Change in share capital	+/-419					
Receivables related to subscribed equity	(/-353)					
Share premium	(412)					
Other equity funds	(413)		24,947,794			24,947,794
Statutory reserve fund and indissoluble fund	(421A, 422, 417A, 418)	12,000				12,000
Differences from revaluation of assets and liabilities	(+/-414)					
Differences from revaluation of capital interests	(+/-415)					
Differences from revaluation in the event of merger, amalgamation and separation	(+/-416)					
Reserve fund for own shares and own ownership interests	(417A, 421A)					
Statutory funds	(423, 42X)					
Other funds	(427, 42X)					
Retained earnings from previous years	(428)					
Accumulated losses from previous years	(/-429)	-11,921,126	-10,228,487			-22,149,613
Profit/loss of the current accounting period	I. 100	-10,173,690	-14,371,564		10,173,690	-14,371,564
Dividends paid						
Other equity items						
Account 491 - Equity of an individual - entrepreneur	(+/-491)					

Article IX (1 - 3) Overview of equity movements within ordinary financial statements – preceding period

The overview is shown in the following table:

Equity item	Chart of accounts	Opening balance	Increases	Decreases	Transfers (+/-)	Closing balance
Share capital	(411)	27,512,000				27,512,000
Change in share capital	+/-419					
Receivables related to subscribed equity	(/-353)					
Share premium	(412)					
Other equity funds	(413)					
Statutory reserve fund and indissoluble fund	(421A, 422, 417A, 418)	12,000				12,000
Differences from revaluation of assets and liabilities	(+/-414)					
Differences from revaluation of capital interests	(+/-415)					
Differences from revaluation in the event of merger, amalgamation and separation	(+/-416)					
Reserve fund for own shares and own ownership interests	(417A, 421A)					
Statutory funds	(423, 42X)					
Other funds	(427, 42X)					
Retained earnings from previous years	(428)					
Accumulated losses from previous years	(/-429)	-4,961,039	-6,960,087			-11,921,126
Profit/loss of the current accounting period	I. 100	-6,916,609	-10,173,690		6,916,609	-10,173,690
Dividends paid						
Other equity items						
Account 491 - Equity of an individual - entrepreneur	(+/-491)					

Other records

Article X Overview of cash flows in 2015

Designation of item	Current accounting period	Preceding accounting period
Cash flow from operating activities		
P/L Profit/loss for the accounting period before tax (+/-)	-14,371,300	-10,172,064
A.1. Non-monetary transactions affecting the profit/loss from ordinary activities before income tax (+/-), (sum of A.1.1. to A.1.13.)	3,297,302	2,500,883
A.1.1. Depreciation of non-current intangible assets and property, plant and equipment (+)	1,971,728	1,877,515
Carrying amount of non-current intangible assets and property, plant and equipment recognized in the release of these assets as an expense for ordinary activity, save for the sale thereof (+)	0	0
A.1.2. Depreciation of value adjustment to acquired assets (+/-)	0	0
A.1.3. Change in the volume of long-term provisions (+/-)	0	0
A.1.4. Change in the volume of value adjustments (+/-)	127,911	0
A.1.5. Change in volume of accrued expenses and income (+/-)	7,772	11,183
A.1.6. Dividends and other shares in profit recognized as an income (-)	0	0
A.1.7. Interest recognised as an expense (+)	1,189,965	607,303
A.1.8. Interest recognised as an income (-)	-74	-50
A.1.9. Exchange rate gain calculated in relation to cash and cash equivalents as at the financial statements date (-)	0	0
A.1.10. Exchange rate loss calculated in relation to cash and cash equivalents as at the financial statements date (+)	0	0
A.1.11. Proceeds from sale of non-current assets, save for the assets being considered a cash equivalent (+/-)	0	4,932
Other non-monetary items affecting the profit/loss of ordinary activities, save for those included individually in other sections	0	0
A.1.12. of the overview of cash flows (+/-)	0	0
Influence of changes in the volume of the working capital which, in the context hereof, means the difference between the current assets and current liabilities, save for current assets items that are part of cash and cash equivalents, on the profit/loss from ordinary activities (sum of A.2.1 to A.2.4)	-1,261,933	9,272,962
A.2. Change in volume of receivables from operating activities (-/+)	-337,236	207,845
A.2.1. Change in volume of liabilities from operating activities (+/-)	-667,975	9,692,115

A.2.3.	Change in volume of inventory (-/+)	-256,723	-626,998
A.2.4.	Change in volume of current financial assets, save for the assets that are part of cash and cash equivalents (-/+)	0	0
	Cash flows from operating activities, save for income and expenses included individually in other sections of the overview of cash flows (+/-), (sum of P/L + A.1. + A.2.)	-12,335,931	1,601,781
A.3.	Interest received, save for those included in investment activities (+)	74	50
A.4.	Costs of interest paid, save for those included in financial activities (-)	0	-607,303
A.5.	Income from dividend and other shares in profit, save for those included in investment activities (+)	0	0
A.6.	Costs of dividend paid and other shares in profit, save for those included in financial activities (-)	0	0
	Cash flows from operating activities (+/-), (sum of P/L + A.1. to A.6.)	-12,335,857	994,528
A.7.	Costs of income tax of the accounting entity, save for those included in investment or financial activities (-/+)	-264	-1,626
A.	Net cash flows from operating activities (+/-), (sum of P/L + A.1. to A.9.)	-12,336,121	992,902

Cash flow from investment activities

B.1.	Costs of acquisition of non-current intangible assets (-)	-33,750	-16,600
B.2.	Costs of acquisition of property, plant and equipment (-)	-233,669	-825,628
B.3.	Costs of acquisition of long-term securities and interests in other accounting entities, save for those securities considered cash equivalents and securities for sale or trading (-)	0	0
B.4.	Income from sale of non-current intangible assets (+)	0	0
B.5.	Income from sale of property, plant and equipment (+)	0	3,293
B.6.	Income from sale of long-term securities and interests in other accounting entities, save for those securities considered cash equivalents and securities for sale or trading (+)	0	0
B.7.	Costs of long-term loans granted by the accounting entity to another accounting entity which is a part of a consolidated unit (-)	0	0
B.8.	Income from repayment of long-term loans granted by the accounting entity to another accounting entity which is a part of a consolidated unit (+)	0	0
B.9.	Costs of long-term loans granted by the accounting entity to third parties, save for the long-term loans granted to an accounting entity which is a part of a consolidated unit (-)	0	0
B.10.	Income from repayment of loans granted by the accounting entity to third parties, save for the long-term loans granted to an accounting entity which is a part of a consolidated unit (+)	0	0

B.11.	Interest received, save for those included in operating activities (+)	0	0
B.12.	Income from dividend and other shares in profit, save for those included in operating activities (+)	0	0
B.13.	Costs related to derivatives, save for those for sale or trading or if these costs are considered cash flows from financial activities (0	0
B.14.	Income related to derivatives, save for those for sale or trading or if these costs are considered cash flows from financial activities (+)	0	0
B.15.	Costs of income tax of the accounting entity if it can be included in investment activities (-)	0	0
B.16.	Other income related to investment activities (+)	0	0
B.17.	Other costs related to investment activities (-)	0	0
B.	<u>Net cash flows from investment activities (sum of B.1. to B.19.)</u>	<u>-267,419</u>	<u>-838,935</u>
Cash flow from financial activities			
C.1.	Cash flows in equity (sum of C.1.1. to C.1.8.)	14,927,914	-43,478
C.1.1.	Income from subscribed shares and business interests (+)	0	0
C.1.2.	Income from other contributions in equity by shareholders or individual being an accounting entity (+)	14,982,711	0
C.1.3.	Monetary gifts received (+)	0	0
C.1.4.	Income from settlement of loss by shareholders (+)	0	0
C.1.5.	Costs of acquisition or repurchase of own shares and own business interests (-)	0	0
C.1.6.	Costs related to decrease in funds created by the accounting entity (-)	0	0
C.1.7.	Costs of payment of share in equity by shareholders of the accounting entity and individual being an accounting entity (-)	0	0
C.1.8.	Costs on other grounds related to the decrease of equity (-)	-54,797	-43,478
C.2.	Cash flows arising from non-current liabilities and current liabilities from financial activities (sum of C.2.1. to C.2.9.)	-1,500,000	-1,851
C.2.1.	Income from issuance of debt securities (+)	0	0

C.2.2.	Costs of settlement of liabilities from debt securities (-)	0	0
C.2.3.	Income from loans granted to the accounting entity by a bank or foreign bank branch, save for those granted to secure the main scope of business (+)	0	0
C.2.4.	Costs of repayment of loans granted to the accounting entity by a bank or foreign bank branch, save for those granted to secure the main scope of business (-)	0	0
C.2.5.	Income from loans received (+)	0	0
C.2.6.	Costs of repayment of loans (-)	-1,500,000	0
C.2.7.	Income from other non-current liabilities and current liabilities arising out of the financial activities of the accounting entity, save for those included individually in another section of the overview of cash flows (-)	0	-1,851
C.2.8.	Costs of repayment of other non-current liabilities and current liabilities arising out of the financial activities of the accounting entity, save for those included individually in another section of the overview of cash flows (-)	0	0
C.3.	Costs of interest paid, save for those included in operating activities (-)	0	0
C.4.	Costs of dividend paid and other shares in profit, save for those included in operating activities (-)	0	0
C.5.	Costs related to derivatives, save for those for sale or trading or if these costs are considered cash flows from investment activities (-)	0	0
C.6.	Income related to derivatives, save for those for sale or trading or if this income is considered cash flow from investment activities (+)	0	0
C.7.	Costs of income tax of the accounting entity if they can be included in financial activities (-)	0	0
C.8.	Other income related to financial activities (+)	0	0
C.9.	Other costs related to financial activities (+)	0	0
C.	Net cash flows from financial activities (sum of C.1. to C.9.)	13,427,914	-45,329
D.	Net increase or decrease of cash (+/-), (sum of A+B+C)	824,374	108,638
E.	Cash and cash equivalents at the beginning of the accounting period (+/-)	397,516	288,879
F.	Cash and cash equivalents at the end of the accounting period before exchange rate differences calculated as at the financial statements date are taken into account (+/-)	1,221,890	397,517
G.	Exchange rate differences calculated in relation to cash and cash equivalents as at the financial statements date (+/-)	0	0
	Balance of cash and cash equivalents at the end of the accounting period, adjusted according to the exchange rate differences calculated as at the financial statements date are taken into account (+/-)	1,221,890	397,516

Note: An indirect reporting policy was used for reporting of cash flows from operating activities and a direct reporting policy was used for investment and financial activities.