EURO-DM SECURITIES LIMITED

INTERIM REPORT AND UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2015 TO 30 JUNE 2015

EURO-DM SECURITIES LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2015 TO 30 JUNE 2015

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EURO-DM SECURITIES LIMITED

UNAUDITED INTERIM REPORT OF THE DIRECTORS

The Directors submit their interim report and the unaudited interim financial statements for the period 1 January 2015 to 30 June 2015.

INCORPORATION

Euro-DM Securities Limited ("the Company") was incorporated in Jersey, Channel Islands, on 11th February 1986.

ACTIVITIES

The Company holds a thirty year Schuldschein issued by the German Federal Post Office. The purchase of the Schuldschein has been financed from the net proceeds on the issue of Zero-Coupon Deutsche Mark Bearer Bonds on the Frankfurt Stock Exchange and the sale of a portion of the interest receivable under the Schuldschein.

RESULTS

The results for the period are shown in the Statement of Comprehensive Income on page 5.

DIVIDEND

The Directors do not recommend the payment of a dividend in respect of the period 1 January 2015 to 30 June 2015 (1 January 2014 to June 2014 NIL).

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS").

The Directors are responsible for keeping proper accounting records, for preparing the half-yearly financial report in accordance with IFRS as adopted by the European Union, and ensuring compliance with applicable listing rules. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER

The Directors of the Company confirm to the best of their knowledge that the financial statements for the period end give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by the applicable accounting standards. The principal risks and uncertainties faced by the Company are disclosed in the notes of these financial statements.

DIRECTORS

The Directors of the Company who served during the period and subsequently were as follows:

Equiom Management (CI) Limited (formerly Lloyds Management (Channel Islands) Limited)

Equiom Services (CI) Limited (formerly Lloyds Services (Channel Islands) Limited)

SECRETARY

Equiom Management (CI) Limited (formerly Lloyds Management (Channel Islands) Limited) acted as Secretary throughout the period.

REGISTERED OFFICE

One The Esplanade
St Helier
Jersey
JE2 3QA
Channel Islands

ADMINISTRATOR

Equiom Trust (CI) Limited (formerly Lloyds Trust Company (Channel Islands) Limited)
One The Esplanade
St Helier
Jersey
JE2 3QA
Channel Islands

PAYING AGENT

Commerzbank AG
Mainzer Landstraße 151
60327 Frankfurt am Main
Frankfurt
Germany

BY ORDER OF THE BOARD

Equiom Management (CI) Limited

Dated 14 August 2015

INDEPENDENT REVIEW REPORT TO EURO-DM SECURITIES LIMITED

We have been engaged by the Company to review the interim financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and related notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The interim financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the interim financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Emphasis of matter – Financial statements prepared on a basis other than going concern

In reaching our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in note 1 to the interim financial statements, which explains that the interim financial statements have been prepared on a basis other than that of a going concern. Our conclusion is not modified in respect of this matter.

Deloitte LLP

Deloitte LLP
Chartered Accountants
St Helier, Jersey

14 August 2015

EURO-DM SECURITIES LIMITED

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2015

(Expressed in Euro '000s unless otherwise stated)

	NOTES	€ 000s Unaudited 30 June 2015	€ 000s Audited 31 December 2014
ASSETS			
Non-current assets			
Loan and receivables	3	391,201	378,653
Prepaid expenses	4	12	20
		391,213	378,673
Current assets			
Receivable from related party		6	15
Cash and cash equivalents		10	10
TOTAL ASSETS		391,229	378,698
EQUITY			
Capital and reserves (attributable to the company's equity holders)			
Ordinary share capital	8	5	5
Accumulated losses		(18)	(32)
TOTAL EQUITY		(13)	(27)
LIABILITIES			
Non-current liabilities			
Financial liabilities at amortised cost	7	391,233	378,707
Current liabilities			
Trade payable and accrued expenses		9	18
TOTAL LIABILITIES		391,242	378,725
TOTAL EQUITY AND LIABILITIES		391,229	378,698

The unaudited interim financial statements on pages 4 to 13 were approved and authorised for issue by the Corporate Board of directors on 14 August 2015 and are signed on it's behalf by:

on behalf of
Equiom Management (CI) Limited

Director ....

on behalf of
Equiom Services (CI) Limited

Director ....

The notes on pages 8 to 13 form an integral part of these unaudited interim financial statements

EURO-DM SECURITIES LIMITED

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30TH JUNE 2015

(Expressed in Euro '000s unless otherwise stated)

	NOTES	€ 000s **Unaudited** **Period 1 January 2015 to 30 June 2015**		€ 000s Unaudited Period 1 January 2014 to 30 June 2014	
INCOME					
Interest income	**3**		**12,548**		11,793
ADMINISTRATION EXPENSES					
Secretarial fee		**4**		4	
Accountancy fee		**3**		2	
Audit fee		**4**		4	
Disbursements		**1**		1	
		12		11	
Less: Reimbursement		**(12)**		(11)	
Operating profit			**12,548**		11,793
FINANCE COSTS					
Amortisation charge	**7**	**12,526**		11,773	
Prepaid expenses	**4**	**8**		8	
			12,534		11,781
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME			**14**		12

The notes on pages 8 to 13 form an integral part of these unaudited interim financial statements

EURO-DM SECURITIES LIMITED

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30TH JUNE 2015

(Expressed in Euro '000s unless otherwise stated)

	Unaudited Share Capital	Unaudited Accumulated Losses	Unaudited Total Equity
Balance at 1 January 2015	5	(32)	(27)
Total comprehensive income to equity holders of the Company	-	14	14
Balance at 30 June 2015 (unaudited)	5	(18)	(13)

	Unaudited Share Capital	Unaudited Accumulated Losses	Unaudited Total Equity
Balance at 1 January 2014	5	(55)	(50)
Total comprehensive income to equity holders of the Company	-	12	12
Balance at 30 June 2014 (unaudited)	5	(43)	(38)

The notes on pages 8 to 13 form an integral part of these unaudited interim financial statements

EURO-DM SECURITIES LIMITED

UNAUDITED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30TH JUNE 2015

(Expressed in Euro '000s unless otherwise stated)

	NOTES	€ 000s	
		Unaudited	Unaudited
Cash flows from operating activities		**Period 1 January 2015 to 30 June 2015**	Period 1 January 2014 to 30 June 2014
Cash flows from operating activities		-	-
Interest received	3	-	-
Net cash used in operating activities		-	-
Cash flows from financing activities			
Redemption of bearer bonds	7	-	-
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		**10**	10
Cash and cash equivalents at end of the period		**10**	10

UNAUDITED INTERIM RECONCILIATION OF TOTAL COMPREHENSIVE INCOME TO EQUITY HOLDERS OF THE COMPANY TO CASH FLOWS FROM OPERATING ACTIVITIES

	NOTES	€ 000s	
		Unaudited	Unaudited
		Period 1 January 2015 to 30 June 2015	Period 1 January 2014 to 30 June 2014
Total comprehensive income to equity holders of the Company		**14**	12
Adjustments for:			
Interest income	3	**(12,548)**	(11,793)
Amortisation charge	7	**12,526**	11,773
Changes in working capital:			
Decrease in receivable from related party		-	2
Decrease in trade payable and accrued expenses		-	(2)
Prepaid expenses		**8**	8
Cash flows from operating activities		-	-

The notes on pages 8 to 13 form an integral part of these unaudited interim financial statements

EURO-DM SECURITIES LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2015

1 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements for Euro-DM Securities Limited ("the Company") are set out below. These policies have been applied consistently to all periods presented, and are consistent with the financial statements for the year ended 31 December 2014.

1.1 Going Concern
In accordance with an undertaking dated 2nd July 1986, Commerzbank AG as promoters of the issue of Zero Coupon Deutsche Mark bearer bonds described in note 7, have agreed to reimburse the Company for all expenses incurred. The expenses and corresponding reimbursement are shown in the Statement of Comprehensive Income. The Company expects the reimbursement arrangement to continue until the winding up of the structure on the maturity of the bonds. The Schuldschein and bonds mature on 14 March 2016. Following this maturity, the Directors intend to commence an orderly, voluntary winding up of the Company. The financial statements have therefore been prepared on a basis other than going concern. The directors believe that there is no material difference between preparing the financial statements on a going concern basis and on a basis other than going concern.

1.1.2 Basis of preparation
These condensed unaudited interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2014, which have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, issued by International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). The accounting policies are consistent with those of the previous financial year

The Company has acquired a Schuldschein issued by the Bundespost (German Federal Republic Post Office) from Commerzbank AG, funded by the proceeds of the Zero Coupon Deutsche Mark bearer bonds listed on the Frankfurt Stock Exchange. These bonds are issued with a maturity date corresponding to the payment date on the Schuldschein loan. The Company neither has, nor will have, any other significant assets or liabilities and has covenanted not to enter into any other transactions except in connection with the Schuldschein.

It should be noted that the terms of issue of the Deutsche Mark bearer bonds and certain of the agreements contain provisions that if changes are made before the final redemption date of the Schuldschein then the calculation of the amounts due is on the basis set out in such terms.

These financial statements have been prepared keeping in view that the transactions mentioned in the previous paragraphs are not separable. Total income arising from the Schuldschein and total expenses incurred on the financial liabilities (excluding the expenses pertaining to redemption of such liabilities) are recognised in the statement of comprehensive income during the terms of the Schuldschein and Deutsche Mark bearer bonds respectively so as to produce a constant rate of return over their term.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.2

a) Standards, amendment and interpretations effective in 2015

There have been no new standards, interpretations or amendments to existing standards which are effective 1 January 2015 that have a material impact on the Company.

b) Standards, amendments and interpretations to existing standards that are not yet effective for the financial period beginning 1 January 2015 and have been early adopted by the Company

The Company has not early adopted any standards or interpretations.

c) Standards, amendments and interpretations issued but not yet effective for the financial period beginning 1 January 2015 and have not been early adopted by the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2018, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts.

The Directors do not believe that this change will have an impact on the Company as it is anticipated that it will have been wound up before this effective date.

There are no other standards, interpretation or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

1 ACCOUNTING POLICIES (continued)

1.2 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under circumstances.

1.2.1 Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

a) Amortised cost of investment in Schuldschein and Deutsche Mark bearer bonds

The amortised cost of the Schuldschein and Deutsche Mark bearer bonds are calculated using the estimated effective interest rate. Effective interest rate was calculated throughout the life of the Schuldschein and bearer bonds. The Company used its best judgement in estimating the estimated cash inflows and cash outflows in the calculation of effective interest rate. The amortised cost of the Schuldschein and Deutsche Mark bearer bonds would be over or under estimated if the cash flows were to differ from the management estimates.

1.2.2 Critical judgements in applying the accounting policies

a) Impairment of loans and receivables

The Company follows the guidance of IAS 39 to determine when a financial asset is impaired.

In accordance with IAS 39, the Company assesses at each balance sheet date whether there is any objective evidence of impairment; the determination requires significant judgement. In making this judgement, the Company evaluates among other factors, the financial health and business outlook of the Schuldschein issuer (Bundespost, German Federal Republic Post Office).

Deutsche Post, under Postumwandlungsgestz law, is backed by the Federal Republic of Germany, to fulfil the prior obligations of Deutsche Bundespost Post following its split and privatisation into three separate entities.

The Directors of the Company have a duty to review for any impairment of the asset for the period ended 30 June 2015 in accordance with (IFRS), and to conclude whether the Company would suffer an additional charge for impairment.

The Directors of the Company are of the opinion that the investment is not currently impaired.

1.3 Financial assets and liabilities held at amortised cost

1.3.1 Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Schuldschein is classified as loans and receivables. Financial liabilities arise when the Company has a contractual obligation to deliver cash or other financial assets to another entity. The Deutsche Mark bearer bonds issued by the Company are classified as other liabilities carried at amortised cost.

1.3.2 Recognition and measurement

IAS 39, Financial Instruments: Recognition and Measurement, requires financial assets and financial liabilities at amortised cost to be measured on initial recognition at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.3.3 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the assets/liabilities have expired or the Company has transferred substantially all risks and rewards of ownership.

1 ACCOUNTING POLICIES (continued)

1.3.4 Fair value estimation

Fair values are only provided for disclosure purposes as the Schuldschein and Deutsche Mark bearer bonds are accounted for at amortised cost. See note 3 and note 7 for fair value estimation.The fair value of any financial assets and liabilities that are traded in an active market are determined with reference to the market price at the measurement date. The fair value of financial assets and liabilities that are not traded in an active market (for example, inactively traded bonds) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used may include the use of discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Due to the inherent uncertainty in respect of the measurement of fair value of both the investment in the Schuldschein and the liability of the Zero Coupon Bond, the estimated fair values disclosed may differ significantly from the realisable value, and the differences could be material. The Zero Coupon Bonds are issued with a maturity date corresponding to the payment date on the Schuldschein loan. The Schuldschein investment continues to be government backed and the loans originate from an EU member state. This is because the Deutsche Post, under Postumwandlungsgestz law, is backed by the Federal Republic of Germany, to fulfil the prior obligations of Deutsche Bundespost Post following its split and privatisation in to three separate entities. The counterparts, who are legally bound by the documentation, are regulated banks.

1.4 Cash and cash equivalents

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

1.5 Functional and presentation currency

The Company has adopted the Euro ("EUR") as its presentation and functional currency, as the Company's primary activity is to invest in EUR denominated securities. The Company has no exposure to currency on its investment, and only minimal exposure to Pound Sterling ("GBP") and United States Dollar ("USD") on its payables and receivables.

Transactions denominated in currencies other than EUR have been translated to EUR at the exchange rate ruling at the date of the transaction. Monetary items on the balance sheet have been translated to EUR at the exchange rate ruling at the period/year end. Foreign currency gains and losses on such transactions are recognised in the Statement of Comprehensive Income.

1.6 Income

Income, which includes interest income and discount on the Schuldschein, is recognised in the Statement of Comprehensive Income using the effective interest rate method over the term of the Schuldschein.

1.7 Amortisation charge

The discount on Deutsche Mark bearer bonds is amortised through the Statement of Comprehensive Income over the life of the related liability using the effective interest rate method.

1.8 Issue costs

Costs necessarily incurred in relation to the issue of the Deutsche Mark bearer bonds are classified as transaction costs. These transaction costs are subsequently amortised through the Statement of Comprehensive Income using the effective interest rate method over the life of the related liability. Any unamortised transaction costs are presented by way of netting from the related liability to which they pertain.

1.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.10 Bond redemption expenses

According to the terms of arrangement the difference between the interest instalments receivable on the Schuldschein and the redemption value of the relevant Deutsche Mark bearer bonds will be utilised for payment of costs pertaining to redemption of the Deutsche Mark bearer bonds. Accordingly, bond redemption expenses are recorded at the time when the bonds are actually redeemed.

1.11 Share capital

Ordinary shares are classified as equity.

1.12 Expenses

In accordance with an undertaking dated 2nd July 1986, the promoters (Commerzbank AG) of the issue of Zero Coupon Deutsche Mark bearer bonds described in note 5, have agreed to reimburse the Company for all expenses incurred.

1.13 Segmental Reporting

The Company is deemed to be organised into one activity and geographical segment. No additional disclosures have therefore been included in relation to segmental reporting.

2 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: Market risk, credit risk and counter-party risk, and liquidity risk as explained below.

2.1 Financial risk factors

a) Market risk

i) Price risk and Interest rate risk

The overall position and risk is governed by terms of the determined loan document under the Schuldschein, and is matched and funded by zero coupon Deutsche mark bearer bonds. The interest rate on the Schuldschein is fixed and therefore interest rate risk is deemed to be minimal.

ii) Currency risk

The Company's presentation and functional reporting currency is the Euro and there is no exchange rate risk on income since the DM was converted to Euro in 2002 at a fixed rate of 1.95583. There is some limited exposure on expenses charged in Pound Sterling and United States Dollar currencies, however these expenses are fully reimbursed in the source currency by the promoter, Commerzbank AG.

iii) Sensitivity analysis

The Company has not provided a sensitivity analysis, given that both interest rate risk and currency risk are not deemed to be relevant as the zero coupon Deutsche Mark bearer bonds are fully funded by the Schuldschein. Therefore no sensitivity analysis is required to be disclosed.

b) Credit risk and counter party risk

Credit risk is the risk that the counter-parties will be unable to pay amounts in full when due. The Company's single investment holding is the Schuldschein (as described in note 3), with an actual balance outstanding of €391.20m as at 30 June 2015 and a fair value of €409.00m as at 30 June 2015. The Company has covenanted not to enter into any other transactions except in connection to the Schuldschein. An impairment review was carried out in respect of the Schuldschein and based on such the Directors are of the view that no impairment provision is required, as more fully described below.

The Schuldschein investment continues to be government backed and the loans originate from an EU member state. This is because Deutsche Post, under Postumwandlungsgestz law, is backed by the Federal Republic of Germany through a commitment made by the Federal Republic of Germany to fulfil the prior obligations of Deutsche Bundespost Post following its split and privatisation in to three separate entities. The counterparty and paying agent who is legally bound by the documentation, is a regulated bank.

The only other asset subject to credit risk is the receivable from a related party, Commerzbank AG, who is the ultimate controlling party of the Company and paying agent. Given that Commerzbank AG is a well regulated bank with a credit rating of BBB+ from Standard & Poor's ratings services, the credit risk of the receivable from the related party is deemed to be minimal.

The Directors have no evidence to suggest that the Schuldschein investment had suffered a decline in fair value below the cost, or that any decline was prolonged or significant. The Directors of the Company are therefore of the opinion that the investment is not currently impaired, although they will continue to monitor the situation, given the current economic conditions. For further information please refer to note 3.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the payment obligations associated with its financial liabilities when they fall due.

The Company currently has minimal exposure to liquidity risk as its obligations to meet its liabilities are offset by the investment held in accordance with the terms of the loan agreement. There have been no defaults or breaches to date, in relation to financial obligations of the Company.

As at 30 June 2015	Less than 1 year Euro' 000s	1 to 2 years Euro' 000s	Over 5 years Euro' 000s
Trade payable and accrued expenses	9	-	-
Financial liabilities at amortised cost	**409,034**	-	-

As at 31 December 2014	Less than 1 year Euro' 000s	1 to 2 years Euro' 000s	Over 5 years Euro' 000s
Trade payable and accrued expenses	18	-	-
Financial liabilities at amortised cost	-	409,034	-

The final amount due on maturity is €409,033,505

2 FINANCIAL RISK MANAGEMENT (continued)

2.2 Capital risk management

As of 30 June 2015 the Company has an ordinary share capital of €5,000 (Year ended 31 December 2014: €5,000). The Company's main transaction, acquisition of Schuldschein was funded through issue of Deutsche Mark bearer bonds as described in note 7 to the financial statements.

2.3 Limited recourse

There is no limited recourse in place, as the financial assets are not secured on any specific assets of the issuer.

3 LOANS AND RECEIVABLES

Loans and receivables represent an investment in a Schuldschein issued by Bundespost, German Federal Republic Post. The investment has a face value of €300,759,933 and was purchased at a cost of €287,580,920.

Between 14 March 1986 and 13 March 1996, the Schuldschein yields interest at a rate of 6.3% p.a. due and payable annually. Subsequently, it bears interest in equal instalments due in every five years on 14 March 2001, 2006, 2011 and 2016 respectively. The principal amount of the Schuldschein is payable on 14 March 2016.

The Schuldschein is used to provide security for the Deutsche Mark bearer bonds detailed in note 7 below.

The carrying value of the Schuldschein is as follows:	€000s	
	Unaudited 30 June 2015	Audited 31 December 2014
Amortised cost at beginning of the period/year	**378,653**	355,067
Interest income during the period/year at effective interest rate	**12,548**	23,586
Amortised cost at the end of the period/year	**€391,201**	€378,653

The effective rate of the Schuldschein is 6.64% p.a. (2014:6.64%). The fair value of the Schuldschein presented in the statement of financial position is estimated to be €409,003,433 as at 30 June 2015 (as at 31 December 2014: €407,830,469). The fair value of the Schuldschein was determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant input being the discount rate. The fair value hierarchy is considered to be level 3.

4 PREPAID EXPENSE

This represents advance payments made in respect of Trustees and Paying Agents fees and is amortised through the Statement of Comprehensive Income on a straight line basis over the life of the Schuldschein.

	€ 000s	
	Unaudited 30 June 2015	Audited 31 December 2014
Carrying cost at the beginning of the period/year	**20**	37
Amortised during the period/year	**(8)**	(17)
Carrying cost at the end of the period/year	**€12**	€20

5 ADMINISTRATION EXPENSES

In accordance with an undertaking dated 2nd July 1986 the promoters of the issue of the Zero Coupon Deutsche Mark bearer bonds described in note 7, have agreed to reimburse the Company for all expenses incurred. The expenses and the corresponding reimbursement are shown in the Statement of Comprehensive Income.

The Company engaged the services of Equiom Trust (CI) Limited (formally Lloyds Trust Company (Channel Islands) Limited) for a fixed fee of $10,000 per annum and an annual fee of $3,000 for bookkeeping and accounting services, plus an interim fee of £2,000 for the production of interim financial statements plus disbursements.

6 TAXATION

The Company is taxed at the standard rate 0%. (2014:0%).

7 FINANCIAL LIABILITIES AT AMORTISED COST

The Company issued 1,435,280,000 Zero-Coupon Deutsche Mark bearer bonds divided in to series (Series 2001, Series 2006, Series 2011 and Series 2016). The bonds are listed on the Frankfurt Stock Exchange. The Company sold its right to receive the interest due on the Schuldschein during the period 14 March 1986 to 13 March 1996 in order to finance the purchase of the Schuldschein. These liabilities are recorded in the financial statements at their amortised cost which is determined after taking into account discount and transaction cost amortisation and payment of interest instalments to settle the liability arising on the sale of rights to receive interest on the Schuldschein, and fully secured on the Schuldschein described in note 3. The bonds mature on 14 March 2016.

	€ 000s	
	Unaudited 30 June 2015	Audited 31 December 2014
Amortised cost at the beginning of the period/year	**378,707**	355,161
Amortisation of discount at effective interest rate	**12,526**	23,546
Amortised cost at the end of the period/year	**€391,233**	€378,707

The effective interest rate of the Deutsche Mark bearer bonds is 6.63% p.a.

The contractual value at the maturity of the Deutsche Mark bearer bonds is €409m (31 December 2014 - € 409m).

The fair value of the Deutsche Mark bearer bonds presented in the Statement of financial position is estimated to be €408,857,621 as at 30 June 2015 (31 December 2014: €407,070,144). The technique for fair value is determined on the basis of quoted prices on Bloomberg and the hierarchy is considered to be Level 2.

8 ORDINARY SHARE CAPITAL

		2015		2014
Authorised 10,000 shares of £1 each with ordinary voting rights	**£**	**10,000**	£	10,000
Issued and fully paid 3,509 shares of £1 each with ordinary voting rights	**£**	**3,509**	£	3,509
		€ 000s		
Converted to € at the exchange rate ruling at the date on which the Deutsche Mark ("DM") ceased to be legal tender, and not re-converted each year.	€	**5**	€	5

9 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The immediate controlling party of the Company is Equiom Trust (CI) Limited (formally Lloyds Trust Company (Channel Islands) Limited), as trustee of a charitable trust, which is the beneficial owner of the issued shares. In the opinion of the trustee the ultimate controlling party is Commerzbank AG, a regulated German bank.

10 RELATED PARTY TRANSACTIONS

Parties are considered related if one party has ability to control the other party or exercise influence over the party in making financial or operational decisions. The following are considered by the directors of the Company to be related parties:

Equiom Trust (CI) Limited (formerly Lloyds Trust Company (Channel Islands) Limited) as immediate controlling party of the Company.
Commerzbank AG as the ultimate controlling party and paying agent of the Company.
Equiom Trust (CI) Limited (formerly Lloyds Trust Company (Channel Islands) Limited) provided administrative and accountancy services for a fee of €5,337 (6 month period to 30 June 2014)
Commerzbank AG has reimbursed the Company of all administrative expenses for the period of €12,000 (6 month period ended 30 June 2014 - €11,000).

The balance receivable from Commerzbank AG at 30 June 2015 is €6,000 (31 December 2014 - €15,000).

11 SUBSEQUENT EVENTS

No significant events occurred between the period end date and the date of signing the financial statements, which would require adjustments, or disclosure in, the financial statements.