

20 April 2016

# Annual Report 2015



# Table of Contents

LETTER TO SHAREHOLDERS .....	3
COMPANY PROFILE .....	4
FINANCIAL REVIEW .....	5
<b>COMPENSATION REPORT .....</b>	<b>6</b>
REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT .....	11
<b>CORPORATE GOVERNANCE .....</b>	<b>13</b>
<b>THERAMETRICS HOLDING AG CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>22</b>
CONSOLIDATED BALANCE SHEET .....	23
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	24
CONSOLIDATED CASH FLOW STATEMENT .....	25
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	26
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	27
REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS .....	56
<b>THERAMETRICS HOLDING AG FINANCIAL STATEMENTS .....</b>	<b>58</b>
BALANCE SHEET .....	59
INCOME STATEMENT .....	60
NOTES TO THE FINANCIAL STATEMENTS .....	61
REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS .....	67

# Letter to the Shareholders

Dear Shareholders:

After two years of restructuring and rebuilding, 2015 ended with a series of transformational events that are anticipated to bring the rebirth of THERAMetrics in 2016.

As announced in December 2015, the Company has decided to exit the CRO business and focus only on drug development.

Advanced negotiations are under way for the sale of the Company's CRO subsidiaries in the first half of 2016. At the same time, THERAMetrics has entered into a binding agreement to combine with Relief Therapeutics SA of Geneva, subject to your approval at the upcoming shareholders' meeting in May. The combined company will focus on developing its collective pipeline of promising medicinal product candidates (MPCs) and continue the commercial development of its drug rescuing and repurposing platform DRR2.0.

Relief's most promising MPC is Low Dose Interleukin-6 (IL-6), a neuroprotective compound addressing an unmet medical need in diabetic neuropathy. The rights to the intellectual property and its global commercialization have been secured by Relief from a subsidiary of Merck Serono. Low Dose IL-6 is ready to enter Phase II clinical testing in patients.

TMX's most promising MPC is Aviptadil for the treatment of Sarcoidosis and Acute Lung Injury. The company plans to resume Phase III clinical trials for the use of Aviptadil in selected indications already in H1 2016.

A key element to the success of the "new THERAMetrics" will be financing, which has already been secured through a three-year CHF 25 million share subscription facility granted by GEM Global Yield Fund as announced in December 2015.

With the final steps of the company's transformation planned for June 2016, THERAMetrics should be able to start the second half of the year as a truly transformed company, with a lean operating structure, ample financial resources, and a promising pipeline of drug candidates that will offer TMX shareholders more potential than ever for a return on their investment.

Sincerely,

**Raffaele Petrone**  
Chief Executive Officer and  
Chairman of the Board of Directors

# Company Profile

## Business Overview

THERAMetrics holding AG (TMX) (the Company) is the Swiss parent company of a global tech-based contract research and development organization (TCRDO) which offers a full range of technological services and solutions to life sciences and pharmaceutical companies through the entire value chain of drug discovery and development.

## History

The Company, which assumed its current name THERAMetrics holding AG on 20 June 2013, was founded in March 2007 and is the result of a business combination in September 2013 of the former mondoBIOTECH holding AG, which was focused on the discovery of MPCs, with Pierrel Research International AG (PRINT), the parent company of an international CRO group.

## Business Activities

Current business activities include:

- the provision of full clinical research and scientific marketing services as well as of clinical trial services for research and development of new molecules and drug products to the pharmaceutical, biotechnology and healthcare industries. The services provided include clinical development consultancy, investigational drugs preparation (Clinical Supply Services, "**CSS**"), clinical trials application and management, electronic data collection and data management, drug regulatory affairs, Clinical Pharmacology Unit, Clinical Trials throughout Phases I-IV, e-Clinical Trial Technology, Pharmacovigilance and Drug Safety Solutions, Onco-Immunology Research, Storage & Distribution, Regulatory Services, Data Management & Statistical Evaluation, Scientific Consulting & Medical Writing and Quality Management Services;
- the discovery and development of new pharmaceutical product candidates and the repurposing of existing drugs into new therapeutic indications, through our technological platform DRR2.0, which matches the information on molecules and biological pathways with the patho-physiological signs and symptoms of diseases. The Company has developed a portfolio of product candidates (with 22 patents granted, 22 patent families under advanced examination, 11 orphan drug designations obtained both in the United States and in Europe, and 1 orphan drug designation under examination).

DRR2.0 enables THERAMetrics to repurpose existing compounds to other indications and allows us to project the mechanism of action of any drugs or investigation specific bio-medical interactions as part of a patho-physiological analysis. This bio-mathematical platform is based upon a proprietary mathematical model which is focused on matching the information among biological processes and deriving emerging paths through the patho-physiological signs and symptoms of diseases.

## Current Transformation

In December 2015, the Company announced its plan to exit the field of contract research and focus solely on drug development and discovery.

**Sale of the CRO Business:** TMX is in advanced negotiations for the sale of its significant contract research subsidiaries to a larger, global contract research organization (CRO). The Company expects the sale to be completed during the first half of 2016. TMX's smaller CRO subsidiaries, where there is little or no business, are in the process of being closed.

**Business combination with Relief Therapeutics and related financing facility with GEM:** TMX has signed a binding agreement to combine its business with another drug development company, Relief Therapeutics SA (Relief) in Geneva, pending shareholder approval and other customary conditions. After the merger, Relief will be a wholly-owned subsidiary of TMX. The combined company will focus on the development and/or licensing of its portfolio of medicinal products candidates (MPC), and at the same time continue the commercial development of its drug rescuing and repurposing platform DRR2.0.

Financing for the combined entity is being provided by a three-year CHF 25 million share subscription facility (SSF) with GEM Global Yield Fund.

# Financial Review

## Overview of Consolidated Financial Results

Due to TMX's decision to exit the CRO business, the Company's consolidated financial statements show amounts relating to continuing operations and discontinued operations. The net financial results of the CRO business are shown as discontinued operations for 2015. For comparison purposes, 2014 has also been restated to reflect this split.

The Company generated consolidated revenues from continuing operations of EUR 237k for the year ended 31 December 2015, compared to revenues of EUR -0- for the year ended 31 December 2014.

From both continuing and discontinued operations, the Company generated consolidated revenues of EUR 13.8 million for the year ended 31 December 2015, compared to revenues of EUR 16.2 million for the year ended 31 December 2014.

The company incurred a net loss of EUR 8.5 million for the year ended 31 December 2015 compared to a net loss of EUR 10.2 million for the year ended 31 December 2014. Basic and diluted loss per share for the same periods was EUR 0.013 and EUR 0.021, respectively.

From both continuing and discontinued operations, personnel expense was EUR 8.4 million and EUR 9.6 million for the years ended 31 December 2015 and 2014, respectively.

## Risk assessment disclosure required by Swiss Law

Group management has initiated a restructuring program to reorganize the Group with the aim to improve operating results. Due to the ongoing monitoring of these initiatives, no separate risk assessment was performed in the current year.

Financial risk management is described in more detail in Note 28.3 of the accompanying Consolidated Financial Statements.

# COMPENSATION REPORT

The Compensation Report provides an overview of the compensation programs, the method of determination of compensation and the compensation awarded in 2015 to the members of the Board of Directors and of the Executive Committee of THERAMetrics holding AG.

The report is written in compliance with the provisions of the Ordinance against Excessive Compensation in Stock Listed Corporations and the standards related to information on Corporate Governance issued by the SIX Swiss Exchange.

## 1 Highlights and Activities in 2015

In 2015, THERAMetrics successfully completed its implementation of the Ordinance against Excessive Compensation in Listed Companies by holding binding votes on the following items at the 2015 shareholders' meeting:

- amending the Company's articles of association to include specific provisions around governance and principles of compensation
- the annual compensation of the Executive Committee for 2016
- the annual compensation of the Board of Directors for the 2015-2016 term

## 2 Compensation Governance

### 2.1 Nomination and Compensation Committee

The Nomination and Compensation Committee (NCC) assists the Board of Directors in all nomination and compensation matters. The NCC is responsible to ensure the best possible leadership and management talent for the company and an appropriate compensation policy. In particular, the NCC is responsible for the following activities:

- identification of suitable candidates to positions on the Board of Directors and on the Executive Committee;
- recommendation and proposal of compensation principles and programs, including share-based compensation plans;
- recommendation and proposal of the compensation of the members of the Board of Directors and Executive Committee;
- recommendation and proposal of specific compensation packages for further members of management.

The decision-making authorities in compensation matters are summarized in the table below:

#### Levels of authority

	CEO	NCC	Board	AGM
Compensation policy including share-based plans		proposes	approves	
Aggregate compensation of the Board of Directors		proposes	reviews	approves
Individual remuneration of the Board members		proposes	approves	
Aggregate compensation of the Executive Committee		proposes	reviews	approves
Individual compensation of the CEO		proposes	approves	
Individual compensation of Executive Committee members	proposes	reviews	approves	
Compensation report		proposes	approves	

The NCC consists of members of the Board of Directors who are elected individually and annually by the Annual General Meeting for the period until the following Annual General Meeting. At the 2015 Annual General Meeting, Mr. Robert Edward Patterson (chairman) and Mr. Claudio Palladini were again elected as NCC members.

The NCC meets as often as the business requires, but at least once a year. The NCC Chairman may invite the Chairman of the Board, the CEO or other members of the Executive Committee to join the meeting in an advisory capacity. However, the executives do not take part in the meeting, or parts of meeting, during which their own compensation is discussed. The NCC Chairman reports to the Board of Directors on the activities of the committee after each meeting. The minutes of the NCC meetings are made available to all members of the Board of Directors. The NCC may retain external advisors to get support in fulfilling its duties.

## 2.2 Role of Shareholders: Say-on-pay Vote

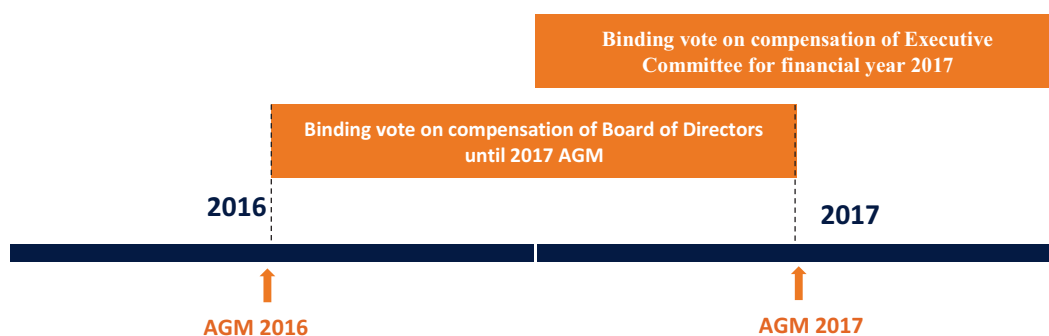
In line with the requirements of the Ordinance, the Company's articles of associations include provisions on the following governance and compensation-related matters:

- Principles of the duties and responsibilities of the NCC;
- Number of permissible mandates in the supreme governing bodies of other legal entities;
- Maximum terms of employment contracts and maximum notice period for members of the Executive Committee;
- Principles of compensation applicable to the Board of Directors and Executive Committee;
- Shareholders' binding vote on compensation of the Board of Directors and Executive Committee;
- Additional amount for members of the Executive Committee hired after the vote on compensation by the Annual General Meeting;
- Loans, credit facilities and post-employment benefits for members of the Board of Directors and of the Executive Committee.

At the 2016 Annual General Meeting, the first binding vote on the compensation amount of the Board of Directors and Executive will be conducted (say-on-pay vote). In order to provide the company and its executives with a necessary level of planning certainty to operate efficiently, a prospective voting structure has been chosen. The Annual General Meeting will vote on:

- the maximum compensation amount of the Board of Directors for the period of office until the following Annual General Meeting;
- the maximum compensation amount of the Executive Committee for the following financial year.

### Say-on-pay vote structure



## 2.3 Method of Determination of Compensation

The Board of Directors decides upon the compensation of the Board of Directors and Executive Committee at its own discretion, on the basis of the recommendation by the NCC. When preparing the compensation proposals, the NCC takes the following factors into consideration:

- Affordability and overall situation of the company;
- Business financial results and individual performance;
- Level of compensation paid by other companies that are deemed to be comparable in terms of industry (where they compete for talents) and complexity (defined by their size and geographic scope).

The compensation of the Board of Directors and Executive Committee is reviewed annually on the basis of those factors, however the review does not necessarily lead to any adjustment.

## 3 Compensation of the Board of Directors

### 3.1 Principles and Compensation Architecture

The compensation of the Board of Directors is determined based on discretionary economic considerations and may be delivered in cash and/or in the form of share-options.

The compensation in cash and in options is usually paid at the end of the period of service, shortly after the Annual General Meeting.

The share-options are subject to a vesting schedule of 4 equal installments at each anniversary date of the grant date. The options may be exercised for a period of 5 years after the end of the respective vesting period. The exercise price of the options is the par value of the underlying share of the company (CHF 0.01). In case of retirement, death or disability, the unvested share-options are subject to an accelerated vesting and can be exercised during a period of 12 months after the termination date. In all other instances, the unvested share-options forfeit upon termination of employment and the vested option can be exercised during a period of 3 months.

The compensation of the Board of Directors is subject to regular social security contributions and is not pensionable.

### 3.2 Compensation Awarded to the Board of Directors in 2015

This section is audited in accordance to the Article 17 of the Ordinance.

The disclosure of compensation below includes all forms of consideration given by the company in exchange for services rendered by the members of the Board of Directors.

In 2015, members of the Board of Directors received a total compensation of CHF 182'657 (previous year CHF 180'200). The increase in total compensation is due to the enhancement in compensation in the form of stock options from 2015 to 2014. In 2015 there was no fixed fee paid to the board of directors.

**Compensation of the Board of Directors (2015 versus 2014)** **Table 3.2**

Board of Directors (in CHF)		Fixed Fee 2015	Fixed Fee 2014	Options (fair value) 2015	Options (fair value) 2014	Total 2015	Total 2014
Raffaele Petrone, Chairman <sup>1</sup>	Chairman	0	0	80'087	80'000	80'087	80'000
Gabriele Albera	Member	6'400	7'500	0	5'600	6'400	13'100
Michael Keller	Member	0	15'000	26'228	11'200	26'228	26'200
Claudio Palladini	Member	0	7'500	26'228	5'600	26'228	13'100
Robert Edward Patterson	Member	0	15'000	26'228	11'200	26'228	26'200
Fulvio Citaredo <sup>2</sup>	Member	0	0	17'486	0	17'486	0
Filippo Celio <sup>3</sup>	Member	0	14'100	0	0	0	14'100
Franco Merckling <sup>3,4</sup>	Member	0	7'500	0	0	0	7'500
<b>Total Board of Directors</b>		<b>6'400</b>	<b>66'600</b>	<b>176'257</b>	<b>113'600</b>	<b>182'657</b>	<b>180'200</b>

<sup>1</sup> Chairman and CEO, compensation in this table relates to the Board fee only

<sup>2</sup> Member of the Board of Directors since 13 May 2015

<sup>3</sup> Member of the Board of Directors until 18 June 2014

<sup>4</sup> For 2014 does not include fees for consultancy work in the amount of EUR 82'500

For the period from the 2015 Annual General Meeting to the 2016 Annual General Meeting, the remuneration paid to the Board of Directors amounts to CHF 182'657. This is within the limit to CHF 185'000 approved by the 2015 Annual General Meeting for this compensation period.

In 2015, no compensation was granted to former members of the Board of Directors or related parties.

Details on shareholdings of the members of the Board of Directors can be found in Note 7 of the stand-alone financial statements.

## 4 Compensation of the Executive Committee

### 4.1 Principles and Compensation Architecture

The compensation principles are aligned to the company's strategy of becoming profitable by generating new business and increasing revenue, while improving cost efficiency and restructuring business processes. The compensation principles are:

- Balance between competitiveness and company's affordability: as far as possible within the company's financial affordability, compensation levels are competitive and aligned to market practice for similar functions in comparable companies;
- Pay for performance: part of compensation is directly linked to the performance of the business and to the achievement of individual objectives;
- Alignment to shareholders' interests: part of compensation is delivered in the form of share-option and thus is directly tied to the long-term company's share performance;

The compensation of the CEO and members of the Executive Committee consists of a fixed base salary, a performance-based cash bonus, a grant of share options and benefits.



## Compensation Model of Executive Committee

	Vehicle	Purpose	Drivers	Performance
Fixed base salary	Monthly cash	Attract & retain	Market practice	-
Performance bonus	Cash bonus	Pay for performance	Business and individual performance	Company's profitability, individual performance
Employee Participation Program (EAP)	Share options	Align to shareholders' interests	Level of the role	Share price
Benefits	Pension/insurance plans	Protect against risk	Market practice	-

**Fixed base salary:** The fixed base salary pays for the function and depends on the company affordability, the market value of the function and the profile of the individual in terms of qualifications and skills set.

**Performance bonus:** The performance bonus rewards the profitability of the business and the achievement of individual objectives over a period of one year. The target performance bonus is expressed as a percentage of fixed base salary and usually amounts to 20% for the members of the Executive Committee. Generally, there is no bonus payout if the company does not generate profit. When the company is profitable, the bonus amount effectively paid out is determined at the discretion of the Board of Directors, upon proposal of the NCC. The performance bonus is paid in cash, usually in April of the following year.

**Employee Participation Program:** The Employee Participation Program provides an incentive for management to make significant contributions towards the long-term success of the company and aligns their interest to those of its shareholders. The Board of Directors determines the individual allocation of share-options as its own discretion, taking into account the level of the role and economic considerations. The value of the options is calculated according to the Black Scholes valuation methodology. The share-options are subject to a vesting schedule of 4 equal installments at each anniversary date of the grant date. The options may be exercised for a period of 5 years after the end of the respective vesting period. The exercise price of the options is the par value of the underlying share of the company (CHF 0.01). In case of retirement, death or disability, the unvested share-options are subject to an accelerated vesting and can be exercised during a period of 12 months after the termination date. In all other instances, the unvested share-options forfeit upon termination of employment and the vested options are exercisable during a period of three months.

**Benefits:** Members of the Executive Committee participate in the regular pension scheme applicable to all employees in their country of employment. The provision of those pension plans are in line with local legislation and prevalent market practice. Further, the members of the Executive Committee may be entitled to benefits in kind, in line with local market practice, such as company car.

**Contractual provisions:** The employment contracts of members of the Executive Committee are concluded for an indefinite period and stipulate a notice period of 6 months. They do not contain any agreement on severance payments.

## 4.2 Compensation Awarded to the Executive Committee in 2015

This section is audited in accordance to the Article 17 of the Ordinance.

The disclosure of compensation includes all forms of consideration given by the company in exchange for services rendered by the members of the Executive Committee.

In 2015, members of the Executive Committee received a total remuneration of CHF 2'254'628 (previous year CHF 617'800). Executive Committee compensation was higher this year due to the increasing number of Executive Committee members and due to financial rewards made to certain members for their extraordinary efforts and commitment during the past year.

### Compensation of the Executive Committee (2015 versus 2014)

Table 4.2

Executive Committee (in CHF)	Fixed compensation <sup>1</sup>	Cash bonus <sup>2</sup>	Pension benefits <sup>3</sup>	Options (fair value)	Total 2015	Total 2014
Timothy Snyder <sup>4</sup>	185'400	0	28'248	436'369	650'017	289'691
Other members of the Executive Committee	642'468	0	23'721	938'422	1'604'611	328'109
<b>Total Executive Committee</b>	<b>827'868</b>	<b>0</b>	<b>51'969</b>	<b>1'374'791</b>	<b>2'254'628</b>	<b>617'800</b>

<sup>1</sup> Includes value of other short-term benefits, such as company car

<sup>2</sup> No cash bonuses for 2015.

<sup>3</sup> Includes the employer contributions to social security (AHV) and company pension plan (BVG)

<sup>4</sup> Highest-compensated member of the Executive Committee. For 2014, the highest paid member was Dorian Bevec (CSO).

In 2015, no compensation was granted to former members of the Executive Committee or related parties.

Details on shareholdings of the members of the Executive Committee can be found in Note 7 of the stand-alone financial statements.

## **5 Loans to Members of the Board of Directors and Executive Committee**

No member of the Board of Directors or Executive Committee was granted a loan during the business year, and there were no loans to any members of the Board of Directors or Executive Committee outstanding at the end of 2015 or 2014.



Report of the statutory auditor  
to the General Meeting  
THERAMetrics holding AG  
Stans

We have audited the remuneration report of THERAMetrics holding AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the table 3.2 on page 8 and in the table 4.2 on page 9 of the remuneration report.

*Board of Directors' responsibility*

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

*Auditor's responsibility*

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.



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



*Opinion*

In our opinion, the remuneration report of THERAMetrics holding AG for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Daniel Anliker

Audit expert  
Auditor in charge



Christian Jäger

Audit expert

Zürich, 20 April 2016

# CORPORATE GOVERNANCE

The corporate governance principles of THERAMetrics holding AG (TMX) (the Company) are laid out in the Company's articles of incorporation (the Articles), in the organizational regulations (the Regulations) (in German: *Organisationsreglement*) adopted by the Board of Directors (the Board) and in a set of other group directives, including an internal control system (the ICS). The Articles can be viewed or downloaded on the Company's webpage.

Further information disclosed below conforms to the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange. In order to avoid redundancies, references are inserted to other parts of this Annual Report and links to THERAMetrics' website [www.therametrics.com](http://www.therametrics.com) that could provide additional, more detailed information.

## Listed Company

Company Name	THERAMetrics holding AG
Domicile	Dorfplatz 6, CH-6371 Stans
Register number	CHE-113.516.874
Listing	SIX Swiss Exchange, symbol 'TMX'
ISIN	CH 0100191136
Swiss security ID	10191073
Market capitalization 31 December 2015	CHF 32'739'183
Share price at 31 December 2015	CHF 0.05
Duration of the company	Unlimited

## Unlisted Companies

The table below shows the unlisted companies which belong to the THERAMetrics holding AG's scope of consolidation as of 31 December 2015:

Name	Domicile	Share Capital	Shareholder	% owned
THERAMetrics Discovery AG	Stans(CH)	CHF 338'364.15	THERAMetrics holding AG	100
THERAMetrics (Switzerland) GmbH	Zürich (CH)	CHF 20'000	THERAMetrics holding AG	100
Pierrel Research Hungary Kft	Budapest (Hungary)	EUR 46'000	THERAMetrics holding AG	100
THERAMetrics GmbH	Essen (Germany)	EUR 26'000	THERAMetrics holding AG	100
THERAMetrics S.p.A.	Sesto San Giovanni (Italy)	EUR 1'000'000	THERAMetrics holding AG	100
THERAMetrics, Inc.	Wayne, PA (USA)	USD 0	THERAMetrics holding AG	100
THERAMetrics CSS S.r.l.	Cantù, Como (Italy)	EUR 104'269	THERAMetrics holding AG	100
SC THERAMetrics S.r.l.	Timisoara (Romania)	RON 15'130	THERAMetrics holding AG	100
Pierrel Research Poland Sp.z.o.o. in dissolution	Lodz (Poland)	ZLOTY 50'000	THERAMetrics GmbH	100
Pierrel Research Bulgaria EOOD in dissolution	Sofia (Bulgaria)	LEV 5'000	THERAMetrics GmbH	100
Pierrel Research UK Ltd. in dissolution	Farnham (UK)	GBP 100	THERAMetrics GmbH	100
Pierrel Research Balkan D.O.O	Lokve( Serbia )	Dinar 41'640	SC THERAMetrics S.r.l.	100
SC THERAMetrics CRU S.r.l.	Timisoara (Romania)	RON 600	THERAMetrics holding AG	99

## Significant shareholders

The table below shows those shareholders or groups of shareholders who, according to information available to the Company, hold more than 3% of the share capital and voting rights (whether exercisable or not) as of 31 December 2015:

shareholders	voting rights conferred by shares		voting rights at time of notification	
	shares	percentage	shares	percentage
Fin Posillipo SpA, Naples, Italy	200'237'756	30.58%	200'237'756	30.58%
Pierrel SpA. Capua (CE), Italy	180'135'833	27.51%	180'135'833	27.51%
Treasury shares held by TMX holding AG	20'836'831	3.18 %	20'836'831	3.18 %
Other shareholders	253'573'232	38.73%	253'573'232	38.73%
<b>Total</b>	<b>654'783,652</b>	<b>100%</b>	<b>654'783'652</b>	<b>100%</b>

As of 31 December 2015, the Company is not aware of any other person or group of persons directly or indirectly holding, alone, together or in concert with third parties, 3% or more of the voting rights in the Company or has or have a sale position of more than 3% of the voting rights in the Company.

Details on changes subject to disclosure requirements during the 2015 financial year can be viewed on the SIX Swiss Exchange disclosure platform at [www.six-swiss-exchange.com](http://www.six-swiss-exchange.com).

## Capital Structure

As of 31 December 2015, the issued share capital of the Company amounted to CHF 6'547'836, consisting of 654'783'652 fully paid-in shares with a nominal value of CHF 0.01. All issued shares are listed and traded at the SIX Swiss Exchange.

### Authorized share capital

As of 31 December 2015, the Company had an authorized but not yet issued nominal capital of CHF 1'980'000, consisting of 198'000'000 registered shares with a par value of CHF 0.01 each that the Board of Directors is authorized to issue at any time until 18 June 2016.

### Conditional share capital

As of 31 December 2015, the Company had the following conditional share capital:

- (i) CHF 92'195 for the issuance of up to 9'219'491 shares for the exercise of employees, directors, and consultants stock options (Article 3b, para 1 of the Articles of Association), which have been and are issued under an existing stock option plan
- (ii) CHF 2'920'000 for the issuance of up to 292'000'000 shares in connection with bonds, financial instruments, or other option rights (Article 3b para 2 of the Articles of Association)
- (iii) CHF 250'000 for the issuance of up to 25'000'000 shares for the exercise of employees and directors stock options (Article 3d of the Articles of Association), which may be used under future stock option plans

The Company has two stock option plans for its employees, board members, and consultants whereby each option gives its holder the right to purchase one of the Company's common shares at a pre-determined price. When options are exercised, the related shares are issued from the Company's conditional capital. Option grants are proposed by the Company's Nomination & Compensation Committee and approved by the Board of Directors.

One stock option plan is from 2011 and exists only to cover options still outstanding under it. The second plan was established in 2015. All future stock option grants will be issued under the 2015 plan.

As of 31 December 2015, there are 10,769,288 options outstanding, all of which are fully vested.

During 2015, no options were exercised.

The following table reconciles the share options outstanding at the beginning and end of the year:

	<u>2015</u>	<u>2014</u>
<b>Options outstanding at beginning of the year</b>	2.309.286	1.749.286
granted	8.460.000	700.000
forfeited	-	-
exercised (1)	-	-140.000
<b>Options outstanding at end of the year</b>	<u>10.769.286</u>	<u>2.309.286</u>

(1) On 4 December 2014: Mr. Filippo Celio, a former board member, exercised 140,000 options.

## Warrants

On 17 July 2012, the Company issued two warrants (call options) each entitling the holder GEM Global Yield Fund Limited, Grand Cayman Island, to subscribe (i) 10 million shares at an exercise price of CHF 0.20 per share and (ii) 4 million shares for an exercise price of CHF 0.38 per share, at any time during a 3-year exercise period ending on 16 July 2015. None of the warrants were exercised as on 17 July 2015 (the third anniversary of the issuance) and as such they expired.

## Changes in the share capital

The Company was founded as mondoBIOTECH holding AG on 20 March 2007 to perform a business combination between the companies' mondoBIOTECH AG and mondoGEN AG. The initial share capital of CHF 600'000, composed of 12'000'000 bearer shares with a par value of CHF 0.05 each, was fully subscribed and paid in through contributions in kind of an equity interest of 80.08% in mondoBIOTECH AG, of an equity interest of 100% in mondoGEN AG and a contribution in cash of CHF 239'957.

The extraordinary shareholders' meetings of 18 September and 10 December 2007 decided to perform a share capital increase for an amount of CHF 42'666 exclusively reserved to residual holders of shares of mondoBIOTECH AG. The capital increase was performed on 28 December 2007 and the shares were fully subscribed and paid in through contribution in kind of an equity interest of 19.92% in mondoBIOTECH AG.

On 24 October 2008, the Company's share capital was increased from CHF 642'666.25 to CHF 653'882.70 through the issuance of 224'329 new bearer shares with a nominal value of CHF 0.05 each and at an issue price of CHF 66.91 each out of the Company's authorized share capital.

On 20 February 2009, an extraordinary shareholders' meeting resolved to convert the then existing bearer shares into registered shares and, at the same time, to split each bearer share with a nominal value of CHF 0.05 each into five registered shares with a nominal value of CHF 0.01 each.

In May 2009, the shareholders of the Company were offered to exchange their existing registered shares with a par value of CHF 0.01 into registered shares with a par value of CHF 0.10 by way of a reverse split. Following this offer, the extraordinary shareholders' meeting of 10 June 2009 resolved on the reverse split of 12'486'710 registered shares with a nominal value of CHF 0.01 each into 1'248'671 registered shares with a nominal value of CHF 0.10 each. Thereby the registered shares with a nominal value of CHF 0.10 issued at that point of time became common shares and the registered shares with a nominal value of CHF 0.01 became the voting right shares.

In February 2010, the Company's share capital was increased from CHF 653'822.70 to CHF 661'796.10 through the issuance of 79'134 new registered common shares with a nominal value of CHF 0.10 each at an issue price of CHF 110.00 each out of the Company's authorized share capital. The new shares were offered to existing shareholders by way of an issuance of subscription rights and were fully paid in in cash. The capital increase was implemented and registered with the commercial register on 17 February 2010.

In August 2010, the Company's share capital was increased from CHF 661'796.10 to CHF 672'671.60 through the issuance of 108'755 new registered common shares with a nominal value of CHF 0.10 each at an issue price of CHF 68.00 each out of the Company's authorized share capital.

The new shares were offered to existing shareholders by way of an issuance of subscription rights, and shares not taken up by existing shareholders were offered by the Company to selected investors. The new shares were fully paid in in cash. The capital increase was implemented and registered with the commercial register on 11 August 2010.

On 13 April 2011, the Company closed a round of fundraising by issuing 165'042 new Common Shares out of its authorized share capital at an issue price of CHF 49.00 per share, for a gross contribution of about CHF 8.08 million. The Company's issued share capital was therefore increased by CHF 16'504.20 up to CHF 689'175.80 and the authorized share capital correspondingly reduced.

On 20 August 2012 and 29 September 2012, as described in the above conditional share capital section, due to the exercise of the vested part of the stock options granted to employees/directors, 810'797 new Common Shares were issued out of the conditional share capital at an issue price of CHF 0.01 per share, for a gross contribution of CHF 8'107.97. The Company's issued share capital was therefore increased by CHF 8'107.97 up to CHF 689'175.80 and the conditional share capital correspondingly reduced.

On 24 January 2013, the Company entered into an agreement ("Transaction Agreement") with Pierrel S.p.A. Milan, Italy ("Pierrel S.p.A.") for the combination (the "Combination") of the Company with Pierrel Research International AG ("PRINT"), a clinical research company, by way of contribution in kind of all shares of PRINT ("PRINT Shares") in exchange for new shares of the Company (the "Consideration Shares"), subject to and in accordance with the terms and conditions set forth in the Transaction Agreement. On 24 May 2013, and in connection with the Combination the Company issued 321'786'546 new shares against contribution in kind by Pierrel S.p.A. and Fin Posillipo S.p.A. of PRINT shares and against set-off with a convertible loan, including accrued interests, that the Company's shareholder BIOPHARMAinvest AG had granted on 11 November 2011 to the Company.

On 12 September 2014 the Company completed an ordinary capital increase by issuing 255'299,017 new shares at CHF 0.08 per share. Total proceeds of the increase were CHF 20.4 million, whereof CHF 15 million was received in cash in 2014, CHF 1.2 million was received in cash in 2013, and CHF 4.2 million was issued through the set-off of liabilities. See Note 15.1 of the 2015 statutory financial statements for details of this transaction.

The total issued share capital of THERAMetrics holding AG registered in the commercial register as of 31 December 2015 and 2014 is CHF 6'547'836.65 and 6'546'436.65 with 654'783'652 and 654'643'652 shares with a nominal value of CHF 0.01 each, respectively.

Changes in the share capital between 1 January 2015 and 31 December 2015 are disclosed in the notes of the statutory financial statements.

## Limitations on transferability and nominee registrations

In principle, the Company's shares are freely transferable. There is no percentage limitation, and consequently, the Company does not grant any exception. Pursuant to the Articles of Association, any transfer in shares, including the granting of security interests, is subject to the Intermediated Securities Act. The transfer of shares by assignment further requires the notification to the Company for its validity.

Every person recorded in the share register is regarded as a shareholder or beneficiary vis-à-vis the Company. Pursuant to the Articles of Association, the purchaser of shares is entered in the register of shares, if there is an express declaration that the purchaser is holding the shares for himself. This also applies to the acquisition of shares through the exercise of purchase, option or conversion rights. If the purchaser is not prepared to make such a declaration, the Board of Directors may refuse registration as a voting shareholder. The Board of Directors regulates the rules for the registration of persons who hold the shares in the name and for the account of a third person, so called nominees. No applications in this regard were submitted in 2015.

## Board of Directors and its Sub-Committees

In 2015 the Board of Directors and its sub-committees were composed of the following members:

Membership up to the 2015 annual general meeting (AGM) held on 13 May 2015:

		member of the	sub-committees	
		board since	AFC	NCC
Raffaele Petrone	Chairman	2013		
Michael Keller	Vice-Chairman	2009		
Robert Patterson	Member	2010		x
Claudio Palladini	Member	2014	x	x
Gabriele Albera	Member	2014	x	



Membership after the 2015 AGM held on 13 May 2015:

		member of the board since	sub-committees	
			AFC	NCC
Raffaele Petrone	Chairman	2013		
Michael Keller	Vice-Chairman	2008		
Robert Patterson	Member	2010		x
Claudio Palladini	Member	2014	x	x
Fulvio Citaredo	Member	2015	x	

## Director's education and professional background

**Mr. Raffaele Petrone**, Italian national, born in 1965.

Mr. Raffaele Petrone has been Chairman of the Board of Directors of the Company since 20 June 2013 and Chief Executive Officer since 1 October 2013.

Mr. Petrone has been a member of the Board of Directors of Pierrel Research International AG since 8 April 2013. Mr. Raffaele Petrone, who obtained his pharmacy degree in 1986, gained his first experiences in the family business before founding Fin Posillipo S.p.A., a pharmaceutical holding company which operates in the area of strategic investments, finance and business development. Mr. Petrone is furthermore Chairman of Petrone Group, a company holding about 30 companies which operate in the pharmaceutical, para-pharmaceutical and health sectors. He is also the Chairman of Pierrel S.p.A., listed on the Milan stock exchange, which is one of the leading manufacturers of local anesthetics for dental use, vials and tubo vials. Mr. Petrone also serves on the Board of Directors of a number of companies.

**Prof. Michael A. Keller**, U.S. national, born in 1945.

Prof. Michael Alan Keller has been a member of the Board of Directors of the Company since 5 March 2009 and is its Vice-Chairman since 20 June 2013.

Prof. Keller earned a Bachelor of Arts in biology and music from Hamilton College and master degrees from the New York State University in musicology and library science. He is Stanford University's librarian, director of Academic Information Resources, founder and publisher of High Wire Press, publisher of Stanford University Press, and has led libraries at Cornell, Berkeley and Yale. Prof. Keller was a leader in exploiting the internet and the World Wide Web as a free communication place for exchange of information using mass digitization, generating new services, creating innovative publishing environments, and identifying new potential for research. Prof. Keller's board service includes Research Data and information of the National Research Council of the National Academy of Sciences USA, Hamilton College, Long Now Foundation, Bibliotheca Alexandrina, and National Institute for Informatics of Japan. Prof. Keller is an a.b.d. in musicology from New York State University. He was senior lecturer in musicology at Cornell and at Stanford. He is a guest professor at the Chinese Academy of Sciences, Senior Presidential Fellow of the Council on Library and Information Resources, advisor and consultant to numerous colleges, universities, foundations, scientific and scholarly societies, for the city of Ferrara, Italy, Newsweek magazine, the National Library of China, the National Library of Israel, the British Library, and the King Abdullah University of Science and Technology. He was a founder and then president of the Digital Library Federation. Prof. Keller is a Siemens Stiftung 2008 Lecturer, Distinguished Senior Presidential Fellow of the Council on Library and Information Resources and fellow of the American Association for the Advancement of Science.

**Dr. Robert Edward Patterson**, U.S. national, born in 1942.

Dr. Robert Edward Patterson has been a member of the Board of Directors of the Company since 7 May 2010 and its Chairman from 24 June 2011 to 20 June 2013.

Dr. Patterson earned a Bachelor of Arts degree in physics from the University of California at Los Angeles and a Juris Doctor at the Stanford University School of Law. In addition, Dr. Patterson served as a Lieutenant Commander in the U.S. Navy, completing extensive training in nuclear physics as pertaining to pressurized water thermal neutron reactors, propulsion engineering, nuclear weapons, strategic submarine operations and military intelligence.

He is an experienced and highly regarded venture capitalist based in Silicon Valley and a 35 year fellow at the law firm Squire, Sanders & Dempsey, specialized in high technology venture investing and international business of all types. He was the Inaugural Fellow of the Center for Private Equity and Entrepreneurship at the Tuck School of Business at Dartmouth College. Dr. Patterson served as a board member of numerous biotechnology and pharmaceutical corporations, including Sequenom (NASDAQ), Synzyme Technologies LLC, Procyte Corporation (NASDAQ), Medical Research Inc., MARC Analysis Research Corporation and InPro Biotechnology Inc. He was a founding partner of Peninsula Ventures, and President of its predecessor U.S. venture fund, Thompson Clive Inc., investing in biotechnology companies and other businesses.

Current board directorships include, among others, Proxio, Inc., an international real estate technology firm, and Quantum Leap Health Care Collaborative, a California not-for-profit which sponsors research into clinical diagnosis, patient characterization, patient data collection, patient clinical treatment and all related patient care procedures, followed by work with respect to certain aspects of drug discovery and in due course drug candidate clinical trial approval procedures, clinical trial protocol design and clinical trial patient outcomes measurement.

**Mr. Claudio Palladini**, Swiss national, born in 1974.

Mr. Claudio Palladini has been a member of the Board of Directors of the Company since 18 June 2014. Mr. Palladini earned a Degree in Economy at the University of Applied Sciences of Southern Switzerland (SUPSI) in Lugano, Switzerland.

Since 1996 Mr. Palladini has held various management positions, mainly in the financial services industry.

Since 2005 he has been responsible of the management of the "Family Office" Business Unit at Carthesio SA, a private wealth management firm in Lugano, Switzerland.

**Fulvio Citaredo**, General Manager (ad interim), Italian national, born in 1962.

Mr. Citaredo graduated in 1988 with a degree in Economics and Commerce from the University of Naples "Federico II" and in 1991 qualified as a chartered accountant. Since 1986 he has served in various managerial positions with financial institutions as well as industrial companies. In January 2012, he was appointed Corporate General Manager at Pierrel S.p.A. and starting from 8 November 2012 he also performs the function of Manager in charge of preparing the corporate accounting documents of Pierrel S.p.A. On 9 October 2014 Mr. Citaredo was appointed CEO of Pierrel S.p.A.

Except for Raffaele Petrone (CEO) and Fulvio Citaredo (General Manager) none of the current members of the Board of Directors are or ever have been a member of the management of the Company or any of its subsidiaries.

### **Other Activities and Vested Interests**

Other than described above, none of the board members have any position in governing or supervisory bodies of any major organization, institution or foundation under private or public law, permanent management or consultancy function for major interest groups, official function or political mandate.

### **Elections and Terms of Office**

The Articles provide for a Board of Directors consisting of at least three members. Members are appointed and removed by shareholders' resolution. Their term of office is until the next annual shareholders' meeting. Re-election is allowed. The Chairman of the Board (the Chairman) is also appointed by shareholders' resolution while the Vice-chairman of the Board (the Vice-Chairman) is appointed by the Board of Directors. Members are elected or re-elected individually.

### **Internal Organization**

The Board of Directors is self-constituting and designates its Vice-chairman and Secretary. The latter need not be a member of the Board. The Chairman (or, in his absence or incapacity, the Vice-chairman) convenes the Board as often as the Company's affairs require and presides (or in his absence the Vice-Chairman or another Director specifically designated by the majority of the other Directors present at the meeting) over the Board meetings. Each Director is entitled to request to the Chairman, in writing, a meeting of the Board by indicating the grounds for such a request. The Chairman decides on agenda items and motions. Every Director is entitled to request to the Chairman, in writing, the insertion of a specific agenda item by indicating the grounds for such a request.

To pass a valid resolution, the majority of the Directors have to attend the meeting. Meetings may also be held by telephone conference to which all the Directors are invited. No quorum is required for confirmatory resolutions (*Feststellungsbeschlüsse*) and adaptations of the Articles in connection with capital increases. The Board of Directors passes its resolutions by way of simple majority. The members of the Board may only vote in person, not in proxy. In the event of a tied vote, the Chairman has the casting vote. Minutes are kept of deliberations and resolutions, and are signed by the Chairman and the Secretary.

The Board has established the following committees to further strengthen the corporate governance structure of the Company. Committee memberships are set out in the membership and permanent committee membership resume table of this Annual Report.

**Audit and Finance Committee (AFC):** The AFC advises the Board of Directors in the performance of its supervisory duties. In particular, the AFC reviews the financial reporting to shareholders and the general public as well as the relationship with the external auditors, satisfies itself that the Company's financial risk management and the Company's internal controls are of an appropriate standard, ensures that its activities are consistent and compliant with the organizational regulations, assesses the adherence to the relevant 'best practice' corporate governance provisions, to the extent such practice has effect on the activities and the functions of the AFC, satisfies itself that the Company's overall fraud prevention procedures are of an appropriate standard and ensures that appropriate procedures to enable employees to confidentially and anonymously submit their concerns regarding accounting, internal controls or auditing matters are in place. The AFC also has oversight responsibility for the Company's internal audit function.

**Nomination and Compensation Committee (NCC):** The NCC advises the Board of Directors in the performance of its supervisory duties related to nomination and compensation matters. It is responsible for ensuring the best possible leadership and management for the Company and for determining compensation policies, including share-based incentive programs, for the Company's top management and Board of Directors.

### **Modus Operandi of the Board of Directors and the Board Committees**

As a rule, the Board meets as often as the business requires. Given the high volume of both operational and financial restructuring activities, the Board met 25 times in 2015.

The AFC met three times in 2015 to direct the new internal audit function which started in the end of 2014. The NCC met once during 2015 to propose the Board of Directors' compensation.

## Areas of Responsibility

The Board is entrusted with the ultimate direction of the Company and supervision of the Executive Committee. The Board's non-transferable and inalienable duties include the duty to: (i) ultimately manage the Company and issue any necessary directives; (ii) determine the organizational structure of the Company; (iii) organize the accounting system and the financial control and approve the financial plans; (iv) appoint, recall and supervise the persons entrusted with the management and representation of the Company; (v) prepare the annual report and the shareholders' meeting, carrying out shareholders' meeting resolutions; and (vi) notify to the judge in case of over-indebtedness of the Company.

The Board of Directors has entrusted the execution of its defined strategies and the day-by-day management of the Company and the Group to the Chief Executive Officer who, together with an executive management committee (the "**Executive Committee**") is responsible for overall management of the THERAMetrics Group, in accordance with the Articles and pursuant to the areas of responsibility as detailed into the By-laws.

## Information and control instruments in respect of the Executive Committee

THERAMetrics' management information system consists of the financial reporting system. Each quarter, the financial statements and additional information derived therein for the individual companies are entered in the financial reporting system, consolidated and compared against the financial plans as amended by the Board of Directors. The Executive Committee discusses the results in detail and decides on actions to be taken. The Executive Committee informs and submits its report to the AFC and the Board of Directors on a half-year basis or in case of material deviations. Such Information is submitted immediately to the AFC and to the Board on topics such as legal issues, changes in the risk environment (risk management) and other issues with extraordinary character.

Directors also have the opportunity to talk to the members of the Executive Committee to overcome the Company's business and processes. Each Director is entitled to request and receive information on all matters of the Company and the Group and has access to all the Group's records. Directors do not participate to the meetings of the Executive Committee.

## Executive Committee

As of 31 December 2015 the Executive Committee comprises the CEO and five other officers. The Executive Committee, under the direction of the CEO and the control of the Board, conducts the operational management of the Group pursuant to the Company's organizational regulations.

During the Board and Board Committee meetings, the members of the Executive Committee reports whenever required. The members of the Executive Committee are appointed by the Board upon proposal by the NCC.

The Executive Committee is responsible for implementation of the decisions made by the Board and the Board Committees. It prepares the Business Plan for the Board's decisions, approves material contracts and allocates financial, personnel and other resources within the Group as well as supervising senior management. The Executive Committee meets as often as required together with the senior management. The meetings usually cover the following topics: licensing activities related to development programs, clinical research business development, resource allocation, competitive situation and trends in the economic environment, corporate affairs (including important contracts), public and investor relations, human resources and taxes, legal and compliance.

## Members

Raffaele Petrone, Chief Executive Officer (CEO) since October 2013

Fulvio Citaredo, General Manager (ad interim) since June 2014

Timothy Snyder, Chief Financial Officer (CFO), since May 2014

Dr. habil. Dorian Bevec, Chief Science Officer (CSO) and a co-founder of the Company

Walter Cristelli, Head of Global Human Resources, since May 2014

Marco Grenningloh, Chief Operating Officer, since May 2015

**Timothy Snyder**, Chief Financial Officer, U.S. American national, born in 1966.

Mr. Snyder graduated in 1988 with a degree in Business Administration from The Ohio State University (Columbus, Ohio, USA) and subsequently obtained a degree as Certified Public Accountant. Mr. Snyder has garnered extensive and broad financial management experience with renowned international companies both in the US and Europe, out of which five years in Switzerland. In his previous roles as CFO, Finance Director and Controller, he has consistently demonstrated strong leadership and displayed superior technical skills especially in the area of turn-arounds and projects related to the build-up and upgrading of financial organizations and systems of controls.

**Dr. habil. Dorian Bevec**, Chief Scientific Officer, German national, born in 1957.

Dr. Bevec holds a Ph.D. (Dr. rer. nat.) from the Ludwig-Maximilians-University of Munich and a habilitation (Venia Docendi) from the University of Vienna. He is a co-founder of the former mondoBIOTECH. Prior to that, Dr. Bevec worked as Head of Molecular Biology and project team leader at the Sandoz Research Institute in Vienna for ten years and at Axxima AG in Martinsried for two years.

**Walter Cristelli**, Head of Global Human Resources, Italian national, born in 1959.

Mr. Cristelli graduated in 1983 with a degree in physics at the University of Trento (IT) and received a MBA from the Bocconi Business School in Milan. Mr. Cristelli has a proven and successful track record as the head of regional human resources departments in many renowned international companies such as IBM and BMS, as well as in leading corporations in the CRO industry. He has demonstrated in many occasions his outstanding ability to lead big, multinational organizations through times of organizational changes.

**Dr. Marco Grenningloh**, Chief Operating Office, German national, born in 1971

Marco Grenningloh has twelve years' experience in the CRO industry. He is an experienced professional with high knowledge in Project Management and Clinical Operations with clear understanding of the industry. Mr. Grenningloh has vast experience in both Pharmaceutical and Medical Device trials in Diabetes, Cardiovascular and Immunology and has personally managed more than 20 multicenter clinical trials. He acted five years as a managing director where he implemented the ISO 9001:2008 to improve quality assurance & compliance processes. Mr. Grenningloh holds both a Master degree and Ph.D. in Biology from the University of Münster. He graduated magna cum laude.

### **Other Activities and Vested Interests**

Other than Raffaele Petrone and Fulvio Citaredo, none of the Executive Committee members has any position in governing or supervisory bodies of any major organization, institution or foundation under private or public law, permanent management or consultancy function for major interest groups, official function or political post.

### **Management Contracts**

All members of the Executive Committee have employment agreements with the Group. There are no other management contract in place between the Group and the members of the Executive Committee.

## **Shareholders' Participation**

### **Voting Rights and Representation Restrictions**

There are no voting rights restrictions stipulated by the Articles, no statutory group clauses and hence no rules for making exceptions. Consequently, there is neither a procedure nor a condition for their cancellation. A shareholder may be represented at any shareholders meeting by his legal representative, the corporate proxy, the independent proxy, by a depositary or by another shareholder.

### **Statutory Quorum**

There are no provisions in the Articles on quorums differing from the applicable legal provisions.

### **Convocation of the general meeting of Shareholders**

There are no provisions in the Articles on the convocation of the shareholders' meeting differing from the applicable legal provisions.

### **Agenda Rules**

The Board of Directors decides on the agenda of the shareholders' meeting. Shareholders with voting rights representing at least 10% of the Company's share capital or representing shares in the Company of an aggregate nominal value of at least CHF 1'000'000 may, up to 45 days before the date of the meeting, demand that items be included in the agenda. Such requests must be in writing and must specify the items and the motions to be submitted.

### **Registrations in the Share Register**

Shareholders entered in the share register as shareholders on a specific qualifying day designated by the Board of Directors (record date), which is usually more than five business days before the annual shareholders' meeting, are entitled to attend the shareholders' meeting and to exercise their voting rights at such a meeting.

## **Changes of Control and Defense Measures**

The Articles contain an "opting out" clause. Therefore, a purchaser who acquires one third or more of THERAMetrics' share capital is not obliged to make a public offering to purchase the remaining shares.

### **Clauses on Changes of Control**

No change of control clauses exist in the agreements with members of the Board of Directors, of the Executive Committee and of the Management of the Company. However, a change of control clause is included in the Company's Equity Award Program, allowing for immediate vesting of non-vested options at the time of the change of control.

## **Auditors**

### **Duration of the mandate and term of office of the lead auditor**

The Company's auditors are appointed for a term of office of one year each year at the AGM.

PWC is the Company's auditors since 13 May 2015. The auditor in charge is Mr. Daniel Anliker. The year before Ernst & Young was the auditor.

### **Auditing fees and additional fees**

The charge for professional services rendered by PWC for the twelve-month period ended 31 December 2015 were CHF 540'000, thereof CHF 440'000 for audit services and CHF 100'000 for audit-related projects.

The charge for professional services rendered by Ernst & Young for the twelve-month period ended 31 December 2014 were CHF 1'003'000, thereof CHF 700'000 for audit services, CHF 103'000 for audit-related projects, and CHF 200'000 for tax and legal services.

Audit services are defined as the standard audit work that needs to be performed each year in order to issue an opinion on the consolidated financial statements of the Company and to issue reports on the local statutory financial statements where necessary, which includes also the audit of the existence of the Internal Control System.

### **Supervisory and control instruments pertaining to the audit**

The Board of Directors performs its supervisory and control functions towards the external auditors through the AFC. In particular, the AFC meets with the auditors during the audit process to discuss in depth the audit procedure, any findings made and recommendation proposed. The management letter is also extensively discussed. The primary objective of the AFC is to support the Board of Directors in monitoring THERAMetrics' Internal Control System, accounting principles, financial reporting and auditing.

## **Information Policy**

THERAMetrics reports to its shareholders, employees, business partners and other public stakeholders in an open, transparent and timely manner. Equal treatment of all stakeholders is the guiding principle behind its approach. In doing so, THERAMetrics is able to promote an understanding of its objectives, strategy and business activities, and to ensure and increase awareness therein. The Company has adopted a disclosure policy to protect THERAMetrics interests and assets, to release material information in a timely and controlled manner, to observe the legal requirements and rules and in particular to distinguish competencies and responsibilities of corporate and strategic disclosure.

The most important informational tools are news releases, the Annual Reports, Interim Reports, the Swiss official gazette and the website [www.therametrics.com](http://www.therametrics.com) as well as the meeting of shareholders.

Investors and other parties interested in subscribing to the Company's news service may do so by registering themselves on [www.therametrics.com](http://www.therametrics.com).

# **THERAMetrics holding AG**

**Consolidated Financial Statements  
for the year ended 31 December 2015**

## Consolidated balance sheet (in TEUR)

TEUR	Notes	31 December 2015	31 December 2014
<b>ASSETS</b>			
Property, plant and equipment	6	11	2'372
Goodwill	7	17'301	18'801
Intangible assets	8	3'507	4'633
Loans and other non-current assets		-	25
Deferred tax assets	24.4	-	72
<b>Non-current assets</b>		<b>20'819</b>	<b>25'903</b>
Inventories		-	34
Work in progress	10	-	460
Trade receivables	11	19	3'082
Tax receivables	24.3	53	393
Other financial assets		-	-
Other current assets and other receivables	12	161	579
Cash and cash equivalents	13	308	4'163
		<b>541</b>	<b>8'711</b>
Assets of disposal group classified as held for sale	14	6'524	-
<b>Current assets</b>		<b>7'065</b>	<b>8'711</b>
<b>Total assets</b>		<b>27'884</b>	<b>34'614</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	15	5'445	5'444
Reserves	16	29'441	27'530
Accumulated (losses)/gains		(18'547)	(11'051)
<b>Equity attributable to owners of the Parent Company</b>		<b>16'339</b>	<b>21'923</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>(10)</b>
<b>Total equity</b>		<b>16'339</b>	<b>21'913</b>
Non-current borrowing	17	1'915	176
Defined benefit obligation	19	412	1'274
Deferred tax liabilities	24.4	650	1'222
Other non-current liabilities		-	47
<b>Non-current liabilities</b>		<b>2'977</b>	<b>2'719</b>
Trade payables		382	3'907
Current borrowings	17	2'346	3'068
Tax payables	24.3	17	603
Other current payables and liabilities	18	693	2'404
		<b>3'438</b>	<b>9'982</b>
Liabilities directly associated with disposal group classified as held for sale	14	5'130	-
<b>Current liabilities</b>		<b>8'568</b>	<b>9'982</b>
<b>Total equity and liabilities</b>		<b>27'884</b>	<b>34'614</b>

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income (in TEUR)

	Notes	2015	2014 restated
<b>CONTINUING OPERATIONS</b>			
Revenues	20	237	-
Other income	21	-	211
Service expense	22	(2'000)	(2'046)
Personnel expense		(1'411)	(147)
Other administrative expense		(26)	-
<b>EBITDA</b>		<b>(3'200)</b>	<b>(1'982)</b>
Amortisation and depreciation expense	6/7/8	(334)	(3'831)
<b>Operating result</b>		<b>(3'534)</b>	<b>(5'813)</b>
Finance income	23	1	-
Finance expense	23	(508)	(225)
<b>Result before income taxes</b>		<b>(4'041)</b>	<b>(6'038)</b>
Income taxes	24.1	81	64
<b>Result for the period from continuing operations</b>		<b>(3'960)</b>	<b>(5'974)</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Result for the period from discontinued operations</b>	25	<b>(4'511)</b>	<b>(4'241)</b>
<b>Result for the period</b>		<b>(8'471)</b>	<b>(10'215)</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>			
Remeasurement of defined benefit obligation	19	50	(406)
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>50</b>	<b>(406)</b>
Currency translation differences		264	(196)
Profit/(loss) on cash flow hedges		-	20
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>264</b>	<b>(176)</b>
<b>Total other comprehensive income for the year, net of income tax</b>		<b>314</b>	<b>(582)</b>
<b>Total comprehensive income for the period</b>		<b>(8'157)</b>	<b>(10'797)</b>
<b>Result attributable to:</b>			
Owners of the Parent Company		(8'471)	(10'213)
Non-controlling interests		-	(2)
		<b>(8'471)</b>	<b>(10'215)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent Company		(8'157)	(10'788)
Non-controlling interests		-	(9)
		<b>(8'157)</b>	<b>(10'797)</b>
<b>EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS</b>			
Basic and diluted earnings per share (in EUR)	27	(0.013)	(0.021)
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>			
Basic and diluted earnings per share (in EUR)	27	(0.006)	(0.013)

The accompanying notes form an integral part of the consolidated financial statements.



## Consolidated cash flow statement (in TEUR)

TEUR	2015	2014
Result for the period	(8'471)	(10'215)
Adjustments for:		
- Taxes charged	(25)	(122)
- Depreciation and amortisation expense	1'953	1'933
- Impairment losses on goodwill	-	3'217
- Other impairment losses	87	40
- Reversal of other impairment losses	(317)	(317)
- Finance expenses	756	354
- Finance income	(667)	(63)
- Interest payments received	667	63
- Interest expenses paid	(756)	(380)
- Income tax (paid)/received	(421)	218
- Loss/(gain) from disposal of property, plant and equipment	556	(12)
- (Gain) from disposal of intangible assets	-	(200)
- Changes in pension obligations	(340)	(230)
- Expenses recognised in relation to equity-settled share-based payments	1'647	-
- Net foreign exchange losses	68	-
Changes in working capital:		
- Decrease in inventory	13	3
- (Increase)/decrease in work in progress	(702)	1'690
- Decrease in trade receivables	1'733	686
- Decrease in other financial assets	-	21
- (Increase)/decrease in other receivables and accruals	(68)	240
- (Decrease) in trade payables	(1'009)	(2'443)
- (Decrease) in other payables and accrued liabilities	(835)	(1'767)
- Decrease in other non-current assets	14	20
- Decrease in other non-current liabilities	(47)	-
<b>Cash flow from operating activities</b>	<b>(6'164)</b>	<b>(7'264)</b>
Purchase of property, plant and equipment	-	(59)
Proceeds from sale of property, plant and equipment	1'444	39
Purchase of intangible assets	(444)	(668)
Proceeds from disposal of intangible assets	14	201
<b>Cash flow from investing activities</b>	<b>1'014</b>	<b>(487)</b>
Capital increase, net of transaction costs	1	12'151
Stock options exercised	-	7
Increase in borrowings	2'194	-
Repayment of borrowings	(1'029)	(1'268)
Proceeds from sale of own shares	935	263
<b>Cash flow from financing activities</b>	<b>2'101</b>	<b>11'153</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3'049)</b>	<b>3'402</b>
Cash and cash equivalents at beginning of period	4'163	773
Net effect of currency translation on cash and cash equivalents	(12)	(12)
<b>Cash and cash equivalents at end of period</b>	<b>1'102</b>	<b>4'163</b>
<i>thereof recognised within assets held for sale</i>	<b>14</b>	<b>794</b>
<i>thereof recognised as cash and cash equivalents</i>	<b>13</b>	<b>308</b>

The accompanying notes form an integral part of the consolidated financial statements.

TherAMetrics holding AG

Consolidated statement of changes in equity (in TEUR)

TEUR	Notes	Share capital	Reserves	Accumulated loss	Attributable to		Total
					owners of the Parent Company	Non-controlling interests	
<b>Balance at 1 January 2014</b>		3'242	14'227	(1'078)	16'391	375	16'766
Result for the period		-	-	(10'213)	(10'213)	(2)	(10'215)
Other comprehensive income for the period, net of income tax		-	(169)	(406)	(575)	(7)	(582)
<b>Total comprehensive income for the period</b>		-	(169)	(10'619)	(10'788)	(9)	(10'797)
Capital increase		2'202	13'791	-	15'993	-	15'993
Transaction cost in relation to capital increase		-	(372)	-	(372)	-	(372)
Recognition of share-based payments		-	53	-	53	-	53
Brokerage on GEM transaction		-	-	7	7	-	7
Acquisition of non-controlling interests interests		-	-	376	376	(376)	-
Gain on sale of own shares		-	-	263	263	-	263
<b>Balance at 31 December 2014</b>		5'444	27'530	(11'051)	21'923	(10)	21'913
<b>Balance at 1 January 2015</b>		5'444	27'530	(11'051)	21'923	(10)	21'913
Result for the period		-	-	(8'471)	(8'471)	-	(8'471)
Other comprehensive income for the period, net of income tax		-	264	50	314	-	314
<b>Total comprehensive income for the period</b>		-	264	(8'421)	(8'157)	-	(8'157)
Capital increase	15	1	-	-	1	-	1
Recognition of share-based payments	26	-	1'647	-	1'647	-	1'647
Non-controlling interests on derecognised subsidiaries		-	-	(10)	(10)	10	-
Gain on sale of own shares	16.3	-	-	935	935	-	935
<b>Balance at 31 December 2015</b>		5'445	29'441	(18'547)	16'339	-	16'339

The accompanying notes form an integral part of the consolidated financial statements.

## Notes to the consolidated financial statements

### 1 General information

THERAMetrics holding AG ("TMX" or "the Company") is a Swiss stock corporation listed on the SIX Swiss Exchange whose registered office is Dorfplatz 6, 6370 Stans, Switzerland.

The Company is the Swiss parent company of a global tech-based contract research and development organization ("TCRDO") which offers a full range of technological services and solutions to life sciences and pharmaceutical companies through the entire value chain of drug discovery and development. Current activities focus on the provision of full clinical research and scientific marketing and trial services to the life-sciences and pharmaceutical industry. Additionally, the Group is active in the discovery and development of new pharmaceutical product candidates ("MPCs") and the repurposing of existing drugs into new therapeutic indications.

In December 2015, the Company announced its reorganization plan to exit the field of contract research and focus solely on drug development and discovery. As a result, these financial statements present both "discontinuing" and "continuing" operations in order to conform to IFRS accounting requirements. (see notes 14 and 25 for further details). Despite this presentation, TMX remains fully committed to its CRO business until it is sold.

#### ***Sale of the CRO Business***

TMX is in advanced negotiations for the sale of its significant contract research subsidiaries. The Company expects the sale to be completed during the first half of 2016. TMX's smaller CRO subsidiaries, where there is little or no business, are in the process of being closed.

#### ***Merger with Relief Therapeutics and related financing facility with GEM***

TMX has signed a binding agreement to merge with another drug development company, Relief Therapeutics SA in Geneva, pending shareholder approval and other customary conditions. After the merger, Relief Therapeutics would be a wholly-owned subsidiary of TMX. The combined company will focus on the development and/or licensing of its portfolio of medicinal products candidates (MPC), and at the same time continue the commercial development of its drug rescuing and repurposing platform DRR2.0.

Financing for the combined entity is being provided by a CHF 25 million share subscription facility (SSF) with GEM Global Yield Fund LLC (GEM). The SSF was signed in December 2015 and is valid for three years. Additionally, GEM has provided TMX with a one-year letter of financial support (valid until the 2017 shareholder meeting), confirming their intention to provide the Company with the liquidity it needs to meet its obligations as they come due.

Based on this letter of financial support, the financial statements have been drawn up on the assumption of going concern (see note 4.1 for further details).

The consolidated financial statements are presented in EURO. The functional currency of subsidiaries is generally the local currency of the respective entity.

### 2 Application of new and revised International Financial Reporting Standards

#### 2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the current year. None of the revised Standards and the new Interpretation has had a material effect on these financial statements. The details of the revised Standards and the new Interpretation are as follows:

#### ***Amendments to IAS 19 Employee Benefits – Employee contributions for defined benefit plans***

The Group has applied the amendment to IAS 19 Employee Benefits regarding employee contributions for defined benefit plans for the first time in the current year. IAS 19 Employee Benefits is amended to clarify the requirements that relate to how contributions, to a defined benefit plan, received from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

The amendments have been applied retrospectively. The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

#### ***Amendments resulting from annual improvements 2010 – 2012 Cycle***

Makes amendments to the following applicable standards:

- IFRS 8 – Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarifies that reconciliations of segment assets is only required if segment assets are reported regularly
- IFRS 13 – Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 – Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 – Clarifies how payments to entities providing management services are to be disclosed

The amendments have been applied retrospectively. The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

### Amendments resulting from annual improvements 2011 – 2013 Cycle

Makes amendments to the following applicable standard:

- IFRS 13 — Clarifies the scope of the portfolio exception in paragraph 52

The amendments have been applied retrospectively. The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group’s consolidated financial statements.

### 2.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not adopted the following Standards and Interpretations that have been issued but are not yet effective. They will be effective on or after the dates described below.

	<b>New, amended and revised Standards and Interpretations</b>	<b>Effective from</b>
IFRS 9	IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirement for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.	Annual periods beginning on or after 1 January 2018
IFRS 10/ IAS 28	Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: <ul style="list-style-type: none"> <li>- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)</li> <li>- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors’ interests in that associate or joint venture.</li> </ul> <p>These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.</p>	Annual periods beginning on or after 1 January 2016
IFRS 11	Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: <ul style="list-style-type: none"> <li>- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11</li> <li>- disclose the information required by IFRS 3 and other IFRSs for business combinations.</li> </ul> <p>The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).</p>	Annual periods beginning on or after 1 January 2016
IFRS 15	The new Standard IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective. <p>The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue.</p> <p>Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.</p>	Annual periods beginning on or after 1 January 2018

	<b>New, amended and revised Standards and Interpretations</b>	<b>Effective from</b>
IFRS 16	<p>The new Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretative guidance.</p> <p>IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts of the basis of whether there is an identified asset controlled by the customer.</p> <p>Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, the Standard does not include significant changes to the requirements for accounting by lessors.</p>	Annual periods beginning on or after 1 January 2019
IAS 16/ IAS 38	The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in limited circumstances.	Annual periods beginning on or after 1 January 2016
Various	<p><b>Annual Improvements 2012-2014 Cycle</b></p> <p>Makes amendments to the following standards:</p> <p>IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued</p> <p>IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements</p> <p>IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid</p> <p>IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference</p>	Annual periods beginning on or after 1 July 2016

The Group is currently assessing whether these changes will impact the consolidated financial statements in the period of initial application. Except for IFRS 9 and IFRS 15, which will be applicable in 2018, the Group does not expect any significant impact from the new or amended Standards mentioned above.

### 3 Summary of significant accounting policies

#### **Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with Swiss law. They have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value, are presented in euros (EUR) and all values are rounded to the nearest thousand (TEUR), except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The actual outcome may differ from the assumptions and estimates made. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. The areas involving higher degrees of judgement or complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

#### **Consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Any contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Inter-company transactions, balances and unrealized gains/losses on transactions between Group companies are eliminated. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

#### ***Current versus non-current classification***

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle which is 12 months
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle which is 12 months
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

#### ***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker.

The accounting policies used for segment reporting are the same as those used for the preparation of these financial statements.

#### ***Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

If the entity that issues the shares (the legal acquirer) is identified as the acquiree for accounting purposes, the entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. Consolidated financial statements prepared following a reverse acquisition are issued under the name of the Company but described in the notes as a continuation of the financial statements of the legal subsidiary, with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the Company. That adjustment is required to reflect the capital of the Company.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### **Foreign currency translation**

##### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in EURO, which is the presentation currency of the Company (the 'presentation currency').

##### **(b) Transactions and balances**

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

##### **(c) Group companies**

Assets and liabilities of Group entities using a functional currency different from the presentation currency are translated into the presentation currency using year-end rates of exchange. Income and expenses and cash flows are translated at average exchange rates. All resulting translation differences are recognized directly in other comprehensive income. On the divestment of a foreign entity, the identified cumulative currency translation difference relating to that foreign entity is recognized in profit or loss as part of the gain or loss on divestment.

#### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical costs include expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate costs to residual values over each asset's estimated useful lives as follows:

- Plant and equipment: 3 - 5 years
- Other: 3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount (higher of value in use and fair value less costs to sell), it is written down immediately to its recoverable amount.

#### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Amortisation of finite life intangible assets is calculated using the straight-line method to allocate costs to residual values over each asset's estimated useful lives as follows:

- Software and licences: 5-14 years
- Other: 5 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### **Leases**

The Group leases certain equipment. Leases of equipment where the Group has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased asset or the present value of the minimum lease payments at inception. The rental obligations, net of finance charges, are included in financial debts. Assets acquired under finance leases are depreciated in accordance with the Group's above policy on property, plant and equipment over the shorter of the lease term or their useful life. The interest element of the lease payment is charged against income over the lease term based on the interest rate implicit in the lease.

Leases under which substantially all of the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

### **Impairment of non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### **Financial assets**

#### **(a) Classification**

The Group classifies its financial assets in the following categories: 'at fair value through profit or loss' and 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. A financial asset is classified as at fair value through profit or loss if acquired principally for the purpose of selling in the short-term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

#### **(b) Recognition and measurement**

Financial assets at fair value through profit or loss are carried at fair value. Regular purchases and sales are recognized on settlement date, the date that an asset is delivered to or by an entity. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit and loss are recognized in the income statement in the period in which they arise. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired.

Financial assets are derecognised when the contractual rights to the cash flows of the assets expire or when the Group sells or otherwise disposes of the contractual rights to the cash flows, including situations where the Group retains the contractual rights but assumes a contractual obligation to pay the cash flows to a third party.

### **Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a first in, first out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **Work in progress**

When the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Trade receivables are initially recognized at their invoiced amounts including any related sales taxes less adjustments for estimated revenue deductions such as rebates, charge-backs and cash discounts.

Provisions for doubtful trade receivables are established once there is an indication that it is likely that a loss will be incurred. These provisions represent the difference between the trade receivable's carrying amount in the consolidated balance sheet and the estimated net collectible amount. Significant financial difficulties of a customer, such as probability of bankruptcy, financial reorganization, default or delinquency in payments are considered indicators that recovery of the trade receivable is doubtful. Charges for doubtful trade receivables are recognized in the consolidated income statement within revenue.



### ***Trade receivables***

Trade receivables are initially recognized at their invoiced amounts including any related sales taxes less adjustments for estimated revenue deductions such as rebates, charge-backs and cash discounts.

Provisions for doubtful trade receivables are established once there is an indication that it is likely that a loss will be incurred. These provisions represent the difference between the trade receivable's carrying amount in the consolidated balance sheet and the estimated net collectible amount. Significant financial difficulties of a customer, such as probability of bankruptcy, financial reorganization, default or delinquency in payments are considered indicators that recovery of the trade receivable is doubtful. Charges for doubtful trade receivables are recognized in the consolidated income statement within "Revenues".

### ***Other receivables***

Other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. If collection is expected within one year or less, they are classified as current asset. If not, they are presented as non-current assets.

### ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within financial debts in current liabilities on the balance sheet. This definition is also used for the purposes of the cash flow statement.

### ***Financial debts***

Financial debts are initially recorded at fair value, net of transaction costs. Financial debts are subsequently stated at amortized cost using the effective interest rate method. Financial debts are normally classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### ***Current and deferred income tax***

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### ***Trade and other payables***

Trade and other payables are recognized initially at fair value and subsequently measured at amortized costs using the effective interests' method. If payment is due within one year or less, they are classified as current liabilities. If not, they are represented as non-current liabilities.

### ***Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

### ***Fair values***

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

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

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

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

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

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

The fair values of financial assets and liabilities at the balance sheet date are not materially different from their reported carrying values unless specifically mentioned in the notes to the consolidated financial statements.

### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised:

#### **(a) Rendering of services**

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

#### **(b) Interest income**

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

#### **(c) Dividends**

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

### **Research and development costs**

Research and development costs consist primarily of remuneration and other expenses related to research and development personnel, costs associated with preclinical testing and clinical trials of product candidates, expenses for research and development services under collaboration agreements and outsourced research and development expenses. Furthermore the Group may acquire in-process research and development assets, either through business combinations or through purchases of specific assets. In-process research and development assets acquired either through business combinations or separate purchases are capitalized as intangible assets and reviewed for impairment at each reporting date. Once available for use, such intangible assets are amortized on a straight-line basis over the period of the expected benefit.

Internal development costs are capitalised as intangible assets only when there is an identifiable asset that can be completed and that will generate probable future economic benefits and when the cost of such an asset can be measured reliably.

### **Employee benefits**

#### **(a) General**

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

#### **(b) Pension obligations**

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

### ***Non-current assets held for sale and discontinued operations***

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs
- Classified as held for sale or distribution or already disposed in such a way, and
- A major line of business or major geographical area

Additional disclosures are provided in Note 14. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

### ***Share based payments***

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## **4 Summary of critical accounting judgements and key sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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 year are described below.

### **4.1 Critical judgements in applying accounting policies**

#### ***Going concern***

As described in Note 1 to these financial statements, the Company is currently in a major reorganization phase, whereby it is simultaneously planning to sell its CRO business and then merge with Relief Therapeutics - a Geneva-based drug development company. In connection with the combination with Relief, the Company has secured a three-year CHF 25 million financing facility from GEM Global Yield Fund, supplemented by a letter of support valid until the 2017 annual shareholders' meeting.

Although management is confident that the above reorganization will be successfully completed in the near future, there remains a risk that one or both of the planned transactions could fail. In such a case, there would be significant doubts about the Company's ability to continue as a going concern and, as such, there exists a material uncertainty at present.

Because management remains confident that the reorganization will succeed as planned, and that the liquidity of the company thereafter has been secured, these financial statements have been prepared on the going concern basis.

## 4.2 Key sources of estimation uncertainty

### *Impairment of goodwill*

Determining whether goodwill is impaired requires management to estimate the recoverable value of the cash generating unit to which the goodwill is attributable. If the recoverable value of the cash generating unit is lower than the carrying amount of the cash generating unit to which the goodwill has been allocated, impairment is recorded. Any reduction in the value of the goodwill cannot be written back in future years.

The carrying amount of goodwill at the end of the current reporting period is TEUR 17'301 (31 December 2014: TEUR 18'801). The recoverability of goodwill is tested for impairment annually during the fourth quarter, or earlier, if an indication of impairment exists. In 2015 a first impairment test was done at 30 June 2015 as indication of impairment existed due to the loss making situation. The annual impairment test was done at 31 December 2015.

In 2015, the recoverable amounts of goodwill were calculated using the discounted cash flow method. The significant assumptions are disclosed in note 7. At 31 December 2015 the impairment test showed no impairment whereas at 31 December 2014, the annual impairment test showed an impairment loss of TEUR 3'217. Changes to the assumptions may result in further impairment losses in subsequent periods.

### *Deferred income taxes*

The determination of the recoverability of deferred income tax assets is based on the judgment of management. Deferred income tax assets are only recognized if it is probable that they can be used in the future. Whether or not they can be used depends on whether the tax deductible temporary difference can be offset against future taxable profits. In order to assess the probability of their future use, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. At 31 December 2015, deferred income tax assets amounted to TEUR 0 (31 December 2014: TEUR 72) as all previously recognised deferred tax assets were reclassified as part of the disposal group (see note 25). Such deferred tax assets are only recorded when it becomes evident that sufficient future taxable profits are probable. Deferred income tax assets are written down in the same period in which the latest assessment of recoverability indicates a lower value than currently recorded in the financial statements.

### *Retirement benefit obligations*

The retirement benefit obligation is calculated on the basis of various financial and actuarial assumptions. The key assumptions for assessing these obligations are the discount rate, future salary and pension increases and the probability of the employee reaching retirement. The calculations were done by external experts and the principal assumptions used are summarised in note 20. At 31 December 2015, the underfunding amounted to TEUR 412 (31 December 2014: TEUR 1'274) as all other retirement benefit obligations were reclassified as part of the disposal group. Using other basis for the calculations could have led to different results.

## 5 Segment information

### 5.1 Description of segment

In prior year, the Group represented a full-service Tech-driven Contract Research & Development Organization ("TCRDO") dedicated to provide an exclusive technological set of services and solutions to biotech, biopharma and pharmaceutical companies throughout the innovative drug discovery & development value chain with the aim of screening potential drugs "in silico" biosystems, allowing therapies in virtual patients and predicting real-world health outcomes and costs. In this respect, the Group had only one operating segment, defined in accordance with functional criteria: "TCRDO". Therefore management had only disclosed segment information regarding geographical areas.

The above-mentioned operating segment consisted of a full service contract research organization providing regulatory consulting, pharmacovigilance and marketing services, and operational services for clinical trial (Phase I – IV) to test new molecules and drugs, and focusing on the discovery and development of MPCs ("Medicinal Product Candidates") and the repurposing/repositioning drugs into new therapeutical indications, through bio-mathematical algorithm.

As described in Note 1, during 2015 the Company announced its intention to divest of the contract research part of its operations. The other parts of its single operating segment, being the IP rights as well as the DRR2.0 platform, will continue. This reorganisation of the business led to the fact that the TCRDO segment was split into two segments. However, as the contract research part of the business is being sold in 2016 and therefore recognised as discontinued operation, the continuing operations still will only show one segment being the residual drug development and discovery business.

### 5.2 Geographical information

With its continuous operations, the Group currently operates only in Switzerland. The Group's revenue by location of operations and information about its non-current assets by location of assets are detailed below:

TEUR	Revenue		Non-current assets	
	2015	2014 restated	31 December 2015	31 December 2014
Switzerland	237	-	20'819	23'469
Rest of Europe	-	-	-	2'329
Americas	-	-	-	8
	<b>237</b>	<b>-</b>	<b>20'819</b>	<b>25'806</b>

The residual revenue is within discontinued operations.

6 Property, plant and equipment

TEUR	Property	Plant and Equipment	Assets under finance lease	Other	Total
<b>COST</b>					
<b>Balance at 1 January 2014</b>	<b>115</b>	<b>2'038</b>	<b>130</b>	<b>1'358</b>	<b>3'641</b>
Additions	-	7	-	52	59
Reclassification from held for sale	2'661	-	-	-	2'661
Disposals	-	-	-	(66)	(66)
Currency translation effects	(4)	(1)	-	21	16
<b>Balance at 31 December 2014</b>	<b>2'772</b>	<b>2'044</b>	<b>130</b>	<b>1'365</b>	<b>6'311</b>
Reclassification as held for sale	(97)	(1'931)	(122)	(912)	(3'062)
Disposals	(2'658)	(44)	(8)	(46)	(2'756)
Currency translation effects	(1)	(1)	-	130	128
<b>Balance at 31 December 2015</b>	<b>16</b>	<b>68</b>	<b>-</b>	<b>537</b>	<b>621</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>Balance at 1 January 2014</b>	<b>(114)</b>	<b>(1'802)</b>	<b>(83)</b>	<b>(955)</b>	<b>(2'954)</b>
Eliminated on disposals of assets	-	-	-	39	39
Reclassification from held for sale	(521)	-	-	-	(521)
Depreciation expense	(107)	(60)	(7)	(309)	(483)
Currency translation effects	-	-	-	(20)	(20)
<b>Balance at 31 December 2014</b>	<b>(742)</b>	<b>(1'862)</b>	<b>(90)</b>	<b>(1'245)</b>	<b>(3'939)</b>
Eliminated on disposals of assets	661	44	7	44	756
Reclassification as held for sale	97	1'771	90	885	2'843
Depreciation expense	(33)	(21)	(7)	(106)	(167)
Currency translation effects	1	1	-	(105)	(103)
<b>Balance at 31 December 2015</b>	<b>(16)</b>	<b>(67)</b>	<b>-</b>	<b>(527)</b>	<b>(610)</b>
<b>CARRYING AMOUNT</b>					
at 1 January 2014	1	236	47	403	687
at 31 December 2014	2'030	182	40	120	2'372
<b>at 31 December 2015</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>10</b>	<b>11</b>

At 31 December 2014, the building in Essen, Germany, was pledged to secure the related borrowing with Sparkasse. In 2015, the building was sold, hence none of the property, plant and equipment of the Group was pledged as at 31 December 2015.

7 Goodwill

TEUR	31 December 2015	31 December 2014
Cost	22'018	22'018
Accumulated impairment losses	(3'217)	(3'217)
Reclassification as assets held for sale	(1'500)	-
<b>Balance at end of year</b>	<b>17'301</b>	<b>18'801</b>

**Allocation of goodwill to cash-generating units**

In the past the Group only consisted of one cash generating unit ("CGU"). Hence, the entire goodwill was allocated to this CGU. However, during 2015 the Company announced its intention to divest of the contract research part of its operations. The other parts of its single operating segment and/or CGU, being the IP rights as well as the DRR2.0 platform, will continue. This reorganisation of the business led to the fact that the TCRDO segment was split into two segments and/or CGUs. However, as the contract research part of the business is being sold in 2016 and therefore recognised as disposal group and discontinued operation, the continuing operations still will only show one CGU being the residual drug development and discovery business.

Due to the above, part of the CGU was reclassified as disposal group (refer to note 14 for further details). Hence, TEUR 1'500 were allocated to the disposal group based on the relative values of the operations. An impairment test of goodwill was performed by the Group on the residual goodwill of TEUR 17'301.

#### Impairment test at 31 December 2015

In consideration of the operating loss in 2015, the Company considered that there are indications of impairment of non-current assets and therefore has carried out an impairment test on the portion of goodwill that will remain within the Group.

The various development programs within the CGU were evaluated. Management concluded that currently only one of the development programs should be valued as only for this product advanced development plans are currently available. The valuation was done using best-practice pharma compound valuation model, which is a discounted cash flow model (value in use valuation). A discount rate of 15% was used for this out-licensing program valuation due to the venture capital character of such an outlicensing program. For revenue based on out-licensing of rights owned by the Group, the expected revenue from the out-licensing agreement was forecasted for the entire licensing period. As a standard terminal value assumption for development programs we assumed that all remaining cash flows in the period after loss of IP protection would sum up to a cash flow which is similar to the cash flow from the last year of the IP protection period. The key assumptions used in the best-practice pharma compound valuation include sales growth rate and period required to commercialize the development program in order to have cash inflows. Growth rate is based on the expected sales cycle. The cash flows are based on market analysis performed by a third party. The period over which management has projected cash flows is greater than five years as based on comparable market data and information the development and commercialization of the compound will take significantly longer.

Since the impairment test at 30 June 2015, the Group has secured new funding from a third party investor (note 1) which enables the Group to carry out their own development program. While at 30 June 2015 the valuation was done on the entire outlicensing products, at 31 December 2015 only the one product for which advanced development plans are available was valued. This led to a significant decrease in the discount rate used.

No impairment loss was recognized due to the impairment test at 31 December 2015 as the impairment assessment resulted in a headroom of 77%.

Sensitivity analysis where the average discount rate was increased by 2%, which according to management is a reasonably possible change in key assumptions, did not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Furthermore, management believes that any reasonably possible change in the key assumptions (sensitivity analysis) on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

#### Impairment test at 30 June 2015

In consideration of the operating loss in the first half of 2015, the Company considered that there are indications of impairment of non-current assets and therefore has carried out an impairment test on them.

For contract research development projects the recoverable amount has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a three-year period (2015-2017), and a discount rate of 8.5% per annum.

The various outlicensing programs were valued separately using best-practice pharma compound valuation models. A discount rate of 45% was used for these outlicensing program valuations due to the venture capital character of such outlicensing programs. For revenue based contract research and development projects, which represent about 90% of the entire revenue, a terminal growth rate of 2% has been used after the financial budget period. For revenue based on out-licensing of rights owned by the Group, the expected revenue from the out-licensing agreement was forecasted for the entire licensing period.

No impairment loss was recognized due to the impairment test at 30 June 2015.

Sensitivity analysis where the average discount rate was increased by 1.5% and the growth rate reduced to 0%, which according to management is a reasonably possible change in key assumptions, did not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Furthermore, management believes that any reasonably possible change in the key assumptions (sensitivity analysis) on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

## 8 Intangible assets

TEUR	Software and Licences	Others	Total
<b>COST</b>			
<b>Balance at 1 January 2014</b>	<b>11'103</b>	<b>2'537</b>	<b>13'640</b>
Additions	668	-	668
Disposals	-	(6)	(6)
Currency translation effects	64	258	322
<b>Balance at 31 December 2014</b>	<b>11'835</b>	<b>2'789</b>	<b>14'624</b>
Additions	444		444
Disposals	(20)		(20)
Reclassification to non-current assets held for sale	(399)	(2'721)	(3'120)
Currency translation effects	657	249	906
<b>Balance at 31 December 2015</b>	<b>12'517</b>	<b>317</b>	<b>12'834</b>
<b>ACCUMULATED AMORTISATION</b>			
<b>Balance at 1 January 2014</b>	<b>(5'744)</b>	<b>(2'516)</b>	<b>(8'260)</b>
Amortisation expense	(1'436)	(16)	(1'452)
Disposals	-	5	5
Currency translation effects	(26)	(258)	(284)
<b>Balance at 31 December 2014</b>	<b>(7'206)</b>	<b>(2'785)</b>	<b>(9'991)</b>
Amortisation expense	(1'784)	(2)	(1'786)
Disposals	6		6
Reclassification to non-current assets held for sale	397	2'719	3'116
Currency translation effects	(423)	(249)	(672)
<b>Balance at 31 December 2015</b>	<b>(9'010)</b>	<b>(317)</b>	<b>(9'327)</b>
<b>CARRYING AMOUNT</b>			
at 1 January 2014	5'359	21	5'380
at 31 December 2014	4'629	4	4'633
<b>at 31 December 2015</b>	<b>3'507</b>	<b>-</b>	<b>3'507</b>

'Software and Licences' refer mainly to the software "DRR2.0" with a carrying amount of EUR 2.3 million and Intellectual Property related to patents on specific Orphan Drugs with a carrying amount of EUR 1.2 million. DRR2.0 is TMX's hypothesis generating software tool for drug repurposing and repositioning. In 2015, personnel expenses of TEUR 353 were capitalised in relation to the development of DRR 2.0 technology.

## 9 Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Domicile	Proportion of ownership interest and voting power	
			31.12.15	31.12.14
THERAMetrics Discovery AG	Commercial exploitation of patents, licences, trademarks	Stans (CH)	100%	100%
THERAMetrics Laboratories AG 1)	Commercial exploitation of patents, licences, trademarks	Vaduz (FL)	0%	100%
THERAMetrics (Switzerland) GmbH 2)	Contract research	Thalwil (CH)	100%	100%
THERAMetrics S.p.A. 3)	Contract research	Milano (I)	100%	100%
THERAMetrics GmbH 3)	Contract research	Essen (D)	100%	100%

- 1) This subsidiary has been closed in 2015.
- 2) This subsidiary will be closed in 2016.
- 3) These subsidiaries will be sold in 2016 as part of the CRO business (note 14).

## 10 Work in progress

Work in progress on the basis of contractual fees is accrued according to the percentage of completion method whenever there is reasonable certainty on the percentage of completion and the recoverable amounts.

Work in progress decreased in 2015 from TEUR 460 as at 31 December 2014 to TEUR 0 as at 31 December 2015 as all project activity is part of the disposal group.

## 11 Trade receivables

TEUR	31 December 2015	31 December 2014
Trade receivables due from third parties	19	3'472
Allowance for doubtful debts	-	(393)
<b>Total trade receivables - third parties</b>	<b>19</b>	<b>3'079</b>
Trade receivables due from related parties	-	3
<b>Total trade receivables</b>	<b>19</b>	<b>3'082</b>

Trade receivables are non-interest bearing and generally have maturities between 30 and 90 days. Most trade receivables of the Group are part of the disposal group (note 14) as at 31 December 2015.

### *Movement in the allowance for doubtful debt:*

TEUR	2015	2014
Balance at beginning of year	(393)	(670)
Impairment losses recognised on receivables	(87)	(40)
Impairment losses reversed	317	317
Reclassification as non-current assets held for sale	163	-
Foreign exchange translation gains and losses	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>(393)</b>

At 31 December 2015, none of the trade receivables were past due. Included in the Group's trade receivable balance at 31 December 2014 were debtors with a carrying amount of TEUR 602 which were past due at the reporting date. The Group did not provide impairment losses for the past due amounts reported below as there was not a significant change in credit quality and the amounts were still considered recoverable.

### *Aging of trade receivables that are not impaired*

TEUR	31 December 2015	31 December 2014
Not due	19	2'480
Between 30 to 60 days	-	393
Between 60 to 90 days	-	114
Between 90 to 120 days	-	80
More than 120 days	-	15
<b>Total</b>	<b>19</b>	<b>3'082</b>

## 12 Other current assets and other receivables

TEUR	31 December 2015	31 December 2014
Other current receivables	124	366
Advances to suppliers	17	85
Prepayments and accrued income	20	128
<b>Total</b>	<b>161</b>	<b>579</b>

Other current receivables are neither impaired nor overdue. The decrease is due to the reclassification of most subsidiaries as disposal group.



### 13 Cash and cash equivalents

TEUR	31 December 2015	31 December 2014
Bank deposits	301	4'140
Cash on hand	7	23
<b>Total</b>	<b>308</b>	<b>4'163</b>

### 14 Disposal group classified as held for sale

#### 14.1 Planned disposal of CRO business

The Company has signed a letter of intent (LOI) for the sale of its largest contract research subsidiaries to another global CRO. TMX's remaining CRO subsidiaries are small with little or no operations and are in the process of being closed. Closure of these subsidiaries is not expected to have a material financial impact on the Company.

The sale is expected to be completed in the first half of 2016. Purchase price and other customary terms and conditions are still under negotiation, however management expects to sell the disposal group for approximately TEUR 2'307 (TCHF 2'500).

#### 14.2 Reclassified assets and liabilities

The non-current assets held for sale and the liabilities associated with non-current assets held for sale were reclassified from the following categories of assets and liabilities:

TEUR	31 December 2015
Property, plant and equipment	219
Goodwill	1'500
Intangible assets	4
Loans and other non-current assets	11
Deferred tax assets	57
<b>Non-current assets</b>	<b>1'791</b>
Inventories	21
Work in progress	1'162
Trade receivables	1'560
Tax receivables	710
Other current assets and other receivables	486
Cash and cash equivalents	794
<b>Current assets</b>	<b>4'733</b>
<b>Assets classified as non-current assets held for sale</b>	<b>6'524</b>
Non-current borrowing	1
Defined benefit obligation	523
Deferred tax liabilities	431
<b>Non-current liabilities</b>	<b>955</b>
Trade payables	2'516
Current borrowings	147
Tax payables	636
Other current payables and liabilities	876
<b>Current liabilities</b>	<b>4'175</b>
<b>Liabilities associated with non-current assets held for sale</b>	<b>5'130</b>

### 15 Share capital

	Number of common shares		Nominal value of share capital (TEUR)	
	2015	2014	2015	2014
Balance at beginning of year	654'643'652	399'344'635	5'444	3'242
Issuance of common shares	140'000	255'299'017	1	2'202
<b>Balance at end of year</b>	<b>654'783'652</b>	<b>654'643'652</b>	<b>5'445</b>	<b>5'444</b>

### 15.1 Issued share capital

At 31 December 2015, the issued share capital amounts to TEUR 5'445 (TCHF 6'548), consisting of 654'783'652 fully paid registered shares with a par value of CHF 0.01.

At the Annual General Meeting on 18 June 2014, the shareholders approved the issuance of new shares under an ordinary capital increase. This capital increase was completed on 12 September 2014 and resulted in 255'299'017 new shares being issued at CHF 0.08 per share. Total proceeds of the increase were TEUR 16'944 (TCHF 20,424), whereof TEUR 12'523 were received in cash in 2014, TEUR 951 were received in cash in 2013 (already recognised as share premium in 2013) and TEUR 3'470 were issued through set-off of liabilities.

### 15.2 Authorized share capital

At 31 December 2015, the Company had the following authorized, but not yet issued, nominal share capital:

- CHF 1'980'000 (TEUR 1'827), consisting of 198'000'000 registered shares with a par value of CHF 0.01 each, that the Board of Directors is authorized to issue at any time until 18 June 2016.
- CHF 1'220'000 (TEUR 1'126), consisting of 122'000'000 registered shares with a par value of CHF 0.01 each, that the Board of Directors is authorized to issue at any time until 12 May 2017.

### 15.3 Conditional share capital

The conditional share capital of TMX as at 31 December 2015 was CHF 3'262'194.91 (TEUR 3'011) (2014: CHF 490'536.21 (TEUR 453)), consisting of 326'219'491 (2014: 49'053'621) registered shares with a par value of CHF 0.01 each, of which 25'000'000 (2014: 25'000'000) to be used for share options for members of the Board of Directors and Executive Management, 9'219'491 (2014: 9'359'491) to be used for share options for employees and consultants and 292'000'000 (2014: 14'694'130) to be used for the exercise of conversion option rights granted in connection with bonds, notes or similar debt instruments issued by the Company.

### 15.4 Significant shareholders

The following significant shareholders are known to us:

	2015		2014	
	Number of shares	%	Number of shares	%
PIERREL S.p.A.	200'237'756	30.6%	221'484'383	33.8%
FIN POSILLIPO S.p.A.	180'135'833	27.5%	209'389'206	32.0%
Others	274'410'063	41.9%	223'770'063	34.2%
	<b>654'783'652</b>	<b>100.0%</b>	<b>654'643'652</b>	<b>100.0%</b>

## 16 Reserves

TEUR	31 December 2015	31 December 2014
Share premium (note 16.1)	27'570	27'570
Legal reserve (note 16.2)	41	41
Treasury shares reserve (note 16.3)	-	-
Cash flow hedging reserve (note 16.4)	-	-
Foreign currency translation reserve (note 16.5)	130	(134)
Equity-settled share based payments reserve (note 16.6 and 26)	1'700	53
<b>Total</b>	<b>29'441</b>	<b>27'530</b>

### 16.1 Share premium

TEUR	2015	2014
Balance at beginning of year	27'570	14'151
Capital increase through right offering (i)	-	13'791
Capital issuance cost	-	(372)
<b>Balance at end of year</b>	<b>27'570</b>	<b>27'570</b>

(i) For further details on the capital increase which was completed on 12 September 2014, refer to note 15.1.

## 16.2 Legal reserves

TEUR	2015	2014
Balance at beginning of year	41	41
<b>Balance at end of year</b>	<b>41</b>	<b>41</b>

## 16.3 Treasury shares

On 3 August 2015, the Group completed the re-purchase of 38,500,000 of its own shares from its two major shareholders. The re-purchase, for a symbolic consideration of CHF 1.00, was made pursuant to the combination agreement of 24 January 2013 by and between the Company on one hand and Pierrel the two major shareholders on the other hand. At the closing of the business combination between the Company and Pierrel Research International AG, in September 2013, the two major shareholders had been given 2.75 shares of the Company for each share held by the old mondoBIOTECH holding AG shareholders, on a fully diluted basis (i.e. assuming the exercise of pre-existing option and conversion rights, and in particular 14 million warrants of investor Global Emerging Market (GEM)). Since GEM did not exercise any of its warrants and these have meanwhile lapsed, pursuant to the combination agreement the Company had the right to re-purchase the 2.75-fold number of own shares, i.e. 38,500,000, for a symbolic price, which right it has exercised in 2015

Subsequent to the acquisition of the treasury shares, the Group has sold a total of 17'658'869 for a total net consideration of TEUR 935 (TCHF 1'021). As at 31 December 2015, the Group held a remaining 20,841,131 shares.

## 16.4 Cash flow hedging reserve

TEUR	2015	2014
Balance at beginning of year	-	(20)
Gain/(loss) arising on changes in fair value of hedging instruments	-	20
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

## 16.5 Foreign currency translation reserve

TEUR	2015	2014
Balance at beginning of year	(134)	55
Exchange differences arising on translating foreign operations	264	(189)
<b>Balance at end of year</b>	<b>130</b>	<b>(134)</b>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (EUR) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve in respect of translating the results and net assets of foreign operations are reclassified to profit or loss on the disposal of the foreign operation.

## 16.6 Equity-settled share based payments reserve

TEUR	2015	2014
Balance at beginning of year	53	-
Share-based payment transactions	1'647	53
<b>Balance at end of year</b>	<b>1'700</b>	<b>53</b>

The equity-settled share based payments reserve represents the amounts of vested but not yet exercised options out of the share option plan of the Group. For further details refer to note 26.

## 17 Borrowings

TEUR	31 December 2015	31 December 2014
Bank loans (ii)	1'915	165
Leasing liabilities	-	11
<b>Total non-current borrowings</b>	<b>1'915</b>	<b>176</b>
<b>Current borrowings</b>		
Credit facilities	-	286
Current portion of non-current bank loans (ii)	295	2'760
Leasing liabilities	-	16
Other borrowings (i)	2'051	6
<b>Total current borrowings</b>	<b>2'346</b>	<b>3'068</b>
<b>Total borrowings</b>	<b>4'261</b>	<b>3'244</b>

(i) As at 31 December 2015, other current borrowings relate to a fully-subordinated convertible related party loan signed 29 October 2015. The loan allows for maximum borrowings of up to CHF 3.3 million and carries an annual interest rate of 5%. Originally, all borrowings were to be repaid, together with accrued interest, by mandatory conversion into shares of TMX on 1 March 2016. Subsequent to year-end, the conversion date was extended to 30 June 2016.

(ii) As at 31 December 2015, the bank loans mainly consisted of the following loans:

The loan from Banca Popolare di Milano (TEUR 2'210) is based on 3 months Euribor plus 5%. As at 31 December 2014 the covenants on the loan with Banca Popolare di Milano were not met. However, the Group managed to obtain waiver letters for the covenants and was negotiating a re-structuring of the loan facility managed to reschedule the repayment plan of the loan according different terms and conditions which are still under evaluation. The loan is secured by 100% of the share capital of Pierrel Research Italy S.p.A. and by guarantees of Pierrel S.p.A for a total of TEUR 6'900.

The loan due to Sparkasse (31 December 2014: TEUR 650), was repaid in 2015 when the related building was sold.

## 18 Other current payables and liabilities

TEUR	31 December 2015	31 December 2014
Payables to social security institutions	2	167
Liabilities on research projects	42	990
Liabilities due to employees	20	442
Other current liabilities	629	805
<b>Total</b>	<b>693</b>	<b>2'404</b>

## 19 Retirement benefit obligations

The Group participates in two Swiss pension plans which qualify as defined benefit plans under the requirements of IAS 19. Further, the Italian subsidiaries of the Company have defined benefit obligations in relation to termination payments (TFR) which are required by Italian law as well as a defined contribution plan which results in an obligation of TEUR 10 (2014: TEUR 10).

### 19.1 Pension obligation due to TFR

The pension obligation in relation to TFR which is required by Italian law was calculated by an actuarial expert using the following key assumptions:

TEUR	2015	2014
Discount rates	2.03%	1.49%
Expected rates of salary increase	3.00%	2.00%
Inflation rate	1.50%	1.50%

The movements in the defined benefit obligation in relation to TFR were as follows:

TEUR	2015	2014
Opening defined benefit obligation	800	734
Current service cost	40	
Interest expense	10	21
Benefits (paid)/deposited	(262)	(158)
Remeasurement (gain)/loss on defined benefit obligation	(75)	203
Reclassification as liability associated with assets held for sale	(513)	
<b>Closing defined benefit obligation</b>	<b>-</b>	<b>800</b>

## 19.2 Pension Plans Switzerland

The Group operates fund defined benefit plans for qualifying employees in Switzerland. Under the plans, the employees are entitled to retirement benefits and risk insurance for death and disability. No other post-retirement benefits are provided to these employees. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 31 December 2015. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Swiss pension plans need to be administered by a separate pension fund that is legally separated from the entity. The law prescribes certain minimum benefits.

The pension plans of the employees of the Swiss entities are managed by collective funds with "AXA Stiftung Berufliche Vorsorge" and "PKG Pensionskasse". The boards of the pension funds are composed of an equal number of representatives from both employers and employees.

Due to the requirements of IAS 19 the above mentioned pension plans are classified as defined benefit plans and are described in detail in the corresponding statutes and regulations.

The contributions of employers and employees in general are defined in percentages of the insured salary. Interest is credited to the employees' accounts at the minimum rate provided in the plan, payment of which is guaranteed by the insurance contract as described below. The retirement pension is calculated based on the old-age credit balance on retirement multiplied by the fixed conversion rate. The employee has the option to withdraw the capital at once. The death and disability pensions are defined as percentage of the insured salary. The assets are invested directly with the corresponding pension funds.

The fully reinsured pension funds have concluded insurance contracts to cover the insurance and investment risk. The board of each pension fund is responsible for the investment of assets and the investment strategies are defined in a way that the benefits can be paid out on due date. For accounting purposes this insurance contract represents the sole asset of the plan. Fair value of plan asset is the estimated cash surrender value at the respective balance sheet date.

The pension funds can change their financing system (contributions and future payments) at any time. Also, when there is a deficit which cannot be eliminated through other measures, the pension funds can oblige the entity to pay a restructuring contribution. For the pension funds of the Group such a deficit currently cannot occur as the plans are fully reinsured. However, the pension funds could cancel the contracts and the entities of the Group would have to join another pension fund. In the current and comparative period no plan amendments, curtailments or settlements occurred.

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

TEUR	2015	2014
Current service cost	79	70
Past service cost	(175)	(93)
Net interest expense	6	6
Administration cost excl. cost for managing plan assets	4	4
<b>Expense recognised in profit or loss</b>	<b>(86)</b>	<b>(13)</b>

TEUR (21) of the total expense is recognised within discontinued operations.

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

TEUR	2015	2014
Remeasurement (gain)/loss on defined benefit obligation	9	170
Return on plan assets excl. Interest income	16	34
<b>Expense recognised in other comprehensive income</b>	<b>25</b>	<b>204</b>

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

TEUR	31 December 2015	31 December 2014
Present value of funded defined benefit obligation	1'024	1'164
Fair value of plan assets	(612)	(700)
<b>Net liability arising from defined benefit obligation</b>	<b>412</b>	<b>464</b>

Movements in the present value of the defined benefit obligation in the current year were as follows:

TEUR	2015	2014
Opening defined benefit obligation	1'164	1'123
Current service cost	79	70
Past service cost	(175)	(93)
Interest expense on defined benefit obligation	16	26
Contributions from plan participants	44	66
Benefits (paid)/deposited	(77)	(217)
Settlements paid	(168)	-
Remeasurement (gain)/loss on defined benefit obligation	9	170
Foreign Exchange (gain)/loss	132	19
Administration cost (excluding cost for managing plan assets)	-	-
<b>Closing defined benefit obligation</b>	<b>1'024</b>	<b>1'164</b>

Movements in the present value of the plan assets in the current period were as follows:

TEUR	2015	2014
Opening fair value of plan assets	700	788
Interest income on plan assets	10	20
Return on plan assets excluding interest income	(16)	(34)
Contributions from the employer	44	66
Contributions from plan participants	44	66
Benefits (paid)/deposited	(77)	(217)
Settlements paid	(168)	-
Foreign exchange gain/(loss)	79	15
Administration cost	(4)	(4)
<b>Closing fair value of plan assets</b>	<b>612</b>	<b>700</b>

The respective insurance company is providing reinsurance of these assets and bears all market risk on these assets.

#### Curtailment

Three members were terminated by the company during 2015. These involuntary terminations significantly reduced the number of employees covered by the plan such that curtailment accounting was performed. IAS 19 reporting and the profit and loss for the remainder of the year was adjusted accordingly. In total, the curtailments resulted in a decrease in the Defined Benefit Obligation of TEUR 140, which was immediately recognised as a credit in the current year profit and loss.

Principal assumptions used for the purposes of the actuarial valuations were as follows:

TEUR	2015	2014
Discount rates	0.85%/1.00%	1.25%
Expected rates of salary increase	1.50%	1.00%/1.75%

The following sensitivity analyses - based on the principal assumptions - have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period:

If the discount rate would be 25 basis points (0.25 percent) higher (lower), the defined benefit obligation would decrease by TEUR 221 (increase by TEUR 243 if all other assumptions were held constant).

The average duration of the defined benefit obligation at the end of the reporting period is 21.1 years (2014: 19.1 years).

The Group expects to make a contribution of TEUR 14 to the defined benefit plans during the next financial year.

**20 Revenue**

TEUR	2015	2014 restated
Contract research	-	-
Other revenues	237	-
<b>Total revenues</b>	<b>237</b>	-

Revenue in 2015 relates to service revenue from a licensing agreement with a third party in relation to DRR2.0.

**21 Other income**

In 2015 there was no other income. Other income in 2014 consisted of gains from sale of property, plant and equipment (TEUR 12) and gains from sale of intangible assets (TEUR 199).

**22 Service expense**

TEUR	2015	2014 restated
Maintenance expense	7	-
Utility expense	-	76
Consulting service expense	1'927	1'879
Travel and accomodation expense	66	71
Other expense for services	-	20
<b>Total cost for services</b>	<b>2'000</b>	<b>2'046</b>

**23 Financial income/ (expenses)**

TEUR	2015	2014 restated
Interest expense on loans	112	34
Other financial expense	14	61
Net foreign currency exchange loss (i)	382	130
<b>Total finance costs</b>	<b>508</b>	<b>225</b>
Interest income	1	-
<b>Total finance income</b>	<b>1</b>	-

(i) Net foreign currency exchange losses increased due to the further strengthening of CHF against EUR.

## 24 Income taxes

### 24.1 Income tax recognised in profit or loss

TEUR	2015	2014 restated
<b>CURRENT TAX</b>		
Current tax expense for the current year	-	2
Adjustments in relation to the current tax of prior years	-	-
	<u>-</u>	<u>2</u>
<b>DEFERRED TAX</b>		
Deferred tax (income)/expense recognised in the current year	(81)	(66)
Write-down of deferred tax assets	-	-
	<u>(81)</u>	<u>(66)</u>
<b>Total income tax expense recognised in the current year</b>	<b>(81)</b>	<b>(64)</b>

The following table provides reconciliation between income tax expense recognised for the year and the tax calculated by applying the applicable tax rates on accounting profit:

TEUR	2015	2014 restated
Gain/(loss) before tax	(3'835)	(6'038)
Income tax expense calculated at 12.5% (2014: 12.5 %)	(479)	(755)
Prior year adjustments		(3)
Unrecognised deferred tax assets during the year	479	755
Effect of income that is exempt from taxation		
Effect of expenses that are not deductible in determining taxable profit	(81)	(61)
<b>Total income tax income recognised in profit or loss</b>	<b>(81)</b>	<b>(64)</b>

The weighted average applicable tax rate of the Group is 12.5% (2014: 12.5%) which is equal to the tax rate of the Company.

### 24.2 Income tax recognised in other comprehensive income

Due to the ongoing loss situation in the respective subsidiaries, no deferred tax assets were recognised in relation to the items recognised through other comprehensive income.

### 24.3 Current tax assets and liabilities

TEUR	31 December 2015	31 December 2014
Tax refund receivable	-	20
Other tax receivables	53	373
<b>Current tax assets</b>	<b>53</b>	<b>393</b>
Income tax payable	-	17
Other	17	586
<b>Current tax liabilities</b>	<b>17</b>	<b>603</b>



#### 24.4 Deferred tax balances

2015 TEUR	Opening balance	Recognised in profit or loss	Reclassified as held for sale	Closing balance
Non-deductible interest expense	67	(15)	(52)	-
Other temporary differences	5	-	(5)	-
<b>Total deferred tax assets</b>	<b>72</b>	<b>(15)</b>	<b>(57)</b>	-
Intangible assets	649	(52)	-	597
Work in progress	332	109	(441)	-
Other temporary differences	241	(188)	-	53
<b>Total deferred tax liabilities</b>	<b>1'222</b>	<b>(131)</b>	<b>(441)</b>	<b>650</b>

2014 TEUR	Opening balance	Recognised in profit or loss	Reclassified	Closing balance
Non-deductible interest expense	50	17	-	67
Other temporary differences	5	-	-	5
<b>Total deferred tax assets</b>	<b>55</b>	<b>17</b>	-	<b>72</b>
Intangible assets	700	(51)	-	649
Work in progress	411	(79)	-	332
Other temporary differences	258	(17)	-	241
<b>Total deferred tax liabilities</b>	<b>1'369</b>	<b>(147)</b>	-	<b>1'222</b>

The remaining deferred tax liabilities will be reversed over the residual life of the intangibles as they are depreciated.

#### 24.5 Unrecognised deferred tax assets

In accordance with IAS 12, the Company did not capitalize any deferred tax asset relating to tax loss carry-forwards since the criteria for recognition (i.e. the probability of future taxable profits) are not met. The gross value of unused tax losses which have not been capitalized as deferred tax asset will expire as follows:

TEUR	2015	2014
Within one year	16'570	2'735
Later than one year and not later than five years	43'155	75'796
More than five years	14'215	19'206
<b>Total tax losses carried forward</b>	<b>73'940</b>	<b>97'737</b>

There are no other unrecognised deferred tax assets.

## 25 Discontinued Operations

### 25.1 Description of discontinued operations

The Company has signed a letter of intent (LOI) for the sale of its largest contract research subsidiaries to another global CRO. TMX's remaining CRO subsidiaries are small with little or no operations and are in the process of being closed. Closure of these subsidiaries is not expected to have a material financial impact on the Company.

The sale is expected to be completed in the first half of 2016. For further details refer to note 14.

## 25.2 Analysis of result for the period from discontinued operations

The result of the discontinued operations included in the consolidated statement of comprehensive income is set out below. The comparative result and cash flows from discontinued operations have been represented to include these operations as classified as discontinued operations in the current period.

	2015	2014 restated
<b>DISCONTINUED OPERATIONS</b>		
Revenues	13'534	16'209
Other income	1'493	1'092
Service expense	(8'820)	(8'806)
Material expense and change in WIP	(339)	(465)
Personnel expense	(7'077)	(9'452)
Other administrative expense	(976)	(1'510)
<b>EBITDA</b>	<b>(2'185)</b>	<b>(2'932)</b>
Amortisation and depreciation expense	(1'619)	(1'321)
<b>Operating result</b>	<b>(3'804)</b>	<b>(4'253)</b>
Loss from sale of property, plant and equipment	(1'069)	-
Finance income	666	124
Finance expense	(248)	(190)
<b>Result before income taxes</b>	<b>(4'455)</b>	<b>(4'319)</b>
Income taxes	(56)	78
<b>Result for the period from discontinued operations</b>	<b>(4'511)</b>	<b>(4'241)</b>

	2015	2014 restated
<b>CASH FLOWS FROM DISCONTINUED OPERATIONS</b>		
Net cash flows from operating activities	(1'837)	3'232
Net cash flows from investing activities	1'367	(472)
Net cash flows from financing activities	(880)	(1'268)
<b>Cash flows from discontinued operations</b>	<b>(1'350)</b>	<b>1'492</b>

## 26 Share-based payments

In 2012, the Company implemented an Equity Award Program ("EAP") to grant share options to members of the BoD and selected employees. The EAP allows the allocation of up to 12'161'926 stock options, out of the 25'000'000 available for such purpose under the conditional share capital (see note 15.3). Each option gives the right to purchase at par value one ordinary share of the Company. The share options are conditional on the employee's service period, i.e. the vesting periods of the options are 0 to 3.5 years from the grant date. The share options vest immediately in the case of a change in control of the Company.

In 2015, the members of the Board of Directors and management received their fee and bonus in form of options which were granted under the EAP in April 2014. The following table reconciles the share options outstanding at the beginning and end of the year:

TEUR	2015	2014
<b>At beginning of the year</b>	<b>2'309'286</b>	<b>1'749'286</b>
Granted	8'460'000	700'000
Exercised		(140'000)
<b>At end of the year</b>	<b>10'769'286</b>	<b>2'309'286</b>

Share options outstanding at the end of the year 2015 and 2014 have the following expiry dates:

	31 December 2015	31 December 2014
<b>EXPIRY DATE</b>		
September 2018	1'749'286	1'749'286
April 2019	560'000	560'000
March 2020	1'420'000	-
September 2020	7'040'000	-
	<b>10'769'286</b>	<b>2'309'286</b>

The 10'769'286 share options at year end were totally exercisable as per 31 December 2015 (2'309'286 as per 31 December 2014).

The fair values of the options at the grant date have been assessed using the Black-Scholes valuation model and recognised in the period in which the option were granted as they vested immediately. The weighted average fair value of options granted in 2015 was EUR: 0.03 (CHF 0.04) per option. The significant inputs into the model were share price of EUR: 0.04 (CHF 0.05) at grant date, exercise price of EUR: 0.01 and 0.06 (CHF 0.01 and CHF 0.06), volatility of 80% and average risk-free interest rate (0.6)%.

The weighted average fair value of options granted in 2014 was EUR: 0.08 (CHF 0.09) per option. The significant inputs into the model were share price of EUR: 0.08 (CHF 0.10) at grant date, exercise price of EUR: 0.01 (CHF 0.01), volatility of 80% and risk-free interest rate of 0.8%.

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

In 2015, 10 million shares were granted to external consultants as part of their service fees. Delivery of these shares is planned for April 2016.

## 27 Earnings per share

TEUR	2015	2014
Loss for the year attributable to the equity holders of the Parent Company	(8'471)	(10'213)
Less: Loss for the year from discontinued operations	4'511	4'241
Earnings from continuing operations (for basic and diluted earnings per share)	(3'960)	(5'972)
Weighted average number of shares for the purposes of EPS	651'617'213	475'151'811
<b>Basic and diluted earnings per share (in EUR)</b>		
From continuing operations	(0.006)	(0.013)
From discontinued operations	(0.007)	(0.009)
<b>Total basic and diluted earnings per share (in EUR)</b>	<b>(0.013)</b>	<b>(0.021)</b>

Basic and diluted losses per shares are calculated by dividing the net loss attributable to the shareholders by the weighted average shares outstanding during the period (including any convertible loans which are mandatorily convertible into shares). In 2015 and 2014, the number of shares outstanding varied as a result of different transactions on the share capital structure of the Company (see note 15 for more details).

The options granted as part of the EAP (refer to note 26 for further details) have not been considered in the calculation of the diluted loss per share as their effect is anti-dilutive.

## 28 Financial instruments

### 28.1 Capital risk management

The Group's objectives when managing capital (defined as "equity attributable to the Company's shareholders") are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The available funds rose in various private financing rounds, as well as the public placements executed since the listing of the Company on the Swiss Stock Exchange in 2009. In addition funds have been generated through revenues/milestones (until 2010) and sale of non-core assets. In order to maintain or adjust the capital structure, the Group may issue new or own shares (see note 4 "liquidity risk" above) or sell assets to reduce debts.

In December 2015, the Company signed a CHF 25 million share subscription facility (SSF) with GEM Global Yield Fund LLC (GEM). The SSF gives TMX the right, but not the obligation, for a period of up to 36 months, to issue and sell up to CHF 25 million of its shares to GEM. GEM will acquire ordinary registered shares of TMX upon the Company's exercise of draw-down notices. Each draw-down is conditional upon trading volumes and share prices. Specifically, a draw down cannot exceed 700% of the average trading volume during the 15 trading days immediately preceding the date of a draw-down. The purchase price per share is 90% of the closing bid price for a TMX share during the 15 trading days immediately following a draw-down notice.

## 28.2 Categories of financial instruments

31 December 2015 TEUR	At fair value through profit or loss	At fair value through OCI	Loans and receivables	Financial liabilities at amortised cost	Total
Trade receivables	-	-	19	-	19
Other current assets and receivables	-	-	124	-	124
Cash and cash equivalents	-	-	308	-	308
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>451</b>	<b>-</b>	<b>451</b>
Non-current borrowings	-	-	-	1'915	1'915
Trade payables	-	-	-	382	382
Current borrowings	-	-	-	2'346	2'346
Other current payables and liabilities	-	-	-	42	42
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4'685</b>	<b>4'685</b>

31 December 2014 TEUR	At fair value through profit or loss	At fair value through OCI	Loans and receivables	Financial liabilities at amortised cost	Total
Loans and other non-current assets	-	-	25	-	25
Trade receivables	-	-	3'082	-	3'082
Other current assets and receivables	-	-	366	-	366
Cash and cash equivalents	-	-	4'163	-	4'163
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>7'636</b>	<b>-</b>	<b>7'636</b>
Non-current borrowings	-	-	-	176	176
Other non-current liabilities	-	-	-	47	47
Trade payables	-	-	-	3'907	3'907
Current borrowings	-	-	-	3'068	3'068
Other current payables and liabilities	-	-	-	990	990
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8'188</b>	<b>8'188</b>

The carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

## 28.3 Financial risk management

The Group is exposed to various financial risks such as credit risk, liquidity risk and market risk (including interest-rate and currency risk). The following sections provide an overview of the extent of the individual risks and the goals, principles and processes employed to handle these risks.

### *Credit risk*

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group credit risk arises from transactions with counterparties, mainly individual customers and corporations. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Counterparty risk is also minimized by ensuring that all financial assets are placed with well-known banks in Switzerland, Germany or Italy.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

### *Liquidity risk*

Liquidity risk management implies maintaining sufficient cash and cash equivalents to meet the financial obligations of the Group. Currently the major liquidity sources are represented by shareholder and investors who systematically made up for major liquidity requirements. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The financial debts presented in the tables below are at undiscounted cash flows, whereas the carrying value in the consolidated balance sheet reflects discounted cash flows.

Maturity analysis of financial liabilities at 31 December 2015

TEUR	less than 3 months	between 4-6 months	between 7-12 months	between 1-5 years	more than 5 years
Borrowings	24	2'370	48	1'939	-
Trade payables	382	-	-	-	-
Other payables and liabilities	42	-	-	-	-
<b>Total financial liabilities</b>	<b>448</b>	<b>2'370</b>	<b>48</b>	<b>1'939</b>	<b>-</b>

Maturity analysis of financial liabilities at 31 December 2014

TEUR	less than 3 months	between 4-6 months	between 7-12 months	between 1-5 years	more than 5 years
Borrowings	2'702	134	253	180	-
Trade payables	3'818	89	-	-	-
Other payables and liabilities	990	-	-	49	-
<b>Total financial liabilities</b>	<b>7'510</b>	<b>223</b>	<b>253</b>	<b>229</b>	<b>-</b>

**Interest rate risk**

With the exception of short term cash deposits and financial debts, the Group has no other interest-bearing assets or liabilities and the interest rate risk exposure is therefore minimized.

**Currency risk**

The Group does not retain a policy of hedging to prevent losses deriving from exchange rate fluctuations as the currency risk within the Group in general is not significant due to the fact that both revenue and expenses are primarily incurring in EUR. Whereas there are no significant liabilities held in foreign currency the only significant monetary assets within the balance sheet of the Group are bank accounts in foreign currencies, primarily CHF. Based on the assumption of a  $\pm 10\%$  change in the EUR/CHF exchange rate fluctuations, the Group's comprehensive income for the year would be TEUR 31 higher (decrease) or TEUR 26 lower (increase).

**28.4 Fair value measurement**

At 31 December 2015 as well as 2014, there were no assets or liabilities measured at fair value.

For all other financial assets and liabilities their carrying amount at amortised cost approximates fair value.

**29 Risk assessment disclosure required by Swiss Law**

Group management has initiated a restructuring program to reorganize the Group with the aim to improve operating results. Due to the ongoing monitoring of these initiatives, no separate risk assessment was performed in the current year.

Financial risk management is described in more detail in note 28.3.

**30 Related party transactions**

**30.1 Compensation for executive management**

TEUR	2015	2014
Fees, salaries and other short-term employee benefits	749	490
Post-employment benefits	49	25
Share-based compensation	1'269	-
<b>Total compensation for executive management</b>	<b>2'067</b>	<b>515</b>

**30.2 Compensation for members of the board of directors**

TEUR	2015	2014
For serving as board members	-	56
Share-based compensation	171	95
<b>Total compensation for members of the board of directors</b>	<b>171</b>	<b>151</b>

The disclosures required by the Swiss Code of Obligations on Board and Executive committee compensation are shown in the compensation report.

### 30.3 Related party balances and transactions

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The following table shows balances due to/from related parties at year-end:

TEUR	Due from related parties		Due to related parties	
	2015	2014	2015	2014
<b>Shareholders</b>				
Fin Posillipo S.p.A. (i)	-	-	1'914	-
<b>Others</b>				
Farmacie Petrone Srl	-	-	32	40
Petrone Group	-	-	2	8
TWIGA	-	12	-	-
Bootes S.r.l. (i)	-	-	137	6
	-	<b>12</b>	<b>2'085</b>	<b>54</b>

(i) Refer to note 17 for further details on related party borrowings.

### 31 Finance lease arrangements

#### 31.1 The group as lessee

##### Description of lease arrangements

Finance leases relate to various equipment in Italy (expiring in 2016).

##### Finance lease liabilities

TEUR	Minimum lease payments		PV of minimum lease payments	
	31.12.15	31.12.14	31.12.15	31.12.14
Within one year	-	17	-	16
Later than one year and not later than five years	-	12	-	11
More than five years	-	-	-	-
	-	<b>29</b>	-	<b>27</b>
Less: future finance charges	-	(2)	-	-
<b>PV of minimum lease payments</b>	-	<b>27</b>	-	<b>27</b>

Leasing liabilities (see note 17) are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

### 32 Non-cash transactions

During the current year, the Group did not enter into any significant non-cash investing and financing activities which are not reflected in the consolidated statement of cash flow.

### 33 Contingent liabilities

##### Litigation

At 31 December 2015, the Company is not party to any legal, administrative or arbitral proceedings, the outcome of which, if adverse to the Company, may be material to its business, financial condition and results of operation taken as a whole.

### **34 Other significant events during the financial period**

#### ***Planned merger with Relief Therapeutics***

On 19 December 2015, the Company signed a binding agreement to merge with Relief Therapeutics SA (Relief).

Under the terms of the proposed combination, shareholders of Relief can exchange each Relief share into 5'750 newly issued TMX shares – for a total of approximately 1'200'000'000 newly issued TMX shares. Following closing of the transaction, the current shareholders of TMX will own slightly more than one-third and Relief's shareholders will hold just below two thirds of the outstanding shares of the combined company. Closing of the transaction is expected by 30 June 2016 and is contingent upon certain conditions, amongst others a vote of approval by current TMX shareholders and the listing of the new TMX shares.

### **35 Subsequent events**

There have been no significant subsequent events since 31 December 2015.

### **36 Approval of financial statements**

These consolidated financial statements were approved by the Board of Directors on 20 April 2016, subject to approval of the annual shareholders' meeting on 25 May 2016.



Report of the statutory auditor  
to the General Meeting of  
THERAMetrics holding AG  
Stans

### **Report of the statutory auditor on the consolidated financial statements**

As statutory auditor, we have audited the consolidated financial statements of THERAMetrics holding AG, which comprise the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 23 to 55), for the year ended 31 December 2015.

#### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.





*Emphasis of Matter*

The accompanying financial statements have been prepared assuming that the Group will continue as a going concern. We draw your attention to note 1 and to note 4 to the consolidated financial statements, paragraph “Going Concern”, which states that the Group is depending from external funding. This, along with other matters as described in note 4, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the group to continue as a going concern. If it is not possible for the group to continue as a going concern, the financial statements will need to be prepared on the basis of liquidation values. Our opinion is not qualified in respect of this matter.

*Other Matter*

The financial statements of THERAMetrics holding AG for the year ended 31 December 2014 were audited by another firm of auditors whose report, dated 13 April 2015, expressed an unmodified opinion on those statements.

**Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

During our audit, performed in accordance with article 728a para 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system that has been designed according to the instructions of the Board of Directors for the preparation of consolidated financial statements is not supported by written documentation for a subsidiary (THERAMetrics GmbH, Germany) that is material to the group.

In our opinion, except for the matter described in the preceding paragraph, an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Daniel Anliker

Audit expert  
Auditor in charge



Christian Jäger

Audit expert

Zürich, 20 April 2016

# **THERAMetrics holding AG**

**Financial Statements 2015**

## Balance sheet

ASSETS	Note	31 December 2015 CHF	31 December 2014 CHF
Cash and cash equivalents		292'688	2'322'044
Other receivables		55'800	118'697
<i>third parties</i>		55'800	118'697
Prepaid expenses		47'754	2'862
<i>third parties</i>		47'754	2'862
<b>Current assets</b>		<b>396'242</b>	<b>2'443'603</b>
Tangible assets		9'252	15'096
Intangible assets	3.2	-	21'186'255
Investments in subsidiaries	3	2'500'000	2'479'426
Loans to group companies	4	-	8'311'312
<b>Non-current assets</b>		<b>2'509'252</b>	<b>31'992'089</b>
<b>Total assets</b>		<b>2'905'494</b>	<b>34'435'692</b>
<b>EQUITY AND LIABILITIES</b>			
Other payables		2'555'767	457'534
<i>third parties</i>		156'583	365'530
<i>group companies</i>		173'267	92'004
<i>related parties (subordinated)</i>		2'225'916	-
Other short term liabilities (or current borrowings)		2'987'337	-
<i>group companies</i>		2'987'337	-
Accrued expenses		505'168	559'153
<i>third parties</i>		505'168	559'153
<b>Current liabilities</b>		<b>6'048'272</b>	<b>1'016'687</b>
Non-current borrowing		-	3'322'373
<i>group companies</i>		-	3'322'373
<b>Non-current liabilities</b>		<b>-</b>	<b>3'322'373</b>
Share capital		6'547'837	6'546'437
General reserves		76'572'541	76'572'541
<i>thereof capital contribution reserves</i>		76'556'036	76'556'036
<i>thereof other general reserves</i>		16'505	16'505
Accumulated losses		(86'263'156)	(53'022'346)
<i>loss carried forward</i>		(53'022'346)	(35'806'970)
<i>result of the period</i>		(33'240'810)	(17'215'376)
<b>Total shareholders' equity</b>	5	<b>(3'142'778)</b>	<b>30'096'632</b>
<b>Total equity and liabilities</b>		<b>2'905'494</b>	<b>34'435'692</b>

## Income statement

(in CHF)

		Period ended	
		31.12.2015	31.12.2014
Revenues		396'113	8'710'072
Material costs and costs in WIP		-	(465'962)
Costs for services		(2'885'877)	(10'063'795)
Personnel expenses		208'252	(720'370)
Administration costs		-	(632'194)
<b>EBITDA</b>		<b>(2'281'512)</b>	<b>(3'172'249)</b>
Depreciation and amortisation expenses		(21'233'180)	(5'961'687)
Impairment on loans to group companies		(9'252'278)	(1'203'577)
Impairment on investments		(1'328'118)	(7'320'000)
<b>Operating result</b>		<b>(34'095'088)</b>	<b>(17'657'513)</b>
Financial income	9	1'260'858	700'591
Financial expense		(21'285)	(185'153)
Net exchange differences		(391'521)	(56'723)
Extraordinary expenses	10	(33'237)	(5'412)
Extraordinary income	10	39'616	-
<b>Result before income taxes</b>		<b>(33'240'656)</b>	<b>(17'204'210)</b>
Tax expenses		(155)	(11'166)
<b>Result of the period</b>		<b>(33'240'810)</b>	<b>(17'215'376)</b>

## Notes to the financial statements

(All amounts in CHF)

### 1 General information

THERAMetrics holding AG ("TMX" or "the Company") is a Swiss stock corporation listed on the SIX Swiss Exchange whose registered office is Dorfplatz 6, 6370 Stans, Switzerland.

The Company is the Swiss parent company of a global tech-based contract research and development organization ("TCRDO") which offers a full range of technological services and solutions to life sciences and pharmaceutical companies through the entire value chain of drug discovery and development.

In December 2015, TMX announced its plan to exit the field of contract research and focus solely on drug development and discovery. The Company has signed a binding agreement to merge with another drug development company, Relief Therapeutics, pending shareholder approval and other customary conditions. After the merger, Relief Therapeutics would be a wholly-owned subsidiary of TMX. Concurrent with the merger transaction, TMX is in negotiations for the sale of its contract research subsidiaries to a larger, global contract research organization (CRO). The Company expects the sale to be completed during the first half of 2016. Purchase price and other customary terms and conditions are still under negotiations, however management expects to sell the disposal group for approximately CHF 2.5 million. TMX's smaller CRO subsidiaries, where there is little or no business, are in the process of being closed.

After TMX's transformation, the Company will focus on the development and/or licensing of its portfolio of medicinal products candidates (MPC), and at the same time continue the commercial development of its drug rescuing and repurposing platform DRR2.0.

The financial statements of THERAMetrics holding AG comply with the requirements of the new Swiss accounting legislation, which became effective since January 1, 2013 and required implementation in 2015, of the Swiss Code of Obligations (SCO). In accordance with the SCO, THERAMetrics holding AG elected to restate the 2014 financial statements to be comparable with the 2015 presentation. This resulted in changes to the presentation of the balance sheet.

THERAMetrics holding AG is presenting consolidated financial statements in accordance with a recognized accounting standard (IFRS). As a result, these financial statements and notes do not include additional disclosures, cash flow statement, audit fees and management report.

### 2 Significant accounting policies

#### 2.1 Basis of preparation of the financial statements

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of expenses during the reporting period. Although these estimates are based on the management's best knowledge, actual results may ultimately differ from those estimates. The financial statements have been prepared on a going concern basis (for further details refer to note 2.2)

#### Intangible assets

Intangible assets are recorded at their acquisition cost and are depreciated over their useful life, which currently is 5 years. The Company evaluates its intangible assets for impairment whenever indicators suggest that the carrying amount of such assets exceeds the fair value.

#### Investments in subsidiaries

Investments in subsidiaries are recorded at their acquisition cost less adjustments for impairment of value. The acquisition cost includes charges and expenses in connection with the acquisition. The company evaluates its investments in subsidiaries for impairment at least annually and when it identifies indicators that the carrying amount of such assets exceeds the fair value.

#### Loans to subsidiaries

Loans to subsidiaries are carried at original nominal value less adjustments for impairment of value. A provision for impairment is recorded when there is objective evidence that the Company will not be able to collect the amounts due.

#### Cash

Cash balances, denominated in Swiss francs, EURO and USD, include cash deposited in demand bank accounts and interest earned on such cash balances.

#### Other assets and liabilities

Unless otherwise stated, all other assets and liabilities are stated at their nominal values.

#### Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement a financial income or financial expense.

### Net exchange difference

Current assets and current liabilities denominated in foreign currencies are converted at year-end exchange rates. Realized exchange gains and losses as well as all unrealized exchange losses arising from these as well as those from business transactions are recorded as net exchange differences.

### 2.2 Going Concern

As described in Note 1 to these financial statements, the Company is currently in a major reorganization phase, whereby it is simultaneously planning to sell its CRO business and then merge with Relief Therapeutics - a Geneva-based drug development company. In connection with the combination with Relief, THERAMetrics has secured a three-year CHF 25 million financing facility from GEM Global Yield Fund, supplemented by a letter of support valid until the 2017 annual shareholders' meeting.

Although management is confident that the above reorganization will be successfully completed in the near future, there remains a risk that one or both of the planned transactions could fail. In such a case, there would be significant doubts about the Company's ability to continue as a going concern and, as such, there exists a material uncertainty at present.

Because management remains confident that the reorganization will succeed as planned, and that the liquidity of the company thereafter has been secured, these financial statements have been prepared on the going concern basis.

As of the balance sheet date, the Company is over-indebted under Art 725.2 of the Swiss Code of Obligation. The Company expects this to be remedied upon completion of the capital increase which will take place in conjunction with the merger with Relief Therapeutics. Therefore the Board of Directors has refrained from notifying the bankruptcy court.

### 3 Investments in subsidiaries

CHF	2015	2014
Investment in subsidiaries	11'148'118	10'348'643
Accumulated Impairment charges	(8'648'118)	(7'869'217)
<b>Total</b>	<b>2'500'000</b>	<b>2'479'426</b>

The table below shows the unlisted companies which belong to the THERAMetrics holding AG's scope of consolidation as of 31 December 2015:

Name	Domicile	Share Capital	Shareholder	% owned
THERAMetrics Discovery AG	Stans(CH)	CHF 338'364.15	THERAMetrics holding AG	100
THERAMetrics (Switzerland) GmbH <sup>2</sup>	Zürich (CH)	CHF 20'000.00	THERAMetrics holding AG	100
Pierrel Research Hungary Kft <sup>2</sup>	Budapest (Hungary)	EUR 46'640	THERAMetrics holding AG	100
THERAMetrics GmbH <sup>1</sup>	Essen (Germany)	EUR 26'000	THERAMetrics holding AG	100
THERAMetrics S.p.A. <sup>1</sup>	Sesto San Giovanni (Italy)	EUR 1'000'000	THERAMetrics holding AG	100
THERAMetrics, Inc. <sup>1</sup>	Wayne, PA (USA)	USD 0	THERAMetrics holding AG	100
THERAMetrics CSS S.r.l. <sup>1</sup>	Cantù, Como (Italy)	EUR 104'269	THERAMetrics holding AG	100
SC THERAMetrics S.r.l. <sup>1</sup>	Timisoara (Romania)	RON 15'130	THERAMetrics holding AG	100
Pierrel Research Poland Sp.z.o.o. <sup>2</sup>	Lodz (Poland)	ZLOTY 50'000	THERAMetrics GmbH	100
Pierrel Research Bulgaria EOOD <sup>2</sup>	Sofia (Bulgaria)	LEV 5'000	THERAMetrics GmbH	100
Pierrel Research UK Ltd. <sup>2</sup>	Farnham (UK)	GBP 100	THERAMetrics GmbH	100
SC THERAMetrics CRU S.r.l. <sup>1</sup>	Timisoara (Romania)	RON 600	THERAMetrics holding AG	99

<sup>1</sup> These companies are part of the sale negotiation of CRO business.

<sup>2</sup> These companies are in the process of liquidation resp. are decided to liquidate.

THERAMetrics (Switzerland) GmbH was founded in 2014 and took over the domestic activities of former Pierrel Research International AG, which has been merged with the Company (refer to note 3.2 for further details) as of 1 January 2014.

THERAMetrics Laboratories AG was closed effective 28 December 2015.

### 3.1 Impairment of investment

#### 2015

In course of the planned disposal of the CRO business (refer to note 1), an impairment loss on the CRO entities in the amount of CHF 1'328'118 has been recognized in 2015.

#### 2014

Due to the loss making situation of the Company and some of its subsidiaries, an impairment loss of CHF 7'320'000 was recognized in 2014.

### 3.2 Merger with Pierrel Research International AG

In its efforts to reduce both organizational complexity as well as fixed cost, the Company reached an important milestone on 23 June 2014: with the up-merger of its subsidiary PRINT into the Company. The merger was effective retrospectively at 1 January 2014 and resulted in the recognition of an intangible asset of CHF 26'482'820.

Based on the intended sale of its contract research organization business the company decided to fully depreciate the residual value of this intangible asset in 2015.

### 4 Loans to group companies

CHF	2015	2014
Loans to group companies		
- not subordinated	8'594'889	8'311'312
- subordinated	21'690'083	34'492'135
Provision for impairment	(30'284'972)	(34'492'135)
Total loans to group companies	0	8'311'312

The loans are partially interest-bearing and subject to flexible payment-back terms. The management estimates that the group companies are not able to pay back the loans and therefore the amounts are not recoverable.

### 5 Shareholders' equity

	Share capital	General reserves	Accumulated losses	Total shareholders' equity
At 1 January 2014	3'993'446	60'297'610	(35'806'970)	28'484'086
Capital increase, net of transaction costs	2'552'991	16'274'931	0	18'827'922
Net result for the period			(17'215'376)	(17'215'376)
<b>Year end 31 December 2014</b>	<b>6'546'437</b>	<b>76'572'541</b>	<b>(53'022'346)</b>	<b>30'096'632</b>
Capital increases, net of transaction costs	1'400	0	0	1'400
Net result for the period			(33'240'810)	(33'240'810)
<b>Year end 31 December 2015</b>	<b>6'547'837</b>	<b>76'572'541</b>	<b>(86'263'156)</b>	<b>(3'142'778)</b>

	common shares	Nominal value
At 1 January 2014	399'344'635	3'993'446
Issuance of common shares	255'299'017	2'552'991
<b>Year ended 31 December 2014</b>	<b>654'643'652</b>	<b>6'546'437</b>
Issuance of common shares	140'000	1'400
<b>Year ended 31 December 2015</b>	<b>654'783'652</b>	<b>6'547'837</b>

#### Issued share capital

At 31 December 2015, issued share capital is CHF 6'547'837, consisting of 654'783'652 registered shares with a par value of CHF 0.01

At 31 December 2014, issued share capital is CHF 6'546'437, consisting of 654'643'652 registered shares with a par value of CHF 0.01

#### Capital increase 2014

On 12 September 2014 the Company completed an ordinary capital increase by issuing 255'299,017 new shares at CHF 0.08 per share. Total proceeds of the increase were CHF 20'423'921, whereof CHF 15'078'157 was received in cash in 2014, CHF 1'166'905 was received in cash in 2013, and CHF 4,178,859 was issued through the set-off of liabilities.

### Authorized share capital

At 31 December 2015 and 2014, the Company had authorized share capital of CHF 1'980'000 consisting of 198'000'000 registered shares with a par value of CHF 0.01 each, that the Board of Directors is authorized to issue at any time until 18 June 2016.

### Conditional share capital

Conditional share capital of the Company consists of three elements:

As of 31 December 2015, CHF 92'194 (2014: CHF 93'594 ), consisting of 9'219'491 shares (2014: 9'359'491 shares) with a par value of CHF 0.01 each, can be used for granting options to employees, members of the Board of Directors, and consultants

As of 31 December 2015 and 2014, an additional CHF 250'000, consisting of 25'000'000 shares with a par value of CHF 0.01 each, can be used for granting options to employees and members of the Board of Directors.

As of 31 December 2015, CHF 2'920'000 (2014: CHF 146'941), consisting of 292'000'000 shares (2014: 14'694'130 shares) with a par value of CHF 0.01 each, can be used for the exercise of conversion option rights granted in connection with bonds, notes or similar debt instruments issued by the Company.

The Company has two stock option plans for its employees, board members, and consultants whereby each option gives its holder the right to purchase one of the Company's common shares at a pre-determined price. When options are exercised, the related shares are issued from the Company's conditional capital. Option grants are proposed by the Company's Nomination & Compensation Committee and approved by the Board of Directors.

One stock option plan is from 2011 and exists only to cover options still outstanding under it. The second plan was established in 2015. All future stock option grants will be issued under the 2015 plan.

As of 31 December 2015, there are 10'769'288 options outstanding, all of which are fully vested.

During 2015, no options were exercised.

### Treasury shares

	2015		2014	
	Shares	CHF	Shares	CHF
At beginning of period	0	0	2'005'649	0
Purchase	38'500'000	1	1'250'000	1
Sale	17'658'869	1'020'582	3'255'649	317'552
<b>At end of period</b>	<b>20'841'131</b>		-	

In July 2015, the Company acquired from its two largest shareholders a total of 38'500'000 of its own shares for the symbolic price of one CHF and by 31 December 2015 had sold 17'658'869, at market price.

## 6 Significant shareholders

The following significant shareholders as defined by Art. 663c of the Swiss Code of Obligations, holding more than 5% of the common shares of the Company, are recorded in the share register or have disclosed their shareholdings to the Company:

- Raffaele Petrone, Pierluigi Petrone, Massimo Petrone, Carmine Petrone, Fernanda Parisi hold through Fin Posillipo S.p.A., Naples, Italy, 30.58 % of the common shares of the Company.
- Pierrel S.p.A., Capua, Italy, holds 27.51% of the common shares of the Company.

According to the information available to the Company, none of the other shareholders held more than 5% of the common shares in the Company as of 31 December 2015 and 31 December 2014.

	2015		2014	
	Number of shares	%	Number of shares	%
FIN POSILLIPO S.p.A.	200'237'756	30.58%	209'389'206	31.99%
PIERREL S.p.A.	180'135'833	27.51%	221'484'383	33.83%
Others	274'410'063	41.91%	223'770'063	34.18%
	<b>654'783'652</b>	<b>100.00%</b>	<b>654'643'652</b>	<b>100.00%</b>



## 7 Equity instrument disclosure of Board of Directors and Group Management members

The following tables show the total shares and options owned by Board of Directors, Group Management and persons closely linked to them (i.e. their spouse, their children below age 18, any legal entity they own or otherwise control and any legal or natural person who is acting as their fiduciary) as per 31 December 2015.

Board of Directors	Number of shares as at 31.12.2015	Number of shares as at 31.12.2014
Raffaele Petrone, Chairman of the Board and CEO	511'250	511'250

Group Management	Number of shares as at 31.12.2015	Number of shares as at 31.12.2014
Dr. habil. Dorian Bevec, CSO	186'506	186'506

Related Parties	Number of shares as at 31.12.2015	Number of shares as at 31.12.2014
FIN POSILLIPO S.p.A.	200'237'756	209'389'206
PIERREL S.p.A.	180'135'833	221'484'383

Number of Share Options Board of Directors	Number of Share Options	
	Total as at 31.12.2015	Total as at 31.12.2014
Raffaele Petrone, Chairman of the Board	1'000'000	1'000'000
Prof. Michael Alan Keller, Vice Chairman of the Board	140'000	140'000
Robert E. Patterson, Esq., Managing Director	140'000	140'000
Fulvio Citaredo, Member of the Board of Directors	140'000	-
Claudio Palladini, Member of the Board of Directors	140'000	140'000

Numbers of Share Options Group Management	Number of Share Options	
	Total as at 31.12.2015	Total as at 31.12.2014
Fulvio Citaredo, General Manager	4'400'000	-
Timothy Snyder, CFO	2'000'000	-

In addition, other current borrowings of CHF 2.2 million relate to a fully-subordinated convertible shareholder loan signed 29 October 2015. The loan allows for maximum borrowings of up to CHF 3.3 million and carries an annual interest rate of 5%. Originally, all borrowings were to be repaid, together with accrued interest, by mandatory conversion into shares of TMX on 1 March 2016. Subsequent to year-end, the conversion date was extended to 30 June 2016. The LOAN TRANCHES together with the accrued interest will be converted into CONVERSION SHARES at a conversion price which is the lower of (i) the volume weighted average stock price per SHARE of the 30 trading days prior to and excluding the day of the conversion (rounded down to the next cent), or (ii) CHF 0.05 per SHARE.

## 8 Compensation

Regarding the compensation for members of the Board of Directors and the executive committee members please refer to the compensation report.

## 9 Financial income

CHF	2015	2014
Interest on bank accounts	101	287
Interest on CRO loans	240'175	231'610
Dissolution of subordinated loan	0	151'143
Gain on sale of treasury shares	1'020'582	317'550
<b>Total</b>	<b>1'260'858</b>	<b>700'591</b>

**10 Extraordinary expenses and income**

<b>CHF</b>	<b>2015</b>	<b>2014</b>
Extraordinary expenses		
Final invoice of VAT audit 2010 - 2014	33'237	0
Various	0	5'412
<b>Total</b>	<b>33'237</b>	<b>5'412</b>

<b>CHF</b>	<b>2015</b>	<b>2014</b>
Extraordinary income		
Dissolution of no longer required accruals from previous year	24'900	0
Gain on sale of tangible assets	9'259	0
Various	5'457	0
<b>Total</b>	<b>39'616</b>	<b>0</b>

**11 Accumulated losses**

To preserve the possibility to use the capital contribution reserves for future distribution to shareholders free of withholding tax the accumulated loss of CHF 86'263'156 as per 31 December 2015 will be carried forward.

**12 Commitments and contingencies**

As of 31 December 2015 the Company has an unconditional and unlimited comfort letter issued to its wholly-owned subsidiary THERAMetrics Discovery AG. The letter expires June 2016.

**13 Full-time equivalents**

The average number of employees during 2015 (in full-time positions) was less than 10.

**14 Significant events after the balance sheet date**

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

**15 Approval of financial statements**

These statutory financial statements were approved by the Board of Directors on 20 April 2016, subject to approval of the annual shareholders' meeting on 25 May 2016.



Report of the statutory auditor  
to the General Meeting of  
THERAMetrics holding AG  
Stans

### **Report of the statutory auditor on the financial statements**

As statutory auditor, we have audited the financial statements of THERAMetrics holding AG, which comprise the balance sheet, income statement and notes (pages 59 to 66), for the year ended 31 December 2015.

#### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *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 Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

#### *Emphasis of Matter*

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. We draw your attention to note 2 to the financial statements, paragraph 2 "Going Concern", which states that the Company is depending from external funding. This, along with other matters as described in note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. If it is not possible for the



Company to continue as a going concern, the financial statements will need to be prepared on the basis of liquidation values. This would lead to a substantiated concern that the Company's liabilities exceed its assets within the meaning of article 725 para. 2 CO, requiring compliance with the corresponding legal provisions. Our opinion is not qualified in respect of this matter.

*Other Matter*

The financial statements of THERAMetrics holding AG for the year ended 31 December 2014 were audited by another firm of auditors whose report, dated 13 April 2015, expressed an unmodified opinion on those statements.

**Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Further, we draw attention to the fact that THERAMetrics Holding AG's accumulated deficit exceeds the share capital within the meaning of article 725 para. 2 CO. Due to the fact that the company's creditors have subordinated their claims and granted additional subordinated loans in total amount of CHF 3'300'000 respectively, and that the company shall be combined with Relief AG, which will result in an increase of the company's equity, the Board of Directors has refrained from notifying the bankruptcy court. Should the combination with Relief AG fail to be implemented on a timely basis, the court must be notified.

PricewaterhouseCoopers AG



Daniel Anliker  
Audit expert  
Auditor in charge



Christian Jäger  
Audit expert

Zürich, 20 April 2016