13 April 2015

Annual Report 2014

THERAMetrics

- Adaptive Research for Life Science -

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ANNUAL REVIEW 2014

Letter to the Shareholders

Dear Shareholders:

2014 was a year of rebuilding for THERAMetrics. Formed by the merger of mondoBIOTECH and Pierrel Research in September 2013, THERAMetrics faced the typical post-merger challenges faced by most companies: team-building, rationalization of business areas, and long-term strategy building. In addition, the company took extraordinary measures to secure its financial viability.

The first order of business in 2014 was to build an executive management team with global responsibilities. In the first half of the year, the company added two group-level positions: Chief Financial Officer and Head of Human Resources. This was followed up in the second half of the year with two more additions: Chief Operating Officer and Head of Business Development. These four key-hires helped lay the foundation for a truly integrated and global company. Additionally, to reinforce its new executive team, the company retained the services of an interim General Manager to implement and drive my key strategies in these crucial early days of our formation.

With a new team in place, we then set out to refine our business strategy and to find ways of translating ideas into viable economic business units. The process did not take long, and today we have a clearly defined offering of tech-driven services: clinical research (CRO), clinical supply services (CSS), and drug repositioning and repurposing, which we offer through our bio-mathematical platform DRR2.0.

In Q3, we completed another important step in laying the foundation for future growth by raising CHF 20 million through a public offering of shares. The proceeds included CHF 4.9 million in new cash and CHF 4.1 million in loan set-offs and provided the necessary liquidity to fund operations during our continued restructuring.

Looking forward, the company's turnaround will be focused on two main areas: refilling the contract pipeline of our CRO business, and earning our first profits with our DRR2.0 technology. As we near the end of the first quarter 2015, I can report with great pride that we are making significant progress in both of these areas. Additionally, the company continues to have success in selling and license its existing palette of internally-developed MPCs.

In closing, I want to stress that while our journey to financial stability is still on-going, our successes to date have been significant. With our aggressive approach to growing our existing business, together with continued efforts create new business areas and new partnerships, I am confident that THERAMetrics future is more promising than ever.

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

Company Profile

Business Overview

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.

Our current activities focus on the provision of full clinical research and scientific marketing and trial services to the life-sciences and pharmaceutical industry, which account for 90% of our revenues. Additionally, we are active in the discovery and development of new pharmaceutical product candidates ("**MPCs**") and the repurposing of existing drugs into new therapeutic indications. The Company is also further developing its bio-mathematical platform for drug rescuing and repurposing DRR2.0, with the aim of improving and expanding its currently offered services and activities.

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

As a TCRDO, we are a full service contract research organization ("**CRO**") which provides regulatory consulting, pharmacovigilance and marketing services as well as operational services for clinical trials (throughout Phase I – IV) to test new molecules and drugs, and focuses on the discovery and development of MPCs and the repurposing/repositioning of drugs into new therapeutically indications.

Our 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, which matches the information on molecules and biological pathways with the patho-physiological signs and symptoms of diseases. We have so far 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) that we aim to bring from pre-clinical and clinical development to commercialization, in collaboration with partners.

In providing the above services, we make use of HyperSuite®, a system for the management of global clinical trials, and of DRR2.0, a unique bio-mathematical technology research platform, based upon a mathematical model developed internally which is used for drug rescuing, repurposing, and repositioning.

HyperSuite® represents a web-based e-clinical trial platform, developed in alliance with CINECA, one of the major European supercomputing and IT centers, which is fully validated for clinical research services, and which delivers higher quality data and allowing significant reduction in the time spent for data collection in clinical trials. The use of this technological solution enables us to increase the quality and performance of clinical trials, while containing the costs and reducing time.

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 though the patho- physiological signs and symptoms of diseases.

In particular, we offer the following services:

- **Developing new drugs and repurposing/repositioning expired patents:** THERAMetrics monitors the market to identify opportunities to develop new drugs and to repurpose/reposition expired patents.

- **Clinical trials**: The design, organization and execution of studies aimed at the development of pharmaceutical products (Phase I - IV) is the principal focus of our Group, a service that focuses on the successful design and execution of clinical trials imperative to the development and registration of any new drug application, or the process required to test the efficacy and the safety of drugs already registered.

- **Regulatory**: Clinical trials are closely supervised by regulatory authorities. All studies involving a medical or therapeutic intervention on patients must be approved by a supervising ethics committee before permission is granted to run the trial. The local ethics committee has discretion on how it will supervise non interventional studies (observational studies or those using already collected data). In the US, this body is called the Institutional Review Board (IRB).

- **Data Management and Statistics**: Web-based electronic data capture (EDC) and clinical data management systems are used in a majority of clinical trials to collect case report data from sites, manage its quality and prepare it for analysis. Statistical software is used to analyze the collected data and prepare it for regulatory submission.

- **Scientific Consultancy***:* This involves assisting customers in obtaining marketing or regulatory approvals and authorizations for new drugs or devices.

- **Protocol and Medical Writing**: THERAMetrics provides support to customers with individual requirements and demands for their clinical trials.

- **Clinical Supply Services (CSS) and logistics:** THERAMetrics offers, through its subsidiary THERAMetrics Clinical Supply Services S.r.l., high-quality services in the field of investigational medicinal products for international clinical trials.

Our efforts about the molecular basis of diseases are providing unprecedented opportunities to translate research findings into new medicines. However, developing a brand-new drug takes an enormous amount of time, money and effort, mainly because of bottlenecks in the drug discovery process. These barriers mean that translating a promising molecule into an approved drug often takes more than 10 years and up to USD 1 billion.

Strategies to reduce this time frame, decrease costs, and improve success rates are critically needed. Thereby, the new paradigm of drug repositioning and repurposing is emerging as one of these strategies.

Drug “repositioning” refers to research involving small molecules and biologics whose development was abandoned before they could be approved, while drug “repurposing” refers to studying small molecules and biologics approved by the pharmaceutical authorities to treat a certain disease or condition and redirect such molecule to be safe and effective in treating other indications.

Comprehensive knowledge of the biological profiles of these medicines and molecules may enable biomedical researchers to better predict treatment outcomes, improve drug development, and lead to more specific and effective approaches. Approved drugs and many abandoned compounds already have been tested in humans; for such a reason detailed information is available on their bimolecular interactions, on their pharmacology, formulation, dosing and potential toxicity. Because repositioning and repurposing build upon previous research and development efforts, new candidate therapies could be ready for clinical research trials quickly, hastening their review by the “**FDA**” and the "**EMA**" and, if approved, their integration into healthcare.

Clinical trials services for the research and development of new molecules and drug products in the pharmaceutical, biotechnology and healthcare industries currently account for over 90% of the Company’s revenues. Services are provided by the Company through about 250 employees based in 16 countries in Europe and North America.

The investigational medicinal products of our CSS business include contract manufacture (packaging, labelling, over-encapsulation, and certification by Qualified Person (“**QP**”) in accordance with Directive 2001/20 /EC), and CSS logistics (warehousing, distribution management, destruction and clinical supplies accountability) tailored to meet the specific requirements of Phase I-IV clinical trials. The Company first considers the products and procedures unique to each study then employs scientific, regulatory, operational and commercial resources to structure customized solutions to manufacture the CSS materials.

The production plant of our CSS business in Cantú, Italy is approved by the European Medical Agency ("**EMA**"). In addition, the CSS business provides efficient and secure warehousing and shipping of materials with permanent temperature mapping available throughout Europe and North America, including direct transport door-to-door using temperature-controlled and secure vans with qualified trained drivers.

It is widely recognized that the global pharmaceutical industry is currently experiencing dynamic change. Under high pressure to contain fixed costs, all drug companies are currently reducing their internal capacities in R&D, manufacturing, and even marketing and, instead, increasing their outsourcing. To a large extent, the drug companies, large or small, now rely on outsourcing service providers more than ever to fulfill their tasks, solve their problems, and improve their efficiency and productivity.

In 2010, the total CRO market was valued at USD 21.4 billion (+12% compared to 2009). By 2017, the market is expected to further grow to between USD 30 – 35 billion. There is rapid growth in the market and research environment in emerging economies such as Brazil, China and India, leading to a migration of economic and research activities outside of Europe to these fast-growing markets. In 2011, the Brazilian and Chinese markets grew by more than 20% compared with an average market growth of 2.6% for the five major European markets and 3.6% for the U.S. market. In 2011, North America accounted for 41.8% of world pharmaceutical sales compared with 26.8% for Europe. THERAMetrics predicts that the market will witness a number of changes impacting its course of growth. These include the shift of growth from the developed markets to the emerging ones, increasing focus on biotech-based drugs, fewer new drug approvals, and a strong growth in the prevalence of generics. As almost all major pharmaceutical companies have reprioritized their therapeutic focuses, including abandoning a number of programs in their pipelines, it is expected that global drug R&D spending will remain flat or even slightly decrease in the next couple of years. However, in the meantime, as they are cutting the fixed cost and improving productivity and efficiency, all these drug companies are aggressively increasing the outsourcing of core drug R&D and manufacturing.

Competitive Strengths

We believe that with our following three core competences, we have the potential to develop a unique competitive advantage on the market.

(i) Our drug discovery capabilities: Drug repositioning or repurposing is a strategy used to generate new or additional value for a drug, by targeting diseases other than those for which it was originally intended. Development of our bio-mathematical platform for drug rescuing and repurposing DRR2.0 is ready for commercial use and has been presented to the market on 8 April 2014 during the Swiss Biotech Day, the leading biotechnology conference in Zurich. We believe that THERAMetrics is now well positioned to lead the next wave of drug discovery and set new benchmarks in the sector, through the combination of advanced bio-mathematical capabilities, molecular biology and medicine, and clinical trial management expertise.

(ii) Early Clinical Services, "Phase I-II capabilities": We believe that the service "First-In-Human" through "Proof-Of-Concept" (a set of principles and methods to demonstrate the validity and feasibility of an early stage clinical trial) is strategically to provide integrated solutions in clinical drug development. Phases I and II of clinical trial tend to be price sensitive and demand quick execution, two areas where we feel our Group has a competitive edge over the larger leading CROs, partly because we have our own Phase I research facility in Romania, where we can test compounds and devices in healthy volunteers, patients and special populations. Our Group has always been able to meet the criteria for subject recruitment, to deliver timely results and high quality data at competitive costs.

(iii) CSS capabilities: We believe that our CSS business is well positioned to both complement our clinical research business, as well to operate independently of it, and we believe that this business has potential to grow significantly. We have always been able to provide both manufacturing (primary packaging of solid oral dosage forms, over-encapsulation, secondary packaging of every kind of pharmaceutical dosage forms, secondary packaging and labeling, re-labeling for "new use by date") and clinical trial supply management (warehousing, distribution management, return management, clinical supplies accountability, destruction).

The above three core competences are the basis of the new business strategy of the Company.

Business Strategy

Following the recent substantial decrease in our revenues and in the pipeline of new business, our primary goal now is to increase turnover and cost-efficiency, and to build a profitable and sustainable business around our existing core competencies in the fields of (i) contract research for clinical trials (particularly early stage trials of phase I and II), (ii) investigational medicinal products services and (iii) drug repurposing and repositioning.

The pharmaceutical and biotechnology industry is highly competitive. We seek to avoid competition with companies that have significantly larger financial, manufacturing, marketing and product development resources than we do, by focusing our bio-mathematical platform to rescuing and repurposing existing drugs, both for our own pipeline and for our partners' pipelines of MPCs. Such methodology allows very time and cost effective discovery and development of new therapeutic indications.

To achieve our primary goal, we intend on one side to concentrate our efforts in increasing our Group's pipeline and backlog of new orders, so as to re-establish a positive trend in our turnover, and, on the other side, to cut costs and implement a restructuring process.

In respect of the above, key measures also include:

- focusing on licensing or selling most of our intellectual property: We are conscious of the potential value of our IP and have increased efforts to promote them to pharmaceutical companies. A significant number of confidentiality agreements have been signed, several due diligence processes have been finalized, and our first licensing agreement has been signed.
- focusing on the development of various options for the commercialization of our bio-mathematical platform for drug rescuing and repurposing DRR2.0: We are already in discussions with different interested life sciences companies to define commercial terms of potential collaborations.
- focusing more on Phase I and II clinical trials, which are less cash intensive and have shorter revenue cycles instead of Phase III and IV projects, which tend to be cash intensive with longer revenue cycles;
- restructuring and strengthening our business development team, with a focus on obtaining new Phase I-II trials and IMP business;
- exploring possible partnerships aimed at further in-house developments of some of our key MPCs (e.g. candidate drugs for the treatment of drug-resistant tuberculosis and sarcoidosis);
- rationalizing internal processes and procedures in order to build a lean organization, which is cost-efficient and effective, and thus increase our competitiveness.

Beyond our primary goal to increase our turnover and cost-efficiency, we intend:

- to become, through the provision of highly qualified services with competitive technological solutions in the early stages of the clinical trial process, a key partner of pharmaceutical, biotechnology and healthcare companies, also by means of partnership-like agreements and co-operations;
- to become a leading vertically integrated service provider which reduces for its customers the time to market new drugs, thanks to unbiased clinical safety and efficacy data which is being provided through our bio-mathematical platform for drug rescuing and repurposing DRR2.0;
- to provide services for the repositioning and drug discovery;
- to out-license and/or sell most of our MPC portfolio. Thereby, we are increasing our efforts to realize the value that is intrinsic to our MPCs still in 2015;
- to spin-off one or more of our MPCs and to jointly develop them "in-house" together with a partner. Particular attention will thereby be given to the development of new medicines for the treatment of drug resistant tuberculosis and sarcoidosis.

Thanks to our bio-mathematical platform for drug rescuing and repurposing DRR2.0, we can leverage on the following strategic key drivers for the growth which would allow us to meet our objectives:

- to assess and validate the MPC portfolio of pharmaceutical and life sciences companies for the repositioning of their existing compounds (e.g. for orphan drug designation) and reducing the rate of failure in drug discovery programs and trials
- to offer a user friendly technology platform which allows to integrate rescuing, repurposing and contract research services into easy to manage results, all in a time-efficient manner
- to create a customized service offering by addressing unmet medical needs;
- to improve flexibility in order to be able to adjust when delays or changes are encountered.

Operating and Financial Review

Overview of Consolidated Financial Results

THERAMetrics generated revenues of EUR 16.2 million and EBITDA of minus EUR 4.9 million for the year ended 31 December 2014, compared to revenues of EUR 16.9 million and EBITDA of minus EUR 7.8 million for the year ended 31 December 2013.

The company incurred a net loss of EUR 10.2 million for the year ended 31 December 2014 compared to a net loss of EUR 10.0 million for the year ended 31 December 2013. Basic and diluted loss per share for the same periods was EUR 0.021 and EUR 0.058, respectively.

Personnel expense was EUR 9.6 million and EUR 10.0 million for the years ended 31 December 2014 and 2013, respectively.

The improvement in EBITDA is primarily the result of a decrease in administrative expenses resulting from continuing austerity measures. This improvement in EBITDA is offset by EUR 3.2 million of impairment charges against goodwill.

The 2014 Capital Increase

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 0.08 CHF per share. Total proceeds of the increase were EUR 16.9 million, including EUR 4.3 million of fresh cash and EUR 3.5 million from the off-setting of shareholder loans.

See Note 15 of the 2014 Statutory Financial Statements for details.

Current Strategies and Going Concern

THERAMetrics' ability to continue as a going operation, as currently conducted, is subject to the successful achievement of the following steps which the Company has already taken, or plans to take in the coming months, which are anticipated to remedy the short-term liquidity situation:

<u>Investing in business development</u>

The Company has invested significantly in a new global business development team which started at the end of 2014. Two additional business development professionals are budgeted to start in the first half of 2015. Management is convinced that the company's new and aggressive global sales strategy will result in cash in-flows by mid-year 2015.

<u>Licensing-out existing MPCs</u>

THERAMetrics is finally experiencing success in its efforts to license-out its Medical Product Candidates (MPCs). In March 2015, the Company signed a licensing agreement with Centurion Pharma (Istanbul, Turkey) for Aviptadil, THERAMetrics' drug candidate for Sarcoidosis. Under the terms of this agreement the two companies will cooperate in the development and registration of Aviptadil for the treatment of Sarcoidosis in Turkey and in other neighboring markets. At the same time, both companies have signed Letters of Intent for contract research services for:

- the development of Aviptadil in Sarcoidosis in Turkey including design, organization and execution of the clinical development plan for the registration of Aviptadil in Turkey
- the future development of Aviptadil in additional geographical regions
- the joint research and development on different projects employing THERAMetrics' DRR2.0 Drug Repositioning technology

Cash flows in 2015 from this agreement will be less than TEUR 200, however, the potential for future royalties if the drug reaches the market could be significant.
In addition to the contract with Centurion, the Company is currently negotiation a number of similar agreements for its other MPCs.

<u>Renegotiating borrowing terms</u>

In March 2015, the Italian subsidiary THERAMetrics S.p.A. successfully negotiated a re-structuring of a loan facility granted by Banca Popolare di Milano (TEUR 2,275), with a rescheduling of the payment and interest according to more favorable terms and conditions. Principal repayments in 2015 and 2016 will be TEUR 150 and TEUR 180, respectively.

<u>Selling real estate assets</u>

The Company plans to sell its office building in Essen, Germany in the first half of 2015 and expects a cash inflow from the sale of not less than TEUR 900 net (after mortgage repayment and taxes).

<u>Pursuing strategic business combinations</u>

A number of third-party organizations in the pharma/bio-tech field have expressed interest in forming strategic business combinations with THERAMetrics. Explorations with multiple companies are currently in process and the Board hopes to complete such a deal during the course of 2015.

The Board of Directors believes in the Company's chance to continue as a going concern. In the event that one or more of the above mentioned steps are not successfully realized, the Company will require further financing to ensure the continuation of its operations beyond the third quarter of 2015 – if needed - either directly through its main shareholders or through an additional share offering done in conjunction with a possible corporate merger (as described above). Therefore, the consolidated financial statements have been prepared on a going concern basis.

COMPENSATION REPORT

The Compensation Report provides an overview of the compensation programs, the method of determination of compensation and the compensation awarded in 2014 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 2014

In order to comply with the Ordinance against Excessive Compensation in Stock Listed Corporations (the Ordinance) that came into force in January 2014, the Compensation Committee and the Board of Directors initiated and completed the following activities during the course of 2014:

- Amendment of the articles of association of the company to include specific provisions around governance and principles of compensation. The revised articles of association will be submitted to shareholders' vote at the 2015 Annual General Meeting;
- Detailed disclosure of the compensation principles and payments made to the members of the Board of Directors and Executive Committee in a separate compensation report;
- Introduction of a binding shareholders' vote on the compensation amounts of the Board of Directors and of the Executive Committee at the 2015 Annual General Meeting.

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;
- Determination of compensation principles and programs, including share-based compensation plans;
- Determination of the compensation payments to the members of the Board of Directors and Executive Committee;
- Determination 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 non-executive members of the Board of Directors who are elected individually and annually by the Annual General Meeting for a period of one year. At the 2014 Annual General Meeting, Mr. Robert Edward Patterson (chairman) and Mr. Claudio Palladini were 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. In 2014, independent advisors were appointed to provide advice related to the implementation of the Ordinance. Those advisors have no other mandates with THERAMetrics.

2.2 Role of Shareholders: Articles of Association and Say-on-pay Vote

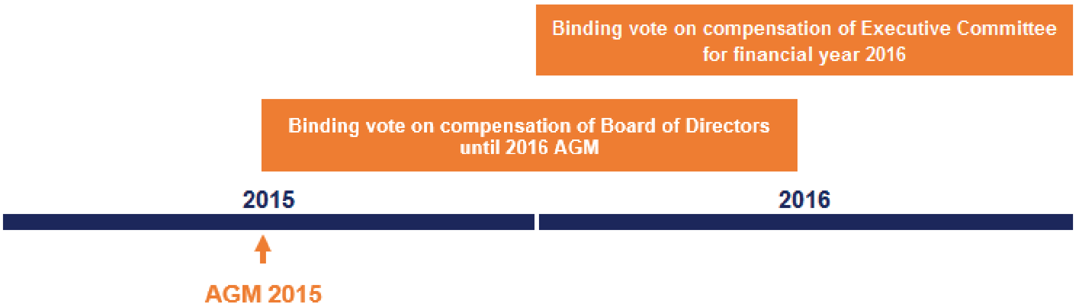
In line with the requirements of the Ordinance, shareholders will be asked to approve several amendments to the articles of association at the 2015 Annual General Meeting. The revised articles of associations will include provisions on the following governance and compensation-related matters:

- 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 2015 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 necessary 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 2014

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 2014, members of the Board of Directors received a total compensation of CHF 180'200 (previous year CHF 226'200). The decrease in total compensation is due primarily to a reduction in fixed fees from 2014 to 2013.

Compensation of the Board of Directors (2014 versus 2013) **Table 3.2**

Board of Directors (in CHF)		Fixed Fee 2014	Fixed Fee 2013	Options (fair value) 2014	Options (fair value) 2013	Total 2014	Total 2013
Raffaele Petrone, Chairman[1]	Chairman	0	30'000	80'000	0	**80'000**	30'000
Gabriele Albera[2]	Member	7'500	0	5'600	0	**13'100**	0
Michael Keller	Member	15,000	15'000	11'200	57'100	**26'200**	72'100
Claudio Palladini[2]	Member	7'500	0	5'600	0	**13'100**	0
Robert Edward Patterson	Member	15'000	15'000	11'200	57'100	**26'200**	72'100
Filippo Celio[3]	Member	14'100	15'000	0	0	**14'100**	15'000
Franco Merckling[4]	Member	7'500	32'000	0	0	**7'500**	32'000
Vincenzo Romano[5]	Member	0	5'000	0	0	**0**	5'000
Total Board of Directors		**66'600**	**112'000**	113'600	114'200	**180'200**	**226'200**

1 Chairman and CEO, compensation in this table relates to the Board fee only
2 Member of the Board of Directors since 18 June 2014
3 Member of the Board of Directors until 18 June 2014
4 For 2014, does not include fees for consultancy work in the amount of EUR 82'500
5 Member of the Board of Directors until 20 June 2013

In 2014, 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 the Note 30 of the consolidated 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 2014

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 2014, members of the Executive Committee received a total remuneration of CHF 622’535 (previous year CHF 927’612). The reduction in total Executive Committee compensation in 2014 relates primarily to the absence of grant of options under the share-based compensation plan in 2014.

Compensation of the Executive Committee (2014 versus 2013) **Table 4.2**

Executive Committee (in CHF)	Fixed compensation[1]	Cash bonus[2]	Pension benefits[3]	Options (fair value)[4]	Total 2014	Total 2013
Dorian Bevec[5]	265’197	0	24’494	0	**289’691**	516’392
Other members of the Executive Committee	276’070	0	52’039	0	**328’109**	411’220
Total Executive Committee	**541’267**	**0**	**76’533**	**0**	**617’800**	927’612

1 Includes value of other short-term benefits, such as company car
2 No bonuses for 2014.
3 Includes the employer contributions to social security (AHV) and company pension plan (BVG)
4 No grant of options in 2014
5 Highest-compensated member of the Executive Committee. For 2013, the highest paid member was Ruggero Gramatica (former CEO)

In 2014, 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 the Note 30 to the consolidated financial statement.

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 2014 or 2013.

Building a better working world

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To the General Meeting of

THERAMetrics holding AG, Stans

Basle, 13 April 2015

Report of the statutory auditor on the compensation report

We have audited the compensation report dated 13 April 2015 of THERAMetrics holding AG (table 3.2 and table 4.2 and section 5 on pages 11 - 12) for the year ended 31 December 2014.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the compensation 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 compensation system and defining individual compensation packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying compensation 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 compensation 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 compensation 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 compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation 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 compensation report for the year ended 31 December 2014 of THERAMetrics holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Jürg Zürcher
Licensed audit expert
(Auditor in charge)

Daniel Maiwald
Licensed audit expert

CORPORATE GOVERNANCE

The Company's corporate governance principles are laid out in the articles of incorporation (the "**Articles**"), in the by-laws (the "**By- laws**"; *Organisationsreglement*) adopted by the Board of Directors (alternatively, the "**Board**") and in a set of other group directives, including a code of conduct and insider trading rules as well as an internal control system (the "**ICS**"). The Articles, the By-laws and the code of conduct 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 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 2014	CHF 45'834'855
Share price at 31 December 2014	CHF 0.07
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 2014:

Name	Domicile	Share Capital	Shareholder	% owned
THERAMetrics Discovery AG	Stans(CH)	CHF 338'364.15	THERAMetrics holding AG	100
THERAMetrics Laboratories AG	Vaduz (LI)	CHF 50'000	THERAMetrics holding AG	100
www.mondobiotech.com, Inc.	Palo Alto (USA)	USD 10	THERAMetrics holding AG	100
THERAMetrics (Switzerland) GmbH	Thalwil (CH)	CHF 20'000.00	THERAMetrics holding AG	100
Pierrel Research Hungary Kft	Budapest (Hungary)	EUR 46'640	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 S.p.A.	100
SC THERAMetrics S.r.l.	Timisoara (Romania)	RON 15'130	THERAMetrics holding AG	100
Pierrel Research Poland Sp.z.o.o.	Lodz (Poland)	ZLOTY 50'000	THERAMetrics GmbH	100
Pierrel Research Bulgaria EOOD	Sofia (Bulgaria)	LEV 5'000	THERAMetrics GmbH	100
Pierrel Research UK Ltd.	Farnham (UK)	GBP 100	THERAMetrics GmbH	100
IFE Russia O.O.O.	Saint-Petersburg (Russia)	RUB 15'000	THERAMetrics GmbH	99
SC THERAMetrics CRU S.r.l.	Timisoara (Romania)	RON 600	SC THERAMetrics S.r.l.	100
Pierrel Research Balkan D.O.O.	Lokve (Serbia)	DINAR 41'640	THERAMetrics GmbH	100
BUAB Pierrel Research Baltic States *in liquidation*	Vilnius (Lithuania)	LTL 10'000	THERAMetrics GmbH	90

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 2014:

	voting rights conferred by shares[1]		voting rights at time of notification	
shareholders	**shares**	**percentage**	**shares**	**percentage**
Pierrel SpA. Capua (CE), Italy	221’484’383	33.82%	221’484’383	33.82%
Fin Posillipo SpA, Naples, Italy	209'384’206	31.98%	209’384’206	31.98%
Other shareholders	223’915’063	34.20%	223’915’063	34.20%
Total	**654’783,652**	**100%**	**654’783’652**	**100%**

1 As of 31 December 2014, the Company's issued share capital registered in the relevant commercial register consists of 654’643’652 registered shares with a nominal value of CHF 0.01 each. The difference between the share capital registered in the commercial register and the number of shares resulting from the table above (399’344’635) is due to the exercise of stock options by a member of the board of directors in December 2014. The Board of Directors will amend the articles of association accordingly in the first half of 2015.

As of 31 December 2014, 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 2014 financial year can be viewed on the SIX Swiss Exchange disclosure platform at www.six-swiss-exchange.com.

Capital Structure

As of 31 December 2014, 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 2014, 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 2014, the Company had the following conditional share capital:

(i) CHF 93’594 for the issuance of up to 9’359’491 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 250’000 for the issuance of up to 25’000’000 shares for the exercise of employees, directors, and consultants stock options (Article 3d of the Articles of Association), which may be used under future stock option plans

(iii) CHF 146’941 for the issuance of up to 14’694’130 shares in connection with bonds, financial instruments, or other option rights (Article 3b para 2 of the Articles of Association)

The existing stock option plan for directors and employees was established by the Board of Directors in 2011 and implemented in 2012. According to the plan, each gives the owner the right to purchase one Company’s common share at its nominal value. In 2014, 700’000 options were granted to members of the board of directors.

The current stock option plan is still valid. The number of outstanding, vested, but not yet exercised options as of 31 December 2014 is 2’309’286.

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

	2014	2013
Options outstanding at beginning of the year	1'749'286	10'593'037
granted	700'000	-
forfeited	-	-1'014'040
exercised *(1)*	-140'000	-7'829'711
Options outstanding at end of the year	2'309'286	1'749'286

(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 of 31 December 2014 and are still outstanding. Each of the two warrants can be exercised, in whole or in part, anytime until the expiration date of 17 July 2015 (the third anniversary of the issuance). Each of the warrants is transferrable and assignable, in whole or in denomination of 1 million shares, to a maximum of 10 holders,

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.

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 0.08 CHF per share. Total net proceeds of the increase were CHF 20.1 million, including CHF 5.2 million of fresh cash and CHF 4.1 million from the off-setting of shareholder loans. See Note 15 of the 2014 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 2013 is CHF 65’464’365, with 654’643’652 shares with a nominal value of CHF 0.01 each.

Changes in the share capital between 1 January 2014 and 31 December 2014 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 2014.

Board of Directors and its Sub-Committees

In 2014 the Board of Directors and its sub-committees were composed of the following members:

Membership up to the 2014 annual general meeting (AGM) held on 18 June 2014:

		member of the board since	sub-committees AFC	NCC
Raffaele Petrone	Chairman	2013	x	x
Michael Keller	Vice-Chairman	2008		x
Robert Patterson	Member	2010	x	
Franco Merckling	Member	2013		
Filippo Celio	Member	2013	x	

Membership after the 2014 AGM held on 18 June 2014:

		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
Gabriele Albera	Member	2014	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 the Chief Executive Officer 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, including BCN Farma s.l. (the Spanish branch of Petrone Group) and Cerma Sarl (a French medical company which designs and manufactures medical devices in the area of multi-therapies and oncology).

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 lnformation 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 lnstitute for lnformatics 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 lnformation Resources, advisor and consultant to numerous colleges, universities, foundations, scientific and scholarly societies, for the city of Ferrara, ltaly, Newsweek magazine, the National Library of China, the National Library of lsrael, 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 lnformation 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. ln 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 lnaugural 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 lnc., MARC Analysis Research Corporation and lnPro Biotechnology lnc. He was a founding partner of Peninsula Ventures, and President of its predecessor U.S. venture fund, Thompson Clive lnc., 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. Gabriele Albera, Swiss and Italian national, born in 1951.

Mr. Gabriele Albera has been a member of the Board of Directors of the Company since 18 June 2014.

Mr. Albera earned a Degree in Law at the University of Milan, Italy, is a Solicitor and Italian lawyer and received an Executive Master Degree in Management at the School of Administration of the University of Turin, Italy. He is also a Swiss Trustee Chartered Accountant of the State/Canton of Ticino, Switzerland.

Since 1993 he has been a director at SIGMA SA and Gemana Consulting SA and board member of various multinational companies such including Pierrel Research International AG (Board Member and Chairman. Since 2003 he has been the Chairman, CEO and Global Head of Consulting of both the Gemana Group and Gemana SA.

During his career he also held various positions in academia. From 2000 until 2003 was a Scientific Committee member of ISUFI (University Higher Institute for Interdisciplinary Education & Training, University of Lecce) for the Euro-Mediterranean Policy sector; from 2000 until 2004 a lecturer on the coure "Tax Planning and Corporate Strategy" at ISUFI as part of the Master for Public and Private Managers Curriculum.

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

Except for Raffaele Petrone (CEO) 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 Directors 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 mandate.

Elections and Terms of Office

The Articles provide for a Board consisting of at least three members. Directors are appointed and removed by shareholders' resolution. Their term of office is one year. Re-election is allowed. The chairman of the Board (the “**Chairman**”) and the vice-chairman of the Board (the “**Vice-Chairman**”) are appointed by the Board of Directors. The Directors are elected or re-elected individually. Each category of Shares has the right to be represented into the Board of Directors.

Internal Organization

The Board of Directors is self-constituting and designates its own Chairman, 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 vote of the Chairman (or the chairperson) shall count double. The Chairman shall have decision-making authority in urgent matters which fall within the purview of the Board, but which, because of time considerations, cannot await resolution by the Board. 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 remuneration matters. It is responsible for ensuring best possible leadership and management talent for the Company and for identifying board candidates with the necessary skills and expertise for submission to the shareholders' meeting, for determining the compensation policies, including share-based incentive programs and specific compensation packages for the management, if any, and for determining the emoluments of the directors.

Modus Operandi of the Board of Directors and the Board Committees

As a rule, the Board meets at least twice a year. Additional meeting are held as often as the Company’s affairs require. Given the high volume of both operational and financial restructuring activities in the past year, 18 Board meetings were held in 2014.

The AFC met once in 2014 to direct the new internal audit function which started late in the year. The NCC met once during 2014 to decide on the Board of Directors’ remuneration.

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

The Executive Committee comprises the CEO and four other officers as of 31 December 2014. 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

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

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

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

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..

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.

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.

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.

Other Activities and Vested Interests

Other than Raffaele Petrone, 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 fewer than five business days before the general meeting of shareholders, are considered as shareholders of the Company and are therefore 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. Accordingly, on 13 September 2013 the Reverse acquisition implemented between the Company and Pierrel Research International AG led to an acceleration of vesting of the stock options granted to participants in the Company's Equity Awards Program due to the "change in control" clause.

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.

Ernst & Young AG has been the Company's auditors since 20 June 2013. The auditor in charge is Mr. Jürg Zürcher.

Auditing fees and additional fees

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.

The charge for professional services rendered by Ernst & Young for the twelve-month period ended 31 December 2013 were CHF 495'000, thereof CHF 293'000 for audit services, CHF 202'000 for audit-related services (mainly in connection with the reverse merger transaction and the required listing prospectus).

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 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.

THERAMetrics holding AG

Consolidated Financial Statements
for the year ended 31 December 2014

THERAMetrics holding AG

Consolidated balance sheet (in TEUR)

TEUR	Notes	31 December 2014	31 December 2013 restated
ASSETS			
Property, plant and equipment	6	2'372	687
Goodwill	7	18'801	22'018
Intangible assets	8	4'633	5'380
Loans and other non-current assets		25	45
Deferred tax assets	25.4	72	55
Non-current assets		**25'903**	**28'185**
Inventories		34	37
Work in progress	10	460	2'150
Trade receivables	11	3'082	3'491
Tax receivables	25.3	393	553
Other financial assets		-	21
Other current assets and other receivables	12	579	819
Cash and cash equivalents	13	4'163	773
		8'711	**7'844**
Non-current assets held for sale	14	-	2'136
Current assets		**8'711**	**9'980**
Total assets		**34'614**	**38'165**
EQUITY AND LIABILITIES			
Share capital	15	5'444	3'242
Reserves	16	27'530	14'227
Accumulated (losses)/gains		(11'051)	(1'078)
Equity attributable to owners of the Parent Company		**21'923**	**16'391**
Non-controlling interests		**(10)**	**375**
Total equity		**21'913**	**16'766**
Non-current borrowing	17	176	2'636
Defined benefit obligation	20	1'274	1'098
Deferred tax liabilities	25.4	1'222	1'369
Other non-current liabilities		47	49
Non-current liabilities		**2'719**	**5'152**
Trade payables		3'907	6'183
Current borrowings	17	3'068	4'262
Other financial liabilities	18	-	46
Tax payables	25.3	603	503
Other current payables and liabilities	19	2'404	4'169
		9'982	15'163
Liabilities directly associated with non-current assets held for sale	14	-	1'084
Current liabilities		**9'982**	**16'247**
Total equity and liabilities		**34'614**	**38'165**

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

THERAMetrics holding AG

Consolidated statement of comprehensive income (in TEUR)

	Notes	2014	2013 restated
CONTINUING OPERATIONS			
Revenues	21	16'209	16'903
Other income	22	1'303	-
Service expense	23	(10'852)	(11'625)
Material expense and change in WIP		(465)	(318)
Personnel expense		(9'599)	(9'976)
Other administrative expense		(1'510)	(2'734)
EBITDA		**(4'914)**	**(7'750)**
Amortisation and depreciation expense	6/7	(5'152)	(1'682)
Operating result		**(10'066)**	**(9'432)**
Finance income	24	63	249
Finance expense	24	(354)	(1'035)
Result before income taxes		**(10'357)**	**(10'218)**
Income taxes	25.1	142	192
Result for the period		**(10'215)**	**(10'026)**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
Remeasurement of defined benefit obligation		(406)	(140)
Total items that will not be reclassified subsequently to profit or loss		**(406)**	**(140)**
Currency translation differences		(196)	130
Profit/(loss) on cash flow hedges		20	43
Total items that may be reclassified subsequently to profit or loss		**(176)**	**173**
Total other comprehensive income for the year, net of income tax		**(582)**	**33**
Total comprehensive income for the period		**(10'797)**	**(9'993)**
Result attributable to:			
Owners of the Parent Company		(10'213)	(9'987)
Non-controlling interests		(2)	(39)
		(10'215)	**(10'026)**
Total comprehensive income attributable to:			
Owners of the Parent Company		(10'788)	(9'954)
Non-controlling interests		(9)	(39)
		(10'797)	**(9'993)**
Basic and diluted earnings per share	**27**	**(0.021)**	**(0.058)**

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

THERAMetrics holding AG

Consolidated cash flow statement (in TEUR)

TEUR	**2014**	**2013 restated**
Result for the period	(10'215)	(10'026)
Adjustments for:		
- Taxes charged	-122	192
- Depreciation expense	1'933	1'682
- Impairment losses on goodwill	3'217	-
- Other impairment losses	40	955
- Reversal of other impairment losses	(317)	-
- Finance expenses	354	1'143
- Finance income	(63)	(249)
- Interest payments received	63	249
- Interest expenses paid	(380)	(570)
- Income tax received/(paid)	218	(1'579)
- Gain from disposal of property, plant and equipment	(12)	-
- Gain from disposal of intangible assets	(200)	-
- Changes in pension obligations	(230)	(61)
Changes in working capital:		
- Decrease in inventory	3	38
- Decrease in work in progress	1'690	773
- Decrease in trade receivables	686	2'995
- Decrease in other financial assets	21	-
- Decrease in other receivables and accruals	240	444
- (Decrease) in trade payables	(2'443)	(2'852)
- (Decrease) in other payables and accrued liabilities	(1'767)	(340)
- Decrease in other non-current assets	20	56
Cash flow from operating activities	**(7'264)**	**(7'150)**
Purchase of property, plant and equipment	(59)	(38)
Proceeds from sale of property, plant and equipment	39	12
Purchase of intangible assets	(668)	(695)
Proceeds from disposal of intangible assets	201	-
Increase/decrease minorities	-	(254)
Increase from reverse acquisition	-	190
Cash flow from investing activities	**(487)**	**(785)**
Capital increase, net of transaction costs	12'151	6'186
Stock options exercised	7	23
Increase/(decrease) in short term financial liabilities	(1'268)	(1'249)
Increase/(decrease) in long term financial liabilities	-	2'500
Proceeds from sale of own shares	263	495
Cash flow from financing activities	**11'153**	**7'955**
Net increase in cash and cash equivalents	3'402	20
Cash and cash equivalents at beginning of period	773	699
Net effect of currency translation on cash and cash equivalents	(12)	54
Cash and cash equivalents at end of period	**4'163**	**773**

Presentation of cash flows in relation to deferred taxes and income taxes in the comparative period have been summarised compared to prior year financial statements to align it with the presentation of the current period. Management believes that presenting just taxes charged and taxes paid instead of showing the movement of each tax balance sheet item separately results in a better presentation for the reader of the consolidated financial statements.

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

THERAMetrics holding AG

Consolidated statement of changes in equity (in TEUR)

TEUR	Share capital	Reserves	Accumulated loss	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at 1 January 2013	**578**	**(97)**	**8'808**	**9'289**	**535**	**9'824**
Result for the period	-	-	(9'987)	(9'987)	(39)	(10'026)
Other comprehensive income for the period, net of income tax	-	173	(140)	33	-	33
Total comprehensive income for the period	**-**	**173**	**(10'127)**	**(9'954)**	**(39)**	**(9'993)**
Capital increase through convertible loan	140	1'967	-	2'107	-	2'107
Capital increase through reverse acquisition (contribution in kind)	2'460	5'998	-	8'458	-	8'458
Capital increase PRINT	-	5'235	-	5'235		5'235
Reserve for future capital increase already contributed	-	951	-	951		951
Capital increases from stock option plans before reverse acquisition	41	-	-	41		41
Capital increases from stock option plans after reverse acquisition	23	-	-	23		23
Acquisition of minority interests in PREUR	-	-	(252)	(252)	(121)	(373)
Gain on sale of own shares	-	-	493	493	-	493
Balance at 31 December 2013	**3'242**	**14'227**	**(1'078)**	**16'391**	**375**	**16'766**
Balance at 1 January 2014	**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)
Total comprehensive income for the period	**-**	**(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 minority interests	-	-	376	376	(376)	-
Gain on sale of own shares	-	-	263	263	-	263
Balance at 31 December 2014	**5'444**	**27'530**	**(11'051)**	**21'923**	**(10)**	**21'913**

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 changed its name from mondoBIOTECH holding AG to THERAMetrics holding AG on 20 June 2013.

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, which account for 90% of our revenues. 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. The Group is also further developing its bio-mathematical platform for drug rescuing and repurposing DRR2.0, with the aim of improving and expanding its currently offered services and activities.

The Company was formed on 13 September, 2013 when Pierrel S.p.A and Fin Posillipo S.p.A, the major shareholders of Pierrel Research International AG ("PRINT") subscribed to the major part of the capital increase resolved by the General Meeting of 20 June 2013 with contribution in kind of 100% of PRINT shares. Since this business combination TMX legally owns 100% of PRINT and its subsidiaries. Due to the fact that the former owners of PRINT are the majority owners of TMX after this business combination, the transaction was treated as reverse acquisition in accordance with IFRS 3 "Business Combinations" (note 33). In line with the requirements of IFRS 3 regarding reverse acquisitions, the 2013 consolidated financial statements are shown as a continuation of the consolidated financial statements of PRINT retrospectively adjusted to reflect the legal capital of TMX which is still the legal parent company.

At the beginning of this business year, the Group started implementing an efficiency improvement program, with the aim of reducing costs. This efficiency improvement program includes the simplification of the group structure through a reorganization of the same. In a first step of the reorganization, on 23 June 2014, PRINT was merged into its parent company TMX. As of such date, all assets and liabilities as well as all rights and duties of PRINT have been transferred to TMX. All subsidiaries of the merged PRINT are therefore also now directly held by TMX. In connection with the merger, on 16 July 2014, TMX has incorporated a new full-owned Swiss subsidiary, THERAMetrics (Switzerland) GmbH, located in Thalwil. This new subsidiary will conduct the operational business of the former PRINT. The reorganisation did not have any impact on the consolidated level.

The consolidated financial statements are presented in EURO as this is the major currency in which revenues are denominated. The functional currency of the Company is the Swiss Franc ("CHF").

Due to the final assessment of the purchase price allocation in relation to the reverse acquisition in 2013, some of the comparative amounts in the consolidated balance sheet and income statement have been adjusted (for further details refer to notes 7, 8 and 25). Further, the presentation of taxes in the consolidated cash flow statement of the comparative period has been adjusted (refer to the consolidated cash flow statement for further details).

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 IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 regarding Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

– obtain funds from one or more investors for the purpose of providing them with investment management services
– commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
– measure and evaluate performance of substantially all of its investments on a fair value basis

Consequently amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 32 Financial Instruments - Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 regarding offsetting financial assets and financial liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 regarding recoverable amount disclosures for non-financial assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to IAS 39 Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to IAS 39 regarding novation of derivatives and continuation of hedge accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

IFRIC 21 Levies

The Group has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as t0 when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligation event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2.3 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.

	New, amended and revised Standards and Interpretations	Effective from
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: - 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) - 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. 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.	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: - 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 - disclose the information required by IFRS 3 and other IFRSs for business combinations. 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).	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 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognised 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. 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.	Annual periods beginning on or after 1 January 2017
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
IAS 19	Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions 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.	Annual periods beginning on or after 1 July 2014
Various	**Annual Improvements 2010-2012 Cycle** Makes amendments to the following applicable standards: IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date IFRS 13 — Clarify 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 — Clarify how payments to entities providing management services are to be disclosed	Annual periods beginning on or after 1 July 2014
Various	**Annual Improvements 2011-2013 Cycle** Makes amendments to the following applicable standards: IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52 IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property	Annual periods beginning on or after 1 July 2014

Various	**Annual Improvements 2012-2014 Cycle** Makes amendments to the following standards: 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 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 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 IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference	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 2017, 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 2014. 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 as current when it is:

- Expected to be realised or intended to 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. Sales between segments are carried out at arm's length. For the purposes of segment reporting, intercompany invoices are eliminated and replaced by the effective costs sustained by the company delivering the specific service.

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 acquire) 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 either in either profit or loss or as a change to OCI. 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

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in other currencies are recognized in the income statement.

(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:

- Leasehold improvements: 5 years
- Vehicles: 4 years
- Hardware: 3 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.

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.

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 (not applicable to the Group) 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

Derivative financial instruments and hedge accounting

<u>Initial recognition and subsequent measurement</u>

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

<u>Cash flow hedges</u>

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute.

Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution with be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification. Similar considerations apply to assets or a disposal group held for sale.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or as held for distribution.

Assets and liabilities classified as held for sale or for distribution 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, or
- 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

Acquisition of Pierrel Research International AG

On 20 June 2013, the Company entered into contribution in kind agreements with each Pierrel S.p.A. and Fin Posillipo S.p.A., the holders of the contributed shares of Pierrel Research International AG, pursuant to which the PRINT shareholders agreed to contribute their PRINT shares to the Company in exchange for the newly issued shares of the Company. PRINT became legally a wholly owned subsidiary of the Company. The business combination is considered a reverse acquisition in accordance with IFRS 3 as PRINT's shareholders obtained the clear majority of shares of the combined company upon completion of the transaction and therefore have obtained control over the combined entity.

Going concern

Material uncertainty remains as to whether Group's current funding is sufficient to support its going concern for another twelve months which creates significant doubts about its ability to continue as a going operation. Therefore the Group depends on further financing respectively the successful achievement of the following steps which the Group has already taken, or plans to take in the coming months, which are anticipated to remedy the short-term liquidity situation:

<u>Investing in business development</u>

The Group has invested significantly in a new global business development team which started at the end of 2014. Two additional business development professionals are budgeted to start in the first half of 2015. Management is convinced that the Group's new and ambitious global sales strategy will result in cash in-flows by mid-year 2015.

<u>Licensing-out existing MPCs</u>

The Group is finally experiencing success in its efforts to license-out its Medical Product Candidates (MPCs). In March 2015, the Company signed a licensing agreement with Centurion Pharma (Istanbul, Turkey) for Aviptadil, the Group's drug candidate for Sarcoidosis. Under the terms of this agreement the two companies will cooperate in the development and registration of Aviptadil for the treatment of Sarcoidosis in Turkey and in other neighbouring markets. At the same time, both companies have signed Letters of Intent for contract research services for:

- the development of Aviptadil in Sarcoidosis in Turkey including design, organization and execution of the clinical development plan for the registration of Aviptadil in Turkey
- the future development of Aviptadil in additional geographical regions
- the joint research and development on different projects employing the Group's DRR2.0 Drug Repositioning technology

Cash flows in 2015 from this agreement will be approximately TEUR 200; however, the potential for future royalties if the drug reaches the market could be significant.

In addition to the contract with Centurion, the Group is currently negotiation a number of similar agreements for its other MPCs.

<u>Renegotiating borrowing terms</u>

In March 2015, the Italian subsidiary THERAMetrics S.p.A. successfully negotiated a re-structuring of a loan facility granted by Banca Popolare di Milano (TEUR 2,275), with a rescheduling of the payment and interest according to more favourable terms and conditions. Principal repayments in 2015 and 2016 will be TEUR 150 and TEUR 180, respectively.

<u>Selling real estate assets</u>

The Group has been approached by interested 3rd parties regarding a potential sale of its office building in Essen, Germany in the near future. Initial offers would lead to an expected cash inflow from the sale of not less than TEUR 900 net (after mortgage re-payment and taxes).

<u>Pursuing strategic business combinations</u>

A number of third-party organizations in the pharma/bio-tech field have expressed interest in forming strategic business combinations (including merger options) with the Group. Explorations with multiple companies are currently in process and the Board is confident to complete such a deal during the course of 2015.

<u>Negotiating new financing with a 3rd party investor</u>

The Group has started discussions with a 3rd party investor who would be willing to invest up to CHF 5 million into the Group. A final agreement on the terms of such an investment is expected to be achieved before end of Q2/2015.

The availability of sufficient funding as well as the successful execution of the above described steps are decisive for the Group and its ability to continue operations. Under the above described circumstances, the Board is convinced in the Group's chance to be able to meet all of its obligations for a further 12 months. Hence, the consolidated financial statements have been prepared on a 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 18'801 (31 December 2013: TEUR 24'551). The recoverability of goodwill is tested for impairment annually during the fourth quarter, or earlier, if an indication of impairment exists. In 2014 a first impairment test was done at 30 June 2014 as indication of impairment existed due to the loss making situation. The annual impairment test was done at 31 December 2014.

In 2014, the recoverable amounts of goodwill were calculated using the discounted cash flow method. The significant assumptions are disclosed in note 7. At 30 June 2014 the impairment test showed an impairment of TEUR 3'217 whereas at 31 December 2014, the annual impairment test showed no impairment loss (2013: none). Changes to the assumptions may result in further impairment losses in subsequent periods.

Impairment of trade and other receivables

An allowance for doubtful receivables is recognized in order to record foreseeable losses arising from events such as a customer's insolvency. The carrying amount of the allowance for trade and other receivables at the end of the current reporting period is TEUR 393 (31 December 2013: TEUR 670) (see note 11). In determining the amount of the allowance, several factors are considered. These include the aging of accounts receivables balances, the current solvency of the customer and the historical write-off experience.

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 2014, deferred income tax assets amounted to TEUR 72 (31 December 2013: TEUR 55) that have mainly resulted from the tax impact of tax loss carry-forwards (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 2014, the underfunding amounted to TEUR 1’274 (31 December 2013: TEUR 1’098). Using other basis for the calculations could have led to different results.

5 Segment information

5.1 Description of segment

At 31 December 2014, the Group represents 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, after the completion of the business combination on 13 September 2013 between TMX and PRINT, the Group has only one operating segment, defined in accordance with functional criteria: “TCRDO”. Therefore management has only disclosed segment information regarding geographical areas.

The above mentioned operating segment consists 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.

5.2 Geographical information

The Group currently operates in the following geographical areas. 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	
	2014	**2013 restated**	**31 December 2014**	**31 December 2013 restated**
Switzerland	1'391	1'703	23'469	25'266
Rest of Europe	14'795	14'761	2'329	2'819
Americas	22	439	8	-
Rest of the World	1	-	-	-
	16'209	**16'903**	**25'806**	**28'085**

In the prior year financial statements Switzerland was included in Rest of the World. For the current financial statements, Switzerland is shown separately. The comparative period was restated.

Further, due to the closing of the purchase price allocation in relation to the reversed acquisition in 2013 the amount of non-current assets increased by a net amount of TCHF 645 which was allocated to Switzerland.

6 Property, plant and equipment

TEUR	Property	Plant and Equipment	Assets under finance lease	Other	Total
COST					
Balance at 1 January 2013	**2'776**	**2'024**	**160**	**1'068**	**6'028**
Additions		21		17	**38**
Acquisition of subsidiaries				310	**310**
Reclassification as held for sale	(2'661)				**(2'661)**
Disposals		(7)	(30)	(27)	**(64)**
Currency translation effects				(10)	**(10)**
Balance at 31 December 2013	**115**	**2'038**	**130**	**1'358**	**3'641**
Additions		7		52	**59**
Reclassification from held for sale	2'661				**2'661**
Disposals				(66)	**(66)**
Currency translation effects	(4)	(1)		21	**16**
Balance at 31 December 2014	**2'772**	**2'044**	**130**	**1'365**	**6'311**
ACCUMULATED DEPRECIATION					
Balance at 1 January 2013	(603)	(1'737)	(105)	(868)	(3'313)
Eliminated on disposals of assets		7	30	15	52
Reclassification as held for sale	521				521
Depreciation expense	(32)	(72)	(8)	(115)	(227)
Currency translation effects				13	13
Balance at 31 December 2013	(114)	(1'802)	(83)	(955)	(2'954)
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)**
Balance at 31 December 2014	(742)	(1'862)	(90)	(1'245)	(3'939)
CARRYING AMOUNT					
at 1 January 2013	2'173	287	55	200	2'715
at 31 December 2013	1	236	47	403	687
at 31 December 2014	**2'030**	**182**	**40**	**120**	**2'372**

At 31 December 2014, the building in Essen, Germany, which has been reclassified from non-current assets held for sale, is pledged to secure the related borrowing with Sparkasse. At 31 December 2013, none of the property, plant and equipment of the Group was pledged.

7 Goodwill

TEUR	31 December 2014	31 December 2013
Cost	22'018	22'018
Accumulated impairment losses	(3'217)	-
Balance at end of year	**18'801**	**22'018**

As at 31 December 2014, the amount of TEUR 18'801 represents the total goodwill after the reverse acquisition of TMX by the former shareholders of PRINT.

TEUR	2014	2013
COST		
Balance at beginning of year	22'018	13'682
Provisional amounts recognised from acquisition of subsidiaries	-	10'869
Final adjustment on purchase price allocation		(2'533)
Balance at end of year	**22'018**	**22'018**

The purchase price allocation on the reverse acquisition of TMX was finalized in 2014. This led to an increase in intangible assets of TEUR 3'248 and a related decrease in deferred tax liabilities of TEUR 715. Consequently goodwill was reduced by the net amount of TEUR 2'533. Therefore, the amounts of the comparative period have been adjusted. For further details refer to note 33.

Allocation of goodwill to cash-generating units

The Group only consists of one cash generating unit ("CGU"). Hence, the entire goodwill is allocated to this CGU. An impairment test of goodwill was performed by the Group on goodwill, which arose from the reverse acquisition in 2013, for a total amount of TEUR 18'801.

Impairment test at 30 June 2014

In consideration of the operating loss in the first half of 2014, the Company considered that there are indications of impairment of non-current assets and therefore has carried out an impairment test on them. In this regard it should be noted that the carrying amount was calculated equal to the net Invested Capital ("NIC") as of 30 June 2014, including the goodwill to be measured, while the recoverable amount has been determined through the use of the model "unlevered Discounted Cash Flow".

Estimating the value was made by discounting the expected operating cash flows at a rate equal to the weighted average cost of capital ("WACC") of 9.34%. For the purpose of calculating the value of the CGU, the Company used the projected 2014-2016 operating cash flows of the unit. The cash flows were calculated net of taxes by applying the current tax rate in Switzerland of 24%. In addition the Company calculated a growth rate on the terminal value of 2%. This rate considers the international context and expected inflation, as well as the related growth expectations of the international pharmaceutical market.

The recoverable amount resulting from the impairment test was lower than the carrying value of the assets of the CGU, resulting in an impairment loss of TEUR 3'217.

Impairment test at 31 December 2014

For the annual impairment test on goodwill, 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.

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 further impairment loss was recognized due to the impairment test at 31 December 2014.

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
COST			
Balance at 1 January 2013	**7'163**	**2'620**	**9'783**
Additions	692	3	**695**
Acquisition of subsidiaries	3'248	-	**3'248**
Currency translation effects	-	(86)	**(86)**
Balance at 31 December 2013 (restated)	**11'103**	**2'537**	**13'640**
Additions	668	-	**668**
Disposals	-	(6)	**(6)**
Currency translation effects	64	258	**322**
Balance at 31 December 2014	**11'835**	**2'789**	**14'624**
ACCUMULATED DEPRECIATION			
Balance at 1 January 2013	**(4'291)**	**(2'557)**	**(6'848)**
Depreciation expense	(1'407)	(45)	**(1'452)**
Currency translation effects	(46)	86	**40**
Balance at 31 December 2013 (restated)	**(5'744)**	**(2'516)**	**(8'260)**
Depreciation expense	(1'436)	(16)	(1'452)
Disposals	-	5	5
Currency translation effects	(26)	(258)	(284)
Balance at 31 December 2014	**(7'206)**	**(2'785)**	**(9'991)**
CARRYING AMOUNT			
at 1 January 2013	2'872	63	2'935
at 31 December 2013 (restated)	5'359	21	5'380
at 31 December 2014	**4'629**	**4**	**4'633**

'Software and Licences' refer mainly to the software "Hypernet" which is used to manage, collect and store data related to clinical studies of which the Group is the owner Additional intangible assets recognised during the purchase price allocation relate to DRR 2.0 technology (TEUR 1.9 million) and intellectual property for orphan drugs (TEUR 1.3 million).

The purchase price allocation on the reverse acquisition of TMX was finalized in 2014. This led to an increase in intangible assets of TEUR 3'248 and a corresponding adjustment of the amounts of the comparative period. In addition, the reclassified intangibles were depreciated by TEUR 70 in the comparative period. For further details refer to note 33.

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	
			31.12.14	**31.12.13**
THERAMetrics Discovery AG	Commercial exploitation of patents, licences, trademarks	Stans (CH)	100%	100%
THERAMetrics Laboratories AG	Commercial exploitation of patents, licences, trademarks	Vaduz (FL)	100%	100%
THERAMetrics (Switzerland) GmbH	Contract research	Thalwil (CH)	100%	0%
Pierrel Research International AG	Contract research	Thalwil (CH)	0%	100%
THERAMetrics S.p.A.	Contract research	Milano (I)	100%	100%
THERAMetrics GmbH	Contract research	Essen (D)	100%	100%

On 23 June 2014 Pierrel Research International AG was merged with THERAMetrics holding AG retrospectively to 1 January 2014. On 16 July 2014 THERAMetrics (Switzerland) GmbH was incorporated and has taken over the operations of Pierrel Research International AG. Further, the names of the Italian and German subsidiaries have been changed in 2014.

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 2014 from TEUR 2’150 as at 31 December 2013 to TEUR 460 as at 31 December 2014 in line with the overall decrease in project activity towards the end of 2014.

11 Trade receivables

TEUR	31 December 2014	31 December 2013
Trade receivables due from third parties	3'472	3'843
Allowance for doubtful debts	(393)	(670)
Total trade receivables - third parties	**3'079**	**3'173**
Trade receivables due from related parties	3	318
Total trade receivables	**3'082**	**3'491**

Trade receivables are non-interest bearing and generally have maturities between 30 and 90 days.

Movement in the allowance for doubtful debt:

TEUR	2014	2013
Balance at beginning of year	(670)	(173)
Impairment losses recognised on receivables	(40)	(640)
Impairment losses reversed	317	143
Foreign exchange translation gains and losses	-	-
Balance at end of year	**(393)**	**(670)**

Included in the Group’s trade receivable balance are debtors with a carrying amount of TEUR 602 (2013: TEUR 1’503) which are past due at the reporting date. The Group has not provided impairment losses for the past due amounts reported below as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Aging of trade receivables that are not impaired

TEUR	31 December 2014	31 December 2013
Not due	2'480	1'988
Between 30 to 60 days	393	240
Between 60 to 90 days	114	338
Between 90 to 120 days	80	175
More than 120 days	15	750
Total	**3'082**	**3'491**

12 Other current assets and other receivables

TEUR	31 December 2014	31 December 2013
Other current receivables	366	546
Advances to suppliers	85	105
Prepayments and accrued income	128	168
Total	**579**	**819**

Other current receivables are neither impaired nor overdue.

13 Cash and cash equivalents

TEUR	31 December 2014	31 December 2013
Bank deposits	4'140	761
Cash on hand	23	12
Total	**4'163**	**773**

14 Non-current assets held for sale

In June 2013, the Board of Directors of PRINT has decided to sell its building in Essen, Germany, and has mandated a third party to sell the asset to any interested third party. As the Board of Directors planned to sell this building within a year, the carrying amount of the non-current asset of TEUR 2’136 was reclassified as non-current asset held for sale. Due to the reclassification of the building the related borrowing of TEUR 1’084 with Sparkasse was reclassified as liability associated with non-current assets held for sale.

As of 30 June 2014 the asset has not been sold and management did not expect to sell the asset within the next few months as market environment proved to be more difficult than expected. Therefore the criteria to be classified as a non-current asset held for sale were no longer met. Thus, the building has been reclassified back to property, plant and equipment as established under IFRS 5. The related borrowing has also been reclassified accordingly to current (TEUR 485) and non-current borrowings (TEUR 165).

The building is pledged to secure the related borrowing.

15 Share capital

	Number of common shares		Nominal value of share capital (TEUR)	
	2014	2013	2014	2013
Balance at beginning of year	399'344'635	69'728'377	3'242	578
Issuance of common shares	255'299'017	329'616'258	2'202	2'664
Balance at end of year	**654'643'652**	**399'344'635**	**5'444**	**3'242**

15.1 Issued share capital

At 31 December 2014, the issued share capital amounts to TEUR 5’444 (TCHF 6’546), consisting of 654’643’652 registered shares with a par value of CHF 0.01.

On 10 December 2013, the Company announced a capital increase out of the existing authorized capital, by private placement of up to 70 million shares, with a nominal value of CHF 0.01 each and an issue price of CHF 0.11 per share and by excluding the subscription rights of the shareholders. On the same date, Fin Posillipo S.p.A. committed to subscribe for up to 30 million new registered shares and subsequently, on 18 February 2014, it further committed to subscribe the additional, still outstanding 40 million.

In the second quarter of 2014 it was decided to forego this capital increase from authorized capital and, 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.

During 2013 due to exercise of options the share capital has increased by TEUR 64 (TCHF 78), due to the business combination with Pierrel International AG the share capital has increased by TEUR 2’460 (TCHF 3’044) and due to the conversion of convertible bonds the share capital has increased by TEUR 140 (TCHF 174). Refer also to 16.1

15.2 Authorized share capital

At 31 December 2014, the Company had an authorized, but not yet issued, nominal share capital of CHF 1’980’000 (TEUR 1’647), 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.

At 31 December 2013, the Company had an authorized, but not yet issued, nominal share capital of CHF 1’200’000 (TEUR 998), consisting of 120’000’000 registered shares with a par value of CHF 0.01 each.

15.3 Conditional share capital

The conditional share capital of TMX as at 31 December 2014 was CHF 490’536.21 (TEUR 408) (2013: CHF 240’536.21 (TEUR 196)), consisting of 49’053’621 (2013: 24’053’621) registered shares with a par value of CHF 0.01 each, of which 25’000’000 (2013: nil) to be used for share options for members of the Board of Directors and Executive Management, 9’359’491 (2013: 9’359’491) to be used for share options for employees and consultants and 14’694’130 (2013: 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.

As a part of the round of sales and purchase agreement signed with BPI and Global Emerging Markets Group ("GEM") closed on 17 July 2012, GEM was given a call option entitling to subscribe for 10'000'000 shares at an exercise price of CHF 0.20 (EUR 0.16) and a call option entitling to subscribe for 4'000'000 shares at an exercise price of CHF 0.38 (EUR 0.31) at any time during a 3-year exercise period ending on 16 July 2015. None of the call options were exercised until 31 December 2014 and are still outstanding. If both options are executed, the conditional share capital will be consequently reduced by TEUR 116 (TCHF 140) and the share capital increased consequently. The options granted to GEM did not have an accounting impact in 2014 and 2013. In January/February 2014 the exercise prices were adjusted to EUR 0.11 (CHF 0.14) for the first part of the call options and EUR 0.22 (CHF 0.267) for the second part of the call options.

15.4 Significant shareholders

The following significant shareholders are known to us:

	2014		2013	
	Number of shares	%	Number of shares	%
PIERREL S.p.A.	221'484'383	33.8%	232'045'803	58.1%
FIN POSILLIPO S.p.A	209'389'206	32.0%	72'406'405	18.1%
Others	223'770'063	34.2%	94'892'427	23.8%
	654'643'652	**100.0%**	**399'344'635**	**100.0%**

16 Reserves

TEUR	31 December 2014	31 December 2013
Share premium (note 16.1)	27'570	14'151
Legal reserve (note 16.2)	41	41
Cash flow hedging reserve (note 16.3)	-	(20)
Foreign currency translation reserve (note 16.4)	(134)	55
Equity-settled share baed payments reserve (note 16.5)	53	-
Total	**27'530**	**14'227**

16.1 Share premium

TEUR	2014	2013
Balance at beginning of year	14'151	-
Capital increase through right offering (i)	13'791	
Capital issuance cost	(372)	
Capital increase in PRINT prior to reverse acquisition (ii)	-	5'235
Capital increase by convertible loan (iii)	-	1'967
Reverse acquisition PRINT (iv)	-	5'998
Reserve for future capital increase already contributed (v)	-	951
Balance at end of year	**27'570**	**14'151**

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

(ii) In June 2013, prior to the reverse acquisition of PRINT, Fin Posillipo S.p.A. undertook to participate in an ordinary share capital increase of PRINT. On 1 July 2013, PRINT issued by way of an ordinary share capital increase 231'549 new registered shares, with a nominal value of CHF 1.00 each, which were entirely subscribed by Fin Posillipo S.p.A. against payment of EUR 5'250'000 in cash. In this respect, the share capital in PRINT was increased through contribution of TEUR 5'235 (net of transaction costs).

(iii) As at 13 September 2013, the convertible loan granted by BPI of TEUR 2'107 (CHF 2'608, including the accrued interests at the date) was converted into nominal share capital of TEUR 140 resulting in a share premium of TEUR 1'967. Upon conversion 17'384'338 shares were issued.

(iv) For detailed information on the reverse acquisition of PRINT please refer to note 33.

(v) Fin Posillipo S.p.A, one of the Company's main shareholders, announced its intention to subscribe 30 million new shares and on 11 December 2013 it transferred a first instalment of TEUR 451 followed by the second instalment of TEUR 500 on 17 December 2013. These two instalments are two of the five instalments that were foreseen in Fin Posillipo's subscription commitment. The capital increase took place in 2014. Therefore the increase was presented as reserve paid for share not yet issued until the capital increase transaction had been completed in 2014.

16.2 Legal reserves

TEUR	2014	2013
Balance at beginning of year	41	41
Balance at end of year	**41**	**41**

16.3 Cash flow hedging reserve

TEUR	2014	2013
Balance at beginning of year	(20)	(63)
Gain/(loss) arising on changes in fair value of hedging instruments	20	43
Balance at end of year	**-**	**(20)**

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.

16.4 Foreign currency translation reserve

TEUR	2014	2013
Balance at beginning of year	55	(75)
Exchange differences arising on translating foreign operations	(189)	130
Balance at end of year	**(134)**	**55**

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.

16.5 Equity-settled share based payments reserve

TEUR	2014	2013
Balance at beginning of year	-	-
Share-based payment transactions	53	-
Balance at end of year	**53**	**-**

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 2014	31 December 2013
Bank loans (i)	165	-
Leasing liabilities	11	27
Other borrowings (ii)	-	2'609
Total non-current borrowings	**176**	**2'636**
Current borrowings		
Credit facilities	286	689
Current portion of non-current bank loans (i)	2'760	2'275
Leasing liabilities	16	63
Other borrowings (ii)	6	1'235
Total current borrowings	**3'068**	**4'262**
Total borrowings	**3'244**	**6'898**

(i) the bank loans mainly consist of the following two loans:

a loan from Banca Popolare di Milano (TEUR 2’275) which expired in September 2014 and is still subject to renegotiations. Interest is based on 3 months Euribor plus 5%. As at 31 December 2014 and 31 December 2013 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 is currently 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 (TEUR 650), which bears an annual interest of 4.95%, has been reclassified from liabilities directly associated with non-current assets held for sale (note 14). TEUR 485 is due within 12 months and is therefore classified as current; the residual amount of TEUR 165 is due in 2016.

The residual bank loans (TEUR 286) are various current accounts with various banks.

(ii) As at 31 December 2013, the other borrowings mainly related to the two major shareholders of the company (refer to note 30.3 for further details). During the capital increase in 2014 these loans were converted into equity (for further details refer to note 15.1).

18 Other financial liabilities

The Group used an interest rate swap derivative contract to convert the floating-rate of the loan from Banca Popolare di Milano into a fixed rate. The derivative contract expired in September 2014 and the derivative was derecognised as at that date. As the loan was still under renegotiations as at 31 December 2014 no new interest rate swap derivative contract was established until the end of the year.

Mark to market valuation as at 31 December 2013 resulted in a negative fair value of TEUR 46. TEUR 43 of the valuation gain was recognised through other comprehensive income whereas the residual gain of TEUR 55 was recognised in profit or loss. No further derivatives were held at year-end.

19 Other current payables and liabilities

TEUR	31 December 2014	31 December 2013
Payables to social security institutions	167	572
Liabilities on research projects	990	1'808
Liabilities due to employees	442	540
Other current liabilities	805	1'249
Total	**2'404**	**4'169**

20 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 (2013: TEUR 29)

20.1 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	2014	2013
Discount rates	1.49%	3.17%
Expected rates of salary increase	2.00%	3.00%
Inflation rate	1.50%	2.00%

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

TEUR	2014	2013
Opening defined benefit obligation	734	625
Current service cost		-
Interest expense	21	23
Benefits (paid)/deposited	(158)	(82)
Remeasurement (gain)/loss on defined benefit obligation	203	168
Closing defined benefit obligation	**800**	**734**

20.2 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 2014. 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 statues 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. However, along with the acquisition of subsidiaries (for further details refer to note 33) the respective defined benefit obligations have been recognised.

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

TEUR	2014	2013
Current service cost	70	69
Past service cost	(93)	-
Net interest expense	6	6
Administration cost excl. cost for managing plan assets	4	5
Expense recognised in profit or loss	**(13)**	**80**

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

TEUR	2014	2013
Remeasurement (gain)/loss onf defined benefit obligation	170	(47)
Return on plan asets excl. Interest income	34	19
Expense recognised in other comprehensive income	**204**	**(28)**

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 2014	31 December 2013
Present value of funded defined benefit obligation	1'164	1'123
Fair value of plan assets	(700)	(788)
Net liability arising from defined benefit obligation	**464**	**335**

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

TEUR	2014	2013
Opening defined benefit obligation	1'123	865
Increase due to acquisition of subsidiary	-	404
Current service cost	70	69
Past service cost	(93)	-
Interest expense on defined benefit obligation	26	22
Contributions from plan participants	66	82
Benefits (paid)/deposited	(217)	(263)
Remeasurement (gain)/loss on defined benefit obligation	170	(47)
Foreign Exchange (gain)/loss	19	(9)
Administration cost (excluding cost for managing plan assets)	-	-
Closing defined benefit obligation	**1'164**	**1'123**

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

TEUR	2014	2013
Opening fair value of plan assets	788	585
Increase due to acquisition of subsidiary	-	319
Interest income on plan assets	20	16
Return on plan assets excluding interest income	(34)	(19)
Contributions from the employer	66	82
Contributions from plan participants	66	82
Benefits (paid)/deposited	(217)	(263)
Foreign exchange gain/(loss)	15	(9)
Administration cost	(4)	(5)
Closing fair value of plan assets	**700**	**788**

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

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

Discount rates	1.25%	2.30%/2.40%
Expected rates of salary increase	1.00%/1.75%	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 199 (increase by TEUR 222 if all other assumptions were held constant).

The average duration of the defined benefit obligation at the end of the reporting period is 18.6 years and 21.4 years, respectively.

The Group expects to make a contribution of TEUR 55 to the defined benefit plans during the next financial year.

21 Revenue

TEUR	2014	2013
Contract research	16'209	16'779
Other revenues	-	124
Total revenues	**16'209**	**16'903**

22 Other income

Other income consists of gains from sale of property, plant and equipment (TEUR 12) and gains from sale of intangible assets (TEUR 200) as well as reversals of accruals and payables of TEUR 1’091.

23 Service expense

TEUR	2014	2013
Marketing expense	25	54
Maintenance expense	34	71
Utility expense	240	206
Insurance expense	55	95
Consulting service expense	3'161	2'618
Travel and accomodation expense	338	413
Third party service expense for clinical reasearch projects	6'436	7'336
Communication expense	258	324
Commissions and bank charges	59	56
Other expense for services	246	452
Total cost for services	**10'852**	**11'625**

24 Financial income/ (expenses)

CHF	2014	2013
Interest expense on loans	400	283
Interest expense on interest rate swap	9	99
Interest expense on advances	-	62
Other financial expense	114	227
Net foreign currency exchange loss	(169)	364
Total finance costs	**354**	**1'035**
Interest income	63	249
Total finance income	**63**	**249**

25 Income taxes

25.1 Income tax recognised in profit or loss

TEUR	2014	2013 restated
CURRENT TAX		
Current tax expense for the current year	225	145
Adjustments in relation to the current tax of prior years	(203)	46
	22	**191**
DEFERRED TAX		
Deferred tax (income)/expense recognised in the current year	(186)	(463)
Write-down of deferred tax assets	22	80
	(164)	**(383)**
Total income tax expense recognised in the current year	**(142)**	**(192)**

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	2014	2013 restated
Gain/(loss) before tax	(10'357)	(10'218)
Income tax expense calculated at 15.4 % (2013: 18 %)	(1'592)	(1'839)
Prior year adjustments	(203)	46
Unrecognised deferred tax assets during the year	1'072	1'557
Effect of income that is exempt from taxation	(27)	(195)
Effect of expenses/(income) that are not (deductible) or added in determining taxable profit	608	239
Total income tax expense recognised in profit or loss	**(142)**	**(192)**

The weighted average applicable tax rate of the Group is 15.4% (2013: 18%) and was determined using the domestic tax rates applicable to results in the countries concerned. The reduction is due to higher losses in countries with low tax rates.

25.2 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.

25.3 Current tax assets and liabilities

TEUR	2014	2013
Tax refund receivable	20	126
Other tax receivables	373	427
Current tax assets	**393**	**553**
Income tax payable	17	152
Other	586	351
Current tax liabilities	**603**	**503**

25.4 Deferred tax balances

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

2013 Restated TEUR	Opening balance	Recognised in profit or loss	Other	Closing balance
Non-deductible interest expense	189	(139)	-	**50**
Tax losses carried forward	-	-	-	**-**
Other temporary differences	62	(57)	-	**5**
Total deferred tax assets	**251**	**(196)**	**-**	**55**
			-	
Intangible assets	-	(15)	715	**700**
Work in progress	849	(438)	-	**411**
Other temporary differences	384	(126)	-	**258**
Total deferred tax liabilities	**1'233**	**(579)**	**715**	**1'369**

Entities are required to recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, joint ventures and associates. These temporary differences, known as outside basis differences, arise when the net assets of subsidiaries, joint ventures and associates differ from the tax base of the entity concerned. As of 31 December 2014, no deferred tax liabilities were recognized on outside basis differences since the temporary differences are not expected to reverse in the foreseeable future and since they are controlled by TMX.

25.5 Unrecognised deferred tax assets

In accordance with IAS 12, the Company did not capitalize any deferred tax asset relating to tax loss carry-forwards and temporary differences 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	2014	2013
Within one year	2'735	7'667
Later than one year and not later than five years	75'796	59'554
More than five years	19'206	53'771
Total tax losses carried forward	**97'737**	**120'992**

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 18’000’000 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.

On 13 September 2013, the Reverse acquisition has led to an acceleration of vesting of the stock options granted to participants in the Company's Equity Awards Program due to the “change in control” clause. As a result thereof, 6’539’063 options, which had been granted on 1 January 2012 to employees, members of the Board of Directors and the Executive Committee (including options granted to employees other than members of the Board of Directors or the Executive Committee), have vested.

In 2014, the members of the Board of Directors received their fee in form of options which were granted under the EAP in April 2014. No options were granted during 2013. The following table reconciles the share options outstanding at the beginning and end of the year:

TEUR	2014	2013
At beginning of the year	**1'749'286**	**10'593'037**
Granted	700'000	-
Forfeited	-	(1'014'040)
Exercised	(140'000)	(7'829'711)
At end of the year	**2'309'286**	**1'749'286**

Share options outstanding at the end of the year 2014 and 2013 have the following expiry dates:

	31 December 2014	31 December 2013
EXPIRY DATE		
30 June 2017	506'747	506'747
1 February 2019	241'210	241'210
1 April 2019	560'000	-
31 December 2019	760'120	760'120
1 February 2020	241'209	241'209
	2'309'286	**1'749'286**

The 2,309,286 at year end (2013: 1'749'286) were totally exercisable as per 31 December 2014 (2013: 1'749'286 as per 31 December 2013). The weighted average share price at the time of forfeiture in 2014 was EUR 0.12(CHF 0.15) per share.

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 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%. No such options were granted in 2013.

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.

An expense of TEUR 75 was accrued in 2013 for the granted options mentioned above.

27 Earnings per share

TEUR	2014	2013
Loss for the year attributable to the equity holders of the Parent Company	(10'213)	(9'987)
Weighted average number of shares for the purposes of EPS	475'151'811	171'382'381
Basic and diluted earnings per share (in EUR)	**(0.021)**	**(0.058)**

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. In 2014 and 2013, 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. Further, the warrant granted to GEM (refer to note 15.3 for further details) are "out of the money" and are therefore not considered in the calculation of the diluted loss per share.

The 11'141 issued call options entitling to subscribe for an option share at a strike price of CHF 15.00 at any time during a 3-years exercise period, which expired on 22 February 2013, did not have any dilutive effect because they were "out of the money".

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. As at 31 December 2014 and 31 December 2013, 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 is currently negotiating a re-structuring of the loan facility to reschedule the repayment plan according different terms and conditions which are still under evaluation. The Group does not have to comply with any other loan covenants or regulatory capital adequacy requirements.

28.2 Categories of financial instruments

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 financial assets	-	-	-	-	**-**
Other current assets and receivables	-	-	366	-	**366**
Cash and cash equivalents	-	-	4'163	-	**4'163**
Total financial assets	**-**	**-**	**7'636**	**-**	**7'636**
Non-current borrowings	-	-	-	176	**176**
Other non-current liabilities	-	-	-	47	**47**
Trade payables	-	-	-	3'907	**3'907**
Current borrowings	-	-	-	3'068	**3'068**
Other financial liabilities	-	-	-	-	**-**
Other current payables and liabilities	-	-	-	990	**990**
Total financial liabilities	**-**	**-**	**-**	**8'188**	**8'188**

31 December 2013 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	-	-	45	-	**45**
Trade receivables	-	-	3'491	-	**3'491**
Other financial assets		21	-	-	**21**
Other current assets and receivables	-	-	546	-	**546**
Cash and cash equivalents	-	-	773	-	**773**
Total financial assets	**-**	**21**	**4'855**	**-**	**4'876**
Non-current borrowings	-	-	-	2'636	**2'636**
Other non-current liabilities	-	-	-	49	**49**
Trade payables	-	-	-	6'183	**6'183**
Current borrowings	-	-	-	4'262	**4'262**
Other financial liabilities	46	-	-	-	**46**
Other current payables and liabilities	-	-	-	1'808	**1'808**
Total financial liabilities	**46**	**-**	**-**	**14'938**	**14'984**

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.

Trade receivables consist mainly of a few customers from contract research projects. The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on sales of real estate is limited because the Group controls this risk through the property itself by registering the unit in the name of the customer only after receiving the entire amount due from the customer.

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 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	-
Total financial liabilities	**7'510**	**223**	**253**	**229**	**-**

Maturity analysis of financial liabilities at 31 December 2013

TEUR	less than 3 months	between 4-6 months	between 7-12 months	between 1-5 years	more than 5 years
Borrowings	764	78	3'636	2'654	-
Trade payables	4'631	116	1'436	-	-
Other payables and liabilities	1'808	-	-	49	-
Total financial liabilities	**7'203**	**194**	**5'072**	**2'703**	**-**

On 17 July 2012, the Company had entered into an investment agreement with the alternative investment firm Global Emerging Markets Group (GEM), giving the Company the right to sell GEM ordinary shares of the Company during the next three years up to an amount of CHF 7.5 million. Therefore, the Company purchases over time its own shares from BPI and can resell such shares to GEM.

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 ± 10% change in the EUR/CHF exchange rate fluctuations, the Group's comprehensive income for the year would be TEUR 179 higher (increase) or TEUR 219 lower (decrease).

28.4 Fair value measurement

At 31 December 2014, there are no assets or liabilities measured at fair value. At 31 December 2013, the only assets or liabilities measured at fair value are the interest rate swap derivative contract which is a level 2 fair value measurement (note 18) as well as the other financial assets of TEUR 21 which are a level 3 fair value measurement.

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	2014	2013
Fees, salaries and other short-term employee benefits	490	924
Post-employment benefits	25	35
Share-based compensation	-	276
Total compensation for executive management	**515**	**1'235**

30.2 Compensation for members of the board of directors

TEUR	2014	2013
For serving as board members and for services beyond the normal scope of their offices	56	208
Share-based compensation	95	93
Total compensation for members of the board of directors	**151**	**301**

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	
	2014	2013	2014	2013
Shareholders				
Fin Posillipo S.p.A. (i)	-	-	-	2'603
Pierrel S.p.A (ii)	-	-	-	885
Sister companies				
Pierrel Pharma S.r.l (iii)	-	318	-	4
Others				
Farmacie Petrone Srl	-	-	40	-
Petrone Group	-	-	8	-
TWIGA	12	12		-
Bootes S.r.l.	-	-	6	6
	12	**330**	**54**	**3'498**

(i) On 10 June 2013, the Company's subsidiary Pierrel Research International AG entered into two loan agreements with Fin Posillipo S.p.A. and Bootes S.r.l, pursuant to which PRINT was granted loans in the total amount of TEUR 2'500. On 3 July 2013, the second loan agreement was transferred to Fin Posillipo S.p.A. subrogated into the loan agreement previously entered into between Bootes S.p.A. and PRINT for a total amount of TEUR 250. The loans bore an annual interest of 5% p.a. and were due for repayment, together with the accrued interest, on 10 June 2015. During the capital increase in 2014 (refer to note 15.1 for further details), the loans were converted into share capital.

(ii) On 26 March 2013, PRINT, Pierrel Research Italy S.p.A., Pierrel S.p.A., Twiga Europe S.p.A. and Mr Luigi Visani have entered into an agreement regarding the settlement of a certain payments due by PRINT and various PRINT group companies to Mr. Visani, the former CEO of PRINT, and Twiga Europe S.A., a service company owned by Mr. Visani, for Mr Visani's and Twiga Europe's past activities as well as for a loan granted to PRINT by Mr Visani. Pursuant to the agreement, on 9 September 2013 Pierrel S.p.A. has undertaken towards PRINT to assume the payments due to Mr Visani and Twiga Europe S.p.A. in a total amount of TEUR 885, including accrued interest at the date. Following assumption of the aforementioned debt by Pierrel S.p.A. on 9 September 2013, the Group had a liability towards Pierrel S.p.A. in the aforementioned amount on 31 December 2014 which was converted into share capital during 2014 (refer to note 15.1 for further details)

(iii) The receivables toward Pierrel Pharma S.r.l. in 2013 referred to the activities of regulatory and pharmacovigilance performed by the controlled Pierrel Research USA Inc. and some studies performed by PRINT for the registration in Europe of the dental anesthetic Orabloc®.

31 Operating lease arrangements

31.1 The Group as lessee

Description of leasing arrangements

Operating leases relate to various office leases as well as laboratory facilities in different countries. The Group does not have an option to purchase these leased assets at the expiry of the lease periods.

Payments recognised as expense in the period

TEUR	2014	2013
Minimum lease payments	705	933
Total leasing expense from operating leases	**705**	**933**

Non-cancellable operating lease commitments

TEUR	2014	2013
Within one year	426	803
Later than one year and not later than five years	1'070	1'501
More than five years	7	1'909
Total future minimum lease payments	**1'503**	**4'213**

32 Finance lease arrangements

32.1 The group as lessee

Description of lease arrangements

Finance leases relate to the lease of two cars in Switzerland (expired in 2014) as well as various equipment in Italy (expiring in 2016).

Finance lease liabilities

	Minimum lease payments		PV of minimum lease payments	
TEUR	31.12.14	31.12.13	31.12.14	31.12.13
Within one year	17	68	16	63
Later than one year and not later than five years	12	29	11	27
More than five years	-	-	-	-
	29	**97**	**27**	**90**
Less: future finance charges	(2)	(7)	-	
PV of minimum lease payments	**27**	**90**	**27**	**90**

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

33 Business combination

With regard to the business combination as described in note 1:

33.1 Consideration transferred

	TEUR
Cash	-
Non-cash	8'458
Total consideration transferred	**8'458**

Under IFRS 3, the cost of the acquisition is based on the market value of TMX shares before the transaction (capital increase). Therefore the consideration transferred is calculated as follows: 74’770’979 shares at a fair value of EUR 0.1131 (share price on transaction date) resulting to TEUR 8’458.

Acquisition related costs amounting to TEUR 289 have been excluded from the consideration transferred and have been recognized as an expense in profit or loss in the current year.

33.2 Assets acquired and liabilities recognised at the date of acquisition

	TEUR
Non-current assets	
Property, plant and equipment	310
Intangible assets	3'248
Current assets	
Other current assets and other receivables	160
Cash and cash equivalents	190
Non-current liabilities	
Non-current financial liabilities	(39)
Defined benefit obligations	(57)
Deferred tax liabilities	(715)
Current liabilities	
Trade payables	(557)
Current financial liabilities	(2'044)
Other current payables and liabilities	(374)
Net assets acquired	**122**

The purchase price allocation was finalized in 2014 which led to an increase in intangible assets of TEUR 3'248, a related increase in deferred tax liabilities of TEUR 715 and a decrease of goodwill in the net amount of TEUR 2,533 (see also note 7).

33.3 Goodwill arising on acquisition

	TEUR
Consideration transferred	8'458
+ non-controlling interest	-
./. Fair value of identifiable net assets	(122)
Goodwill	**8'336**

33.4 Net cash inflow on acquisition of subsidiary

	TEUR
Cash and cash equivalent balances acquired	190
Less: Consideration paid in cash and cash equivalents	-
Total net cash inflow	**190**

33.5 Impact of acquisition on the results of the group

Included in the loss for the year 2013 is a loss of TEUR 512 attributable to the additional business generated by TMX. There was no revenue for the year in respect of TMX.

34 Non-cash transactions

During the current year, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flow:

- Capital increase through conversion of loans (note 15.1)

35 Contingent liabilities

35.1 Litigation

At 31 December 2014, 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.

35.2 Other contingent liabilities

Prior to the reverse acquisition, with effect as of 13 September 2013, TMX' subsidiary PRINT entered into an agreement with Mr. Ruggero Gramatica, the former CEO of TMX until the end of September 2013, pursuant to which it was granted an exclusive, world-wide, perpetual license for the use, development and exploitation of the mathematical model and for the definition of an eCRO platform in the field of drug discovery and clinical analysis. The license is sub-licensable and transferable to any subsidiary of PRINT. The license is subject to the obligation of PRINT to make certain investments in the licensed technology in the next years and to commercially use such technology. As a consideration for the license, PRINT shall pay royalties which are exclusively based upon the generated revenues. No payment was due for 2014.

36 Subsequent events

Restructuring of loan

In March 2015, the Italian subsidiary THERAMetrics S.p.A. successfully negotiated a re-structuring of a loan facility granted by Banca Popolare di Milano (TEUR 2'275), with a rescheduling of the payment and interest according to more favourable terms and conditions. Principal repayments in 2015 and 2016 will be TEUR 150 and TEUR 180, respectively.

Restructuring of Group

In December 2014, the wholly- owned subsidiary THERAMetrics Laboratories AG sold its portfolio of intellectual property to the wholly-owned subsidiary THERAMetrics Discovery AG, and in March 2015 was placed into liquidation. The liquidation has no financial impact on the Group.

Stock options granted to members of Board of Directors

In April 2015, the Company issued a total of 1,420,000 stock options to its board members as part of their 2014 service fees. These options have a total value of TEUR 95. This amount has been reflected as expense in the 2014 income statement.

37 Approval of financial statements

These consolidated financial statements were approved by the Board of Directors on 13 April 2015, subject to approval of the annual shareholders' meeting on 13 May 2015.

Building a better working world

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To the General Meeting of

THERAMetrics holding AG, Stans

Basle, 13 April 2015

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 24 to 59), for the year ended 31 December 2014.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of these 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 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 and 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 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 2014 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

We draw attention to note 4 of the consolidated financial statements, describing the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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 for the preparation of the consolidated financial statements designed according to the instructions of the Board of Directors was adequately documented however, an adequate internal control system is not implemented in all material respects for THERAMetrics GmbH, a significant subsidiary of the THERAMetrics Group.

In our opinion, except for the matter described in the preceding paragraph, an internal control system for the preparation of consolidated financial statements, designed in accordance with the instructions of the Board of Directors, exists.

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

Ernst & Young Ltd

Jürg Zürcher
Licensed audit expert
(Auditor in charge)

Daniel Maiwald
Licensed audit expert

THERAMetrics holding AG

Financial Statements 2014

Balance sheet

CHF	Notes	31 December 2014	31 December 2013
ASSETS			
Tangible assets		15'096	-
Intangible assets	3.2	21'186'255	-
Investments in subsidiaries	3	2'479'426	28'001'556
Loans to group companies	4	8'311'312	1'109'774
Non-current assets		**31'992'089**	**29'111'330**
Other receivables		118'697	29'459
third parties		*118'697*	*29'459*
related parties		-	-
Prepaid expenses		2'862	486
third parties		*2'862*	*486*
Cash		2'322'044	30'858
Current assets		**2'443'603**	**60'803**
Total assets		**34'435'692**	**29'172'133**
EQUITY AND LIABILITIES			
Share capital		6'546'437	3'993'446
General reserves		76'572'541	60'297'610
thereof capital contribution reserves		*76'556'036*	*60'281'105*
thereof other general reserves		*16'505*	*16'505*
Accumulated losses		(53'022'346)	(35'806'970)
loss carried forward		*(35'806'970)*	*(30'479'137)*
result for the period		*(17'215'376)*	*(5'327'833)*
Shareholder's equity	**5**	**30'096'632**	**28'484'086**
Non-current borrowing		3'322'373	-
Non-current liabilities		**3'322'373**	**23'172'758**
Other payables		457'534	447'871
third parties		*365'530*	*433'220*
group companies		*92'004*	*14'650*
Accrued expenses		559'153	240'175
third parties		*559'153*	*240'175*
Current liabilities		**1'016'687**	**688'046**
Total equity and liabilities		**34'435'692**	**29'172'132**

Income statement

CHF	Year ended 31 December 2014	2013
Revenue	8'710'072	-
Material cost and change in WIP	(465'962)	-
Costs for services	(10'063'795)	-
Personnel expense	(720'370)	-
Administration costs	(632'194)	(1'742'536)
EBITDA	**(3'172'249)**	**(1'742'536)**
Depreciation and amortisation expense	(5'961'687)	(30'471)
Impairment on loans to group companies	(1'203'577)	(2'202'101)
Impairment on investments	(7'320'000)	(4'157'412)
Operating result	**(17'657'513)**	**(8'132'520)**
Financial income	700'591	2'850'253
Financial expense	(185'153)	(47'226)
Net exchange differences	(56'721)	1'660
Extraordinary expenses	(5'412)	-
Result before income taxes	**(17'204'210)**	**(5'327'833)**
Tax expense	(11'167)	-
Result of the period	**(17'215'376)**	**(5'327'833)**

Due to the retrospective merger with Pierrel International AG (“PRINT”), which was effective at 1 January 2014, and the split of the operating business to the newly incorporated TMX Switzerland (GmbH) (“TMXCH”) at 16 July 2014, the income statement of the Company for 2014 includes the operating business of PRINT for the first six months of 2014. Therefore the structure of the income statement has changed significantly for 2014.

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, CH-6370 Stans (Switzerland). The Company changed its name from mondoBIOTECH holding AG to THERAMetrics holding AG as at 20 June 2013.

On 13 September 2013, Pierrel S.p.A. and Fin Posillipo S.p.A., the major shareholders of Pierrel Research International AG ("PRINT") subscribed to the major part of the capital increase resolved by the General Meeting of 20 June 2013 with contribution in kind of 100% of PRINT shares (hereinafter the "transaction"). Since this transaction TMX legally owns 100% of PRINT and its subsidiaries.

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 (refer to note 3.2 for further details). Subsequently, on 16 July 2014, the operational business, which was formerly conducted by PRINT, was transferred to the newly incorporated THERAMetrics (Switzerland) GmbH.

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. The Company is also further developing its bio-mathematical platform for drug rescuing and repurposing DRR2.0, with the aim of improving and expanding its currently offered services and activities.

2 Significant accounting policies

2.1 Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Swiss law. 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

Our 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.

2.2 Uncertainties and ability to continue operations

Material uncertainty remains as to whether Company's current funding is sufficient to support its going concern for another twelve months which creates significant doubts about its ability to continue as a going operation. Therefore the Company depends on further financing respectively the successful achievement of the following steps which the Company has already taken, or plans to take in the coming months, which are anticipated to remedy the short-term liquidity situation:

Investing in business development

The Company has invested significantly in a new global business development team which started at the end of 2014. Two additional business development professionals are budgeted to start in the first half of 2015. Management is convinced that the Company's new and ambitious global sales strategy will result in cash in-flows by mid-year 2015.

Licensing-out existing MPCs

The Company is finally experiencing success in its efforts to license-out its Medical Product Candidates (MPCs). In March 2015, the Company signed a licensing agreement with Centurion Pharma (Istanbul, Turkey) for Aviptadil, the Company's drug candidate for Sarcoidosis. Under the terms of this agreement the two companies will cooperate in the development and registration of Aviptadil for the treatment of Sarcoidosis in Turkey and in other neighbouring markets. At the same time, both companies have signed Letters of Intent for contract research services for:

- the development of Aviptadil in Sarcoidosis in Turkey including design, organization and execution of the clinical development plan for the registration of Aviptadil in Turkey
- the future development of Aviptadil in additional geographical regions
- the joint research and development on different projects employing the Company's DRR2.0 Drug Repositioning technology

Cash flows in 2015 from this agreement will be approximately TCHF 200; however, the potential for future royalties if the drug reaches the market could be significant.

In addition to the contract with Centurion, the Company is currently negotiating a number of similar agreements for its other MPCs.

Pursuing strategic business combinations

A number of third-party organizations in the pharma/bio-tech field have expressed interest in forming strategic business combinations (including merger options) with the Company. Explorations with multiple companies are currently in process and the Board is confident to complete such a deal during the course of 2015.

Negotiating new financing with a 3rd party investor

The Company has started discussions with a 3rd party investor who would be willing to invest up to CHF 5 million into the Company. A final agreement on the terms of such an investment is expected to be achieved before end of Q2/2015.

The availability of sufficient funding as well as the successful execution of the above described steps are decisive for the Company and its ability to continue operations. Under the above described circumstances, the Board in convinced in the Company's chance to be able to meet all of its obligations for a further 12 months. Hence, the financial statements have been prepared on a going concern basis.

3 Investments in subsidiaries

CHF	2014	2013
Investments in subsidiaries	10'348'643	32'708'186
Accumulated impairment charges	(7'869'217)	(4'706'630)
Total	**2'479'426**	**28'001'556**

The detail of all subsidiaries is as follows:

				Ownership in %	
Country	**Company**	**City**	**Share Capital**	**2014**	**2013**
Switzerland	THERAMetrics Discovery AG	Stans	CHF 338'364	100.00%	100.00%
Liechtenstein	THERAMetrics laboratories AG	Vaduz	CHF 50'000	100.00%	100.00%
United States	www.mondobiotech.com, Inc.	Palo Alto	USD 10	100.00%	100.00%
Switzerland	THERAMetrics Switzerland GmbH	Thalwil	CHF 20'000	100.00%	0.00%
Switzerland	Pierrel Research International AG	Thalwil	CHF 974'123	0.00%	100.00%

THERAMetrics (Switzerland) GmbH was founded in 2014 and has taken 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) retrospectively as at 1 January 2014, in the second half of 2014.

3.1 Impairment of investment

2014

Due to the loss making situation of the Company and part of its subsidiaries, indicators of impairment for the investments of the Company existed at 31 December 2014. The recoverable amount of the investments has been calculated using a discounted cash flow (“DCF”) model. The impairment test carried out in this matter led to an impairment loss of CHF 7’320’000.

2013

The annual evaluation of the investment value in subsidiaries resulted in an impairment. We considered the relationship between the market capitalisation and the book value of the investments, among other factors, when reviewing for indicators of impairment. As at 31 December 2013, the market capitalisation of the Group was below the book value of the investment, indicating a potential impairment. In this respect, after the completion of the business combination implemented on 13 September 2013, the Company and its subsidiaries represent 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. The recoverable amount has been assumed to be equal to the Enterprise Value (“EV”) of the “TCRDO”. The recoverable amount has been calculated adopting the fair value approach. In particular, in order to estimate the fair value, the management used the market multiples method (“trading multiples”). The impairment test carried out in this manner, based on the application of multiple calculated as indicated above, lead to a negative difference between the recoverable amount and the carrying amount of CHF 4’157’414.

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 which will be depreciated over 5 years.

4 Loans to group companies

CHF	2014	2013
Loans to group companies		
- not subordinated	8'311'311	1'109'774
- subordinated	34'492'135	33'562'947
Provision for impairment	(34'492'135)	(33'562'947)
Total	**8'311'311**	**1'109'774**

The loans are not interest-bearing and subject to flexible payment-back terms. The management estimates that the loans are expected to be paid back not before 12 months after the balance sheet date.

5 Shareholders’ equity

CHF	Share capital	General reserves	Accumulated losses	Total shareholders' equity
At 1 January 2013	697'284	27'581'952	(30'479'137)	(2'199'901)
Capital increases, net of transaction costs	78'297	1'166'905	-	1'245'202
Capital increases, related to buiiness combination	3'044'022	29'114'946	-	32'158'968
Capital increase from conversion of convertible bonds	173'843	2'433'807	-	2'607'650
Net result for the period	-	-	(5'327'833)	(5'327'833)
Year end 31 December 2013	**3'993'446**	**60'297'610**	**(35'806'970)**	**28'484'086**
Capital increase, net of transaction costs	2'552'991	16'274'931	-	18'827'922
Net result for the period	-	-	(17'215'376)	(17'215'376)
Year end 31 December 2014	**6'546'437**	**76'572'541**	**(53'022'346)**	**30'096'632**

	Common shares	Nominal value
At 1 January 2013	69'728'380	697'284
Issuance of common shares	329'616'255	3'296'162
Year ended 31 December 2013	**399'344'635**	**3'993'446**
Issuance of common shares	255'299'017	2'552'991
Year ended 31 December 2014	**654'643'652**	**6'546'437**

Issued share capital

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

At 31 December 2013, the issued share capital amounts to CHF 3'993'446, consisting of 399'344'635 registered shares with a par value of CHF 0.01

Capital increase 2014

On 10 December 2013, the Company announced a capital increase out of the existing authorized capital, by private placement of up to 70 million shares, with a nominal value of CHF 0.01 each and an issue price of CHF 0.11 per share and by excluding the subscription rights of the shareholders. On the same date, Fin Posillipo S.p.A. committed to subscribe for up to 30 million new registered shares and subsequently, on 18 February 2014, it further committed to subscribe the additional, still outstanding 40 million.

In the second quarter of 2014, it was decided to forego this capital increase from authorized capital and, 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 CHF 20'423'921, whereof CHF 15'078'157 were received in cash in 2014, CHF 1'166'905 were received in cash in 2013 and CHF 4,178,859 were issued through set-off of liabilities.

The cost for the capital increase amounting to CHF 429'094 have been recognized as an expense in profit or loss in the current year.

Capital increases 2013

During 2013 the share capital increased due to exercise of options by CHF 78'297, due to the business combination with Pierrel International AG by CHF 3'044'022 and due to the conversion of convertible bonds by CHF 173'843.

On 20 June 2013, the ordinary meeting of the shareholders of the Company approved an ordinary share capital increase from CHF 712'480.73 to up to CHF 3'930'346.19 for 321'786'546 new shares. Upon execution of the ordinary share capital increase on 13 September 2013, 304'402'208 shares were issued by way of a contribution in kind of all the shares of Pierrel Research International AG, with a nominal value of CHF 1 each, and 17'384'338 shares were issued by way of set-off with a loan facility granted to the Company by BIOPHARMAinvest AG.

The cost for the capital increase amounting to CHF 837'348 have been recognized as an expense in profit or loss in the previous year.

Authorized share capital

At 31 December 2014, the Company had an authorized, but not yet issued, nominal share capital of CHF 1'980'000 (TEUR 1'647), 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.

At 31 December 2013, the Company had an authorized, but not yet issued, nominal share capital of CHF 1'200'000 (TEUR 998), consisting of 120'000'000 registered shares with a par value of CHF 0.01 each.

Conditional share capital

The conditional share capital of TMX as at 31 December 2014 was CHF 490'536.21 (2013: CHF 240'536), consisting of 49'053'621 (2013: 24'053'621) registered shares with a par value of CHF 0.01 each, of which 25'000'000 (2013: nil) to be used for share options for members of the Board of Directors and Executive Management, 9'359'491 (2013: 9'359'491) to be used for share options for employees and consultants and 14'694'130 (2013: 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.

As a part of the round of sales and purchase agreements signed with BPI and Global Emerging Markets Group ("GEM") closed on 17 July 2012, GEM was given a call option entitling to subscribe for 10'000'000 shares at an exercise price of CHF 0.20 (EUR 0.16) and a call option entitling to subscribe for 4'000'000 shares at an exercise price of CHF 0.38 (EUR 0.31) at any time during a 3-year exercise period ending on 16 July 2015. None of the call options were exercised until 31 December 2014 and are still outstanding. If both options are executed, the conditional share capital will be consequently reduced by TCHF 140 and the share capital increased consequently. The options granted to GEM did not have an accounting impact in 2014 and 2013. In January/February 2014 the exercise prices were adjusted to CHF 0.14 for the first part of the call options and CHF 0.267 for the second part of the call options.

A stock option plan for directors and employees had been approved by the Board of Directors in 2011 and implemented in 2012. According to the plan, up to 12’315’978 options, each giving the owner the right to purchase one Company’s common share at its nominal value - out of the Company’s approved conditional capital dedicated to stock option plans under art. 3a of the articles of association - can be attributed to directors and employees of the Company, upon proposal by the Nomination and Compensation Committee and approval by the Board of Directors. 12’315’978 options have been granted to various directors and employees, with a vesting period of up to 3.5 years.

The current stock option plan is still valid (currently, it has no time limitation) and the number of outstanding and vested as per 31 December 2014 is 2,309,286.

During 2014, the following director has exercised part of his options. The conditional share capital amount has been reduced accordingly.

- In December 2014: Mr. Filippo Celio exercised 140’000 options;

Treasury shares

	2014		2013	
	Shares	**CHF**	**Shares**	**CHF**
At beginning of period	2'005'649		-	
Purchase	1'250'000	1	20'600'000	9
Sale	(3'255'649)	(317'552)	(18'594'351)	(2'850'202)
At end of period	**-**	**(317'551)**	**2'005'649**	**(2'850'193)**

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:

- Pierrel S.p.A., Milan, Italy, holds 33.8% of the common shares of the Company.
- Raffaele Petrone, Pierluigi Petrone, Massimo Petrone, Carmine Petrone, Fernanda Parisi hold through Fin Posillipo S.p.A., Naples, Italy, 32.0% 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 2014 and 31 December 2013.

	2014		2013	
	Number of shares	**%**	**Number of shares**	**%**
PIERREL S.p.A.	221'484'383	33.8%	232'045'803	58.1%
FIN POSILLIPO S.p.A.	209'389'206	32.0%	72'406'405	18.1%
Others	223'770'063	34.2%	94'892'427	23.8%
	654'643'652	**100.0%**	**399'344'635**	**100.0%**

7 Compensation

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

8 Risk assessment disclosures

THERAMetrics holding AG, as the ultimate parent company of the Group, is fully integrated into the group-wide internal risk assessment process. The risk assessment process includes the identification of internal and external risks, the assessment of their potential impact on the Group as well as the definition of organizational and process measures to identify the risk and remediate when appropriate. The Executive Committee of the Company reports to the Board of Directors on a regular basis on significant risks and measures taken by the Group. This risk assessment also covers the specific risks related to THERAMetrics holding AG. Group management has initiated a restructuring program to reorganize the Company and its subsidiaries and to improve the operating results. Due to the ongoing monitoring of these initiatives, no separate risk assessment was performed in the current year.

9 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 52’022’346 as per 31 December 2014 will be carried forward.

10 Commitments and contingencies

As of 31 December 2014 the Company has the following comfort letter outstanding with its wholly-owned subsidiaries:

- THERAMetrics GmbH (Essen): unconditional comfort letter for a maximum of TEUR 1,500 without expiration
- THERAMetrics Discovery AG: unconditional comfort letter with no value limit, expiring June 2016

11 Subsequent Event

Planned liquidation of THERAMetrics Laboratories AG, Vaduz

In December 2014, the wholly- owned subsidiary THERAMetrics Laboratories AG sold its portfolio of intellectual property to the wholly-owned subsidiary THERAMetrics Discovery AG, and in March 2015 was placed into liquidation. The liquidation has no financial impact on the Group.

Waiver of fully subordinated loans against THERAMetrics Laboratories AG, Vaduz

In 2015, the Company has waived its fully subordinated loans against THERAMetrics Laboratories AG in the total amount of CHF 12'306'119.

Stock options granted to members of Board of Directors

In April 2015, the Company issued a total of 1,420,000 stock options to its board members as part of their 2014 service fees. These options have a total value of TCHF 114. This amount has been reflected as expense in the 2014 income statement.

12 Approval of financial statements

These statutory financial statements were approved by the Board of Directors on 13 April 2015, subject to approval of the annual shareholders' meeting on 13 May 2015.

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To the General Meeting of

THERAMetrics holding AG, Stans

Basle, 13 April 2015

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 63 to 70), for the year ended 31 December 2014.

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 2014 comply with Swiss law and the company's articles of incorporation.

Emphasis of Matter
We draw attention to note 2.2 of the financial statements, describing the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

If the Company were unable to continue as a going concern, its financial statements would need to be prepared on a liquidation basis. Our opinion is not qualified in respect of this matter.

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.

Furthermore, we draw attention to the fact that half of the share capital and legal reserves is no longer covered (article 725 para. 1 CO).

The preparation of the financial statements on a liquidation basis could result in additional losses which could exceed the amount of the existing equity. In this respect, we draw your attention to the provisions of article 725 of the Swiss Code of Obligations.

Ernst & Young Ltd

Jürg Zürcher
Licensed audit expert
(Auditor in charge)

Daniel Maiwald
Licensed audit expert