15 May 2014

Annual Report 2013

THERAMetrics
- Adaptive Research for Life Science -

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Annual review 2013

Company profile

THERAMetrics holding AG (SIX Swiss Exchange ticker symbol: TMX) ("the Company") is the Swiss parent company of an international, technology driven discovery and development group offering a broad range of life sciences services for the biopharmaceutical industry (the Company and its consolidated subsidiaries "**THERAMetrics**").

THERAMetrics is a full service TCRDO (Tech-driven Contract Research & Development Organization) that provides technological services and solutions to biopharmaceutical companies throughout the entire drug discovery & development value chain with the aim of screening potential drugs in virtual biosystems, allowing therapies in virtual patients and predicting real-world health outcomes and costs.

Current activities of THERAMetrics focus on:

- 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. This activity is provided by THERAMetrics, which through its presence in over 15 countries and with more than 250 employees provides a global reach in this market. The services provided include clinical development consultancy, investigational drugs preparation (Investigational Medicinal Product Services, "**IMPs**"), clinical trials application and management, electronic data collection and data management, drug regulatory affairs, Clinical Pharmacology Unit, Clinical Trials Phases IIV, e-Clinical Trial Technology, Pharmaco-vigilance 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 therapeutical indications, through THERAMetrics' technological platform, which matches the information on molecules and biological pathways with the patho-physiological signs and symptoms of diseases. THERAMetrics has 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 it aims to bring from pre-clinical and clinical development to commercialization in collaboration with partners.

Founded in March 2007, the Company originally focused on the discovery of medicinal product candidates ("**MPC**") by repurposing known drugs for the treatment of orphan diseases. Starting at the end of the fiscal year 2011 and prior to the Combination, the Company has focused and streamlined its pipeline of MPCs on a limited number of most promising candidates, dropping all other MPCs and the corresponding patent applications. At the same time, costs saving measures have been implemented. On 20 June 2013, the Company changed its name from mondoBIOTECH holding AG into THERAMetrics holding AG. Since completion of the Combination, which took place on 13 September 2013, the Company's historical subsidiaries form the portion of THERAMetrics that focuses on the discovery and repurposing of medicines.

Pierrel Research International AG ("**PRINT**") was founded in Zurich in March 1995 as Pharmapart AG. Since 2011, it is the parent company of an international CRO group ("**PRINT Group**"). In 2013, PRINT Group started a re-organization with the aim of concentrating activities and saving costs. Since completion of the Combination, the PRINT Group is taking care of the clinical development activities of THERAMetrics which represent the primary current business, in terms of revenues, of THERAMetrics. Furthermore, it is noteworthy that Pierrel S.p.A., Milan to whom the PRINT Group belonged already before, today is the majority shareholder of THERAMetrics holding AG, thus combining the offering of services in the field of discovery, development and production of medicines.

Business strategy

The primary goal of THERAMetrics is to build a profitable and sustainable business around its core competencies in the field of clinical trials and contract research, complemented with in-sourced research activity for drug discovery, repurposing and validation.

The main objectives of THERAMetrics are the following:

- To become a key partner of pharmaceutical, biotechnology and healthcare companies;
- To develop a differentiated commercial proposal addressed to medium-sized pharmaceutical and biotechnology companies with THERAMetrics as a service provider and research partner offering competitive technological solutions in different phases of the drug discovery & development lifecycle;
- To create “excellence centers”, focused on different support activities (drug repurposing, regulatory, quality assurance, medical writing, data management);
- To move compounds faster and more productively through the clinical development process in order to achieve a quicker market approval;
- To reduce the use of third party services and to internalize all the stages of the projects within our business.

The strategic key drivers for the growth which would allow us to meet our objectives are the following:

(i) Expanding the geographical coverage

In order to increase its commercial footprint and get access to higher-value global clinical trial contracts, THERAMetrics intends to strengthen its presence both in the United States and in the Asia Pacific region.

(ii) Applying new innovative technologies

THERAMetrics is committed to applying evolving technologies in order to constantly achieve the highest levels of performance, efficiency and quality.

(iii) Evolving the business model

As an answer to the challenge the biopharmaceutical industry is facing, i.e. the need to reassess and make more efficient the investment model and to reach out for unexplored areas of development, THERAMetrics is offering its clients a novel risk-sharing business model, through a partnership like type of agreement.

Competitive Strengths

THERAMetrics is well positioned to lead the next wave of drug discovery and set new benchmarks in the sector through the combination of advanced bio-modeling and science.

We believe that we can successfully compete in the current market environment because of our ability to offer consultancy services for clinical and regulatory development programs as well as operational services to effectively conduct global Phase I --- IV programs, late phase, and Non-Interventional Studies ("**NIS**").

Thereby we benefit from the following key competitive strengths:

(i) ***HyperSuite MTP®,*** a web-based e-clinical trial platform, developed in alliance with CINECA, one of the major European supercomputing and IT centers. HyperSuite® is a competitive and secure system, 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 THERAMetrics to increase the quality and performance of clinical trials, while containing the costs and reducing time.

(ii) ***Our drug discovery bio-mathematical platform,*** which enables to repurpose existing compounds to other indications and allows 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.

(iii) **THERAMetrics' experienced team.** Our team consists of more than 250 professionals, whose background spans from life sciences and clinical research, pharmacy, biology, medicine and chemistry, to economy, statistics, informatics, engineering, and data management.

Business Fields

Clinical Research Organization activities

It has been 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 Contract Research Organization ("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 billions. 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.

THERAMetrics has recognized this growing trend and is partnering with many such companies to ensure their products and compounds are delivered to market in a timely, cost-effective and ethical manner. We have the experience and longevity of over 16 years excellent business practice to use intuition and insight to support the most efficient clinical trial process across either a local or global presence. Our hands-on expertise in the regulatory field ensures timely and rapid start-up of projects. We are constantly refining our structure, ensuring that we have the best qualified resources available in the most appropriate fields of specialties and locations.

THERAMetrics provides the complete portfolio of clinical research and scientific marketing services, plus e-clinical trial solutions, to the pharmaceutical, biotechnology, medical device and healthcare industries.

Pierrel Research International AG ("**PRINT**"), the holding company of our international subsidiaries, is headquartered in Thalwil, Switzerland, whilst the European and North American operational headquarters are located in Essen (Germany) and, respectively, Wayne (Philadelphia, USA).

THERAMetrics is capable of delivering and providing solutions in all the areas of clinical research; in addition it provides support on clinical development, regulatory requirements, and services vital to conduct and successfully deliver international Phase I-IV clinical trials, late and marketing phase, and non---interventional studies in today's extremely challenging marketplace.

Additionally to the above services, THERAMetrics also provides specific advice for the development of new drugs and their potential market.

We are offering the following services*:*

- Clinical trial: design, organization and execution of studies aimed at the development of pharmaceutical products (Phase I --- IV). This is the principal focus of our CRO activities, 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 appropriate 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 U.S., this body is called the Institutional Review Board (IRB).
- Scientific Consultancy.
- 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.
- Consultancy Support: assisting our Sponsors obtain marketing or regulatory approvals and authorizations for new drugs or devices.
- Protocol and Medical Writing: to support and assist our Sponsors with their individual requirements and demands for their clinical trial.
- Monitoring the market to identify opportunities to develop new drugs and expired patents.
- Our subsidiary Pierrel Research IMP s.r.l., which is based in Cantú near Milan, provides high quality Investigational Medicinal Product ("IMP") services for international clinical trials. These services include contract IMP manufacture (packaging, labeling, and certification by QP in accordance with Directive 2001/20 /EC), and IMP logistics tailored to meet the specific requirements of Phase I --- Phase IV clinical trials. Thereby, we take into account the products and procedures unique to each study, then employ our scientific, regulatory, operational and commercial resources to structure customized and integrated solutions to manufacture the IMP. These set of cross---functional activities allows us to support our customers, shorten timelines, reduce costs, and optimize IMP concepts for packaging, labeling and logistic strategies and solutions. Pierrel Research IMP s.r.l.'s production plant in Cantú is approved by the European Medical Agency ("EMA") and equipped for manufacturing, stability analysis, packaging, labeling, batch release and certification. In addition, Pierrel Research IMP s.r.l. provides efficient and secure warehousing and shipping of IMP with permanent temperature mapping available throughout Europe and North America including direct transport door-to-door using temperature---controlled and secure vans and qualified trained drivers.

In providing its services, we make use of HyperSuite® a proprietary system for the management of global clinical trials (see "Technology – HyperSuite Technology"). The combination of clinical and technological expertise allows our sponsors to find improved ways to conduct clinical research, and ultimately, to rapidly bring safe and effective new therapies and medical devices to the global marketplace.

Discovery activities

Discovery 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 translation of 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 rescue and repurposing* is emerging as one of these strategies.

Drug "rescue" 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 biomolecular interactions, on their pharmacology, formulation, dosing and potential toxicity. Because rescue 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 Food and Drug Administration ("**FDA**") and the European Medicines Agency ("**EMA**") and, if approved, their integration into healthcare.

In our discovery and drug rescue and repurposing activities, we make use of a unique bio---mathematical technology research platform, based upon a mathematical model developed by Mr. Ruggero Gramatica and for which we have an exclusive, perpetual license of exploitation. See "*Technology – the Bio-Mathematical Platform*").

Historically, our business approach focused on outlicensing its Medicinal Product Candidates ("**MPC**") – previously identified and validated since January 2011 through the aforementioned bio---mathematical platform --- at advanced pre-clinical and proof-of-concept stages and/or providing rescue and repurposing services to partner's existing pipelines.

Our current pipeline comprises the following 8 MPC's ready for licensing:

- DasKloster 1000---01 (Aviptadil) in Pulmonary Arterial Hypertension, at development phase clinical Proof of Concept/Phase II;
- DasKloster 0112---01 (Thymopentin) in Sarcoidosis, ready to enter clinical Phase II;
- DasKloster 1000---04 (Aviptadil) in Acute Respiratory Distress Syndrome / Acute Lung Injury, at start development for Phase II;
- DasKloster 0141---01 (Adrenomedullin) in Acute Respiratory Distress Syndrome/Acute Lung Injury, at start development for Phase II;
- DasKloster 1001---01 (Interferon gamma) in Idiopathic Pulmonary Fibrosis, at start development for Phase II;
- DasKloster 0210---01 (Melanotropin) in Chronic Beryllium Disease, at start development for Phase II;
- DasKloster 0014---01 (Peptide YY) in HBV---induced Hepatocellular Carcinoma, in preclinical phase;
- DasKloster 0249---01 (Gonadorelin) in Drug Resistant Tuberculosis, in preclinical phase.

Technology

Technology is at the heart of our business model. For the development and positioning of THERAMetrics into a global Tech Contract Research and Development Organization ("**TCRDO**") we rely on our technological platform, the key elements of which are (i) our bio--- mathematical platform and (ii) the HyperSuite® technology.

The Bio-Mathematical Platform

In today's world a huge amount of unstructured information exists which is extremely fragmented, contradictory and dispersed throughout hundreds of millions of documents; and this document base is ever-increasing. It is getting more and more difficult to make proficient use of such vast information and knowledge.

We have developed a particular methodology, focusing on the analysis of immuno-modulating substances naturally occurring in the human body, in order to identify promising candidates or to redirect existing compound towards other indications, for the development of medicinal products specifically targeted to the treatment of rare diseases.

This methodology uses a bio-mathematical technology platform, which is based upon a mathematical model developed by Mr. Ruggero Gramatica and for which THERAMetrics has an exclusive, perpetual license in the field of its current discovery activities. The mathematical model automatically builds a knowledge representation leveraging onto the syntactic structure of language.

An initial set of concepts is defined, and the model relies on sentences to draw the relations among them. The higher the number of new feeds is ingested the greater will be the number of concepts that the systems analyses and that is able to cross relate through weighted links.

Furthermore, exploitation of machine-learning and natural language processing ("**NLP**") techniques allows to detect new concepts and to seamlessly merge them in the overall picture

Basically the methodology unfolds the following way: *Knowledge* from literature is interpreted as a *network of concepts* (nodes) and relations among them (links). *Concepts* are well-defined as relevant *biological or medical entities* such as peptides, proteins, receptors, physiological pathways, biological processes, symptoms and diseases.

Exploiting the techniques of the mathematical theory of networks, *data-driven analyses* can be performed against the knowledge network to search for *emergent patterns*, highlighting or detecting unnoticed and indirect relations among concepts.

Specifically, we focus on matching the information on peptides and/or other biological processes with the patho-physiological signs and symptoms of the rare diseases. We use a different approach, defining links between concepts as words co-occurring within sentences in literature. In our platform in fact, each link is given a numeric measure of relevance (weight), depending on the syntactic structure of the sentence it is extracted from. As more and more papers are analyzed, links are added or their weight increased.

The platform is built on two pillars: the *searching* algorithms that access privileged qualified data sources for collecting all knowledge on human peptides and rare diseases, elaborate all relevant information, populate our database to feed the mathematical model for the second pillar, which is the matching process.

The *matching* algorithms link the gathered information on peptides, physiological pathways and resulting biological activities with the patho-physiological signs & symptoms of rare diseases, create a ranked list of peptide-disease matches generating the best possible medicinal product candidates.

In general, our knowledge representation is a graph, where concepts are the nodes and relations are the links. It is the most versatile mathematical tool to represent entities interrelated in a complex and multi-layered way and it has become a cornerstone in the theory of Complex Systems.

A number of mathematical techniques have been developed in the last decades to analyze its local and globally *emergent properties* which are of a complex system as a whole, which means that – by graphical representation – it is possible to automatically detect and highlight unexpected and indirect relations among concepts. Those relations are actually mathematically computed paths in the graph mimicking a "chain of reasoning" that provide scientists leads to further investigations.

The aim of the matching process is to identify the paths representing meaningful and statistically significant rationales to be worked on and validated by the biologist team.

HyperSuite Technology

In June 1998, as a CRO industry pioneer, PRINT started, together with CINECA, the co-development of HyperSuite®, an advanced, secure, and easy to use, fully internet based EDC system for the management of global clinical trials. From the outset the vision was to build a pure web---based system that didn't require any type of software to be downloaded and/or installed on the local users' PCs. No data would be stored at the users' end but simply on a secure centralized data server, located at CINECA server farm, our technological partner.

CINECA, which is a consortium institution, is the largest Italian computing center and also one of the most important worldwide. It operates in the technological transfer sector through high performance scientific computing, the management and development of networks and web based services, and the development of complex information systems for treating large amounts of data.

HyperSuite® itself is a proprietary system, developed and maintained by CINECA in cooperation with PRINT which has a worldwide exclusive license to use HyperSuite®. In 1999, the first version of HyperSuite® was released and used in the management of a multicenter, phase IV study in urology (BPH), involving 50 investigational sites and over 500 patients. As of today, HyperSuite® has been used in more than 350 clinical trials worldwide, involving around 12'000 Investigational Sites, distributed in 45 countries worldwide and recruiting in excess of 380'000 patients.

The use of HyperSuite® provides our clients with the following benefits:

- Time to Market
- The use of HyperSuite® streamlines the clinical development process, enabling users to compress the time associated with implementing clinical trials and entering, cleaning and analyzing data.
- Higher Quality and Visibility of Results
- HyperSuite® allows users to enhance the quality and completion of their data earlier in the process by providing real---time date cleaning and eliminating duplicative manual entry of data.
- Complete eClinical Trial Solution
- HyperSuite® includes fully integrated modules specifically designed for the management of drug supply, Serious Adverse Events' ("SAE") notification, Electronic Patient---Reported Outcomes ("ePRO"), study documents and SMS/fax communications with the investigators' team.
- Improved Investigator Acceptance
- HyperSuite® user interfaces have been designed to meet the needs of clinicians, with intuitive, consistent point---and---click navigation and a familiar clinical data entry approach. All modules and tools are deployed over the Internet and require no special skills to operate the system.
- Centralized Control of Global Trials
- HyperSuite® provides a single centralized and secure data repository that allows the project manager to maintain regular and real time oversight of each site activity.
- Multiple Trial Platform

A global library prepared according to Sponsor's specific requirements, is used to manage study elements. It speeds design of multiple studies through the reuse of previous studies or study components ranging from edit checks to entire forms and visit structures.

The HyperSuite® Multiple Trial Platform reduces time and costs required for start-up of a study, and promote both electronic Case Report Form ("**eCRF**") standards and consistency across multiple studies for the same sponsor.

Letter to the shareholders

Dear Shareholders:

THERAMetrics' 2013 Financial Year closed on 31 December 2013 with the Company having successfully completed the business combination of mondoBIOTECH's activities with the ones of Pierrel Research.

Let me recall the rationale for the merger: A shared vision of a new model of a tech-based Contract Research & Development Organization, that combining traditional and "*in-silico*" research with specialized clinical services would have been well positioned to intercept some of the most profitable and sustainable opportunities arising from the macro---economic shift experienced by the biopharma industry. The combined thus merged company will rely on the CRO sustainable business with recurring revenues, a business which is a well---established not only in Europe, but also overseas, and on the Search&Match drug discovery platform capabilities.

Whilst from an administrative point of view, the integration process has to be considered completed, merging into a newly defined business model, two companies with different backgrounds and different cultures, is an ongoing process, that started in 2013 and will continue into 2014 and beyond. The road to successfully complete the integration of the two business entities has not been and will not be easy, but in THERAMetrics we are confident that the enthusiasm and the commitment that each single employee is devoting to this common goal, will soon result in market recognition and award.

THERAMetrics CRO arm has more than 20 years' experience in providing drug development services to the pharmaceutical, biotechnology, and medical device industries, as well as full IMP services. Approximately 300 clinical staff is strategically located in over 16 offices worldwide, enabling a high level of local expertise to be applied to global clinical trials of all sizes. The business is under ongoing review to effectively managing resources and investments, so to fit into the THERAMetrics new business paradigm. We have been, and we still are, selectively cutting costs and redundancies while acquiring competencies in areas of identified need.

In what we, at THERAMetrics, refer to as "in-silico" research, we have extensively upgraded the Search&Match platform into DRR 2.0, our proprietary innovative Drug Repurposing and Repositioning platform, capable of delivering significant progress on the research for pharmaceutical molecules and disease indications.

DRR 2.0 is a highly effective instrument for searching biological or chemical compounds and exploring all the fundamental biological entities participating in the rationale of mechanisms of actions or biological pathways. It elaborates and analyzes more than 22,6 million scientific publications, constituting almost the entire currently accessible, peer-reviewed biomedical literature; from this vast body of globally dispersed, and extremely fragmented information, we are able to investigate a very large spectrum of relevant drugs and diseases – specifically, more than 4900 drugs and 9400 diseases.

THERAMetrics' DRR 2.0 service has been presented on 8 April 2014 during the Swiss Biotech Day, the leading biotechnology conference in Zürich, Switzerland and is currently being offered to the pharmaceutical industry, clinical research organizations, patient associations and research centers.

As for the company's intellectual property portfolio, THERAMetrics has signed Confidentiality Agreements for the exchange of confidential project information with 28 different companies in Europe, USA, and Asia (with the first term sheet negotiation ongoing); 8 additional agreements in the same geographic regions are in mutual execution progress and we are starting to actively approach Latin America's countries. The projects of interest comprise acute and chronic respiratory pediatric and adult indications, infectious diseases, and hyperproliferative diseases. We anticipate closing the first business deals in the course of the current year. The business model accepted by companies entering the evaluation phase involves funding phase III development in exchange for commercial rights in their respective territories post-approval

At the same time, we have expanded in Japan the patent protection coverage for 11 of the Company's medicinal product candidates that previously were granted in the USA and in Europe, due to the more rapid examination processes there

We are working restlessly to secure adequate financial and human resources to implement the company expansion plans, confident in our existing shareholders support in this respect, we look forward to share with them the small and big accomplishments we expect to achieve in the near future.

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

Operating and financial review

Global overview

THERAMetrics generated revenues of EUR 16.9 million in the year ended 31 December 2013. The operating expenses added up to EUR 24.7 million for the same period, 47% of which was derived from cost of services and, 41% from personnel expenses. The operating expenses in 2012 amounted to EUR 28.1 million, thus showing a decrease of 6%

The net loss amounted to EUR 10.0 million (2012: EUR 1.2 million) representing a basic and diluted loss per share of EUR 0.058 (2012: EUR 0.016).

The Business combination

On 24 January 2013, the Company entered into an 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, a clinical research company, by way of contribution in kind of the Contributed PRINT Shares for 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 a capital increase of PRINT (see hereinafter, *"the PRINT Capital Increase"*), Fin Posillipo S.p.A. Naples, Italy ("**Fin Posillipo S.p.A.**") acceded to the Transaction Agreement as an additional party together with Pierrel S.p.A., in its quality as the second, new shareholder of PRINT. Upon consummation of the Combination, Pierrel Research International AG became a direct wholly owned subsidiary of the Company.

In connection with the Combination, the Company's shareholder BIOPHARMAinvest AG, Vaduz, Liechtenstein ("**BIOPHARMAinvest AG**") was issued the Loan Conversion Shares against set-off with a convertible loan granted by the BIOPHARMAinvest AG to the Company on 11 November 2011.

The PRINT capital increase

Prior to the Combination, Pierrel Research International AG issued 213'549 new registered shares through an ordinary capital increase which was entirely subscribed by new investor, Fin Posillipo S.p.A., against payment of EUR 5'250'000 in cash.

The THERAMetrics capital increase

On 10 December 2013, the Company announced its intention to execute a capital increase out of the existing authorized share capital, which should occur as a private placement to selected investors, by issuing up to 70 million new listed registered shares with a nominal value of CHF 0.01 each. The issue price would be CHF 0.11 per share. The capital increase had to be executed and the new registered shares listed and issued until 31 March 2014. In this respect, Fin Posillipo S.p.A, one of the Company's main shareholders confirmed its participation in the capital increase and subscribed 30 million new registered shares. This was the original plan.

In the meantime the plan has been changed: on 31 March 2014, THERAMetrics holding AG announced the preliminary outcome of its private placement and the extension and modification of its capital increase. Instead of the foregoing, THERAMetrics holding AG will propose to its shareholders at the annual general meeting of 18 June 2014 an ordinary capital increase, at same conditions as the announced private placement but with an increased maximum amount of up to 200'000'000 shares and preservation of all existing shareholders' subscription rights, whereby the Board of Directors shall decide on the allocation of not exercised subscription rights. Fin Posillipo S.p.A has already confirmed its intention to participate in the ordinary capital increase and committed to subscribe for at least 70'000'000 new registered shares.

Cash reserves and strategic priorities

As at 31 December 2013, the THERAMetrics disposes of EUR 773'000 of cash and cash equivalents. The liquidity needs for 2014 estimated by the management, amount to approximately EUR 8.2 million. Such liquidity needs includes also the overdue invoices existing at year end 2013 and are fully covered by the cash injections by Fin Posillipo SpA

The Business plan, as approved by the Board of Directors on 8 January 2014, foresees that the activities of THERAMetrics will be focalized on its core business and in particular on:

- delivering clinical research services to the biopharmaceutical industry
- expanding the capabilities and the fields of application of its technology platform DRR2.0 based on the "Search&Match" methodology;
- finding partners to develop its core Medicinal Product Candidates through licensing or sale agreements;
- trying to vertically integrate its offering to licensing partners, by adding advanced CRO services as part of the licensing agreement.

Management is also confident to be able to maintain the Company's and Group's liquidity at satisfactory levels and to continue its operations as currently conducted, by finding additional financial resources for the coming years either through new capital increase rounds, or by pursuing appropriate corporate transactions, or through a combination of these two strategies.

For these reasons, management and the Board of Directors believe it appropriate to disclose these financial statements on a going concern basis.

Results of operations 2013 Revenues

The Company has generated revenues of EUR 16.9 million in 2013, down from EUR 28.9 million in 2012.

Costs for service

Cost for service, net from pass through cost, decreased from EUR 12.7 million in 2012 to EUR 11.6 million.

Personnel expense

Personnel expense was EUR 10 million in 2013, decreased from the EUR 11.8 million of 2012.

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.

Group structure and shareholders Listed company

Company Name	THERAMetrics holding AG
Domicile	Mürgstrasse 18, CH – 6370 Stans
Register number	CHE-113.516.874
Listing	SIX Swiss Exchange, symbol 'TMX'
ISIN[1]	CH 0100191136
Swiss security ID	10191073
Market capitalization 31 December 2013	CHF39'934'464
Share price at 31 December 2013	CHF 0.10
Duration of the company	Unlimited

[1] Up to 19 September 2011, only the Common Shares, but not the Voting Right Shares (as defined below in this Annual Report were listed at the SIX Swiss Exchange. On 14 September 2011, the extraordinary shareholders' meeting of the Company resolved to create a single share type through the abolishment of the privileged voting rights given to the shares with a par value of CHF 0.01 each (Voting Right Shares) and the splitting of the existing registered shares with a par value of CHF 0.10 (Common Shares) in a ratio of 1:10 and approved certain amendments of the articles of incorporation in connection with the creation of a single share type. Since 19 September 2011 all shares of the Company are listed and traded at the SIX Swiss Exchange.

Unlisted companies

The table below shows the unlisted companies which belong to the THERAMetrics holding AG's scope of consolidation as of 31 December 2013:

Company	**Domicile**	**Share Capital**	**Ownership in %**
THERAMetrics Discovery AG	Stans(CH)	CHF 338'364	100
THERAMetrics laboratories AG	Vaduz (LI)	CHF 50'000	100
www.mondoBIOTECH.com, Inc.	Palo Alto (USA)	USD 10	100
Pierrel Research International AG	Thalwil (CH)	CHF 974'123	100
Pierrel Research Hungary Kft	Budapest (Hungary)	EUR 46'000	100
Pierrel Research Europe GmbH	Essen (Germany)	EUR 26'000	100
Pierrel Research Italy S.p.A.	Sesto San Giovanni, Milan (Italy)	EUR 1'000'000	100
Pierrel Research IMP Srl	Cantù, Como (Italy)	EUR 236'600	100
Pierrel Research USA Inc.	Wayne, Philadelphia (USA)	USD -	100
Pierrel Research Romania S.r.l.	Timisoara (Romania)	RON 15'130	70
Pierrel Research HP RO S.r.l.	Timisoara (Romania)	RON 600	70
Pierrel Research Balkan D.O.O.	Lokve (Serbia)	SERBIAN DINAR 41'640	70
Pierrel Research Poland Sp.z.o.o.	Lodz (Poland)	ZLOTY 50'000	100
Pierrel Research Bulgaria EOOD	Sofia (Bulgaria)	LEV 5'000	100
Pierrel Research UK Ltd.	Farnham (United Kingdom)	GBP 100	100
U.A.B. Pierrel Research Baltic States	Vilnius (Lithuania)	LITAS 10'000	90
IFE Russia O.O.O.	Saint-Petersburg (Russia)	RUBLE 15'000	99

Significant shareholders

The table below shows those shareholders or groups of shareholders who, according to information available to the Company, hold more than 3% of the share capital and voting rights (whether exercisable or not) as of 31 December 2013:

Purchase Position:

	oting rights conferred by Shares/equity security[1]		ing rights at time of notification	
Shareholders	**N. shares**	**Percentage**	**N. shares**	**Percentage**
Pierrel SpA. Capua (CE), Italy	232'045'803	58.11%	232'045'803	58.11%
Fin Posillipo SpA[3], Naples, Italy	72'406'405	18.13%	72'406'405	18.13%
Shareholders' Group[4] consisting of BIOPHARMAinvest AG (direct holder of shares)[5], Stiftung PMSERV (as controlling shareholder of the entity)[6] and Prinz Michael von und zu Liechtenstein (controlling the two above entities)[7]	18'634'338	4.67%	18'634'638	4.67%
Other shareholders	76'258'089	19.10%	76'257'789	19.10%
Total	**399'344'635**	**100%**	**399'344'635**	**100%**

[1] As of 31 December 2013, the Company's issued share capital registered in the relevant commercial register consists of 396'557'525 registered shares with a nominal value of CHF 0.01 each. The difference between the share capital registered in the commercial register (396'557'525) and the number of shares resulting from the table above (399'344'635) is due to the exercise of stock options by members of the board of directors and of the management of the Company in 2013 which shares have been issued out of the Company's conditional capital. The Board of Directors will amend the articles of association accordingly in the second half of 2014.

[3] Fin Posillipo S.p.A. is wholly owned by the Petrone family: Raffaele Petrone, Pierluigi Petrone, Massimo Petrone, Carmine Petrone and Fernanda Parisi.

[4] BIOPHARMAinvest AKTIENGESELLSCHAFT is controlled by Stiftung PMSERV. Prinz Michael von und zu Liechtenstein through his board memberships in BIOPHARMAinvest AKTIENGESELLSCHAFT and Stiftung PMSERV, indirectly controls the group members. Representative of the shareholders' group (*Gruppenvertreter*) is Prinz Michael von und zu Liechtenstein, Vaduz, Liechtenstein.

[5] c/o INDUSTRIE--- UND FINANZKONTOR ETABLISSEMENT, Herrengasse 21, FL --- 9490 Vaduz, Liechtenstein. All of the shares of BIOPHARMAinvest AKTIENGESELLSCHAFT are held by Stiftung PMSERV, except for 4.46% of the shares which are held by Fabio Cavalli, Beckenried, Vera Cavalli, Muzzano, and Patrick Pozzorini, Comano. As Fabio Cavalli, Vera Cavalli and Patrick Pozzorini only hold a minority stake of 4.46% in BIOPHARMAinvest AKTIENGESELLSCHAFT, all the Shares held by BIOPHARMAinvest AKTIENGESELLSCHAFT are for disclosure purposes attributed to the shareholder's group consisting of BIOPHARMAinvest AKTIENGESELLSCHAFT, Stiftung PMSERV and Prinz Michael von und zu Liechtenstein. See footnote 3.

[6] c/o INDUSTRIE--- UND FINANZKONTOR ETABLISSEMENT, Herrengasse 21, FL --- 9490 Vaduz, Liechtenstein. Stiftung PMSERV, a foundation (*Stiftung*) organised under the laws of Liechtenstein, is the direct controlling shareholder of BIOPHARMAinvest AKTIENGESELLSCHAFT. See footnote 3. The principal beneficiary (*Begünstigter*) of Stiftung PMSERV is Stiftung Prinz Michael, Vaduz, Liechtenstein, whose current beneficiaries are the spouse and existing and future direct and indirect descendants of Prinz Michael von und zu Liechtenstein. Currently, none of the beneficiaries of Stiftung PMSERV and Stiftung Prinz Michael, respectively, is a member of the board (*Stiftungsrat*) of Stiftung PMSERV and Stiftung Prinz Michael, respectively, and none of them has a right to issue instructions to, or to compel a distribution from Stiftung PMSERV and Stiftung Prinz Michael, respectively. Currently, Prinz Michael von und zu Liechtenstein is neither a beneficiary of Stiftung PMSERV nor of Prinz Michael Stiftung.

[7] Vaduz, Liechtenstein. See footnotes 3, 4 and 5.

As of 31 December 2013, 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 2013 financial year can be viewed on the SIX Swiss Exchange disclosure platform at http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

Capital structure Share capital

As of 31 December 2013, the issued share capital of the Company amounted to CHF 3'993'446, consisting of 399'344'635 fully paid-in registered 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 2013, the Company had an authorized but not yet issued nominal capital of CHF 1'200'000, consisting of 120'000'000 registered shares with a par value of CHF 0.01 each that the Board of Directors is authorized to issue at any time until 19 June 2015.

Conditional share capital

As of 31 December 2013, the Company had a conditional share capital of CHF 240'536.21, consisting of 24'053'621 registered shares with a par value of CHF 0.01 each, of which CHF 93'954.91 (consisting of 9'359'491 registered shares with a par value of CHF 0.01 each) is to be used for share options for employees, members of the Board of Directors and consultants and CHF 146'941.30 (consisting of 14'694'130 registered shares with a par value of CHF 0.01 each) is to be used for the exercise of conversion option rights granted in connection with bonds, notes or similar debt instruments issued by the Company.

A stock option plan for directors and employees has been established 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 article 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. In 2013 no options have been granted to various directors and employees.

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 become exercisable.

The current stock option plan is still valid and the number of outstanding and vested but not yet exercised options as per 31 December 2013 is 1'749'286. The following table reconciles the share options outstanding at the beginning and end of the year:

	2013	2012
At beginning of the year	**10.593.037**	**-**
Granted	-	12.315.978
Forfeited	(1.014.040)	(912.144)
Exercised	(7.829.711)	(810.797)
At end of the year	**1.749.286**	**10.593.037**

As of 31 December 2013, the following directors and managers have exercised a part of the options granted (100% vested as of 31 December 2013):

- 15 January 2013: Mr. Paolo Barbieri exercised 1'012'948 options;
- 28 February 2013: Mr. Michael Alan Keller exercised 253'374 options;
- 6 March 2013: Mr. Robert Edward Patterson exercised 253'374 options;
- 4 April 2013: Mr. Dorian Bevec exercised 738'100 options;
- 31 May 2013: Mr. Dorian Bevec exercised 275'394 options;
- 20 August 2013: Mr. Ruggero Gramatica exercised 2'026'988 options;
- 28 August 2013: Mr. Massimo Barbiani exercised 241'212 options;
- 28 August 2013: Mr. Stefano Giorgetti exercised 241'212 options;
- 2 October 2013: Mr. Ruggero Gramatica exercised 2'026'988 options;
- 14 December 2013: Mr. Michael Alan Keller exercised 506'748 options;
- 19 December 2013: Mr. Robert Edward Patterson exercised 253'374 options.

For details with regard to terms and conditions of potential issues under the Company's authorized and conditional share capital, see section 3a and 3b of the Articles, which can be downloaded from http://www.theramatrics.com/investor/corporate- governance/articles-incorporation-eng.

Options

As a part of the round of fundraising closed on 17 February 2010 (see section '**Changes in the share capital**' of this Annual Report), holders of subscription rights who had exercised their rights were given the possibility to purchase a call option entitling to subscribe for an option share at a price of CHF 15.00 at any time during a 3 year exercise period ending on 22 February 2013. Holders of subscription rights purchased a total of 11'141 call options. None of the call options were exercised until 31 December 20113 and are still outstanding. If executed, the conditional share capital will be consequently reduced by CHF 1'114.10.

The terms of options have been amended on 19 September 2011, are published in the Company's website and can be downloaded from http://www.mondobiotech.com/media/investorrelations/keyinformation/2011.

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 until 31 December 20132 and are still out-standing. If both warrants are exercised, the Company will issue new shares out of the conditional share capital which will consequently be reduced by up to CHF 14'000.00 and the share capital increased accordingly.

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.

The total issued share capital of THERAMetrics holding AG registered in the relevant commercial register as of 31 December 2013 is CHF 3'965'575.25, with 396'557'525 registered shares with a nominal value of CHF 0.01 each.

Changes in the share capital between 1 January 2013 and 31 December 2013 are disclosed in note 5 of the Statutory Financial Statements.

Shares, participation and profit sharing certificate

Up to 14 September 2011, the Company had two classes of share issued: 1’436’560 Common Shares and 52’901’560 Voting Right Shares. Only the Common Shares, but not the Voting Right Shares, are listed and traded at the SIX Swiss Exchange. Each Share carries one vote and is entitled to dividends if the shareholders’ meeting resolves in favor of a dividend payment. As a consequence of the reverse split performed on 10 June 2009, the Common Shares have a nominal value that is ten times larger than that of the Voting Right Shares. As each Share carries one vote regardless of its nominal value, the voting power of the Voting Right Shares is ten times larger than that of the Common Shares. Voting rights may be exercised only after a shareholder has been registered in the share register as a shareholder with voting rights.

On 14 September 2011, the extraordinary shareholders' meeting of the Company has resolved to create a single share type through the abolishment of the privileged voting rights given to the shares with a par value of CHF 0.01 each (Voting Right Shares) and the splitting of the existing registered shares with a par value of CHF 0.10 (Common Shares) in a ratio of 1:10 and approved certain amendments of the articles of incorporation in connection with the creation of a single share type. Since 19 September 2011 are all shares of the Company listed at the SIX Swiss Exchange first under the ticker symbol RARE and since 25 July 2013 under the ticket TMX, with ISIN CH 0100191136.

The Shares are issued as uncertificated securities (*Wertrechte*) and registered as intermediated securities (*Bucheffekten*) in the main register (*Hauptregister*) with SIX SIS AG. The Company has reserved the right to withdraw shares issued as intermediated securities from the respective custodian system in its Articles. A shareholder has no right to request the printing and delivery of certificates or the conversion of the shares into another form. The Company may, however, at any time print and deliver certificates (individual share certificates, certificates or global certificates) or convert the shares into another form and cancel issued certificates (if any). Shareholders registered in the Company’s share register may at any time request from the Company proof of his or her shareholding.

Dividend-right certificates

The Company has not issued any non-voting equity security, such as participation certificates (*Partizipationsscheine*) or profit sharing certificates (*Genussscheine*).

Limitations on transferability and nominee registrations

In principle, the Shares are freely transferable. There is no percentage limitation, and consequently, the Company does not grant any exception. Pursuant to the Articles, 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, 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 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 2013.

Convertible loan

On 11 November 2011, the Company had been granted a subordinated and unsecured loan facility, for a total amount of CHF 2.5 million, by its former largest shareholder, BIOPHARMAinvest AG (“BPI”). The loan agreement allowed the Company to access the facility as a credit line and the borrower to convert the loan into shares of the Company. Such loan facility has been entirely drawn down in 2012. The lender had the right to call the conversion at any time at an average share price of the 60 previous trading days upon conversion notice. On 25 January 2013 the lender announced its intention to execute its right to convert the convertible bond into ordinary shares in 2013 and on 13 September 2013 the convertible loan granted by BPI was converted into nominal share capital. The conversion had been performed through the allocation of 17’384’338 THERAMetrics shares.

Board of Directors

Membership and permanent committee membership

In 2013 the Board of Directors of the Company has consisted of the following members (alternatively, the "**Directors**"):
Board of Directors up to the 2013 annual general meeting (AGM) held on 20 June 2013:

Name	Joined the Board of Directors in	Position	Board Committees AFC	NCC
Robert Edward Patterson	2010	Chairman	X	X
Prof. Michael Alan Keller	2008	Vice---Chairman	X	X
Ruggero Gramatica	2010	Member		
Vincenzo Romano	2011	Member		

Board of Directors after 2013 AGM held on 20 June 2013:

Name	Joined the Board of Directors in	Position	Board Committees AFC	NCC
Raffaele Petrone	2013	Chairman	X	X
Michael Alan Keller	2008	Vice-Chairman		X
Robert Edward Patterson	2010	Member	X	
Filippo Celio	2013	Member	X	
Franco Merckling*	2013	Member		
(Ruggero Gramatica) **				

* Franco Merckling has been appointed as member of the Board of Directors at the extraordinary general meeting of 12 December 2013.
** Ruggero Gramatica has been canceled as member of the Board of Directors, following his resignation with effect as of the end of September 2013.

Director's education and professional background

Raffaele Petrone is Italian national, born in 1965, has been Chairman of the Board of Directors of the Company since 20 June 2013. Furthermore, as from 1 October 2013, Mr. Petrone is acting as new CEO following the resignation of Mr. Ruggero Gramatica. 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. Raffaele 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 main manufacturers of local anaesthetics for dental use, vials and tubo vials. Mr. Raffaele 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 Alan Keller is Stanford University's Librarian and Vice Chairman of the Board of Directors from 3 May 2012. Prof. Michael Alan Keller earned a bachelor of arts in biology and music from Hamilton College and master degrees from the New York State University in musicology and library science. He is Stanford University's librarian, director of Academic Information Resources, founder and publisher of High Wire Press, publisher of Stanford University Press and has led libraries at Cornell, Berkeley and Yale. Michael 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. Michael Keller's board service includes Research Data and Information of the National Research Council of the National Academy of Sciences USA, Hamilton College, Long Now Foundation, Bibliotheca Alexandrina and National Institute for Informatics of Japan. Michael Keller is an a.b.d. in musicology from New York State University. He was senior lecturer in musicology at Cornell and at Stanford. He is a guest professor at the Chinese Academy of Sciences, Senior Presidential Fellow of the Council on Library and Information Resources, advisor and consultant to numerous colleges, universities, foundations, scientific and scholarly societies, for the city of Ferrara, Italy, Newsweek magazine, the National Library of China, the National Digital Library of Bahrain, the British Library, and the King Abdullah University of Science and Technology. He was a founder and then president of the Digital Library Federation. Michael Keller is a Siemens Stiftung 2008 Lecturer, Distinguished Senior Presidential Fellow of the Council on Library and Information Resources and fellow of the American Association for the Advancement of Science. He also elected in 2010 to be a lifetime fellow of the American Academy of Arts and Sciences. Michael Keller is a US citizen. He was born in 1945.

Robert Edward Patterson is the member of the Board of Directors. He earned a Bachelor of Arts degree in physics from the University of California at Los Angeles and a Juris Doctor at the Stanford University School of Law. In addition, Robert E. 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. For 35 years he practiced law with Quire, Sanders & Dempsey, a large international law firm specialized in high technology venture investing and international business of all types. He was the Inaugural Fellow of the Center for Private Equity and Entrepreneurship at the Tuck School of Business at Dartmouth College. Robert E. Patterson served as a board member of numerous biotechnology and pharmaceutical corporations, including Sequenom (NASDAQ), Synzyme Technologies LLC, Procyte Corporation (NASDAQ), Medical Research Inc., MARC Analysis Research Corporation and InPro Biotechnology Inc. He was a founding partner of Peninsula Ventures, and President of its predecessor U.S. venture fund, Thompson Clive Inc., investing in biotechnology companies and other businesses. Current board directorships include, among others, Proxio, Inc, a Silicon Valley based social company and Sumida Corporation (Tokyo Stock Exchange---Tier One). In addition, he is also trustee of the California State Foundation and a trustee of the Stanford library and Academic Information Resources. He is a U.S. citizen and was born in 1942.

Filippo Celio is Swiss national, born in 1966. Mr. Filippo Celio has been a member of the Board of Directors of the Company since 20 June 2013. Mr. Filippo Celio, who is a Swiss qualified attorney at law and a Ticino notary public, obtained his law degree and a Master of Laws in international commercial law from the University of Zurich. After experiences in various law firms, including one of the major Swiss commercial law firms, Mr. Filippo Celio has been working with PricewaterhouseCoopers, Lugano, first as Manager/Senior Manager and head of the legal department, and thereafter as Director and head of the tax and legal department. Currently, Mr. Filippo Celio is partner with Celio Cavadini & Partners, Lugano, a legal and management service provider of which he is co-founder.

Franco Merckling is Swiss citizen born in 1961. In 1992, he earned a PhD degree in Chemistry at the University of Zürich. Then, beginning in 1993 and continuing thereafter he has been gaining extensive in-depth knowledge and experience while working in the biopharmaceutical industry, where he has held management positions in various renowned companies, both in Switzerland and, since 2005, abroad.

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

Changes to the Board of Directors

Following changes occurred in 2013 (based on the registration in the public Register of Commerce):

- On 20 June 2013 Mr. Romano Vincenzo has been canceled as member of the Board of Directors;
- On 20 June 2013 Mr. Raffaele Petrone has been nominated as Chairman and Mr. Filippo Celio as member of the Board of Directors;
- On 12 December 2013 Mr. Ruggero Gramatica has been canceled as member of the Board of Directors;
- On 12 December 2013 Mr. Franco Merckling has been nominated as member of the Board of Directors.

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 (the "**Board 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"): up to 20 June 2013 the AFC consisted of the Chairman, Robert Edward Patterson and the Vice Chairman, Michael Alan Keller. After 20 June 2013 the AFS consists of the Chairman Raffaele Petrone and the two members of the Board of Directors Robert Edward Patterson and Filippo Celio. 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.

Nomination and Compensation Committee ("NCC"): up to 20 June 2013 the NCC consisted of the Chairman, Robert Edward Patterson and the Vice Chairman, Michael Alan Keller. After 20 June 2013 the NCC consists of the Chairman Raffaele Petrone and the member of the Board of Directors Michael Alan Keller. 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 careful governance that management and directors of the board implemented as ordinary business conduct a dozen of meetings were held in 2013. Meetings related to progress updates, financial decisions and corporate governance tasks.

The AFC met several times in 2013 to discuss the results of the audit of the financial statements 2012 (presented to the 2013 annual general meeting) and to discuss the half-year results and audit plan with the external auditors. The NCC met once during 2013 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 (the "**CEO**") 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.

Due to its size, the Company does not have an internal audit function.

Executive Committee

The Executive Committee currently comprises three officers as per 31 December 2013. 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

Ruggero Gramatica Chief Executive Officer (CEO) from 1 January to 30 September 2013.

Raffaele Petrone; Chief Executive Officer (CEO) since 1 October 2013.

Roberto Tenze, Chief Financial Officer (CFO), since 21 October 2013.

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

Other activities and vested interests

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.

Compensation, Shareholdings and Loans Content and method of determining compensation

The members of the Board of Directors receive a fix compensation set by the Board of Directors upon proposal by the Nomination and Compensation Committee ("NCC"). In addition, the Chairman and CEO as well as certain other directors render additional services beyond the normal scope of their office based on separate arrangements. The compensation of the members of the Board of Directors is determined based on discretionary economic considerations.

Some directors of the Company serve or served on the Board of Directors of certain subsidiaries. The disclosure of the compensation takes in consideration also the compensation for serving on the Board of Directors of those entities, as well as the compensations of persons serving on the board of directors of subsidiaries but not serving on the Board of Directors of the Company, and includes all forms of consideration given by the Company or on behalf of the Company in exchange for services rendered by the directors.

The compensation of the members of the Executive Committee includes all forms of consideration given by the Company or on behalf of the Company in exchange for services rendered by the executives and is determined based on subjective economic considerations.

Compensation of the Board of Directors

The compensation is presented in note 7 to the local statutory financial statements.

Compensation of the Executive Committee

The compensation is presented in note 7 to the local statutory financial statements.

Transactions with Directors and members of the Executive Committee

Transactions with Directors, members of the Executive Committee or parties closely linked to them, if any, are made at arm's length. No loans or credits were granted to any Director or member of the Executive Committee prior to 31 December 2013. For additional information on transactions with Directors and members of the Executive Committee or parties closely linked to them, see note 30 "Related parties" in the consolidated financial statements of the Company of this Annual Report.

Share ownership

At 31 December 2013, the members of the Board of Directors and Executive Committee hold the following common shares and options (100% vested at year end):

	Shares		Options	
	2013	2012	2013	2012
Mr. Raffaele Petrone	-	-	-	-
Mr. Robert Patterson	720'122	253'374	253'374	760'120
Prof. Michael Alan Keller	1'013'626	253'604	-	760'120
Mr. Filippo Celio	-	-	-	-
Mr. Franco Merckling	-	-	-	-
Mr. Dorian Bevec	600'000		1'013'494	2'026'988
Mr. Ruggero Gramatica	-	79'420	-	4'053'975
Mr. Paolo Barbieri	-	-	-	2'026'988
TOTAL	**2'333'748**	**586'398**	**1'266'868**	**9'628'191**

Employee participation programs

In 2011 the Board of Directors approved an Equity Award Program ("EAP"), implemented as from the beginning of 2012, for selected employees, directors, officer and/or advisors. The EAP provides the opportunity to obtain stock options in the Company's shares, to be made available from the existing conditional share capital of the Company.

The general regulation of the EAP provides that:

- The options shall be granted free of charge;
- Each one option entitles to purchase one share of the Company;
- The exercise price for the option shall be equal to the par value of each share of the Company (CHF 0.01);
- The options shall be vested in 4 tranches according to the following general schedule: 25% immediately or 0.5 year after grant
- 25% 1 or 1.5 years after grant 25% 2 or 2.5 years after grant 25% 3 or 3.5 years after grant
- The unvested options will vest immediately if there is a change in control of the Company;
- The options may be exercised for a period of 5 years after lapse of the respective vesting period;
- During the vesting periods, the option cannot be exercised and can be lost without compensation upon occurrence of certain circum-stances as specified in the regulation of the EAP;
- The Board of Directors has determined a close period until 9 August 2012;
- The options cannot be sold, transferred, give, assigned, pledge or otherwise encumbered or divested of whether voluntarily or by operation of law, except by will or by provisions of inheritance law.

On 13 September 2013 the Reverse acquisition implemented between the Company and Pierrel Research International AG 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.

Transparency of compensation for shareholdings of and loans to issuers domiciled abroad

Not applicable, as the Company is domiciled in Switzerland.

Events occurred after the reporting period

See note 36 to the consolidated financial statements.

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 Duty to make an offer

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 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.

Auditors

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

PricewaterhouseCoopers AG, Basel, assumed the auditing engagement since incorporation of the Company in 2007. PricewaterhouseCoopers has been replaced by Ernst & Young AG, Basel on 20 June 2013. The shareholders’ meeting elects the Company’s auditors for a term of office of one year. The auditor in charge is Mr. Jürg Zürcher who assumed his responsibility on 20 June 2013.

Auditing fees and additional fees

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).

Pricewaterhouse Coopers charged CHF 140’500 in 2012, thereof CHF 103’500 for audit services, CHF 35’500 for audit-related services and CHF 1’500 for other services. However, those fees related only to the former mondoBIOTECH group.

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 http://www.therametrics.com/investor.

For contact details, see the last side of this Annual Report. Events are regularly updated on http://www.therametrics.com

THERAMetrics holding AG

Consolidated Financial Statements

for the year ended 31 December 2013

Consolidated balance sheet (in TEUR)

TEUR	Notes	31 December 2013	31 December 2012	1 January 2012
ASSETS				
Property, plant and equipment	6	687	2'715	2'981
Goodwill	7	24'551	13'682	13'682
Intangible assets	8	2'202	2'935	4'157
Loans and other non-current assets		45	101	136
Deferred tax assets	25.4	55	251	324
Non-current assets		**27'540**	**19'684**	**21'280**
Inventories		37	75	51
Work in progress	10	2'150	3'273	4'319
Trade receivables	11	3'491	6'965	7'658
Tax receivables	25.3	553	480	533
Other financial assets		21	-	-
Other current assets and other receivables	12	819	1'284	1'490
Cash and cash equivalents	13	773	699	462
		7'844	**12'776**	**14'513**
Non-current assets held for sale	14	2'136	-	-
Current assets		**9'980**	**12'776**	**14'513**
Total assets		**37'520**	**32'460**	**35'793**
EQUITY AND LIABILITIES				
Share capital	15	3'242	578	571
Reserves	16	14'227	(97)	(108)
Accumulated (losses)/gains		(1'023)	8'808	9'805
Equity attributable to owners of the Parent Company		**16'446**	**9'289**	**10'268**
Non-controlling interests		**375**	**535**	**604**
Total equity		**16'821**	**9'824**	**10'872**
Non-current borrowing	17	2'636	1'125	1'891
Defined benefit obligation	20	1'098	929	1'068
Deferred tax liabilities	25.4	669	1'233	2'138
Other non-current liabilities		49	-	-
Non-current liabilities		**4'452**	**3'287**	**5'097**
Trade payables		6'183	8'478	6'346
Current borrowings	17	4'262	5'163	5'658
Other financial liabilities	18	46	144	211
Tax payables	25.3	503	865	1'207
Other current payables and liabilities	19	4'169	4'699	6'402
		15'163	19'349	19'824
Liabilities directly associated with non-current assets held for sale	14	1'084	-	-
Current liabilities		**16'247**	**19'349**	**19'824**
Total equity and liabilities		**37'520**	**32'460**	**35'793**

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

Consolidated statement of comprehensive income (in TEUR)

	Notes	2013	2012 Restated
CONTINUING OPERATIONS			
Revenues	21	16'903	28'933
Material cost	22	(318)	(609)
Costs for services	23	(11'625)	(12'709)
Leasing expense	31	(933)	(1'287)
Personnel expense		(9'976)	(11'846)
Other operating expense		(1'801)	(1'807)
EBITDA		**(7'750)**	**675**
Amortisation and depreciation expense	6/7	(1'612)	(1'598)
Operating result		**(9'362)**	**(923)**
Finance income	24	249	9
Finance expense	24	(1'035)	(716)
Result before income taxes		**(10'148)**	**(1'630)**
Income taxes	25.1	177	485
Result for the period		**(9'971)**	**(1'145)**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
Remeasurement of defined benefit obligation		(140)	86
Total items that will not be reclassified subsequently to profit or loss		**(140)**	**86**
Currency translation differences		130	(49)
Profit/(loss) on cash flow hedges		43	60
Total items that may be reclassified subsequently to profit or loss		**173**	**11**
Total other comprehensive income for the year, net of income tax		**33**	**97**
Total comprehensive income for the period		**(9'938)**	**(1'048)**
Result attributable to:			
Owners of the Parent Company		(9'932)	(1'076)
Non-controlling interests		(39)	(69)
		(9'971)	**(1'145)**
Total comprehensive income attributable to:			
Owners of the Parent Company		(9'899)	(979)
Non-controlling interests		(39)	(69)
		(9'938)	**(1'048)**
Basic and diluted earnings per share	**27**	**(0.058)**	**(0.016)**

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

Consolidated cash flow statement (in TEUR)

TEUR	2013	2012 Restated
Result for the period	(9'971)	(1'145)
Adjustments for:		
- Taxes charged	191	347
- Depreciation expense	1'612	1'598
- Other impairment losses	955	100
- Finance expenses	1'143	716
- Finance income	(249)	(9)
- Interest payments received	249	9
- Interest expenses paid	(570)	(638)
- Income tax paid	(385)	(413)
- Changes in pension obligations	(61)	(65)
- (Increase)/decrease in deferred tax assets	196	73
- Increase/(decrease) in deferred tax liablities	(564)	(905)
Changes in working capital:		
- (Increase)/decrease in inventory	38	(24)
- (Increase)/decrease in work in progress	773	1'046
- (Increase)/decrease in trade receivables	2'995	693
- (Increase)/decrease in tax reveivables	(73)	53
- (Increase)/decrease in other receivables and accruals	444	206
- Increase/(decrease) in trade payables	(2'852)	2'132
- Increase/(decrease) in tax liabilities	(737)	(342)
- Increase/(decrease) in other payables and accrued liabilities	(340)	(1'703)
- (Increase)/decrease in other non-current assets	56	35
Cash flow from operating activities	**(7'150)**	**1'764**
Purchase of property, plant and equipment	(38)	(161)
Proceeds from sale of property, plant and equipment	12	
Purchase of intangible assets	(695)	(17)
Increase/decrease minorities	(254)	-
Increase from reverse acquisition	190	-
Cash flow from investing activities	**(785)**	**(178)**
Capital increase, net of transaction costs	6'186	-
Stock options exercised after reverse acquisition	23	
Increase/(decrease) in short term financial liabilities	(1'249)	(1'328)
Increase/(decrease) in long term financial liabilities	2'500	-
Proceeds from sale of own shares	495	-
Cash flow from financing activities	**7'955**	**(1'328)**
Net decrease in cash and cash equivalents	20	258
Cash and cash equivalents at beginning of period	699	462
Net effect of currency translation on cash and cash equivalents	54	(21)
Cash and cash equivalents at end of period	**773**	**699**

The line item 'Result for the period' in the 2012 consolidated statement of cash flows has been amended by TEUR 260 from TEUR 990 to TEUR 1'250 to include also the result of non-controlling interests which was erroneously omitted. Accordingly also the line item 'Net effect of currency translation on cash and cash equivalents' has been restated by TEUR 122 from TEUR 187 to TEUR 65.

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 2012	**571**	**(108)**	**9'805**	**10'268**	**604**	**10'872**
Result for the period	-	-	(1'076)	(1'076)	(69)	(1'145)
Other comprehensive income for the period, net of income tax	-	11	86	97	-	97
Total comprehensive income for the period	**-**	**11**	**(990)**	**(979)**	**(69)**	**(1'048)**
Purchases and proceeds with own shares	-	-	-	-	-	-
Capital increase from stock option plans	7	-	(7)	-	-	-
Share-based compensation expense	-	-	-	-	-	-
Balance at 31 December 2012 (restated)	**578**	**(97)**	**8'808**	**9'289**	**535**	**9'824**
Balance at 1 January 2013	**578**	**(97)**	**8'808**	**9'289**	**535**	**9'824**
Result for the period	-	-	(9'932)	(9'932)	(39)	(9'971)
Other comprehensive income for the period, net of income tax	-	173	(140)	33	-	33
Total comprehensive income for the period	**-**	**173**	**(10'072)**	**(9'899)**	**(39)**	**(9'938)**
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**	**(1'023)**	**16'446**	**375**	**16'821**

The 'non-controlling interest' in the 2012 consolidated statement of changes in equity has been amended by TEUR 105 from TEUR (174) to TEUR (69) due to an error in the prior year consolidated financial statements.

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 Mürgstrasse 18, CH-6370 Stans, Switzerland. The company changed its name from mondoBIOTECH holding AG to THERAMetrics holding AG as at 20 June 2013.

As at 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 (note 15) 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, these 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. 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").

The Company and its subsidiaries (the "Group") are a global tech-based Contract Research & Development Organisation dedicated to provide an exclusive technological set of services and solutions to biotech, biopharma and pharmaceutical companies throughout the innovative drug discovery and 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 headquarter is located in Stans (Switzerland) while the European operational headquarter is in Essen (Germany) and the North American one in Wayne NJ (USA).

2 Application of new and revised International Financial Reporting Standards

2.1 New and revised IFRSs affecting amounts reported in the current year and prior years

The following new and revised Standards and Interpretations have been applied in the current period and have affected these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material effect on the financial statements are set out in note 2.2:

IAS 19 Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects

The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach"' permitted under the previous version of IAS 19. The amendments also accelerate the recognition of past service costs. As the Group has immediately recognised actuarial variances through profit or loss, this change does not have an impact for the Group.

Another significant change to IAS 19 relates to the presentation of changes in defined benefits obligations and plan assets with changes being split into three components:

- Service cost – recognised in profit or loss and includes current and past service cost as well as gains or losses on settlements.
- Net interest – recognised in profit or loss and calculated by applying the discount rate at the beginning of the reporting period to the net defined benefit liability or asset at the beginning of each reporting period.
- Remeasurement – recognized in other comprehensive income and comprises actuarial gains and losses on the defined benefit obligation, the excess of the actual return on plans assets over the change in plan assets due to the passage of time and the changes, if any, due to the impact of the asset ceiling.

As a result, the profit or loss no longer includes an expected return on plan assets, instead, imputed finance income is calculated on the plan assets and is recognised as part of the net interest cost in profit or loss. Any actual return above or below the imputed finance income on plan assets is recognised as part of remeasurement in other comprehensive income.

As the amended requirements of IAS 19 need to be applied retrospectively, the initial application of IAS 19 (revised) impacts the financial statements as follows:

TEUR	IAS 19 (2004)	Adjustments	IAS 19 (2011)
Retirement Benefit Obligation			
As at 1 January 2012	1'068	-	1'068
As at 1 January 2013	929	-	929
Expenses recognised in profit or loss			
1 January 2012 - 31 December 2012	11	86	97
Actuarial (gain)/loss recognised in OCI			
1 January 2012 - 31 December 2012	0	(86)	(86)

The above changes did not have a noticeable impact on reported earnings per share as at 31 December 2012.

2.2 New and revised IFRSs applied with no material effect on the consolidated financial statements

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance. IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below:

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The application of IFRS 10 has had no impact on the consolidated financial statements.

Impact of the application of IFRS 11

As the Group does not have any investments in joint arrangements, the application of IFRS 11 has had no impact on the consolidation financial statements.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 established a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

Further, the amendments to IAS 1also require items of other comprehensive income, in the other comprehensive income section, to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. Management considered the latter amendments in preparing the Group's consolidated statement of comprehensive income for the year ending 31 December 2013 and has retrospectively restated its 2012 comparatives on the same basis.

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	This is a new Standard for financial instruments that is ultimately intended to replace IAS 39 in its entirety. The replacement project consists of the following three phases: Phase 1: Classification and measurement of financial assets and liabilities; Phase 2; Impairment methodology; Phase 3: Hedge Accounting. So far only part of Phase 1 has been issued. IFRS 9 contains new requirements for the classification and measurement of financial assets. Under IFRS 9, all recognised financial assets that are currently within the scope of IAS 39 Financial Instruments: Recognition and Measurement will be subsequently measured at either amortised cost or fair value. A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding is generally measured at amortised cost. All other debt instruments must be measured at fair value through profit or loss (FVTPL). A fair value option is available (provided that certain specified conditions are met) as an alternative to amortised cost measurement. All equity investments within the scope of IAS 39 are to be measured in the statement of financial position at fair value, with the gains and losses recognised in profit or loss except that if an equity investment is not held for trading an irrevocable election can be made at initial recognition to measure the investment at fair value through other comprehensive income (FVTOCI), with only dividend income generally recognised in profit or loss. IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. Further, the new hedge accounting guidance with forms part of IFRS 9 has been finalised. The three types of hedge accounting remain. However, there have been significant changes to the types of transactions eligible for hedge accounting, specifically a broadening of the risks eligible for hedge accounting of non-financial items. Changes in the way forward contracts and derivative options are accounted for when they are in a hedge accounting relationship will reduce profit or loss volatility when compared with IAS 39 and therefore will be attractive for some entities. In addition, the effectiveness test has been overhauled and replaced with the principle of an economic relationship. Retrospective assessment of hedge effectiveness is no longer required. The flexibility of the new accounting requirements is counterbalanced by enhanced disclosure requirements about an entity's risk management activities.	Annual periods beginning on or after 1 January 2017
IFRS 10	The amendments to IFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to IFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to: - obtain funds from one or more investors for the purpose of providing them with professional 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. Consequential amendments to IFRS 12 and IAS 27 (as revised in 2011) have been made to introduce new disclosure requirements for investment entities.	Annual periods beginning on or after 1 January 2014

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
IAS 32	The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.	Annual periods beginning on or after 1 January 2014
IAS 36	The amendments to IAS 36 reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	Annual periods beginning on or after 1 January 2014
IAS 39	The amendments to IAS 39 make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the partiers. In order to apply the amendments and continue hedge accounting, novation to a central counterparty must happen as a consequence of laws and regulations or the introduction of laws or regulations.	Annual periods beginning on or after 1 January 2014
IFRIC 21	IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.	Annual periods beginning on or after 1 January 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

The Group is currently assessing whether these changes will impact the consolidated financial statements in the period of initial application. Except for IFRS 9, 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.

The consolidated financial statements provide comparative information in respect of the previous period. Due to the reverse acquisition in 2013 (refer to note 1 for further details) these consolidated financial statements are shown as a continuation of the consolidated financial statements of PRINT retrospectively adjusted to reflect the legal capital of TMX who is still the legal parent company. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2012 is presented in these consolidated financial statements due to retrospective application of certain accounting policies (note 2.1).

In addition the line item 'Result for the period' in the 2012 statement of cash flows has been amended from TEUR 990 to TEUR 1'250 to include also the result of non-controlling interests which was erroneously omitted. Accordingly also the line item 'Net effect of currency translation on cash and cash equivalents' has been restated by TEUR 122 from TEUR 187 to TEUR 65.

Further, the 'non-controlling interest' in the 2012 consolidated statement of changes in equity has been amended by TEUR 105 from TEUR (174) to TEUR (69) due to an error in the prior year consolidated financial statements.

Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. 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.

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

Initial recognition and subsequent measurement

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:

Cash flow hedges

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

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

The Group remains subject to various risks and uncertainties, including but not limited to the timing of achieving profitability, the uncertainty of the outcome of the reorganization and repositioning of the business. The Group's ability to continue operations as currently conducted depends on its ability to raise additional financial resources until revenues reach an adequate level to sustain positive cash flows. As a consequence, the material uncertainties surrounding the availability of necessary additional funds cast significant doubt about the Group's ability to continue as a going concern.

During the year ended 31 December 2013 the Group incurred a net loss of TEUR 9'971; as of 31 December 2013, the Group disposes of TEUR 773 of cash and cash equivalents and has borrowings for a total amount of TEUR 6'898.

Notwithstanding as indicated above, the Group consolidated financial statement is prepared on a going concern basis for the reason indicated below.

On 27 June 2012, TMX signed an agreement with BIOPHARMAinvest AG ("BPI"), which granted the Company the right to purchase from it up to 30 million THERAMetrics ordinary shares, in monthly tranches of up to 2.5 million shares each, during the following three years, at a symbolic price. Throughout 2013 the net proceedings from the sale of such shares were used to finance the Company's liquidity needs, as provided for in the agreement with BPI. As at 31 December 2013, the Company held a total of 2.006 million treasury shares which were partly sold in the first months of 2014. Proceeds were used to finance the Company's liquidity needs. At end of April 2014 the Company holds a balance of 1.25 million treasury shares.

The subsidiary Pierrel Research Italy S.p.A. is currently negotiating a re-structuring of a loan facility granted by Banca Popolare di Milano S.c.a.r.l. (TEUR 2'275), with a rescheduling of the payment plan according different terms and conditions which are still under evaluation. While the Board of Directors believes that negotiations will be concluded positively, if this does not occur there is the risk that the Group might have to make an early repayment of the loan in the second half of the year 2014, including future interests and additional costs. In such event, if the Group were not able to meet such payment obligations, Banca Popolare di Milano could also call a guarantee granted by PRINT and execute a pledge over the shares of the subsidiary Pierrel Research Italy S.p.A..

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. As per the abovementioned commitment to subscription, in the period from December 2013 to April 2014 the Company has already received from Fin Posillipo S.p.A. a total amount of EUR 5.7 million (CHF 7 million) as share premium.

Instead of the foregoing capital increase out of authorized capital, on 31 March 2014, the Company disclosed its intention to propose to its shareholders, at the annual general meeting to be held on 18 June 2014, an ordinary capital increase at the same conditions as the above mentioned private placement but with an increased maximum amount up to 200'000'000 million shares and preservation of all existing shareholders' rights, whereby the Board of Directors shall decide on the allocation of non-exercised subscription rights. The ordinary capital increase as described, if approved by the shareholders, would close by the by the third quarter 2014.

The Board of Directors is confident to be able to continue its operations, as currently conducted within the boundaries of the Business Plan approved by the Board of Directors on 8 January 2014, by finding additional financial resources for the coming years by either capital increases, strategic transactions or through the sales of Intellectual Property rights.

The Business Plan foresees that the activities of the Group will be focalised on its core business and in particular on:

- delivering clinical research services to the biopharmaceutical industry;
- expanding the capabilities and the fields of application of its technology platform based on the "Search&Match" methodology;
- finding partners to develop its core Medicinal Product Candidates through licensing or sale agreements;
- trying to vertically integrate its offering to licensing partners, by adding advanced contract research services as part of the licensing agreement.

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 24'551 (31 December 2012: TEUR 13'682). The recoverability of goodwill is tested for impairment annually during the fourth quarter, or earlier, if an indication of impairment exists. The recoverable amount of goodwill was calculated using the market multiples method. The significant assumptions are disclosed in note 7. As at 31 December 2013, the annual impairment test showed no impairment loss (2012: 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 670 (31 December 2012: TEUR 173) (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 2013, deferred income tax assets amounted to TEUR 55 (31 December 2012: TEUR 251) 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 2013, the underfunding amounted to TEUR 1'098 (31 December 2012: TEUR 929). Using other basis for the calculations could have led to different results.

5 Segment information

5.1 Description of segment

At 31 December 2013, 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 biomathematical 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	
	2013	2012	31 December 2013	31 December 2012
Europe	14'761	25'400	2'916	3'641
Americas	439	1'919	3	3
Rest of the World	1'703	1'509	24'621	16'040
	16'903	**28'828**	**27'540**	**19'684**

6 Property, plant and equipment

TEUR	Property	Plant and Equipment	Assets under finance lease	Other	Total
COST					
Balance at 1 January 2012	**2'776**	**2'007**	**224**	**1'077**	**6'084**
Additions		17			**17**
Disposals			(64)	(9)	**(73)**
Currency translation effects					**-**
Balance at 31 December 2012	**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**
ACCUMULATED DEPRECIATION					
Balance at 1 January 2012	(523)	(1'667)	(139)	(774)	(3'103)
Eliminated on disposals of assets			41		41
Depreciation expense	(80)	(70)	(7)	(94)	(251)
Currency translation effects					-
Balance at 31 December 2012	(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)
CARRYING AMOUNT					
at 1 January 2012	2'253	340	85	303	2'981
at 31 December 2012	2'173	287	55	200	2'715
at 31 December 2013	**1**	**236**	**47**	**403**	**687**

At 31 December 2012, property, plant and equipment of the Group with a carrying amount of TEUR 2'136 were pledged to secure borrowings of the Group as described in note 17. In 2013 this building was reclassified as a non-current asset held for sale (note 14).

7 Goodwill

TEUR	31 December 2013	31 December 2012	1 January 2012
Cost	24'551	13'682	13'682
Accumulated impairment losses	-	-	-
Balance at end of year	**24'551**	**13'682**	**13'682**

As at 31 December 2013 the amount of TEUR 24'551 represents the total goodwill after the reverse acquisition of TMX by the former shareholders of PRINT. The purchase price allocation on the reverse acquisition of TMX has not yet been finalized and is therefore still subject to change during 2014.

TEUR	2013	2012
COST		
Balance at beginning of year	13'682	13'682
Additional amounts recognised from acquisition of subsidiaries	10'869	-
Foreign exchange translation gains and losses	-	-
Balance at end of year	**24'551**	**13'682**

Allocation of goodwill to cash-generating units

The Group's only business segment has been identified as only cash-generating unit "TCRDO". An impairment test of goodwill was performed by the Group on goodwill arising from the reverse acquisition for a total amount of TEUR 24'551.

The recoverable amount has been calculated adopting the fair value less cost of disposal approach. In particular in order to estimate the fair value, the management used the market multiples method ("trading multiples").

The test of the value of the goodwill has been performed considering the recoverable amount of the CGU "TCRDO" equal to the Enterprise Value ("EV") of the CGU, without taking into account the net financial position.

The market multiples method consists in calculating the theoretical current value of the Company being valued considering the market indications for a panel of listed companies (comparable companies) operating in the same industry of the Company and with a similar business profile. The method of comparable transactions determines the expected value (price) for the Company being evaluated, on the basis of figures and data derived from similar sale and/or merger transactions.

This method develops multipliers resulting from the relationship between the market value of comparable companies and the most significant economic fundamentals of the company being valued. Thus the value of the Company is determined by applying the market multiples on the company's fundamentals. In this respect, the impairment test was conducted as follow:

The management has identified the EV/EBITDA ratio as the multiplier to be used in estimating the fair value for the CGU. This multiple is commonly used according to best practice. In addition, when appropriately determined, the multiplier allows estimating the Company economic capital accounting for the Company's actual margins.

To calculate the fair value of the CGU "TCRDO", the market multiplier method was used an, in particular, multipliers deriving from a basket of comparable companies pertaining to the same sector of activity, listed on organised market in United States.

In order to calculate the multiple, the management used the following data:

- Market Cap: calculated on the basis of the available databases. The price was calculated using the average price of the securities in the period 1/1/2013 – 31/12/2013. This was done in order to overcome the typical variability of short-term periods and the potential economic and emotional components affecting the price patterns;
- Net Debt: represented by financial debt net of Cash and cash equivalents, identified on the basis of the last official data;
- Minority Interest: used in the calculation of the multiple in order to consider 100% of the EV and to correctly relate it to the identified fundamental values;
- forecast EBITDA are based on brokers' estimates.

In order to calculate the recoverable amount the management selected the multiples EV/EBITDA for the year 2016, which takes into account for each peer the EV calculated considering the average market capitalization for the year 2013 and the expected 2016 EBITDA, estimated by brokers.

Given the margin of the Group with respect to the comparable companies (15.4% against 16.8%), the multiple that the management has recalculated using the linear regression is equal to 7,76x.

For calculating the recoverable amount, the multiple obtained was applied to the EBITDA expected in 2016 of the CGU, according to the economic plan approved by the Company.

The following table summarizes the calculation of the recoverable amount:

TEUR	**2014B**	**2015F**	**2016F**
Revenues	26'486	31'504	34'123
EBITDA	2'176	4'929	5'239
EBIT	1'134	3'917	4'277
Multiple			**7.76x**

TEUR	**EBITDA 2016**	**EV/EBITDA**	**Discount**	**Recoverable amount**
CGU TCRDO	5'239	7.76x	0.00%	**40'659**

The following table summarizes the results of the impairment test performed on the basis of the assumptions described above:

TEUR	Recoverable amount (Enterprise value)	Carrying amount (Net invested capital)	Delta
CGU TCRDO	40'659	25'931	14'728

According to the hierarchy of fair value IFRS 13, it is a fair value measurement of Level 2. The impairment test carried out in this manner, based on the application of multiple calculated as indicated above, provided reasonable support to confirm the carrying amount of goodwill allocated to the CGU "TCRDO", without any impairment loss.

Furthermore, in order to understand how the Recoverable amount varies for changes in the underlying parameters, the following assumptions were used to build the sensitivity analysis:

- Range for discounted premium applied in the application of multiples: from 0% to 20%;
- Range for EBITDA changes: -10% / +10%.

		EBITDA				
		10%	**5%**	**0%**	**-5%**	**-10%**
	0%	18'794	16'761	**14'728**	12'695	10'662
	5%	16'558	14'626	12'695	10'764	8'833
Multiple Discount	10%	14'322	12'492	10'662	8'833	7'003
	15%	12'085	10'357	8'629	6'901	5'173
	20%	9'849	8'223	6'596	4'970	3'344

The results show that the worst case, with a 10% reduction of the 2016 EBITDA and a 20% multiple discount, would lead to a headroom equal to TEUR 3'344.

8 Intangible assets

TEUR	Software and Licences	Others	Total
COST			
Balance at 1 January 2012	**7'002**	**2'656**	**9'658**
Additions	161	-	**161**
Disposals	-	(36)	**(36)**
Balance at 31 December 2012	**7'163**	**2'620**	**9'783**
Additions	692	3	**695**
Currency translation effects	-	(86)	**(86)**
Balance at 31 December 2013	**7'855**	**2'537**	**10'392**
ACCUMULATED DEPRECIATION			
Balance at 1 January 2012	**(2'976)**	**(2'525)**	**(5'501)**
Depreciation expense	(1'315)	(32)	**(1'347)**
Balance at 31 December 2012	**(4'291)**	**(2'557)**	**(6'848)**
Depreciation expense	(1'337)	(45)	(1'382)
Currency translation effects	(46)	86	40
Balance at 31 December 2013	**(5'674)**	**(2'516)**	**(8'190)**
CARRYING AMOUNT			
at 1 January 2012	4'026	131	4'157
at 31 December 2012	2'872	63	2'935
at 31 December 2013	**2'181**	**21**	**2'202**

'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.

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	
			31.12.13	31.12.12
THERAMetrics Discovery AG	Commercial exploitation of patents, licences, trademarks	Stans (CH)	100%	0%
THERAMetrics Laboratories AG	Commercial exploitation of patents, licences, trademarks	Vaduz (FL)	100%	0%
Pierrel Research International AG	Contract research	Thalwil (CH)	100%	100%
Pierrel Research Italy S.p.A.	Contract research	Milano (I)	100%	100%
Pierrel Research Europe GmbH	Contract research	Essen (D)	100%	86%

On 28 March 2013, PRINT, a subsidiary of the Group, entered into agreements with the two non-controlling shareholders of Pierrel Research Europe GmbH, to acquire their shares in order to own 100% of the entity. The total amount of TEUR 350 is still due as at 31 December 2013 and will be paid according to the payment schedule.

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 2013 from TEUR 3'273 as at 31 December 2012 to TEUR 2'150 as at 31 December 2013 in line with the overall decrease in revenues in 2013.

11 Trade receivables

TEUR	31 December 2013	31 December 2012	1 January 2012
Trade receivables due from third parties	3'843	6'322	7'715
Allowance for doubtful debts	(670)	(173)	(156)
Total trade receivables - third parties	**3'173**	**6'149**	**7'559**
Trade receivables due from related parties	318	816	99
Total trade receivables	**3'491**	**6'965**	**7'658**

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

Movement in the allowance for doubtful debt:

TEUR	2013	2012
Balance at beginning of year	(173)	(156)
Impairment losses recognised on receivables	(640)	(17)
Impairment losses reversed	143	-
Foreign exchange translation gains and losses	-	-
Balance at end of year	**(670)**	**(173)**

Included in the Group's trade receivable balance are debtors with a carrying amount of TEUR 1'503 (2012: TEUR 1'516) which are past due at the reporting date. The Group has not built an allowance for impairment loss 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 2013	31 December 2012	1 January 2012
Not due	1'988	5'449	5'817
Between 30 to 60 days	240	142	907
Between 60 to 90 days	338	417	185
Between 90 to 120 days	175	616	590
More than 120 days	750	341	159
Total	**3'491**	**6'965**	**7'658**

12 Other current assets and other receivables

TEUR	31 December 2013	31 December 2012	1 January 2012
Other current receivables	546	743	763
Advances to suppliers	105	284	228
Prepayments and accrued income	168	257	499
Total	**819**	**1'284**	**1'490**

Other current receivables are neither impaired nor overdue.

13 Cash and cash equivalents

TEUR	31 December 2013	31 December 2012	1 January 2012
Bank deposits	761	687	455
Cash on hand	12	12	7
Total	**773**	**699**	**462**

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 believes that the building can be sold within a year, the carrying amount of the non-current asset of TEUR 2’136 has been reclassified as non-current asset held for sale. Due to the reclassification of the building the related borrowing of TEUR 1’084 with Sparkasse has been reclassified as liability associated with non-current assets held for sale. The building is pledged to secure the related borrowing.

15 Share capital

TEUR	Number of common shares		Nominal value of share capital	
	2013	2012	2013	2012
Balance at beginning of year	69'728'377	68'917'580	578	571
Issuance of common shares	329'616'258	810'797	2'664	7
Balance at end of year	**399'344'635**	**69'728'377**	**3'242**	**578**

15.1 Issued share capital

At 31 December 2013, the issued share capital amounts to TEUR 3’242 (TCHF 3’993), consisting of 399’344’635 registered shares with a par value of CHF 0.01.

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

At 31 December 2012, the issued share capital amounted to TEUR 578 (TCHF 697), consisting of 69’728’380 registered shares with a par value of CHF 0.01. Due to exercise of options the share capital had increased by TEUR 7 (TCHF 8) during2012. .

15.2 Authorized share capital

At 31 December 2013, the Company has an authorized, but not yet issued, nominal share capital of CHF 1’200’000 (TEUR 978), consisting of 120’000’000 registered shares with a par value of CHF 0.01 each, that the Board of Directors is authorized to issue at any time until 19 June 2015.

At 31 December 2012, the Company had an authorized, but not yet issued, nominal share capital of CHF 291’648.20 (TEUR 238), consisting of 29’164’820 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 2013 was CHF 240’536.21 (TEUR 196) (2012: CHF 318’833.33 (TEUR 263)), consisting of 24’053’621 (2012: 31’883’333) registered shares with a par value of CHF 0.01 each, of which 9’359’491 (2012: 17’189’203) to be used for share option for employees and consultants and 14’694’130 (2012: 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 2013 and are still outstanding. If both options are executed, the conditional share capital will be consequently reduced by TEUR 11 (TCHF 14) and the share capital increased consequently. The options granted to GEM did not have an accounting impact in 2013 and 2012. In January/February 2014 the exercise prices were adjusted to EUR 0.11 (CHF 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:

TEUR	2013		2012	
	Number of shares	%	Number of shares	%
PIERREL S.p.A.	232'045'803	58.1%	-	0.0%
FIN POSILLIPO S.p.A	72'406'405	18.1%	-	0.0%
BIOPHARMAinvest AG	18'634'338	4.7%	32'876'675	47.1%
Others	76'258'089	19.1%	36'851'702	52.9%
	399'344'635	**100.0%**	**69'728'377**	**100.0%**

16 Reserves

TEUR	31 December 2013	31 December 2012	1 January 2012
Share premium (note 16.1)	14'151	-	-
Legal reserve (note 16.2)	41	41	41
Cash flow hedging reserve (note 16.3)	(20)	(63)	(123)
Foreign currency translation reserve (note 16.4)	55	(75)	(26)
Total	**14'227**	**(97)**	**(108)**

16.1 Share premium

TEUR	2013	2012
Balance at beginning of year	-	-
Capital increase in PRINT prior to reverse acquisition (i)	5.235	-
Capital increase by convertible loan (ii)	1.967	-
Reverse acquisition PRINT (iii)	5.998	-
Reserve for future capital increase already contributed (iv)	951	-
Balance at end of year	**14.151**	**-**

(i) 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).

(ii) 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.

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

(iv) 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 are foreseen in Fin Posillipo’s subscription commitment. The capital increase will take place in 2014. Therefore the increase is presented as reserve paid for share not yet issued until the capital increase transaction is completed in 2014.

16.2 Legal reserves

TEUR	2013	2012
Balance at beginning of year	41	41
Balance at end of year	**41**	**41**

16.3 Cash flow hedging reserve

TEUR	2013	2012
Balance at beginning of year	(63)	(123)
Gain/(loss) arising on changes in fair value of hedging instruments	43	60
Balance at end of year	**(20)**	**(63)**

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	2013	2012
Balance at beginning of year	(75)	(26)
Exchange differences arising on translating foreign operations	130	(49)
Balance at end of year	**55**	**(75)**

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.

17 Borrowings

TEUR	31 December 2013	31 December 2012	1 January 2012
Bank loans	-	1'085	1'482
Leasing liabilities	27	40	48
Other borrowings (ii)	2'609	-	361
Total non-current borrowings	**2'636**	**1'125**	**1'891**
Current borrowings			
Credit facilities	689	1'411	988
Current portion of non-current bank loans (i)	2'275	2'692	3'700
Leasing liabilities	63	11	14
Other borrowings (ii)	1'235	1'049	956
Total current borrowings	**4'262**	**5'163**	**5'658**
Total borrowings	**6'898**	**6'288**	**7'549**

(i) the bank loans only consist of a loan from Banca Popolare di Milano (TEUR 2'275) which will expire in September 2014. Interest is based on 3 months Euribor plus 5%. 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 1'084), which bears an annual interest of 4.95%, has been reclassified in 2013 as liability directly associated with non-current assets held for sale (note 14). As at 31 December 2013 and 31 December 2012 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.

(ii) The entire amounts of other non-current borrowings as well as the main part of other current borrowings are due to related parties. For details refer to note 30.3. Terms and conditions of these borrowings are at arm's length.

18 Other financial liabilities

The Group uses 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 expires in September 2014. Mark to market valuation as at 31 December 2013 resulted in a negative fair value of TEUR 46 (31 December 2012: TEUR -144). 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 2013	31 December 2012	1 January 2012
Payables to social security institutions	572	575	465
Liabilities on research projects	1'808	2'096	3'448
Liabilities due to employees	540	452	627
Other current liabilities	1'249	1'576	1'862
Total	**4'169**	**4'699**	**6'402**

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 29 (2012: TEUR 24)

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	2013	2012
Discount rates	3.17%	4.00%
Expected rates of salary increase	3.00%	3.00%
Inflation rate	2.00%	2.00%

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

TEUR	2013	2012 restated
Opening defined benefit obligation	625	642
Current service cost	-	-
Interest expense	23	26
Benefits (paid)/deposited	(82)	(119)
Remeasurement (gain)/loss on defined benefit obligation	168	76
Closing defined benefit obligation	**734**	**625**

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 2013. 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	2013	2012 restated
Current service cost	69	58
Net interest expense	6	8
Administration cost excl. cost for managing plan assets	5	5
Expense recognised in profit or loss	**80**	**71**

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

TEUR	2013	2012 restated
Remeasurement (gain)/loss onf defined benefit obligation	(47)	(193)
Return on plan asets excl. Interest income	19	31
Expense recognised in other comprehensive income	**(28)**	**(162)**

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 2013	31 December 2012	1 January 2012
Present value of funded defined benefit obligation	1'123	865	1'289
Fair value of plan assets	(788)	(585)	(877)
Net liability arising from defined benefit obligation	**335**	**280**	**412**

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

TEUR	2013	2012 restated
Opening defined benefit obligation	865	1'289
Increase due to acquisition of subsidiary	404	
Current service cost	69	58
Interest expense on defined benefit obligation	22	28
Contributions from plan participants	82	43
Benefits (paid)/deposited	(263)	(367)
Remeasurement (gain)/loss on defined benefit obligation	(47)	(193)
Foreign Exchange (gain)/loss	(9)	7
Administration cost (excluding cost for managing plan assets)	-	-
Closing defined benefit obligation	**1'123**	**865**

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

TEUR	2013	2012 restated
Opening fair value of plan assets	585	877
Increase due to acquisition of subsidiary	319	-
Interest income on plan assets	16	20
Return on plan assets excluding interest income	(19)	(30)
Contributions from the employer	82	43
Contributions from plan participants	82	43
Benefits (paid)/deposited	(263)	(367)
Foreign exchange gain/(loss)	(9)	4
Administration cost	(5)	(5)
Closing fair value of plan assets	**788**	**585**

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:

TEUR	2013	2012
Discount rates	2.30%/2.40%	2.00%
Expected rates of salary increase	1.00%/1.75%	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 150 (increase by TEUR 166 if all other assumptions were held constant).

If the expected salary growth would increase (decrease) by 0.25%, the defined benefit obligation would increase by TEUR 132 (decrease by TEUR 131 if all other assumptions were held constant).

The average duration of the defined benefit obligation at the end of the reporting period is 18.5 years and 16.9 years, respectively. In 2012 there was only one plan and the average duration was 18.5 years.

The Group expects to make a contribution of TEUR 74 to the defined benefit plans during the next financial year.

21 Revenue

TEUR	2013	2012
Contract research	16'779	28'829
Other revenues	124	104
Total revenues	**16'903**	**28'933**

22 Material costs

TEUR	2013	2012
Changes in inventory of raw material, consumables and supplies	-	(6)
Change in work-in-progress, semi-finished and finished	318	615
Total cost of goods sold	**318**	**609**

23 Cost for services

TEUR	2013	2012
Commercial expense	54	128
Maintenance expense	71	-
Utility expense	206	274
Insurance expense	95	121
Consulting service expense	2'618	1'901
Travel and accomodation expense	413	452
Third party service expense for clinical reasearch projects	7'336	9'036
Communication expense	324	343
Commissions and bank charges	56	25
Other expense for services	452	429
Total cost for services	**11'625**	**12'709**

24 Financial income/ (expenses)

CHF	2013	2012
Interest expense on loans	283	242
Interest expense on interest rate swap	99	115
Interest expense on advances	62	71
Other financial expense	227	288
Net foreign currency exchange loss	364	-
Total finance costs	**1'035**	**716**
Interest income	249	9
Total finance income	**249**	**9**

25 Income taxes

25.1 Income tax recognised in profit or loss

TEUR	2013	2012
CURRENT TAX		
Current tax expense for the current year	145	335
Adjustments in relation to the current tax of prior years	46	12
	191	**347**
DEFERRED TAX		
Deferred tax (income)/expense recognised in the current year	(448)	(832)
Write-down of deferred tax assets	80	-
	(368)	**(832)**
Total income tax expense recognised in the current year	**(177)**	**(485)**

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	2013	2012 restated
Gain/(loss) before tax	(10'148)	(1'735)
Income tax expense calculated at 18 % (2012: 30 %)	(1'827)	(521)
Prior year adjustments	46	12
Unrecognised deferred tax assets during the year	1'557	-
Effect of income that is exempt from taxation	(195)	(768)
Effect of expenses/(income) that are not (deductible) or added in determining taxable profit	242	792
Total income tax expense recognised in profit or loss	**(177)**	**(485)**

The weighted average applicable tax rate of the Group is 18 % (2011: 30%) 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

TEUR	2013	2012
DEFERRED TAX		
Fair value measurement of cash flow hedge	-	-
Remeasurement of defined benefit obligation	-	-
Total income tax expense 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	2013	2012
Tax refund receivable	126	-
Other tax receivables	427	480
Current tax assets	**553**	**480**
Income tax payable	152	166
Other	351	699
Current tax liabilities	**503**	**865**

25.4 Deferred tax balances

2013 TEUR	Opening balance	Recognised in profit or loss	Recognised in OCI	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**
Work in progress	**849**	**(438)**			**411**
Other temporary differences	384	(126)			**258**
Total deferred tax liabilities	**1'233**	**(564)**	**-**	**-**	**669**

2012 TEUR	Opening balance	Recognised in profit or loss	Recognised in OCI	Other	Closing balance
Non-deductible interest expense	96	93	-	-	**189**
Tax losses carried forward	145	(145)	-	-	**-**
Other temporary differences	83	(21)	-	-	**62**
Total deferred tax assets	**324**	**(73)**	**-**	**-**	**251**
Work in progress	1'515	(666)			**849**
Other temporary differences	623	(239)			**384**
Total deferred tax liabilities	**2'138**	**(905)**	**-**	**-**	**1'233**

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 2013, 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	2013	2012
Within one year	7'667	5'500
Later than one year and not later than five years	59'554	5'000
More than five years	53'771	47'072
Total tax losses carried forward	**120'992**	**57'572**

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.

Management has assessed that the probability as this was prior to the reverse acquisition, the results of TMX were not yet included in the comparative amounts of these consolidated financial statement and therefore such share-based payments expenses do not have an impact.

In 2012, options have been granted under the EAP in four tranches to two directors of the Company and four key employees. No options were granted during 2013. The following table reconciles the share options outstanding at the beginning and end of the year:

TEUR	2013	2012
At beginning of the year	**10'593'037**	-
Granted	-	12'315'978
Forfeited	(1'014'040)	(912'144)
Exercised	(7'829'711)	(810'797)
At end of the year	**1'749'286**	**10'593'037**

Share options outstanding at the end of the year 2013 and 2012 have the following expiry dates:

	31 December 2013	31 December 2012
EXPIRY DATE		
31 December 2016	-	1'520'240
30 June 2017	506'747	506'747
31 December 2017	-	2'026'988
1 February 2018	-	241'212
1 August 2018	-	241'212
30 June 2018	-	506'747
31 December 2018	-	2'026'988
1 February 2019	241'210	241'212
30 June 2019	-	506'747
31 December 2019	760'120	2'026'987
1 February 2020	241'209	241'210
30 June 2020	-	506'747
	1'749'286	**10'593'037**

The 1'749'286 at year end (2012: 10'593,037) were totally exercisable as per 31 December 2013 (2012: 4'053'975 as per 31 December 2012). The weighted average share price at the time of forfeiture was EUR 0.12 (CHF 0.15) (2012: EUR 0.15 (CHF0.18) per share.

The fair values of the options at the grant date have been assessed using the Black-Scholes valuation model and spread over the vesting periods. The weighted average fair value of options granted in 2012 was EUR: 0.21 (CHF 0.26) per option. The significant inputs into the model were share price of EUR: 0.22 (CHF 0.27) at grant date, exercise price of EUR: 0.01 (CHF 0.01), volatility of 93% and risk-free interest rate between 0.24% and 0.55%. 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.

No expense is recognised since these financial statements are the continuation of PRINT due to the reverse acquisition.

27 Earnings per share

TEUR	2013	2012 restated
Loss for the year attributable to the equity holders of the Parent Company	(9'932)	(1'076)
Weighted average number of shares for the purposes of EPS	171'382'381	69'159'569
Basic and diluted earnings per share (in EUR)	**(0.058)**	**(0.016)**

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 2013 and 2012, 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 2013 and 31 December 2012 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 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**

31 December 2012 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	-	-	101	-	**101**
Trade receivables	-	-	6'965	-	**6'965**
Other current assets and receivables	-	-	743	-	**743**
Cash and cash equivalents	-	-	699	-	**699**
Total financial assets	**-**	**-**	**8'508**	**-**	**8'508**
Non-current borrowings	-	-	-	1'125	**1'125**
Other non-current liabilities	-	-	-	-	**-**
Trade payables	-	-	-	8'478	**8'478**
Current borrowings	-	-	-	5'163	**5'163**
Other financial liabilities	144	-	-	-	**144**
Other current payables and liabilities	-	-	-	2'096	**2'096**
Total financial liabilities	**144**	**-**	**-**	**16'862**	**17'006**

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.

<u>Maturity analysis of financial liabilities at 31 December 2013</u>

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**	**-**

<u>Maturity analysis of financial liabilities at 31 December 2012</u>

TEUR	less than 3 months	between 4-6 months	between 7-12 months	between 1-5 years	more than 5 years
Borrowings	1'527	117	3'552	1'130	-
Trade payables	4'864	1'566	2'048	-	-
Other payables and liabilities	2'096	-	-	-	-
Total financial liabilities	**8'487**	**1'683**	**5'600**	**1'130**	**-**

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. The Group uses an interest rate swap derivative contract to convert the floating-rate of the loan from Banca Popolare di Milano into a fixed rate. For further details refer to note 18.

As the derivative contract used to have the same maturity dates as the underlying loan, cash flow hedge accounting is used for the accounting of the derivative contract. Due to the renegotiations of the repayment of the loan, the effectiveness test on the hedging relationship has failed as at 31 December 2013.

Currency risk

The Group does not retain a policy of hedging, to prevent losses deriving from exchange rate fluctuations (mainly versus the US dollar). Based on the assumption of a ± 10% change in the EUR/USD exchange rate fluctuations, the Group's result for the year would be TEUR 77 higher (increase) or TEUR 94 lower (decrease).

28.4 Fair value measurement

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. At 31 December 2012 and 1 January 2012, the only asset or liability measured at fair value was the interest rate swap derivative contract which is a level 2 fair value measurement (note 18).

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	2013	2012
Fees, salaries and other short-term employe benefits	924	306
Post-employment benefits	35	-
Share-based compensation	276	-
Total compensation for executive management	**1'235**	**306**

30.2 Compensation for members of the board of directors

TEUR	2013	2012
For serving as board members and for services beyond the normal scope of their offices	208	120
Share-based compensation	93	
Total compensation for members of the board of directors	**301**	**120**

The disclosures required by the Swiss Code of Obligations on Board and Executive committee compensation are shown in note 7 to the Company's statutory financial statements 2013.

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	
	2013	2012	2013	2012
Shareholders				
Fin Posillipo S.p.A. (i)	-	-	2'603	-
Pierrel S.p.A (ii)	-	526	885	626
Sister companies				
Pierrel Pharma S.r.l (iii)	318	290	4	4
Others				
TWIGA	12	-	-	260
Bootes S.r.l.	-	-	6	-
Mr. Luigi Visani	-	-	-	589
	330	**816**	**3'498**	**1'479**

(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 bear an annual interest of 5% p.a. and are due for repayment, together with the accrued interest, on 10 June 2015. Pierrel Research International AG has the right to repay the loan earlier.

(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 has a liability towards Pierrel S.p.A. in the aforementioned amount.

(iii) The payables toward Pierrel Pharma S.r.l. refer 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	2013	2012
Minimum lease payments	933	1'287
Total leasing expense from operating leases	**933**	**1'287**

Non-cancellable operating lease commitments

TEUR	2013	2012
Within one year	803	1'019
Later than one year and not later than five years	1'501	1'253
More than five years	1'909	49
Total future minimum lease payments	**4'213**	**2'321**

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 (expiring in 2014) as well as various equipment in Italy (expiring in 2016).

Finance lease liabilities

	Minimum lease payments			Present value of minimum lease payments		
TEUR	**31.12.13**	**31.12.12**	**01.01.12**	**31.12.13**	**31.12.12**	**01.01.12**
Within one year	67	14	18	63	11	14
Later than one year and not later than five years	29	45	56	27	40	48
More than five years	-	-		-	-	
	96	**59**	**74**	**90**	**51**	**62**
Less: future finance charges	(7)	(8)	(12)			
PV of minimum lease payments	**89**	**51**	**62**	**90**	**51**	**62**

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
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)
Current liabilities	
Trade payables	(557)
Current financial liabilities	(2'044)
Other current payables and liabilities	(374)
Net assets acquired	**(2'411)**

33.3 Goodwill arising on acquisition

	TEUR
Consideration transferred	8'458
+ non-controlling interest	-
./. Fair value of identifiable net assets	2'411
Goodwill	**10'869**

Final purchase price allocation is not finalised yet and therefore goodwill is still subject to change in the following financial period.

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 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:

- Reverse acquisition of PRINT and its subsidiaries (note 33)
- Settlement agreement with former CEO of PRINT (note 30.3 (ii))

35 Commitments and contingent liabilities

35.1 Commitments

The shares of Pierrel Research Europe GmbH, Essen, are pledged in connection with a loan granted to Pierrel S.p.A. by Unicredit.

35.2 Litigation

In April 2014 the Company has been informed by the CEO of the controlled Pierrel Research Europe GmbH (“PREUR”), Ms M. Stevens, that she has got a letter from German authorities to disclose an investigation against her. In particular, the public prosecutor in Germany confirmed that she is being investigated for suspected delaying of insolvency. No details have been disclosed to the Company to date.

On 31 July 2013, the subsidiary Pierrel Research Italy S.p.A. and the owner of the former premises of Pierrel Research Italy S.p.A. signed an agreement resolving an ongoing court dispute in connection with the early termination of the aforementioned lease. Pursuant to the agreement, Pierrel Research Italy S.p.A. undertook to pay a total of TEUR 160 to the former landlord. TEUR 35 were paid at the signing of the settlement agreement, whereas the remaining TEUR 125 will be paid in 11 monthly instalments beginning on 1 August 2013 and ending on 30 June 2014.

At 31 December 2013, the Company is currently 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.

35.3 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 2013.

36 Subsequent events

36.1 Preliminary outcome of private placement and extension and modification of capital increase

Within the initially envisaged timeframe of the private placement, which was announced on 10 December 2013 as a capital increase out of the existing authorized capital Fin Posillipo S.p.A. has committed to subscribe for a total of 70'000'000 shares.

Instead of the foregoing, TMX announced on 31 March 2014, that it will propose to its shareholders at the annual general meeting of 18 June 2014 an ordinary capital increase, at same conditions as the announced private placement but with an increased maximum amount of up to 200’000’000 shares and preservation of all existing shareholders' subscription rights, whereby the Board of Directors shall decide on the allocation of not exercised subscription rights. Fin Posillipo has confirmed its unconditional and irrevocable commitment.

37 Approval of financial statements

These consolidated financial statements were approved by the Board of Directors on 14 May 2014, subject to approval of the annual shareholders meeting on 18 June 2014.

To the General Meeting of
THERAMetrics holding AG, Stans

Basle, 14 May 2014

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 25 to 62), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with 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 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Emphasis of Matter

We draw attention to Note 4.1 paragraph "Going concern" to the consolidated financial statements describing the financial difficulties the group continued to face during the financial year ended 31 December 2013.

This fact together with other matters disclosed in Note 4.1 paragraph “Going concern” indicate 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, is not commensurate with the entity’s risks, given its size and risk profile.

In our opinion the internal control system is not in accordance with Swiss law and accordingly we are unable to confirm the existence of the internal control system for the preparation of the consolidated financial statements.

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

Ernst & Young Ltd

/s/ Jürg Zürcher	/s/ Jolanda Dolente
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

THERAMetrics holding AG

Financial Statements 2013

Balance sheet
(in CHF)

ASSETS	Note	31 December 2013	31 December 2012
Intangible assets		-	30'471
Investments in subsidiaries	3	28'001'556	-
Loans to group companies	4	1'109'774	289'387
Non-current assets		**29'111'330**	**319'859**
Other receivables		29'459	211'065
third parties		*29'459*	*194'737*
related parties		-	*16'328*
Prepaid expenses		486	36'552
third parties		*486*	*36'552*
Cash		30'858	146'402
Current assets		**60'803**	**394'020**
Total assets		**29'172'133**	**713'878**

EQUITY AND LIABILITIES			
Share capital		3'993'446	697'284
General reserves		60'297'610	27'581'952
thereof capital contribution reserves		*60'281'105*	*27'565'447*
thereof other general reserves		*16'505*	*16'505*
Accumulated losses		(35'806'969)	(30'479'137)
loss carried forward		*(30'479'137)*	*(27'903'078)*
result of the period		*(5'327'833)*	*(2'576'059)*
Shareholders' equity	5	**28'484'087**	**(2'199'901)**
Other payables		447'871	282'901
third parties		*433'220*	*282'901*
group companies		*14'650*	-
Financial debt (subordinated)		-	2'500'000
Accrued expenses		240'175	130'878
third parties		*240'175*	*70'439*
related parties (subordinated)		-	*60'438*
Current liabilities		**688'046**	**2'913'779**
Total equity and liabilities		**29'172'133**	**713'878**

Income statement

(in CHF)

	Year ended 31 December	
	2013	**2012**
Administration costs	(1'742'536)	(987'275)
Amortization	(30'471)	(38'669)
Impairment on loans to group companies	(2'202'101)	(2'715'934)
Impairment on investments	(4'157'412)	-
Operating result	**(8'132'520)**	**(3'741'878)**
Financial income	2'850'253	1'227'443
Financial expense	(47'226)	-60'438
Net exchange differences	1'660	(1'186)
Result of the period	**(5'327'833)**	**(2'576'059)**

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 Mürgstrasse 18, CH-6370 Stans (Switzerland). The Company changed its name from mondoBIOTECH holding AG to THERAMetrics holding AG as at 20 June 2013.

As at 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.

Upon completion of the transaction, the Company and its subsidiaries (the "Group") represent a global tech-based Contract Research & Development Organisation dedicated to provide an exclusive technological set of services and solutions to biotech, biopharma and pharmaceutical companies throughout the innovative drug discovery and 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.

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.

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. We evaluate our investments in subsidiaries for impairment at least annually and when we identify 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

The Company and the Group remain subject to various risks and uncertainties, including but not limited to the timing of achieving profitability, the uncertainty of the outcome of the reorganization and repositioning of the business. The Company's ability to continue operations as currently conducted depends on its ability to raise additional financial resources until revenues reach a level to sustain positive cash flows. As a consequence, the material uncertainties surrounding the availability of necessary additional funds cast significant doubt about the Company's ability to continue as a going concern.

During the year ended 31 December 2013 the Company incurred a net loss of CHF 5’327’833; as of 31 December 2013, the Company disposes of CHF 0.031 million of cash.

On 27 June 2012 the Company signed an agreement with BIOPHARMAinvest AG (“BPI”), which granted the Company the right to purchase from it up to 30 million THERAMetrics holding AG ordinary shares, in monthly tranches of up to 2.5 million shares each, during the following three years, at a symbolic price. Throughout 2013 the net proceedings from the sale of such shares were used to finance the Company’s liquidity needs, as provided for in the agreement with BPI. As at 31 December 2013 the Company held a total of 2’005’649 treasury shares, which were partly sold in the first months of 2014. Proceeds were used to finance the Company’s liquidity needs. At end of April 2014 we hold a balance of 1.25 million treasury shares.

Within the initially envisaged timeframe of the private placement, which was announced on 10 December 2013 as a capital increase out of the existing authorized capital Fin Posillipo S.p.A. has committed to subscribe for a total of 70'000'000 shares.

Instead of the foregoing, TMX announced on 31 March 2014, that it will propose to its shareholders at the annual general meeting of 18 June 2014 an ordinary capital increase, at same conditions as the announced private placement but with an increased maximum amount of up to 200’000’000 shares and preservation of all existing shareholders' subscription rights, whereby the Board of Directors shall decide on the allocation of not exercised subscription rights. Fin Posillipo has confirmed its unconditional and irrevocable commitment.

As per the abovementioned commitment to subscription, in the period from December 2013 to April 2014 the Company has already received from Fin Posillipo S.p.A. a total amount of CHF 7 million as share premium.

The ordinary capital increase as described, if approved by the shareholders, would close by the third quarter 2014.

Management is confident to be able to continue its operations, as currently conducted within the boundaries of the Business Plan approved by the Board of Directors on 8 January 2014, by finding additional financial resources for the coming years by either capital increases, strategic transactions or through the sales of Intellectual Property rights.

The Business Plan foresees that the activities of the Group will be focused on its core business and in particular on:

- delivering clinical research services to the biopharmaceutical industry;
- expanding the capabilities and the fields of application of its technology platform based on the “Search&Match” methodology;
- finding partners to develop its core Medicinal Product Candidates through licensing or sale agreements;
- trying to vertically integrate its offering to licensing partners, by adding advanced CRO services as part of the licensing agreement.

3. Investments in subsidiaries

	2013	2012
Investment in subsidiaries	32'708'186	549'216
Impairment charges	(4'706'630)	(549'216)
Total	**28'001'556**	**-**

The detail of all subsidiaries is as follows:

				Ownership in %	
Country	**Company**	**City**	**Share capital**	**2013**	**2012**
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%
United States	mondoBIOTECH US, Inc. (1)	New York	USD 200	0,00%	100,00%
Switzerland	Pierrel Research International AG	Thalwil	CHF 974'123	100,00%	0,00%

(1) mondoBIOTECH US, Inc. is in the process of being liquidated.

3.1 Impairment of investment

At 31 December 2013, the book value (after impairment) of the investment in Pierrel Research International AG is CHF 28’001’556.

The annual evaluation of the investment value in subsidiaries resulted in an impairment. We consider 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” bio-systems, 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 to about CHF 4’157’414.

4. Loans to group companies

	2013	2012
Loans to group companies		
- not subordinated	1'109'774	289'387
- subordinated	33'562'947	30'372'314
Provision for impairment	(33'562'947)	(30'372'314)
Total loans to group companies	**1'109'774**	**289'387**

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

	Share capital	General reserves	Accumulated losses	Total shareholders' equity
At 1 January 2012	689'176	27'581'952	(27'903'078)	368'049
Capital increase, net of transaction costs	8'108			8'108
Net result for the period			(2'576'059)	(2'576'058)
Year end 31 December 2012	**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 business 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)**	**28'484'087**

	Number of registered common shares	Nominal value
At 1 January 2012	**68'917'580**	**689'176**
Issuance of common shares	810'800	8'108
Year ended 31 December 2012	**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**

Issued share capital

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

At 31 December 2012, the issued share capital amounted to CHF 697’284, consisting of 69’728’380 registered shares with a par value of CHF 0.01. Due to exercise of options the share capital had increased by CHF 8’108 during 2012 and the conditional share capital had been reduced by the same amount.

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 costs for the capital increase amounting to CHF 837’348 have been recognized as an expense in profit or loss in the current year.

Within the initially envisaged timeframe of the private placement, which was announced on 10 December 2013 as a capital increase out of the existing authorized capital and subsequently changed to a planned ordinary share capital increase of up to 200’000’000 shares Fin Posillipo S.p.A. has unconditionally and irrevocably committed to subscribe for a total of 70'000'000 shares to be paid in 5 instalments. In December 2013 the first two instalments for a total amount of CHF 1’166’905 have been obtained and recorded as capital contribution reserves.

Until April 2014 the Company has received the remaining instalments for total amount of CHF 7 million.

The ordinary capital increase as described, if approved by the shareholders, would close by the by the third quarter 2014.

Authorized share capital

At 31 December 2013, the Company has an authorized, but not yet issued, nominal share capital of CHF 1’200’000, consisting of 120’000’000 registered shares with a par value of CHF 0.01 each, that the Board of Directors is authorized to issue at any time until 19 June 2015.
At 31 December 2012, the Company had an authorized, but not yet issued, nominal share capital of CHF 291’648.20), consisting of 29’164’820 registered shares with a par value of CHF 0.01 each

Conditional share capital

The conditional share capital of THERAMetrics holding AG as at 31 December 2013 was CHF 240’536.21 (2012: CHF 318’833.33), consisting of 24’053’621 (2012: 31’883’333) registered shares with a par value of CHF 0.01 each, of which 9’359’491 (2012: 17’189’203) is to be used for share option for employees and consultants and 14’694’130 (2012: 14’694’130) is 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 GEM Capital 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 and a call option entitling to GEM to subscribe for 4’000’000 shares at an exercise price of CHF 0.38 at any time during a 3-year exercise period ending on 16 July 2015. None of the call options were exercised until 31 December 2013 or 2012 and are still outstanding. If both options are executed, the conditional share capital will be consequently reduced by CHF 14’000) and the share capital increased by the same amounts. The options granted to GEM did not have an accounting impact in 2013 and 2012 as these were not exercised in 2013 and 2012.

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 2013 is 1’749’286.

During 2013 the following two directors, two former managers, one current manager and two employees have exercised the vested part of their options increasing the share capital by CHF 78’297.12. The conditional share capital amount has been reduced accordingly.

- 15 January 2013: Mr. Paolo Barbieri exercised 1’012’948 options;
- 28 February 2013: Mr. Michael Alan Keller exercised 253’374 options;
- 6 March 2013: Mr. Robert Edward Patterson exercised 253’374 options;
- 4 April 2013: Mr. Dorian Bevec exercised 738’100 options;
- 31 May 2013: Mr. Dorian Bevec exercised 275’394 options;
- 20 August 2013: Mr. Ruggero Gramatica exercised 2’026’988 options;
- 28 August 2013: Mr. Massimo Barbiani exercised 241’212 options;
- 28 August 2013: Mr. Stefano Giorgetti exercised 241’212 options;
- 2 October 2013: Mr. Ruggero Gramatica exercised 2’026’988 options;
- 14 December 2013: Mr. Michael Alan Keller exercised 506’748 options;
- 19 December 2013: Mr. Robert Edward Patterson exercised 253’374 options.

During 2012 the following two directors and one former manager had exercised the vested part of their options increasing the share capital by CHF 8’108 and reducing the related conditional share capital amount accordingly. :

- 20 August 2012: Ms Maria Teresa D’Antonangelo exercised 304’049 options;
- 29 September 2012: Mr. Robert Edward Patterson exercised 253’374 options;
- 29 September 2012: Mr. Michael Alan Keller exercised 253’374 options.

Treasury shares

Transactions in 2013

Purchase: 20’600’000 shares for total consideration of CHF 9.

Sale: 18’594’351 shares for total consideration of CHF 2’850’202.

Balance as per 31 December 2013: 2’005’649 shares.

Transactions in 2012

Purchase: 8’150’000 shares for total consideration of CHF 4.

Sale: 8’150’000 shares for total consideration of CHF 1’227’162.

Balance as per 31 December 2012: nil shares.

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 58.1% 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, 18,1 % of the common shares of the Company.
- Prinz Michael von und zu Liechtenstein holds through BIOPHARMAinvest AG and Stiftung PMSERV (the controlling shareholder of BIOPHARMAinvest AG) less than 5% (2012: 47.1%) of the common shares of the Company. In addition BIOPHARMAinvest AG had granted a subordinated loan in 2012 which was converted into shares of the Company during 2013.

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 2013 and 31 December 2012.

	2013		2012	
	Number of shares	%	Number of shares	%
PIERREL S.p.A.	232'045'803	58.1%	-	0%
FIN POSILLIPO S.p.A.	72'406'405	18.1%	-	0%
BIOPHARMAinvest AG	18'634'338	4.7%	32'876'675	47.1%
Others	76'258'089	19.1%	36'851'702	52.9%
	399'344'635	**100.0%**	**69'728'377**	**100.0%**

7. Compensation

Compensation for members of the Board of Directors

The compensation includes all forms of consideration given by the Company or on behalf of the Company in exchange for services rendered by the directors. The members of the Board of Directors receive a fix compensation set by the Board of Directors upon proposal by the Nomination and Compensation Committee. Some directors of the Company are or were in charge also in the Board of Directors of certain subsidiaries – they were not compensated for this service.

(CHF)	2013	2012
Board of Directors:		
- for serving as board members and for services beyond the normal scope of their office	112'000	22'500
- share based compensation	114'200	390'000
	226'200	**412'500**

The value of the share-based compensation has been calculated according to the provisions of IFRS 2, i.e. the fair value of the options granted is spread over the estimated vesting period. As per 31 December 2013, 100% of the options granted to the former Chairman (Mr Robert E. Patterson) and Vice-Chairman (Prof. Michael Alan Keller) have been vested. In particular, on 13 September 2013 the “transaction” 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. . The actual compensation upon exercise of the actual option might differ significantly from the compensation as disclosed in these financial statements and will depend on future events such as development of the underlying share price, change in control or whether the options will be finally exercised.

	Serving in the Board of Directors of					
	THERAMetrics holding AG		other subsidiaries		Total	
	2013	2012	2013	2012	2013	2012
Robert Edward Patterson (1)	72'100	205'000	-	-	72'100	205'000
Ruggero Gramatica (1) (2) (3)	-	-	-	-	-	-
Prof. Michael Alan Keller (1)	72'100	202'500	-	-	72'100	202'500
Vincenzo Romano (1)	5'000	5'000	-	-	5'000	5'000
Franco Merckling (4)	32'000	-	-	-	32'000	-
Dr. Raffaele Petrone, Chairman and CEO (1) (3)	30'000	-	-	-	30'000	-
Filippo Celio (1)	15'000	-	-	-	15'000	-
Total	**226'200**	**412'500**	**-**	**-**	**226'200**	**412'500**

Note to the compensation of Mr. Robert Edward Patterson and Prof. Michael Alan Keller: The figures shown for the compensation for 2013 includes for the Chairman and CEO, Mr. Raffaele Petrone, CHF 30.000 as fix board fee, for Mr. Robert Edward Patterson CHF 15'000 as fix board fee for 2013 and CHF 57'100 referring to the stock option plan, for Prof. Michael Alan Keller CHF 15'000 as fix board fee for 2013 and CHF 57'100 referring to the stock option plan, for Mr. Filippo Celio CHF 15.000 as fix board fee, for Mr Franco Merckling CHF 32.000 as fix board fee and for the former member of Board Mr. Vincenzo Romano, CHF 5.000 as fix board fee.

On 15 April 2014 THERAMetrics' Board of Directors approved a remuneration proposal which foresees the payment of the above mentioned 2013 fix board fees in form of stock out of the existing conditional capital. In this respect the following numbers of options (under the stock option plan) have been granted and vested in 2014:

- Mr. Raffaele Petrone: 280'000 options;
- Prof. Michael Keller: 140'000 options;
- Mr. Robert Patterson: 140'000 options;
- Mr. Filippo Celio: 140'000 options;
- Mr. Franco Merckling: 0 options.

The figures shown for the compensation for 2012 includes for Mr. Robert Edward Patterson CHF 10'000 as fix board fee for 2012 and CHF 195'000 referring to the stock option plan and includes for Prof. Michael Alan Keller CHF 7'500 as fix board fee for 2012 and CHF 195'1000 is referring to the stock option plan.

[1] At the annual shareholders' meeting on 20 June 2013 Robert Edward Patterson, Prof. Michael Alan Keller and Ruggero Gramatica were re-elected and Dr Raffaele Petrone and Filippo Celio were newly elected for a term of one year. Vincenzo Romano did not stand for re-election. At the meeting of the Board of Directors held on 20 June 2013, Dr Raffaele Petrone was nominated as new Chairman replacing Robert Edward Patterson. Prof. Michael Alan Keller was nominated Vice-Chairman and Mr Ruggero Gramatica as CEO of the Company.

[2] The compensation of Mr Ruggero Gramatica is disclosed under "Compensation of the Executive Committee" below. Ruggero Gramatica did not receive any additional compensation for serving on the Board of Directors of the Company.

[3] With public disclosure dated 3 September 2013, the Company communicated the resignation of Ruggero Gramatica as CEO and Director as of the end of September 2013 and the appointment of Dr Raffaele Petrone as the new CEO with effect as of 1 October 2013.

[4] Franco Merckling was newly elected until the next ordinary shareholders' meeting by the extraordinary general Assembly on 12 December 2013. His compensation includes fees for consultancy work.

Compensation for executive committee member

The compensation includes all forms of consideration given by the Company or on behalf of the Company in exchange for services rendered by the executives and is determined based on subjective economic considerations. The value of the share-based compensation has been calculated according to the provisions of IFRS 2, i.e. the fair value of the options granted is spread over the estimated vesting period.

Ruggero Gramatica, who served as CEO for the first 9 months of the Company, was member of the Executive Committee with the highest nominal compensation and includes the compensation for serving as a board member of the Company.

The total compensation of Executive Committee members and the highest compensation paid in 2013 were as follows:

Currency: CHF	Fees, salaries and other short-term employee benefits	Post-employment benefits	Share-based compensation	Total compensation
Ruggero Gramatica, former CEO	268'192	19'826	228'374	516'392
Other Executive Committee members	275'785	23'809	111'626	411'220
Total Executive Committee members	**543'977**	**43'635**	**340'000**	**927'612**

'The total compensation of Executive Committee members and the highest compensation paid in 2012 were as follows:

Currency: CHF	**Fees, salaries and other short-term employee benefits**	**Post-employment benefits**	**Share-based compensation**	**Total compensation**
Ruggero Gramatica, CEO	345'335	25'469	790'525	1'161'329
Other Executive Committee members	684'443	61'381	739'475	1'485'299
Total Executive Committee members	**1'029'778**	**86'850**	**1'530'000**	**2'646'628**

For disclosures under the Swiss Code of Obligations the equity award program (stock option plan) has to be formally disclosed as compensation although granted options might not be finally be vested nor exercised. As far as the former CEO is concerned in 2012 he was granted 4'053'975 options of which as of 31 December 2013 100% has been exercised.

The fair values of the options at the grant date have been assessed using the Black-Scholes valuation model and spread over the vesting periods. The weighted average fair value of options granted in 2012 was CHF 0.26 per option. The significant inputs into the model were share price of CHF 0.27 at grant date, exercise price of CHF 0.01, volatility of 93% and risk-free interest rate between 0.24% and 0.55%. No such options were granted in 2013.

In 2013 the other members of the Executive Committee include Mr. Paolo Barbieri and Mr. Dorian Bevec.

In 2012 the other members of the Executive Committee include, in addition to Mr. Barbieri and Mr. Bevec, Mrs Maria Teresa D'Antonangelo Bühlmann (until 31 August 2012).

Share and option ownership of Board of Directors and Executive Committee members

The members of the Board of Directors and Executive Committee hold the following common shares and options (100% vested) as per 31 December 2013:

	Shares		Options	
	2013	2012	2013	2012
Mr. Raffaele Petrone	-	-	-	-
Mr. Robert Patterson	720'122	253'374	253'374	760'120
Prof. Michael Alan Keller	1'013'626	253'604	-	760'120
Mr. Filippo Celio	-	-	-	-
Mr. Franco Merckling	-	-	-	-
Mr. Dorian Bevec	600'000		1'013'494	2'026'988
Mr. Ruggero Gramatica	-	79'420	-	4'053'975
Mr. Paolo Barbieri	-	-	-	2'026'988
TOTAL	**2'333'748**	**586'398**	**1'266'868**	**9'628'191**

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 35’806’969 as per 31 December 2013 will be carried forward.

10. Subsequent Event

10.1 Preliminary outcome of private placement and extension and modification of capital increase

Within the initially envisaged timeframe of the private placement, which was announced on 10 December 2013 as a capital increase out of the existing authorized capital Fin Posillipo S.p.A. has committed to subscribe for a total of 70'000'000 shares.
Instead of the foregoing, TMX announced on 31 March 2014, that it will propose to its shareholders at the annual general meeting of 18 June 2014 an ordinary capital increase, at same conditions as the announced private placement but with an increased maximum amount of up to 200’000’000 shares and preservation of all existing shareholders' subscription rights, whereby the Board of Directors shall decide on the allocation of not exercised subscription rights. Fin Posillipo has confirmed its unconditional and irrevocable commitment.

11. Approval of financial statements

These statutory financial statements were approved by the Board of Directors on 14 May 2014, subject to approval of the annual shareholders’ meeting on 18 June 2014.

To the General Meeting of
THERAMetrics holding AG, Stans

Basle, 14 May 2014

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 66 to 75), for the year ended 31 December 2013.

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 2013 comply with Swiss law and the company's articles of incorporation.

Emphasis of Matter

We draw attention to Note 2.2 to the financial statements describing the financial difficulties the company continued to face during the financial year ended 31 December 2013. This fact together with other matters disclosed in Note 2.2 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other Matters

Should the going concern assumption no longer be appropriate, the financial statements would have to be prepared based on liquidation values. In this case a serious concern of over-indebtedness in the sense of article 725 para. 2 CO would exist and the relevant provisions would have to be complied with.

The financial statements of THERAMetrics holding AG for the year ended 31 December 2012 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 29 April 2013.

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).

Ernst & Young Ltd

/s/ Jürg Zürcher	/s/ Jolanda Dolente
Licensed audit expert	Licensed audit expert
(Auditor in charge)	